Serving Customers Well in a Changing Industry

Our member utilities have always made customer service a top priority. As technology, the industry and customer expectations evolve, it’s especially important to be in tune with customers. This issue of the Power Report explores what it means to serve customers well in a changing industry.

The Utility-Customer Relationship
Members sought feedback during a customer panel at WPPI Energy’s annual meeting in September. The panel featured representatives from three large businesses in member communities:

- Steve Krueger, Special Projects Manager at Steel King Industries in New London, Wis.
- Richard Petersen, Superintendent of Technical Services and Reliability at Expera Specialty Solutions in Kaukauna, Wis.
- Jedd Winkler, Energy Programs Manager - Facilities Operations at Aurora Healthcare (Aurora is headquartered in Milwaukee, Wis., but has locations in several member communities).

Here's what they shared:

Keeping Costs Low Is a Top Priority
A business’ ability to keep costs low and remain competitive is a major factor for its survival, yet changing markets, high production costs, regulations and other factors can sometimes make it difficult to do this.

Utilities are in a unique position to assist. By helping businesses boost their bottom line — through energy efficiency projects, incentive funding, special rates and other money-saving measures — they give those businesses a competitive edge.

For example, Kaukauna Utilities, WPPI Energy and Focus on Energy provided incentive funding to help Expera pay for energy efficient installations/upgrades to variable frequency drives, piping, lighting and the plant’s steam system.

When Steel King expanded its facilities, New London Utilities and WPPI Energy offered a limited-term, market-based discount on its electric rate. The discount, which is intended to encourage local economic growth, is available to businesses building a new facility or expanding an existing one in a member community.

“The discount was a big factor in Steel King building a new 135,000-square foot addition in New London instead of moving to our Georgia location,” said Krueger.

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The following is an overview of the presentation Board Chair and General Manager of Kaukauna Utilities Jeff Feldt and I delivered on the state of WPPI Energy at our annual meeting in September.

The state of WPPI Energy is strong. From building a reliable, diverse power supply and an effective voice for advocacy to creating comprehensive, best-in-class services, our member utilities have always done their best work together. This remains true today.

Our member-driven model is our biggest strength. This past year, all 51 WPPI Energy members helped shape the objectives for the current five-year business plan that directs our day-to-day efforts. Active member engagement ensures that we remain on the right track to serve our members and their customers well.

Members created WPPI Energy more than 35 years ago for the purpose of supplying wholesale electric power that is cost-effective, reliable and responsible; this remains our core business priority. We are positioned well in this regard, with a diverse and cost-competitive power supply mix. We have space for additional generation resources in the next few years, giving us flexibility to rely on cost-effective market power or to consider new resource opportunities that are projected to lower our costs over the long term.

Renewable energy proved to be the most cost-effective option when we added two new resources this year: the 99-megawatt (MW) Point Beach Solar Energy Center, which will be Wisconsin’s largest solar energy facility when it comes online in 2021, and the 132-MW Bishop Hill III Wind Energy Center that will more than double our membership’s wind energy resources when it begins operating next year.

We know that competitive costs are a key priority for WPPI Energy members, and we have held our average wholesale power supply costs to members steady over the past five years. In fact, our costs in 2016 were the lowest since 2011. Going forward, we anticipate modest annual increases over the next few years.

We also know competitiveness isn’t all our members expect. Customers of all types are increasingly seeking to engage with their utilities online to track and manage their usage, pay bills, schedule service, sign up for programs and more. Together through WPPI Energy, our member utilities have access to cost-effective shared technology systems, professional expertise, staff training and programs to support these needs. Our business strategy includes furthering these offerings to ensure that our membership can continue serving customers well as utilities of the future.

Today’s utility industry, the technologies we use and the expectations of those we serve are evolving. The member utilities of WPPI Energy are strong and well-positioned to take on this changing world together. Now and in the future, we will succeed as we always have—by doing more together.

WPPI Energy is a regional, not-for-profit power company serving 51 locally owned electric utilities. Through WPPI Energy, these public power utilities share resources and own generation facilities to provide reliable, affordable electricity to 200,000 homes and businesses in Wisconsin, Michigan’s Upper Peninsula and Iowa.
Member Spotlight: **New Holstein, Wisconsin**

**The Community**

New Holstein’s motto, “Linked to the Past, Focused on the Future,” is fitting. The city was founded in 1848 by immigrants from Holstein, Germany, a region that was created as a county of the Holy Roman Empire in 1111.

The modern day New Holstein is a tight-knit community of just over 3,200. With plenty of parks, a good education system and low crime rate, the city has started to attract a younger demographic. It provides residents with the perks of small town living, while located just 30-60 minutes from larger communities, such as Appleton, Fond du Lac, Sheboygan, Manitowoc and Green Bay.

**The Utility**

New Holstein Utilities (NHU) is a locally owned, not-for-profit utility that provides customers in the New Holstein area with electric, water, water softening and waste water services.

The NHU team — led by General Manager Randy Jaeckels and directed by a five-person utilities commission — strives to provide economically priced, reliable services, as well as an excellent customer experience.

“We ask our employees, no matter what their job is, to do it every day with excellent customer service in mind. It doesn’t matter if you’re a lineman, a water technician or one of our office staff; it’s important to try to do the best that you possibly can for the customer,” says Jaeckels.

**A Partner for Local Businesses**

One of the ways NHU provides excellent service to its local business customers is through the work of Energy Services Representative Frank Barth.

Barth provides individualized support to some of NHU’s larger business customers, including Metko Inc., Buechel Stone Corp., A-1 Polishing and Finishing Inc., M-B Companies Inc. and Ameriquip Corporation. He performs strategic energy assessments to help them identify opportunities to save energy and money, connects them with utility and state programs and helps plan and execute projects to optimize their electrical usage.

