May 15, 2019

CITY OF CLEVELAND – Mayor’s Advisory Taskforce Briefing

Comprehensive Financial Plan for Cleveland Public Power, Organizational Review and Additional Services

Highly Confidential, Trade Secret and Proprietary Information

ECONOMICS  STRATEGY  STAKEHOLDERS  SUSTAINABILITY

www.newgenstrategies.net
Introductions
NewGen Strategies and Solutions, LLC (NewGen)

- Utility consulting firm serving the municipal utility industry
- National presence
- Employ 36 expert and support staff with 8 different locations across the country
- 275+ clients across the Energy and Environmental Practices

Thoughtful Decision Making for Uncertain Times
Introductions
Team Members

- Engineers, Surveyors, Architects and Construction Managers
- Electric Power Systems
- Generation
- Transmission & Distribution

- Regional Business Law Firm
- 100+ Attorneys
- Utility Law Practice Representing Municipal Utilities and End-users
Why We Are Here?

CPP is mired in systemic, performance, and financial issues that have placed the utility at a competitive disadvantage.

CPP now faces critical decisions to ensure its economic viability, market relevance, and organizational sustainability.

Uncompetitive rates - Weak financial condition
Declining reliability - Dysfunctional organization
Agenda

- Scope of Review
- CPP Overview and Current Status
- Critical Issues
- Recommendations and Tactics
- Rate Study Results and Recommendations
- Response to Request for Proposal
CLEVELAND PUBLIC POWER (CPP)
OVERVIEW AND STUDY BACKGROUND
CPP Overview

- Non-contiguous service territory
- Extensive overlap with Cleveland Electric Illuminating Co.'s (CEI) service territory
- Largest American Municipal Power (AMP) Member / PJM Regional Transmission Organization (RTO)
- Local generation used periodically for peak shaving at PJM direction
- 50 miles of transmission lines (138 & 69 kilovolts (kV))
- 900 miles of distribution lines

CPP is in direct competition with CEI. There is limited to no monopoly power; unique issue in utilities and creates significant hurdle and market barrier for CPP.
Study Background

- Retained by the City of Cleveland (City) to perform a Comprehensive Financial Planning Study (April 2018)
  - CPP had not conducted a retail rate study since the early 1980s
  - Scope of work
    - Develop a 10-year financial planning tool
      - Develop a 10-year econometric load forecast
      - Review CPP's 5-year Capital Improvement Plan (CIP)
      - Evaluate potential advanced metering infrastructure (AMI) investment
      - Conduct a competitive assessment of CEI and CPP rates
    - Perform a comprehensive cost of service (COS) study
      - Consolidate customer classes
  - Rate and fee design
    - Base Rates
    - Energy Adjustment Charge
    - Miscellaneous Fees
    - Pole Attachment Fees
Study Background (cont.)

- Additional Services
  - Retained by the City to conduct additional services as follows:
    - Evaluate critical success factors and the long-term viability of CPP
      - Focus
        » Organizational, Staffing, and Management Review
        » Power Supply costs
        » System condition
        » Competitive position

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Records constituting "trade secrets" have been withheld under O.R.C. 1333.61(D)
CURRENT SITUATION
A poorly functioning organization with unchecked decision making has placed CPP at a competitive disadvantage with limited flexibility to succeed in a dynamic business environment.

- Systemic poor performance issues require immediate and comprehensive change:
  - Costly business decisions yield uncompetitive rates
  - Weak financial condition limits reinvestment in the system and flexibility
  - Lack of reinvestment yield declining reliability
CPP – Current Situational Assessment

- CPP’s current situation is not sustainable:
  - High power costs
  - Poor system condition
  - Weak business practices

- If rates remain high compared to CEI, load loss or revenue erosion will likely result
- Given current financial condition, CPP cannot withstand significant load loss or revenue erosion
## CPP – Current Situational Assessment
### High Power Supply Costs

