

STRATEGIC PLAN

OCTOBER 2020

Carrollton Utilities

William Welty, Chairman
Gregory Goff, Secretary

Jason Richter, Commissioner
Chris Cayton, Commissioner

Bill Osborne, General Manager

TABLE OF CONTENTS

Mission Statement _____	3
SWOT Analysis _____	4
SWOT Analysis (cont.) _____	5
Basic Principals of Operation _____	6
Natural Gas _____	6
Water _____	6
Wastewater _____	6
Financial Strategy _____	7
LEAD BY: Sarah Hudgins _____	7
Objectives & Goals _____	7
Technology Strategy _____	8
LEAD BY: Amy Dermon _____	8
Personnel Strategy _____	9
LEAD BY: Kaleb Nab & Corina Beach _____	9
Recruitment, Pay, & Benefits _____	9
Employee Development _____	9
Team Unity _____	9
Operations Strategy _____	11
LEAD BY: Bill Osborne & Terry Roach _____	11
Existing Projects _____	11
Proposed Future Projects _____	11
Strategic Planning Priorities _____	12
Schedule of Presentations _____	13

MISSION STATEMENT

We will be a proactive utility serving customer needs with quality, satisfaction, and competitive rates while operating in a safe and fiscally responsible manner.

To achieve these objectives, Carrollton Utilities (CU) will:

- Hire and retain the appropriate and most qualified personnel, providing salary and benefits that are competitive in our service territory.
- Place safety of staff and customers as top priority of each job or task by providing quality training and personal protective equipment.
- Provide reliable and quality service for gas, water, and wastewater customers.
- Produce an award-winning water product.
- Insist on a high standard work ethic.
- Develop skillsets in staff to improve quality of work and to allow more in-house service and less outsourcing.
- Maintain rate structure that meets operating costs including depreciation and returns a net operating income of:
 - Gas—1-2% of gas sales (5-year average is 1%)
 - Water—0.25-0.50% of sales (5-year average is -12%)
 - Wastewater—1.5-2% of sales (5-year average is 4%)
- Operate within the limits of a sound investment policy with a current ratio of 2 (1.9 based on 5-year average revenue)
- Always operate within compliance of State & Federal regulations.
- Invest in growth of service territory and customer base when projects can achieve a return on investment of 4%.
- Treat every customer as we would want to be treated while being consistent in the application of rules, regulations, and operating procedures.
- Purchase materials and contract with vendors that provide the lowest and best price.
- Seek to utilize technology when it can bring efficiency to performing daily work.

SWOT ANALYSIS

Strengths

- Utility Commission Governance (not a large corporation)
- Motivated, determined, and capable personnel
- Strong industrial gas customer base
- Public Energy Authority of KY (PEAK) customer
- New wastewater plant & recently upgraded water plant
- Reputation with community & other entities
- Aggressive with projects & expansion opportunities
- Regional utility service provider
- Financial stability & capital position
- Employees & customer centric

Weaknesses

- Small/stagnant residential and commercial customer growth rate
- Ability to grow into new service areas that have a significant population
- Reliance on natural gas
- Availability of trained/experienced job applicants

SWOT ANALYSIS (CONT.)

Opportunities

- Expand through acquisition
- Expand through extension
- Technology
- Industry expansion
- Marketing program
- PEAK expansions
- Connection to other counties via Interstate

Threats

- Loss of a large natural gas customer
- Aging infrastructure
- Damage to infrastructure from natural disaster
- Sussession planning at PEAK
- Government regulations
- Bypass

BASIC PRINCIPALS OF OPERATION

Natural Gas

- Highly trained work force
- Cross trained personnel
- Reliable gas distribution system
- Maintain low risk tolerance
- Excellent relationship with large industrial customers
- Portfolio of 4-5 gas pre-pay projects each of 5-10% of load

Water

- Most highly trained and knowledgeable operators possible
- Award winning softened water
- Phased approach to infrastructure replacement

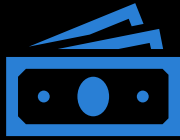
Wastewater

- Highly skilled and diverse workforce
- Phased approach to infrastructure replacement



NEED NEW PICTURE(S)

FINANCIAL STRATEGY



Lead by: Sarah Hudgins

Objectives & Goals

- 1. Maintain adequate cash reserves.**
 - **Goal:** Maintain overall financial health, plan for uncertainties, and be prepared for loss of a major industrial customer.
- 2. Implement rates & fees that cover cost of service.**
 - **Goal:** Have each department pay for itself, establish a plan to bring water rates up to where they should be, and to evaluate customer fees to ensure they are covering the costs associated with those processes.
- 3. Implement an inventory system & continue to build asset management system.**
 - **Goal:** To know what we have & what we consume which will assist with project planning, system repairs and maintenance, and allow us to better stick with our budget.
- 4. Improve billing & financial software system.**
 - **Goal:** Eliminate the current issues and lack of reporting functions in the current system or research and budget for a new system that will better suit our needs and allow us to be more efficient.

