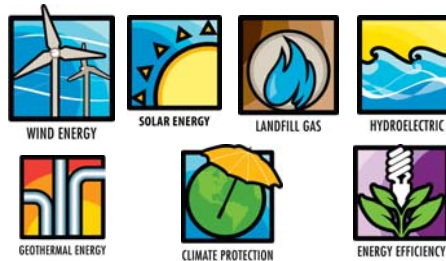




Alameda Municipal Power Public Utilities Board Annual Planning Workshop

January 30, 2012



Agenda

1. Objectives & Overview
2. Managing Change
 - Presentation
 - PUB Input
3. Workforce Development
 - Presentation
 - PUB Input
4. Advanced Technology
 - Presentation
 - PUB Input
5. Next Steps

Start with the end in mind

OBJECTIVES

Objectives of this Workshop

1. **OBJECTIVE #1:** PUB discussion on the following issues:
 - A. Managing Change
 - B. Workforce Development
2. **OBJECTIVE #2:** PUB input on Scope of Advanced Technology Business Plan

Next Steps after this Workshop

Internal



External



Why undertake Strategic Planning & Recap of 2011

OVERVIEW

Why Undertake Strategic Planning?

Board Planning Workshop

- Enhance Board effectiveness in carrying out Charter responsibilities (Article XII, Alameda City Charter, Public Utilities Board)

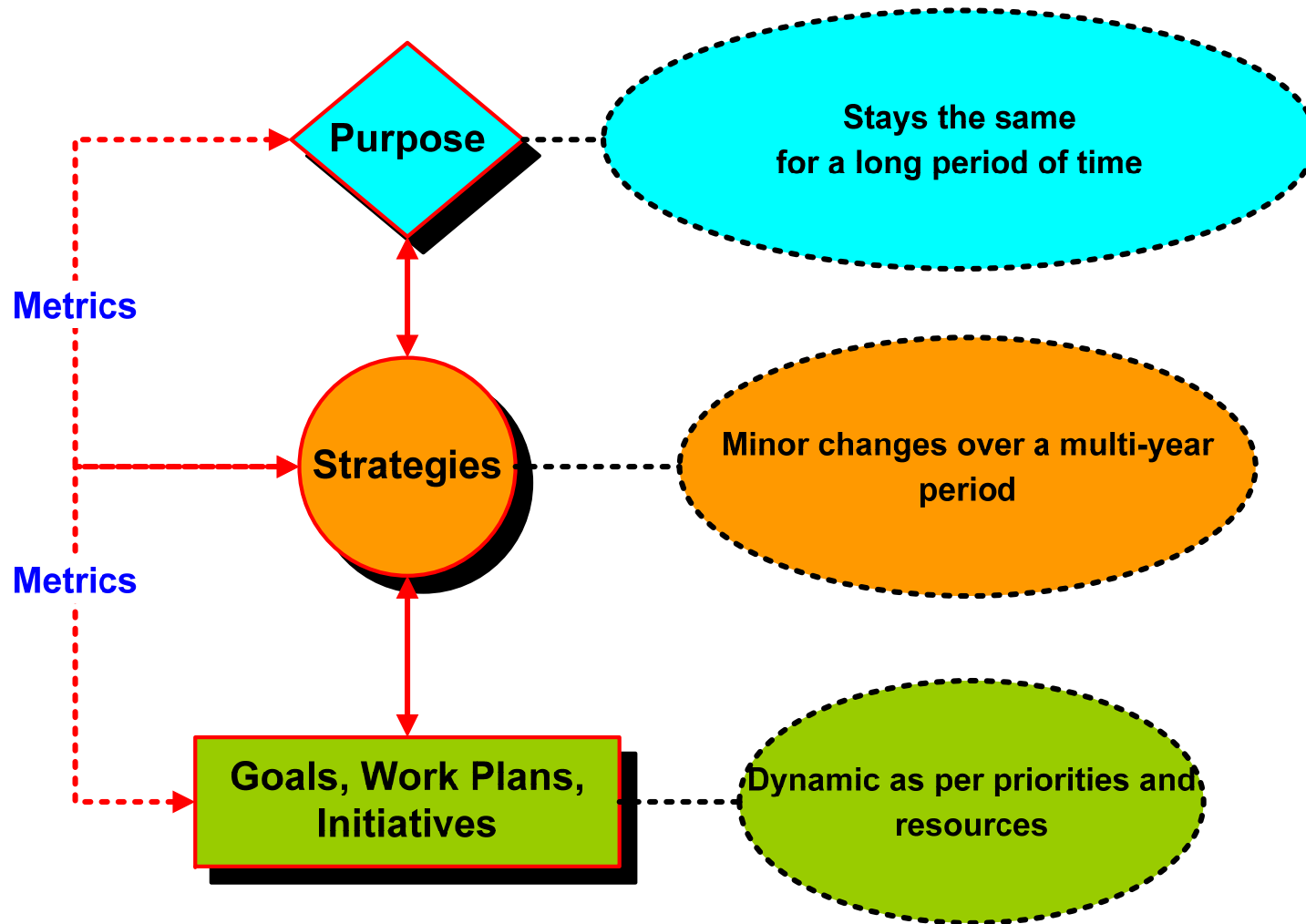
Strategic Planning

Handbook for Public Power Policy Makers,
A Guide to Public Power Governance for Utility Board and City
Council Members, American Public Power Association, 2003

1. Focus on the customer
2. Long-range planning
3. Balance conflicting priorities
4. Effective communication
5. Measuring Utility Performance
6. Relationship with City