### Power Supply Cost by Category

<table>
<thead>
<tr>
<th>Total by Bill</th>
<th>2019</th>
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<tbody>
<tr>
<td>AMP</td>
<td>$97,380,897</td>
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<tr>
<td>NYPA</td>
<td>1,745,677</td>
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<tr>
<td>New Contracts</td>
<td>447,587</td>
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<tr>
<td>Collinwood Biomass</td>
<td>97,964</td>
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<tr>
<td>Kinsman Solar</td>
<td>880,706</td>
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<tr>
<td>County Solar</td>
<td>3,675,149</td>
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<tr>
<td>CPP Generation</td>
<td>(719,064)</td>
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<tr>
<td>PIM</td>
<td>34,467,430</td>
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</table>

**Total Power Supply Costs** $137,976,346

**Annual Energy Sales** 1,656,152,473

**Average Cost of Power Supply** $0.083

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**Redaction**

Records constituting "trade secrets" have been withheld under O.R.C. 1333.61(D)
PJM Market Price Projection

PJM Market Price Forecast
AEP-Dayton HUB

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CPP Cost Structure

Revenue Requirement by Function

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CPP – Current Situational Assessment
High Rates - CPP Rates Compared to CEI

CPP rates are 13% higher than competition on average and 10% higher for residential

### Total Revenue Comparison Total System

<table>
<thead>
<tr>
<th></th>
<th>Average Rate ($/kWh)</th>
<th>Average Bill ($/Bill)</th>
<th>Total Revenue ($)</th>
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</thead>
<tbody>
<tr>
<td>Total CPP Revenue with CEI Rates</td>
<td>$0.1279</td>
<td>$135.13</td>
<td>$113,213,198</td>
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<tr>
<td>Total CPP Revenue with Current CPP Rates</td>
<td>$0.1466</td>
<td>$154.85</td>
<td>$129,729,986</td>
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<td>Difference (%)</td>
<td>12.7%</td>
<td>12.7%</td>
<td>12.7%</td>
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</table>

### Residential Revenue Comparison

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<th>Average Rate ($/kWh)</th>
<th>Average Bill ($/Bill)</th>
<th>Total Revenue ($)</th>
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<tbody>
<tr>
<td>Total CPP Revenue with CEI Rates</td>
<td>$0.1293</td>
<td>$68.86</td>
<td>$51,803,568</td>
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<td>Total CPP Revenue with Current CPP Rates</td>
<td>$0.1437</td>
<td>$76.54</td>
<td>$57,783,047</td>
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<td>Difference (%)</td>
<td>10.0%</td>
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</table>
### Small Commercial Revenue Comparison

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<thead>
<tr>
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<th>Average Rate ($/kWh)</th>
<th>Average Bill ($/Bill)</th>
<th>Total Revenue ($)</th>
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</thead>
<tbody>
<tr>
<td>Total CPP Revenue with CEI Rates</td>
<td>$0.1702</td>
<td>$243.87</td>
<td>$18,598,490</td>
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<td>Total CPP Revenue with Current CPP Rates</td>
<td>$0.1580</td>
<td>$226.34</td>
<td>$17,261,605</td>
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<td>Difference (%)</td>
<td>(7.7%)</td>
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### Large Commercial Secondary Revenue Comparison

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<th>Average Rate ($/kWh)</th>
<th>Average Bill ($/Bill)</th>
<th>Total Revenue ($)</th>
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<tbody>
<tr>
<td>Total CPP Revenue with CEI Rates</td>
<td>$0.1141</td>
<td>$4,658.96</td>
<td>$42,811,140</td>
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<tr>
<td>Total CPP Revenue with Current CPP Rates</td>
<td>$0.1463</td>
<td>$5,972.94</td>
<td>$54,885,333</td>
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<tr>
<td>Difference (%)</td>
<td>22.0%</td>
<td>22.0%</td>
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</table>
Current Situation Analysis
Poor System Condition

• Focus has been on connecting new customers and quickly addressing outages
  – Temporary fixes become permanent solutions
  – Reliability metrics appear to be favorable compared to CEI despite system condition
Current Situation Analysis
Poor System Condition