TECHNOLOGY STRATEGY

Lead by: Amy Dermon

BILLING

Radio Read Meter System

- Automatic Meter Reading (AMR) & Advanced Metering Infrastructure (AMI)
 - More efficient billing process
 - Save time & money by not physically reading every meter in the system
 - Lower carbon emissions and vehicle maintenance costs
 - Cut down on paper volume and associated costs

CUSTOMERS

Mobile App for Customers

- Apply for service digitally
- See outage areas and information real time
- Bill Payment
- System Flushing
- Cut down on paper use for applications and payments

EMPLOYEES

Mobile App for Employees

- Employee Notifications
- Company Calendar
- Meetings/Training Dates
- Project & maintenance schedules
- Personal Information (sick & vacation balances)

PERSONNEL STRATEGY

Lead by: Kaleb Nab & Corina Beach

Recruitment, Pay, & Benefits

- Evaluate current pay & benefits structures and how it competes with others in the area, other similar entities within the state, and other outside of the state.
- Make sure that we are offering benefits that suit our employees needs and discard ones that do not. Also ensure benefits offered assist in attracting new recruits.
- Focus on better recruitment strategies, branding, and goals to reach better candidates for future hiring.

Employee Development

- Personal improvement plan for each employee
- Cross training so that multiple people know each task.
- Written process for tasks so that someone not previously trained can perform the task.
- Bridging the gap between engineering & field crews

Team Unity

- Create an environment where employees care about the tasks as well as their co-workers to increase team unity.
- Utilize the above listed strategies to improve team unity at Carrollton Utilities.



OPERATIONS STRATEGY

Lead by: Bill Osborne & Terry Roach

Existing Projects

- 20/20 Project- gas main replacement project to improve service to customers
- Riverbend Project–Use & Development
- West Carroll Merger Acquisition

Proposed Future Projects

- Expand wastewater treatment plant to increase capacity.
- Expand water plant
 - thru purchase of property
 - demolition of old lime processes
 - explore opportunities with other water companies in area
- Increase water sales
 - Market that we are the only “softened” water in the area
 - Look at agreement to serve areas that make sense (I-71 commercial district)
- Engineering Department
 - Continuous improvement withing department
 - Hire college co-ops for multiple semesters
 - Utilize subject matter experts by putting them on retainer
- Green Initiatives
 - Encourage environmentally friendly processes
 - Expand CNG vehicle use
 - Solar energy production
- Capital improvement planning & infrastructure replacement
 - New, rehab or management if infrastructure
 - Asset inventory on distribution lines, tanks, etc.
 - Focus on oldest, # of leaks, type of pipe, etc.
 - Take proactive approach to save money

STRATEGIC PLANNING PRIORITIES

Financial – Sarah	In Plan (Y or N)	Time Frame
Review of rates and charges, fee structure -all department	Y	<1 year
Software change or better use of existing	Y	1 to 5 year
Cash reserve plan	Y	<1 Year
Inventory systems	Y	1 to 5 year
Split meter reading costs with sewer		Immediate

Technology – Amy

Mobile app -payments, service application, BWA	Y	<1 year
Radio read meters	Y	<1 year
Mobile service orders	Y	1 to 5 year
Paperless	Y	1 to 5 year
Mobile app for employees	Y	1 to 5 year
Company calendar	Y	<1 year

Personnel - Corina & Kaleb

Recruitment - JCTC field day	Y	1 to 5 year
Improve sense of Community - outings, events	Y	1 to 5 year
Cross training/succession planning	Y	<1 year
Review pay and benefits	Y	<1 year
Employee Development Plan	Y	<1 year
Field Supervisor/operations manager	Y	1 to 5 year
Written process for tasks	Y	<1 year
Engineering support field better	Y	1 to 5 year

Projects/Proposed-Terry

Expand WWTP Capacity (ICE TEE)	Y	<1 year
WTP (Knox property)	Y	1 to 5 year
Transition engineering from in house to project management	Y	1 to 5 year
Green -- reduce emissions, carbon footprint	Y	1 to 5 year
Expand water sales	Y	1 to 5 year
Infrastructure replacement plan	Y	1 to 5 year

Projects/Existing – Bill

Expand Gas capacity (20/20)	Y	<1 year
Riverbend Use & Development	Y	<1 year
West Carroll merger acquisition	Y	<1 year

SCHEDULE OF PRESENTATIONS

2020 Strategic Plan Tentative Presentation Schedule

Date	Topic	Lead
12/1/2020	West Carroll Merger	Bill
1/5/2021	Cash Reserve Plan + Riverbend	Sarah + Bill
2/2/2021	Radio Read Meters	Amy
3/2/2021	Review Rates & Charges	Sarah
4/6/2021	Employee Dev. Plan	Corina
5/4/2021	Infrastructure Replacement Plan	Terry
6/1/2021	review pay & Benefits	Corina
7/6/2021	Written process for tasks	Kaleb
8/3/2021	New Software (mobile app, mobile service order)	Amy
9/7/2021	Expand WWTP Capacity (ICE TEE)	Terry

Note: changes to meter reading allocation and company Calendar will be completed without a presentation to Commission.