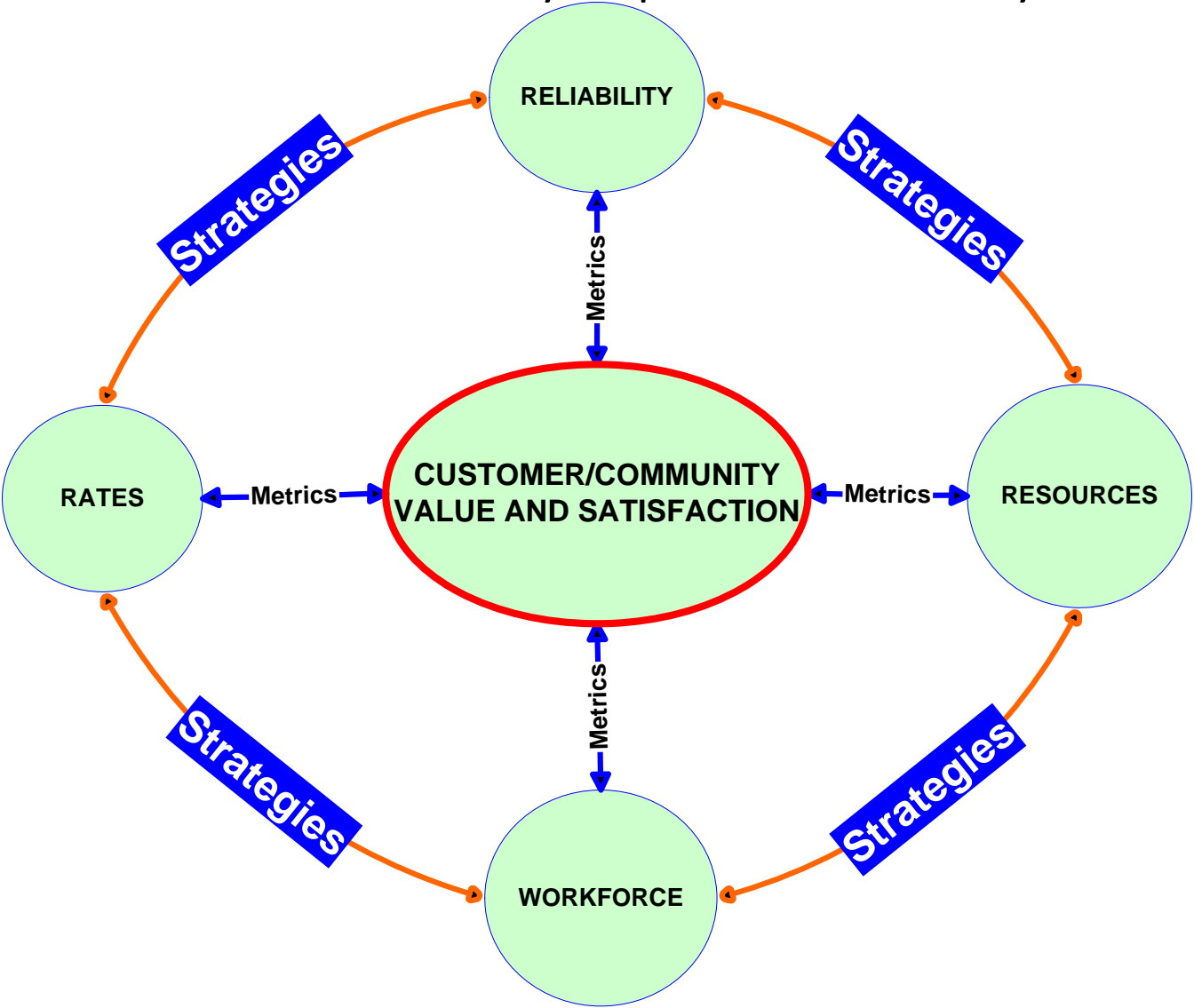
Adaptive and Flexible Process

Purpose, Strategies and Work Plans



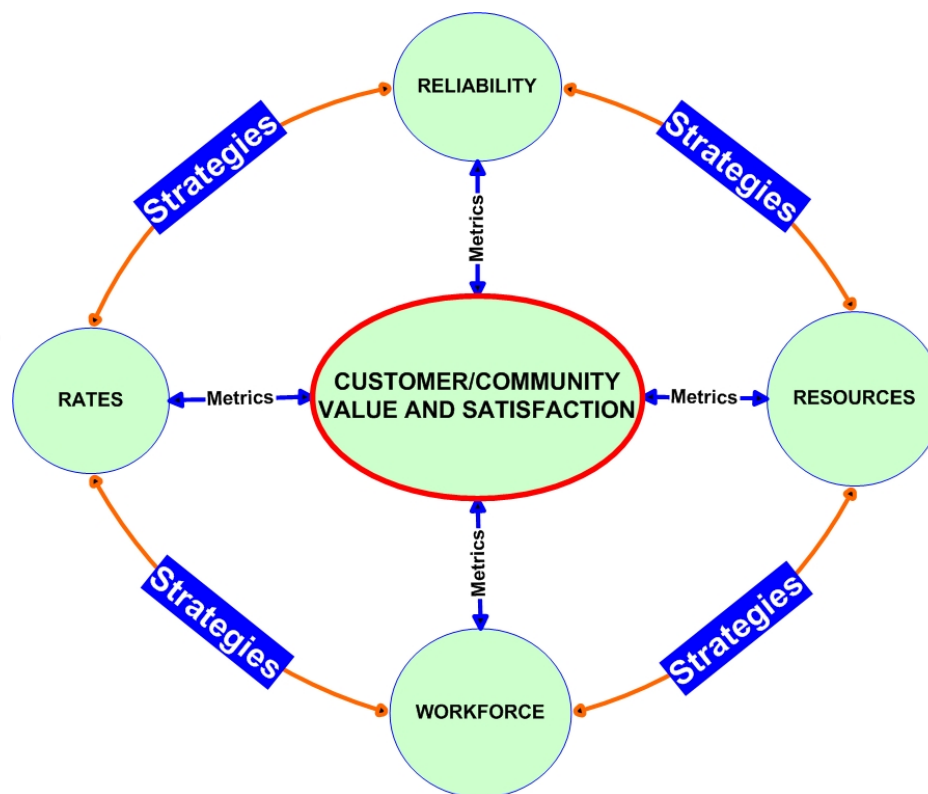
PURPOSE STATEMENT

Increase value to Alameda by providing safe, reliable, cost-effective, and environmentally responsible electricity.