- Overall condition of the electrical transmission and distribution system is poor
  - System has not been adequately recapitalized over the years
    - Investment is needed to replace equipment that is antiquated, obsolete, or otherwise past its useful life
  - No routine system planning
    - Modeling tools do not exist that would support infrastructure investments that would serve new customers and improve reliability on a least cost basis
  - Lack of comprehensive preventative maintenance and testing program
  - Generation assets likely beyond useful life, funding may be necessary to reliable operate or replace
Current Situation Analysis
Poor System Condition

- Overall condition of the electrical transmission and distribution system is poor (cont.)
  - Substation replacement required
    - Obsolete, oil switches, exposed terminals
  - Vegetation Control
    - Overgrown facilities, particularly in 138 kV yards where vegetation encroached on transformers or other equipment
  - Oil-filled Equipment
    - No procedures for inspecting and maintaining equipment and responding to oil leaks
  - Safety concerns
Current Situation Analysis
Poor System Condition

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Records that disclose the configuration of a public office's critical systems have been removed or withheld pursuant to O.R.C. 149.433.

Division – Excessive Vegetation

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Current Situation Analysis
Poor System Condition

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Current Situation Analysis
Poor System Condition

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E 79th St –
Overgrown Transformer Yard
Current Situation Analysis
Poor System Condition

- System condition is unacceptable, unsafe, and an outlier compared to other similarly sized municipal utilities
- Safety, system condition and high reliability are core utility values
- CPP cannot become a median, let alone high performing organization until these issues are addressed
Current Situation Analysis
Environmental Issues

- Oil Contamination
  - Containment provisions not present at older installations
  - Evidence of past or continuing oil leaks
  - No monitoring or control plan

- Asbestos Insulation
  - Lake Road and other substations
Current Situation Analysis
Weak Business Practices

**People**
- Leadership issues
- Critical positions retirement
- Succession planning
- Engineering staffing
- Lack of system planning function

**Process**
- Manual processes
- Lack of process documentation
- Organizational silos
- Lack of system planning
- Lack of risk oversight
- Meter to cash

**Data**
- Mostly paper based
- Serious data gaps
- Too many data touches
- One version of the truth?

**Infrastructure**
- Poor system condition
- Age of distribution system
- Temporary fixes become permanent
- No preventative maintenance
- Safety concerns
- System modeling

**Technology**
- Mostly manual systems
- Technology roadmap
- Lacking basic tools: GIS, system modeling, outage management
- Cultural resistance to change

**Financial**
- Weak financial condition
- High Power Supply cost
- High rates
- Heavy debt burden
- Capital prioritization

**Positive**
- Staff dedicated to CPP
- Lineman apprenticeship program

**GOOD**

**WARNING**

**ATTENTION**
 CPP Assessment: Critical Issues

**Issue No. 1**
Poorly vetted decision making results in costly investments and non-competitive electric rates

**Example / Proof:**
- AMP power supply contracts executed above market – heavy reliance on American Municipal Power (AMP) for power supply advice
  - AMP Hydro – ~$170-$153/MWh
  - Meldahl Hydro – ~$90/MWh
  - Greenup Hydro – ~$70-$80/MWh
  - Prairie States Coal – ~$65-$70/MWh

$18.25M southern transmission line built to improve system reliability and access new customers

**Redaction**
Draft; not analyzed with facts, not a record. O.R.C. 149.011(G)

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CPP Assessment: Critical Issues

Issue No. 2
Dysfunctional culture, focused on short-term survival not long-term sustainability

Example / Proof:
- Desire to connect new customers to the system overrides objective cost / benefit evaluation
  - Southern transmission line.
  - Routine tension between DPU finance and CPP regarding the cost of new connection compared to revenue potential.
  - Greater use of Capacity Enhancement pricing provides little rate relief for standard tariff customers.