2011 Recap

- Customer Satisfaction
 - High marks & improvement
- Reliability
 - Above benchmark average
- Resources
 - Updated RPS policies; positioning for continued long-term leadership in GHG reductions
- Workforce
 - Some changes made
 - Challenges exist
- Rates
 - Residential rates ~24% below and Business rates ~8-14% below PG&E; value to Alameda of \$10 million in savings and total transfers to City of ~\$5 million



Selected Accomplishments and Challenges

Accomplishments

1. Increased Financial Stability
2. 5-year Rate Increase Implementation
3. Team Work And Education
4. Renewable Policies Updated
5. Increased Communication With Council
6. Initiated Advanced Technology Assessment
7. Litigation Progress
8. Initiated Cost of Service Study
9. Business Customer Satisfaction Increase

Challenges

1. Numerous staffing changes impacted ability to:
 - Focus
 - Provide continuity
 - Improve quality
2. Economy impacted revenues and program participation
3. Balancing priorities between projects, for example, undergrounding

What's coming up in the coming years that may impact the provision of reliable and cost-effective electric service to Alameda?

LOOKING FORWARD

PUB Prioritization to City Council November 2011

1. Technology
2. Workforce
3. Regulation
4. Customer Experience
5. LBNL 2nd Campus

CITY OF ALAMEDA Memorandum

To: Honorable Mayor and
Members of the City Council

From: Gregory Hamm
President, Public Utilities Board

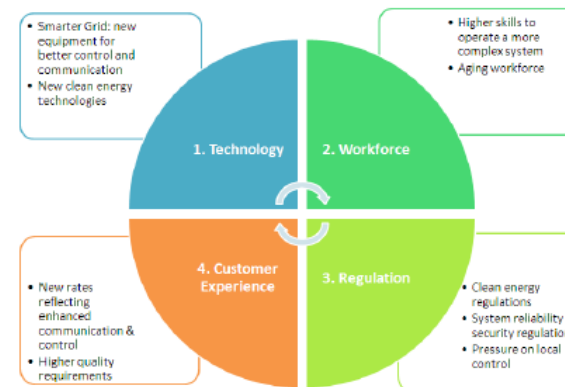
Date: November 1, 2011

Re: Public Utilities Board Update on Alameda Municipal Power Strategic
Issues

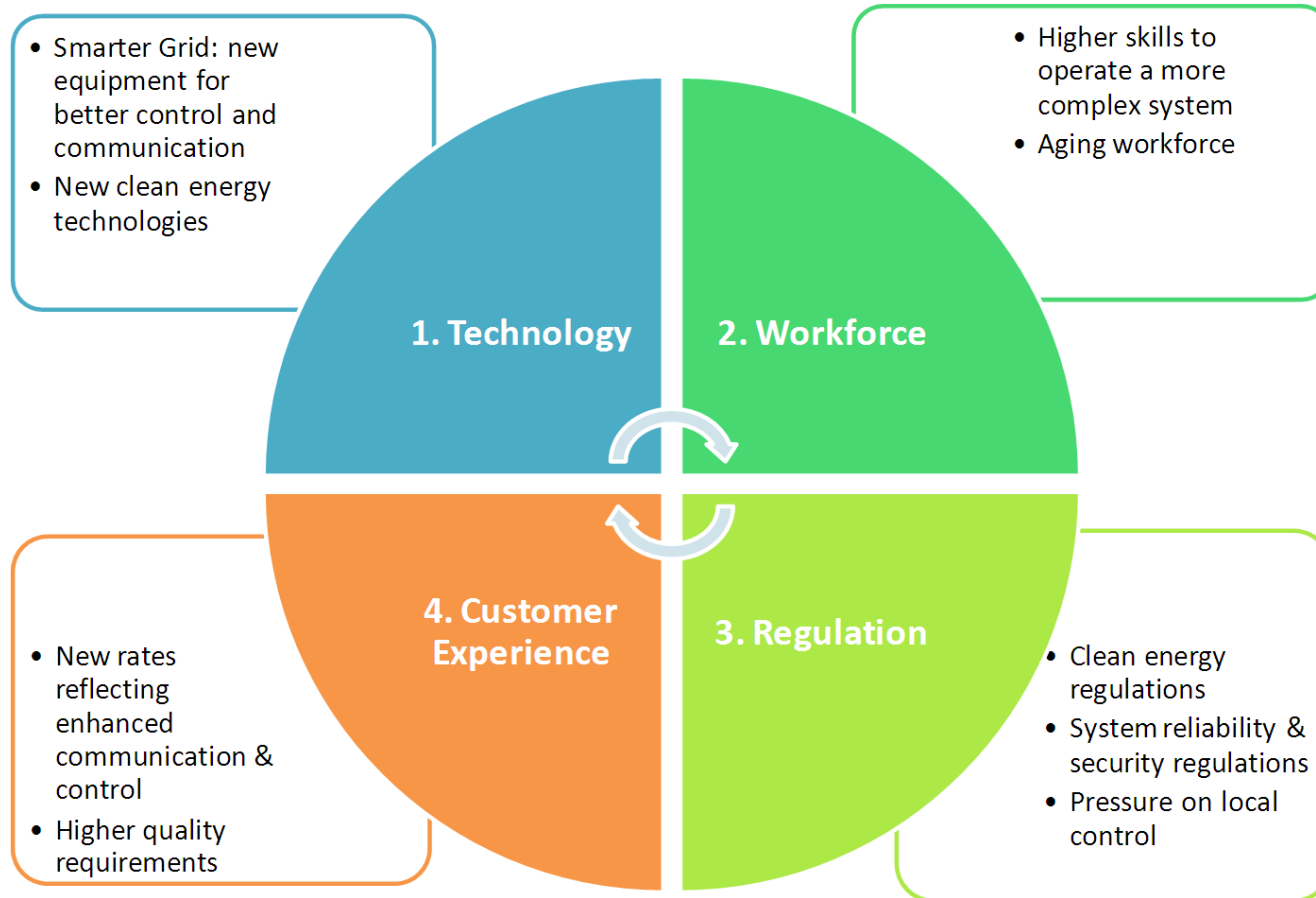
BACKGROUND

The Public Utilities Board (Board) and Alameda Municipal Power (AMP) staff discussed this report at the Board's September 19 meeting.

The electric utility industry is undergoing fundamental changes. Review of industry literature and participation in various industry forums at the local, state and federal levels have led the Board to conclude that the trends shown in the figure below will very likely reshape and transform the utility industry and therefore AMP.



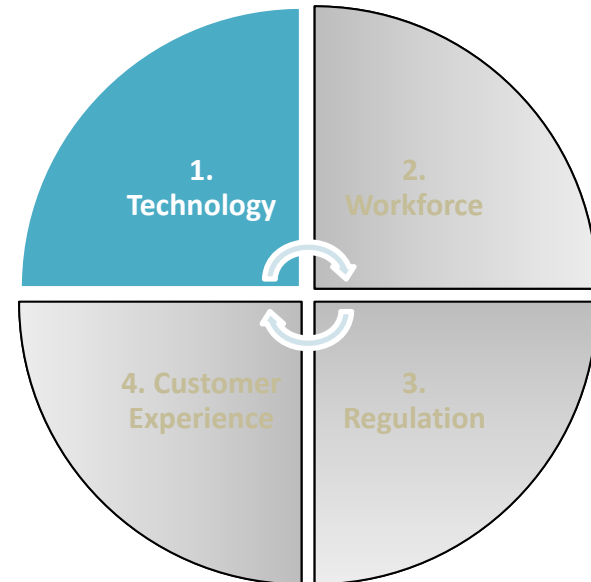
Utility Trends & AMP impacts



Technology

Changes will continue to increase

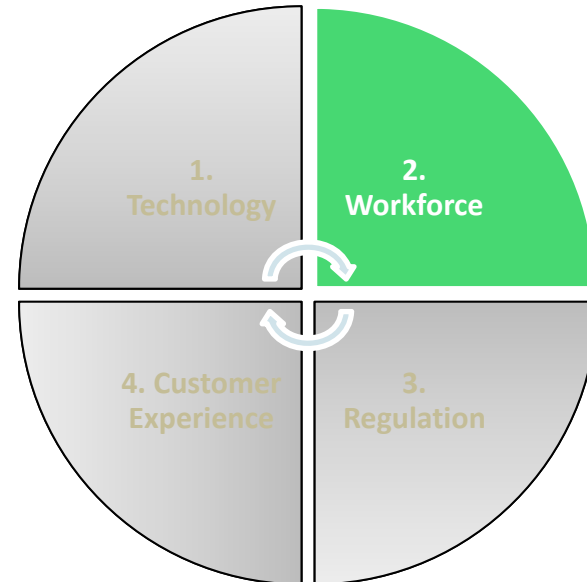
- Innovation continues and is impacting all business processes – internal utility operations and customer-facing
- EVs, Solar, Energy Storage, Distributed Generation
- PG&E is completing their Smart Grid rollout
- Public power utilities are following



Workforce

Risk of meeting objectives

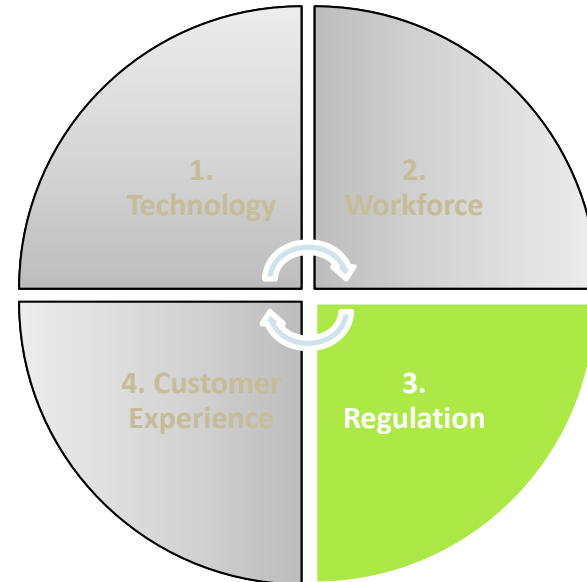
- Average age of utility workforce is high
- New framework and skills will be required for utility workforce in public power
- Shortage of skilled workers will continue
- Risk (Reliability, Cost) if adequate workforce not in place needs to be balanced with local constraints & expectations



Regulation

Cost & complexity increasing

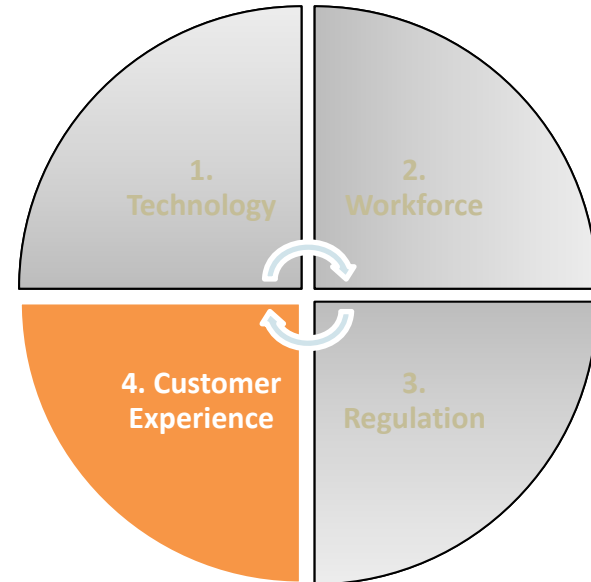
- 33% RPS by 2020 (SB 1X 2)
- Potential Increase to 40% RPS by 2025
- Cap & Trade Program (CARB)
- Proposed Distributed Generation Requirements (Governor's Energy Jobs Plan - includes possible increases to CSI, SGIP, FIT, NEM)
- Delta Flow Criteria (SB 7X 1) Impacts on Hydroelectric Generation
- Once-Through Cooling (OTC) Limitations (SWRCB)
- National Electric Reliability Corporation (NERC) mandatory reliability and cyber-security
- Transmission cost expected to triple



Customer Experience

Expectations increasing

- As society digitizes, the value of electricity goes up
- Tailored communication to meet numerous customer segment needs
- EV adoption, Solar, two-way communication with utility, Home Area Networks, Smart appliances
- New rate structures to meet customer and environmental goals



Based on input from Board in November 2012, this workshop will focus on a couple of issues that require additional Board discussion. Most of the other Board initiatives have established direction and are in the various stages of implementation

FOCUS OF 2012 WORKSHOP

Initiatives from 2011



November 2011 Prioritization

GREEN

- Plan in place
- Staff is clear on what needs to be accomplished
- No further input is required until staff returns with completed next steps
- Completed