Management process and tools fall below industry standards
- No geographic information system (GIS) mapping tools.
- No outage managements systems.
- No system planning function.
- Critical system information not documented, inconsistent or missing.
- Inadequate succession planning - continued day-to-day operations is a reflection of deep institutional knowledge of a few key staff.
Issue No. 3
Poor system condition creates reliability and safety concerns; costly infrastructure investment required

Example / Proof:
System not adequately recapitalized and heavily depreciated
  Two major outages since December 2017.
  45 total outages reported on Twitter/Facebook since January 2018.
Temporary fixes become permanent solutions

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Lack of on-going maintenance
  Division Station - Vegetation Control.
  Tree Trimming.
  No routine meter testing.
No routine system planning
CPP Assessment: Critical Issues

**Issue No. 4**
High power supply costs yield uncompetitive rates and financially weaken system

**Example / Proof:**

AMP power supply contracts executed above market
- AMP Hydro – ~$170-$153/MWh
- Meldahl Hydro – ~$90/MWh
- Greenup Hydro – ~$70-$80/MWh
- Prairie States Coal – ~$65-$70/MWh

% of power supply costs or RR

Other non-AMP power supply resources reflective of current market conditions
- British Petroleum (7 X 24) – ~$32/MWh
- PSEG (Load Following) – ~$37/MWh
- Load Following (projection) – ~$40-$50/MWh
CPP Assessment: Critical Issues

Issue No. 5
Weak financial condition limits CPP's ability to manage uncertainty

Example / Proof:
Weak Cash Position
- Days Cash on Hand – 2018 est. – 81 days
- Days Cash on Hand – Minimum Goal – 100 days

Highly leverage with CPP and AMP debt
- Debt Service per Customer - $243(CPP) + $536(AMP) = $779
- No tax exempt refinance options available
- Additional 2019-2023 bonding requirement ~$77 M excluding OMAP
- Debt Service Coverage (excludes AMP) – 2018 est. (2.19)/Minimum Goal (1.50)
- Fixed Charge Ratio (includes AMP) – 2018 est. (1.35)/Minimum Goal (1.10)

Bad Debt per customer – 6-7 times CEI and national average
Lake Road Substation – Significant asbestos liability
TACTICAL RECOMMENDATIONS
Tactical Plan Recommendations

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# Tactical Plan Recommendations

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Issue</th>
<th>Outcome / Benefit</th>
</tr>
</thead>
</table>

**Redaction**

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Tactical Plan Prioritization for Long-Term Viability

Immediate (0-6 mo.)  Short Term (6-18 mo.)  Long Term (18+ mo.)

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Turnaround Prepares CPP for Long-Term Strategic Direction

Tactical implementation positions CPP for long-term, new strategic direction: system growth and becoming provider of choice throughout the City of Cleveland

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Cost of Service Study and
Rate Design Proposal
Comprehensive Financial Plan Rate Strategy Study
Process Overview

Rate Strategy and Principles
Framework and guide for COS, financial and rate related decisions for (vision, goals, metrics, etc.)

Revenue Requirement
Identify cost to operate utility and determine rate revenue necessary to keep utility financially solvent.

Cost of Service
Determination of cost to serve different customer classes, identifying fixed and variable cost components within each class.

Rate Design
Use the COS results, rate strategy document and policy to guide rate design. Rates must fully recover all costs.
Comprehensive Financial Plan Rate Strategy Study
Rate Strategy and Principles

• Rates should be:
  - Fair, equitable, and defensible
  - Improve pricing signals to customers
  - Promote conservation and demand management
  - Gradually implemented to minimize customer impacts
  - Stable
  - Easy to implement
  - Compliant with legal requirements
  - In alignment with other CPP programs
  - Cognizant of the cost contribution from new customers
Comprehensive Financial Plan Rate Strategy Study
Revenue Requirement

- Forward looking Revenue Requirement based on 2023 utility costs (Test Year 2023)
  - 10-year Comprehensive Financial model developed for Study and basis for Test Year 2023
    - Financial Model projections
      - Rates and Other Revenues
      - Power Supply and other O&M expenses
      - Detailed CIP (2019 – 2023)
      - Current and future bonds
      - Key CPP financial performance indicators
Comprehensive Financial Plan Rate Strategy Study
Revenue Requirement

CPP Revenue Requirement by Classification

- Power Costs
- O&M Expenses
- Debt Service Payments
- PayGo Capital

2018

$139.42

$49.50

$16.27

$6.00

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Comprehensive Financial Plan Rate Strategy Study
Five Year CIP Funding

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Comprehensive Financial Plan Rate Strategy Study
System Average Rate and Key Performance Indicators

Current and Projected System Average Rate ($/kWh)
- System Average Rate (Current Base)
- System Average Rate (Proposed Base)

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Rating Agency Days Cash on Hand

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Fixed Charge Ratio
- Fixed Charge Ratio
- Goal Fixed Charge Ratio
- Minimum Fixed Charge Ratio

Redaction
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Debt Service Coverage
- DSC Ratio
- Goal DSC Ratio
- Minimum DSC Ratio

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Comprehensive Financial Plan Rate Strategy Study
Cost of Service – Functionalization, Classification, and Allocation

1. Revenue Requirement
   Test Year
   - TY Purchased Power
   - TY O&M
   - TY Depreciation
   - TY Taxes
   - TY Other Expense
   - TY Other Revenues
   - TY Interest
   - TY Margin
   - Total Revenue Rqmt.

2. Functionalize
   - Power Supply
     - Demand
     - Energy
   - Transmission
     - Demand
   - Distribution
     - Demand
     - Customer
     - Street Lights
   - Customer
     - Customer

3. Classify
   - Res.
   - Secondary
   - Primary
   - Trans.
   - Ltg

4. Allocate to Customers

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Comprehensive Financial Plan Rate Strategy Study
Cost of Service – Functionalization, Classification & Allocation

<table>
<thead>
<tr>
<th>Functionalized Revenue Requirement</th>
<th>Classified Revenue Requirement</th>
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</table>

**Redaction**
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<table>
<thead>
<tr>
<th>Cost Allocation</th>
<th>Cost Allocation</th>
<th>Cost Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Energy For Load by Class</td>
<td>Coincident Peak Demand by Class</td>
<td>Customers by Class (w/o Lighting)</td>
</tr>
</tbody>
</table>

- Residential
- Small Commercial
- Large Commercial
- Large Industrial
- Special Contract
- Lighting

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Comprehensive Financial Plan Rate Strategy Study
Cost of Service By Class

<table>
<thead>
<tr>
<th>Item</th>
<th>Residential</th>
<th>Small Commercial</th>
<th>Large Commercial</th>
<th>Large Industrial Special Contract (LISC)</th>
<th>Street Lighting - CPP</th>
<th>Street Lighting - CEI</th>
<th>Protective Lighting</th>
<th>Traffic Signal</th>
<th>Total</th>
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<tbody>
<tr>
<td>Power Supply</td>
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<td>Sub Total Power Supply</td>
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<td>Sub Total Distribution</td>
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<td>Current Rate Revenue*</td>
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Comprehensive Financial Plan Rate Strategy Study
Cost of Service Conclusions

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• Meet projected five-year Revenue Requirement

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Comprehensive Financial Plan Rate Strategy Study
Rate Design Tactics Meeting Rate Strategies & Principles

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Comprehensive Financial Plan Rate Strategy Study
Recalibrate EAC

- **EAC**

  - **Redaction**
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- **EEA**

  - **Redaction**
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Comprehensive Financial Plan Rate Strategy Study
Impact of EAC on Revenues

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Comprehensive Financial Plan Rate Strategy Study
Rate Scenarios

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Comprehensive Financial Plan Rate Strategy Study
Residential Service – Scenario 1

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Comprehensive Financial Plan Rate Strategy Study
Small Commercial Service – Scenario 1

Redaction
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Comprehensive Financial Plan Rate Strategy Study
Large Commercial Service – Scenario 1

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Comprehensive Financial Plan Rate Strategy Study
Industrial Service – Scenario 1

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Comprehensive Financial Plan Rate Strategy Study
Residential Service – Scenario 2

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Comprehensive Financial Plan Rate Strategy Study
Small Commercial Service – Scenario 2

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Comprehensive Financial Plan Rate Strategy Study
Industrial Service – Scenario 2