ORANGE

- Some discussion required in coming year to fine tune next steps
- Requires Board attention in coming year, but lack of attention will likely not result in immediate negative outcome
- Actions that require Board attention in the coming year

RED

- Not discussed to a level that next actions are defined
- Requires Board attention in the coming year and lack of attention may result in negative outcomes

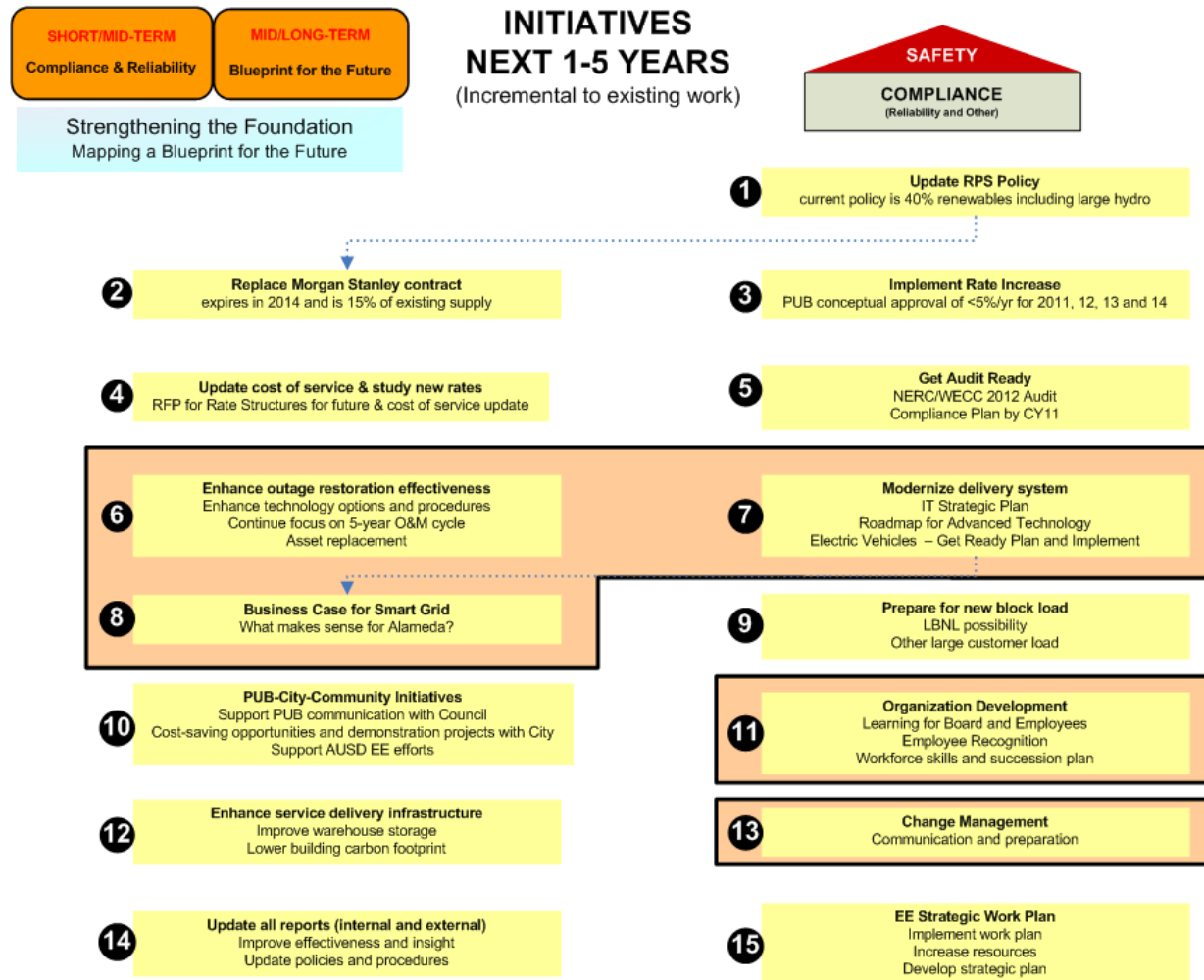
November 2011 Prioritization

Board made changes to Initiative 4 (changed 2013 and 2014 from Green) and Initiative 8 (changed 2014 from Orange)