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Comprehensive Financial Plan Rate Strategy Study
Lighting – Current versus Proposed Rate Revenue Summary

- LED replacement of existing Street Lighting inventory will significantly reduce CPP costs and proposed rates, estimated annual savings to the City is ~$1.7 million
- LED replacement of existing Protective Lighting inventory will reduce CPP power supply costs and proposed rates
- Proposed traffic signal rates are revenue neutral

<table>
<thead>
<tr>
<th>Item/Rate</th>
<th>Current Revenue</th>
<th>Proposed Revenue</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street Lighting - City &amp; State</td>
<td>$11,575,137</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Street Lighting - City on CEI System</td>
<td>$2,897,430</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Protective Lighting</td>
<td>$2,325,246</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traffic Lighting</td>
<td>$284,918</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$17,082,731</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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## Comprehensive Financial Plan Rate Strategy Study

### LED Rate Summary

<table>
<thead>
<tr>
<th>Item/Rate</th>
<th>Street Lighting – On CPP System (1)</th>
<th>Street Lighting – On CEI System (2)</th>
<th>Protective Lighting (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>100W Equivalent</td>
<td>n/a</td>
<td>n/a</td>
<td>$13.53</td>
</tr>
<tr>
<td>50W LED - 150 W Equivalent</td>
<td>$6.34</td>
<td>$4.48</td>
<td>n/a</td>
</tr>
<tr>
<td>175W Equivalent</td>
<td>n/a</td>
<td>n/a</td>
<td>$13.51</td>
</tr>
<tr>
<td>100W LED - 250 W Equivalent</td>
<td>$9.44</td>
<td>$5.87</td>
<td>$23.39</td>
</tr>
<tr>
<td>100W LED High Level Decorative - 250 W Equivalent</td>
<td>$16.86</td>
<td>$13.29</td>
<td>n/a</td>
</tr>
<tr>
<td>200 W Acorn Decorative - 400 W Equivalent</td>
<td>$27.72</td>
<td>$20.72</td>
<td>n/a</td>
</tr>
<tr>
<td>200W LED - 400 W Equivalent</td>
<td>$14.25</td>
<td>$7.25</td>
<td>$34.40</td>
</tr>
</tbody>
</table>

1) Fixture rate excludes applicable EAC  
2) Fixture rate excludes power supply and CEI distribution system costs
### Comprehensive Financial Plan Rate Strategy Study
**LED Sample Monthly Bills – Street & Protective Lighting**

<table>
<thead>
<tr>
<th>Item/Rate</th>
<th>Street Lighting – On CPP System (1)</th>
<th>Street Lighting – On CEI System (2)</th>
<th>Protective Lighting (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>100W Equivalent (3)</td>
<td>n/a</td>
<td>n/a</td>
<td>$14.33</td>
</tr>
<tr>
<td>50W LED - 150 W Equivalent (4)</td>
<td>$7.56</td>
<td>$8.18</td>
<td>n/a</td>
</tr>
<tr>
<td>175W Equivalent (5)</td>
<td>n/a</td>
<td>n/a</td>
<td>$15.93</td>
</tr>
<tr>
<td>100W LED - 250 W Equivalent (6)</td>
<td>$11.88</td>
<td>$12.31</td>
<td>$27.57</td>
</tr>
<tr>
<td>100W LED High Level Decorative - 250 W Equivalent (6)</td>
<td>$19.30</td>
<td>$19.73</td>
<td>n/a</td>
</tr>
<tr>
<td>200 W Acorn Decorative - 400 W Equivalent (7)</td>
<td>$31.84</td>
<td>$31.18</td>
<td>n/a</td>
</tr>
<tr>
<td>200W LED - 400 W Equivalent (7)</td>
<td>$18.37</td>
<td>$17.71</td>
<td>$42.76</td>
</tr>
</tbody>
</table>

1) Includes EAC of $0.0418/kWh
2) Includes AEP power costs and CEI distribution system costs
3) Assumed monthly energy usage = 19 kWh
4) Assumed monthly energy usage = 29 kWh
5) Assumed monthly energy usage = 34 kWh
6) Assumed monthly energy usage = 58 kWh
7) Assumed monthly energy usage = 99 kWh
## Comprehensive Financial Plan Rate Strategy Study
### LED Sample Monthly Bills – Protective Lighting Bill Impact

<table>
<thead>
<tr>
<th>Item/Rate</th>
<th>Proposed – Current (1) ($/Bulb/Month)</th>
<th>Proposed – LED (2) ($/Bulb/Month)</th>
<th>Difference ($/Bulb/Month)</th>
<th>Difference (%)</th>
</tr>
</thead>
</table>

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## Comprehensive Financial Plan Rate Strategy Study

**Rate Comparison – Street Lighting**

<table>
<thead>
<tr>
<th>Item/Rate</th>
<th>Current</th>
<th>Proposed</th>
<th>Difference ($/kWh)</th>
<th>Difference (%)</th>
</tr>
</thead>
</table>

### Redaction

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ADDITIONAL SERVICES –
STRATEGIC INITIATIVES PROPOSAL
Strategic Initiatives

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NewGen's Approach and Team

- Management Advisory services that are provided on an on-going basis until CPP...
  - Meets generally accepted industry practices
  - Implements internal processes to attain these practices
  - Achieves specific benchmarks set by the City
- Assembled a team of highly skilled engineers, consultants, and advisors - proven experts to better ensure success and provide the proper expertise for the key focus areas
Advantages of Our Approach

- Although each initiative could be viewed as a separate engagement, we believe that bundling these initiatives together into a single scope of services offers the following advantages to the City:
  - Leverage NewGen’s Institutional Knowledge of CPP allowing us to build upon prior work performed for the City and move these initiatives forward in a focused, efficient, and timely manner.
  - Integrated Consulting and CPP Staff Engagement will execute services working closely with the interim manager and CPP staff. This collaboration provides CPP staff on-the-job training with experienced NewGen Team personnel.
  - Centralized Project Management results in efficient use of resources across initiatives to accomplish tasks as they materialize.
  - Single Point of Contact focused on a successful outcome and knowledgeable of all initiatives, scopes, and schedules. We can present a wholistic perspective on recommended action items.
  - Committed to Our Client’s Success and the goals and objectives of this study. We are not distracted with the daily demands of running a municipal utility.
Project Team

City

NewGen Team

Project Management
Joe Mancinelli - PM
Rebecca Shiflea - Asst. PM

Interim Division Management
Terry Huval, P.E.

Management Advisory Team
Joe Mancinelli
Terry Huval, P.E.
Tom Ghidossi, P.E.
Mike Lane
Brown Thornton, P.E.
Nikki Shoutz

Initiative 1 - DPSM
Tom Ghidossi, P.E.
Brown Thornton, P.E.
Matthew Barratt, P.E.
Michael Mansour
Dave Cox

Initiative 2 - OC
Mike Lane
Joe Mancinelli
John Miner, P.E.
Elizabeth (Betsy) Aylin, PhD
M. Thomas Black, P.E.
Tony Georgis, P.E.
Rebecca Shiflea
Tom Ghidossi, P.E.
Brown Thornton, P.E.

Initiative 3 - ANA
Kris Wheeler
Joe Mancinelli
Terry Huval, P.E.
Bob Davis
Fred Haddad, P.E.
Max Bernt
Brown Thornton, P.E.
Management Advisory Team

- Management Advisory Team (MAT) is a small team of six senior engineers and advisors who will be responsible for key elements associated with each initiative
  - Discuss day-to-day developments and initiative progress
  - Offer advice and recommendations to the City, as warranted or requested
  - Participate in the ROC from time-to-time
Project Manager Responsibilities

- The following are the responsibility of the Project Manager and will be coordinated and communicated during Project Status Meetings and MAT Meetings:
  - Scope Management
  - Change Management
  - Integration Management
  - Cost Management
  - Quality Management
  - Reporting Management
  - Resource Management
  - Risk Management
Strategic Initiatives
Scope of Work Overview

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Strategic Initiatives Schedule

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Discussion