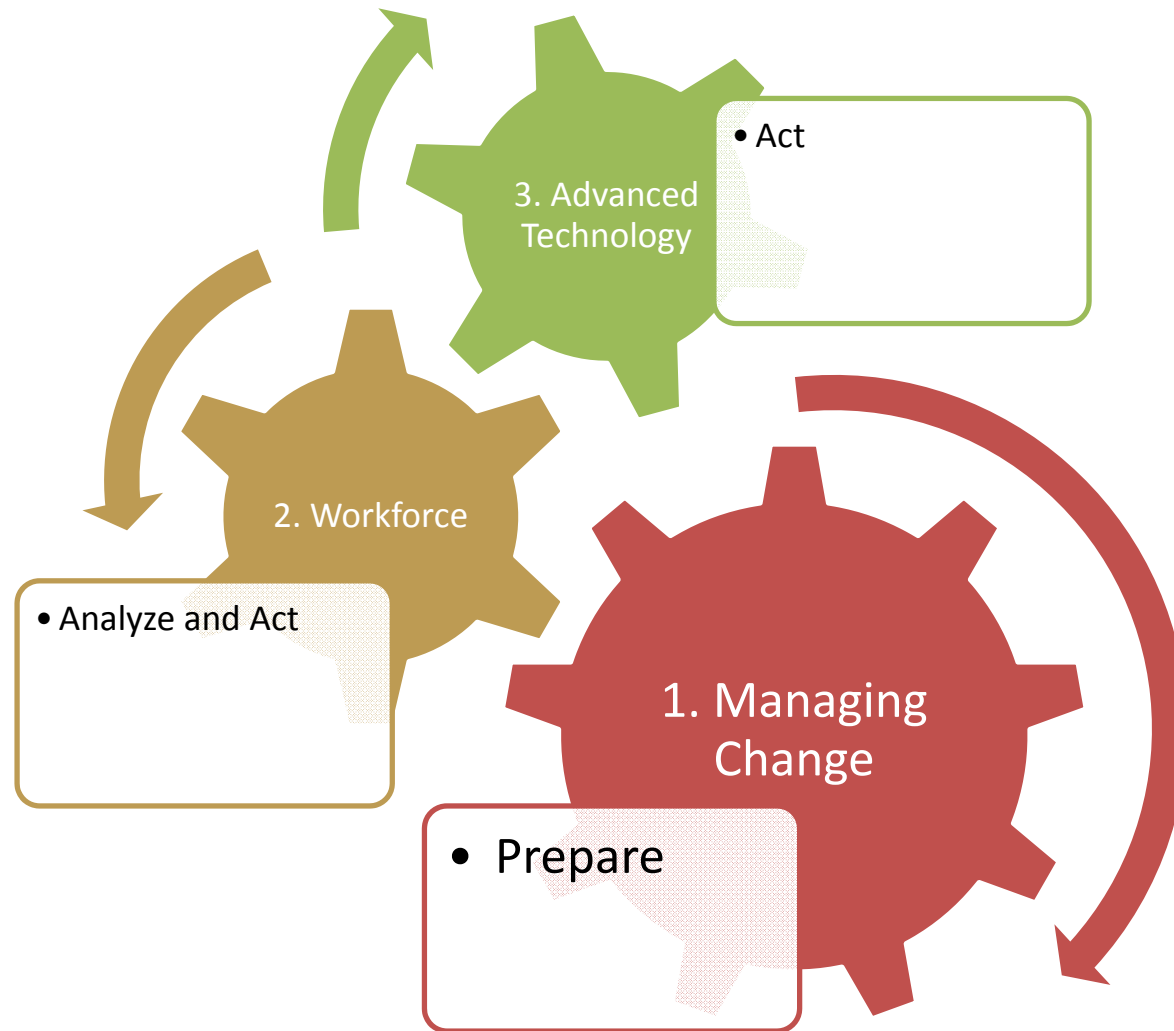
#	Initiative	2012	2013	2014
1	Update RPS Policy - current policy is 40% renewables including large hydro	Green	Green	Green
2	Replace Morgan Stanley contract - expires in 2014 and is 15% of existing supply	Green	Yellow	Red
3	Implement Rate Increase - PUB conceptual approval of <5%/year for 2011, 12, 13 and 14	Green	Green	Green
4	Update cost of service and study new rates - RFP for Rate Structures for future and cost of service update	Green	Yellow	Red
5	Get Audit Ready - NERC/WECC 2012 Audit; Compliance Plan by CY11	Green	Yellow	Yellow
6	Enhance outage restoration effectiveness - Enhance technology options and procedures; Continue focus on 5-year O&M	Green	Yellow	Yellow
7	Modernize delivery system - IT Strategic Plan; Roadmap for Advanced Technology; Electric Vehicles – Get Ready Plan and Implement	Green	Yellow	Yellow
8	Business Case for Smart Grid - What makes sense for Alameda?	Green	Yellow	Red
9	Prepare for new block load - LBNL possibility; Other large customer load	Yellow	Yellow	Yellow
10	PUB-City-Community Initiatives - Support PUB communication with Council; Cost-saving opportunities and demonstration projects with City; Support AUSD EE efforts	Green	Green	Green
11	Organization Development - Learning for Board and Employees; Employee Recognition; Workforce skills and succession plan	Yellow	Red	Red
12	Enhance service delivery infrastructure - improve warehouse storage; lower building carbon footprint	Yellow	Yellow	Yellow
13	Change Management - communication and preparation	Green	Yellow	Red
14	Update all reports (internal and external) - Improve effectiveness and insight; Update policies and procedures	Yellow	Yellow	Yellow
15	EE Strategic Work Plan - Implement work plan; Increase resources; Develop strategic plan	Green	Yellow	Yellow

Board prioritization for this workshop

(from Nov 2011 Board meeting)



2012 Workshop Focus



Sherri Hong, AGM Customer Resources Division

MANAGING CHANGE

Chris Low, Human Resources Department

WORKFORCE

Robert Orbeta, AGM Administration Division

ADVANCED TECHNOLOGY

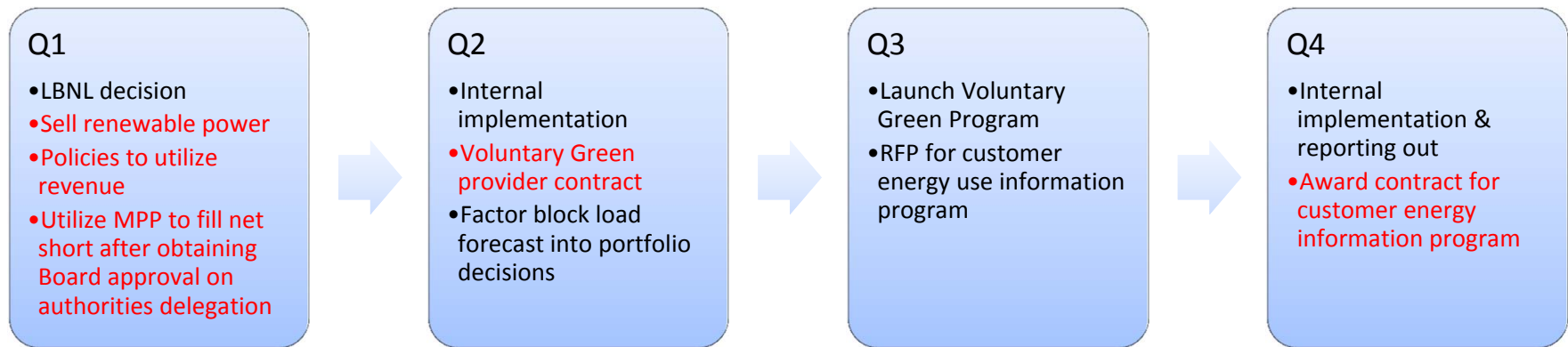
Girish Balachandran, General Manager

NEXT STEPS

The day-to-day wash of work will continue as AMP employees provide reliable electric power to all customers in a cost-effective and environmentally responsible manner. Most of this work is invisible to the Board, but is essential to running an efficient operation. This section does not cover these work items. It highlights some work initiatives that may be of interest to the Board or will require Board consideration

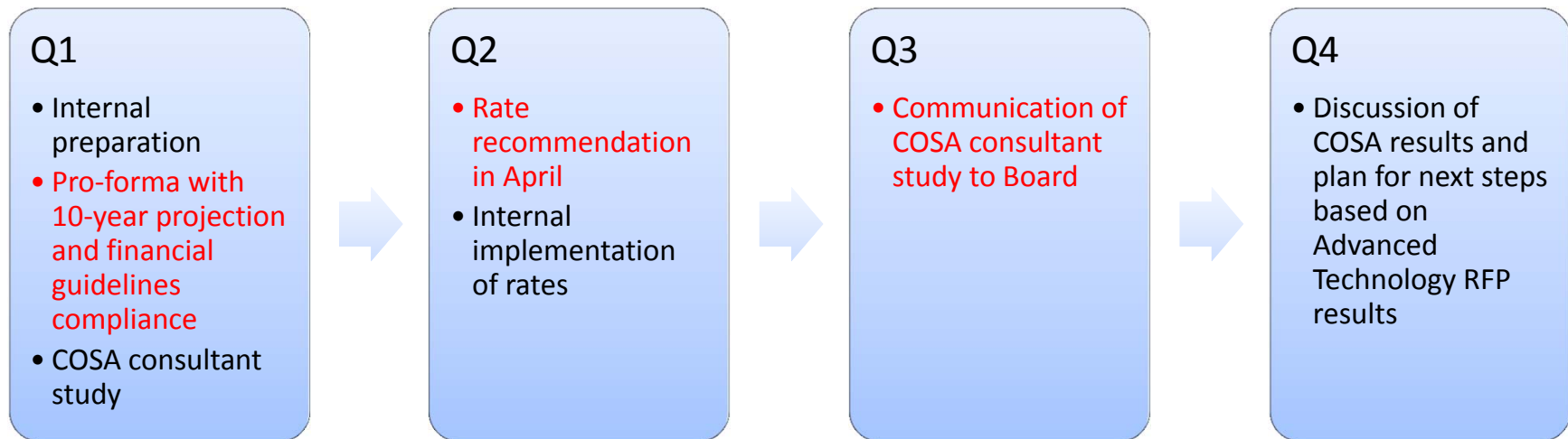
SELECTED MAJOR WORK INITIATIVES FOR 2012

1, 2, 9 & 15: Renewable Power Sales, Net Short, Block Load & Energy Efficiency



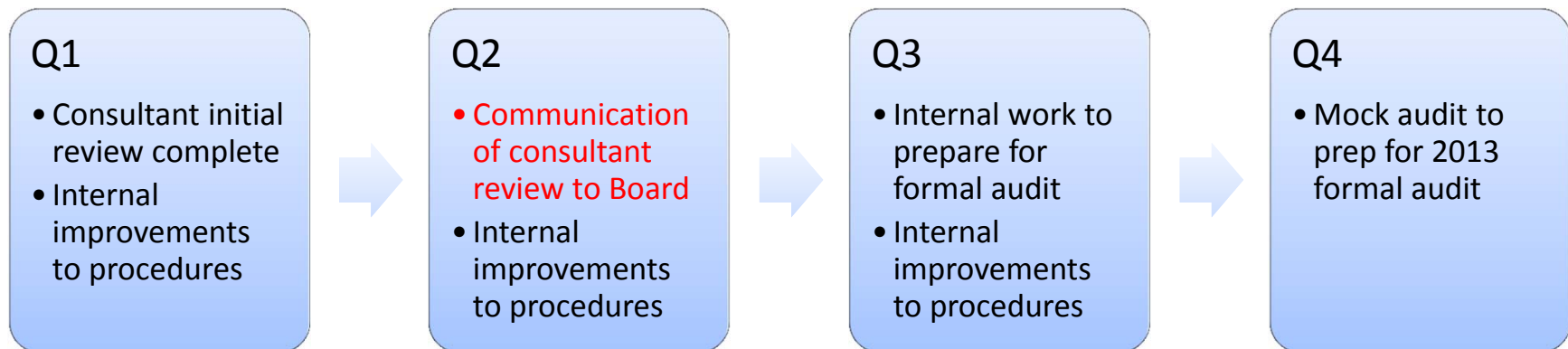
Items in red will be brought to the Board

3 & 4: Rate Increase and Cost-of-Service Study



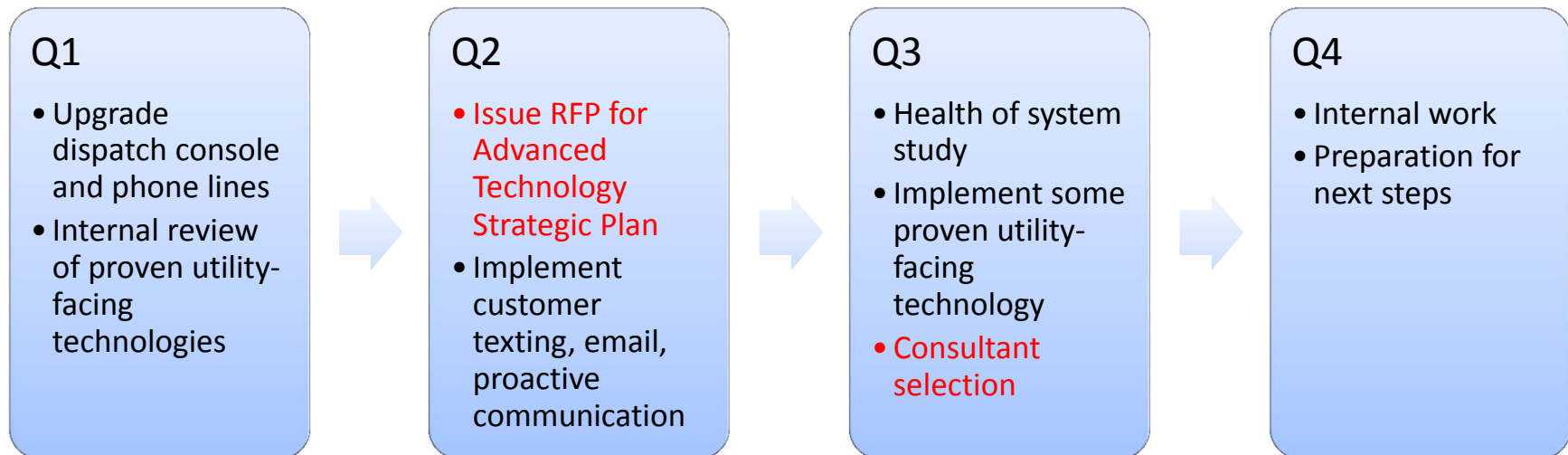
Items in red will be brought to the Board

5. Audit-ready



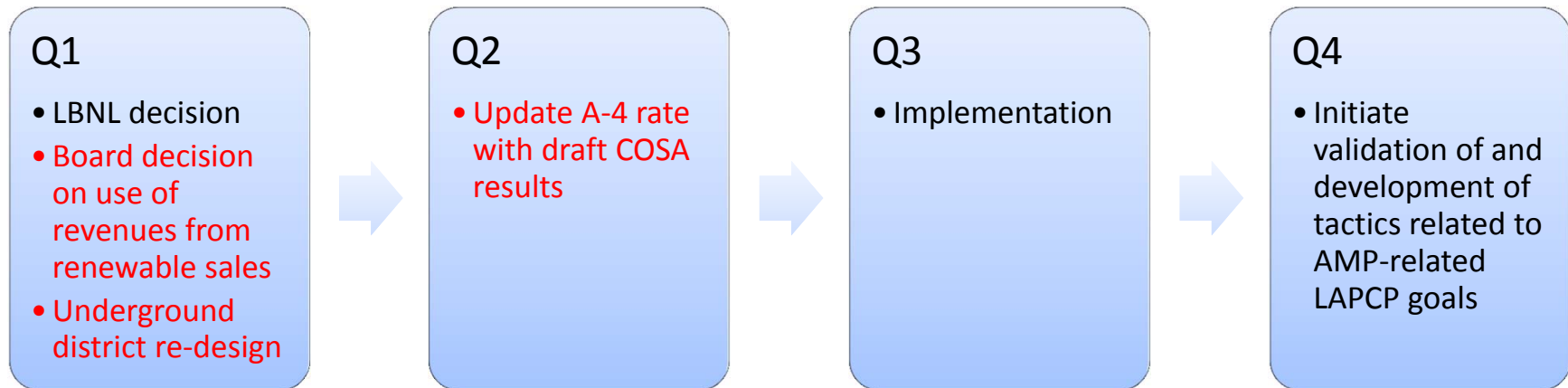
Items in red will be brought to the Board

6, 7 & 8: Advanced Technology – Implement proven and evaluate future

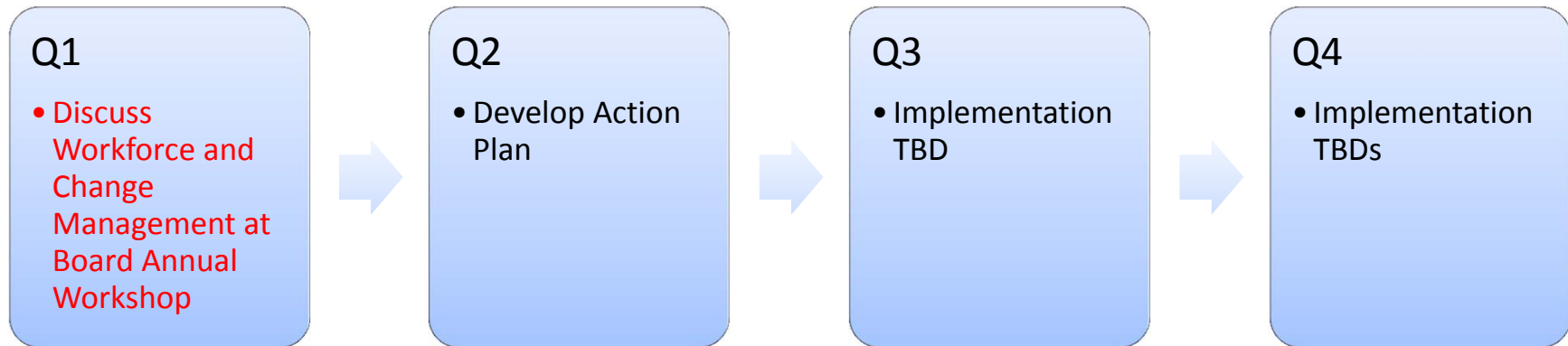


Items in red will be brought to the Board

9 & 10: Block Load; Initiatives with City and community

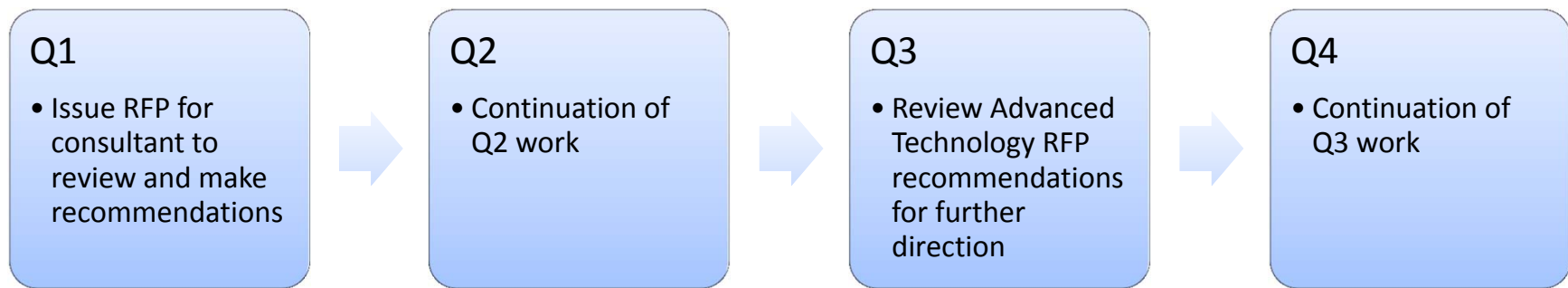


11 & 13: Organization Development; Change Management



Items in **red** will be brought to the Board

12 & 14: Internal efficiency improvements via building upgrades; process re-engineering



Items in **red** will be brought to the Board

Next Steps after this Workshop

Internal



External



CLOSING COMMENTS FROM BOARD