“It’s important to help keep our businesses healthy so they can be competitive in their respective markets, keep producing product and want to expand in the community,” says Jaeckels.

**NHU and the Community**

Commitment to the community is a hallmark of public power that Jaeckels says comes naturally to the NHU team.

“We have a lot of people at the utility who just naturally want to help people. I don’t have to talk to the employees about the importance of being a part of the community; they just really care about the community and want to see it succeed.”

About two-thirds of the utility’s employees live in the community, and many of them regularly volunteer through groups such as the Lions Club, Kiwanis, church groups, the Chamber of Commerce, and the New Holstein Economic Development Corporation.

**NHU and WPPI**

NHU was a founding member of WPPI Energy in 1980 and NHU employees have

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In September, WPPI Energy members, staff, local elected and appointed officials and others attended WPPI Energy’s annual meeting in Wisconsin Dells, Wis. Speakers gave presentations on topics ranging from customer service to the future of renewable energy. President and CEO Mike Peters and Board Chair Jeff Feldt gave a state of WPPI Energy address. The Board of Directors met the following day.

Moody’s: Wind Energy Purchase Is Credit Positive

Moody’s Investors Service published a report in August stating WPPI Energy (A1 stable) had entered into a credit positive agreement to purchase output from the Bishop Hill III Wind Energy Center. Bishop Hill III is a cost-effective resource that will enhance the diversity of WPPI Energy’s power supply and improve its carbon footprint by doubling the wind generation in its supply portfolio.
MEMBER NEWS

Members Receive Awards
WPPI Energy members were recognized for excellence during a special awards luncheon at the annual meeting. Jim Stawicki, General Manager of Sturgeon Bay Utilities and Chair of the 2017 Awards Judging Committee, presented the awards, which are as follows:

Community Service Award
Recognizes public officials and utility managers who go above and beyond to contribute to the success of the utility and its image in the community:
Stewart Fett (Sturgeon Bay)
Dave Graff (Crystal Falls)
Mark Allwardt (Menasha)

Distinguished Service Award
Awarded to a public official in a member community for active participation with WPPI Energy and outstanding contributions to the success of the organization:
Jim Brooks (Evansville)

Individual Achievement Award
Recognizes a utility manager or employee who contributes significantly to WPPI Energy’s success through work on committees, task forces and advisory groups:
Randy Jaeckels (New Holstein)

Shining Star Award
Awarded to utility managers or employees who have shown notable growth and leadership over the past year:
Eric Anthon (Columbus)
Nancy Johnson (Algoma)
Darlene Mengert (Sturgeon Bay)

Utility Leadership Award
Recognizes a member utility that displays excellence and leadership. This utility leads by example by helping to advance strategic initiatives, providing benefits to the membership and supporting public power and joint action:
Waupun Utilities

Congratulations to our award winners, and thank you for your outstanding service to your communities, WPPI Energy and the public power industry as a whole.

POLICY UPDATES

Federal
FERC Now at Full Strength - In November, the U.S. Senate confirmed two new members of the Federal Energy Regulatory Commission (FERC), filling the five-member board for the first time since October of 2015.

Republican Kevin McIntyre and Democrat Richard Glick were installed as FERC commissioners on unanimous voice votes.

Commissioner McIntyre is the President’s nominee to chair FERC. He will take over from Neil Chatterjee, who had been serving as chairman on an interim basis.

Wisconsin
Gilkes to Lead CFC - In September, the Customers First! Coalition (CFC) named Kristin Gilkes as its new executive director. Gilkes has over a decade of experience in state politics and energy issues, including work on legislative and statewide campaigns, roles in state government, and most recently, a position with Alliant Energy.

CFC is an alliance of consumer organizations, public power utilities, electric cooperatives, wholesale power providers, an investor-owned utility, renewable energy advocates and utility workers. It was formed in the late 1990s to protect the interests of Wisconsin’s electric consumers.

Michigan
Cambensy Wins 109th District Special Election - Sara Cambensy (D-Marquette) won the 109th district seat in the Michigan House of Representatives during a special election in early November. She beat out challenger Rick Rossway 56%-42%.

Rep. Cambensy, a member of the Marquette City Commission and director of adult and community education for Marquette Area Public Schools, will serve the remainder of the late John Kivela’s term, which expires at the end of 2018.

WPPI Energy member communities in the 109th district include Negaunee and Alger Delta.
Customer Feedback Shapes Member Initiatives

Customer Feedback is a Necessity
Serving customers well is a top priority for WPPI Energy and its members, and a large part of doing that is understanding what customers care about. Since the only way to really know what they care about (not just what we think they care about) is to ask them, the WPPI Energy membership regularly invites customer feedback.

Recent Studies
WPPI Energy and its members conducted market research for two important customer groups - small businesses and the industrial businesses that use the largest amount of energy on our system.

In general, both small and large businesses continue to feel their utility serves them well. Their positive feedback earned the WPPI Energy membership a ranking in the top 25% compared to industry peers.

Customers from both groups were highly satisfied with:

• The reliability of their electricity
• The value they get from their Energy Services Representative
• Their utility’s level of trustworthiness.

Of course, there’s always room to grow. Customers in both groups said that they would like to see growth in the areas of:

• Outage communications
• Resources and strategies for lowering costs
• More options for doing business online

Member Initiatives
Customer feedback directly shapes our organization’s focus and decisions. WPPI Energy’s business plan, a strategic roadmap of the work we will do over the course of the next five years, lays out several initiatives that will address feedback from members and their customers.

These include:

Outage Management: The WPPI Energy membership convened a special task force to explore options and procedures for helping members and customers communicate during a power outage.

The task force is dedicated to evaluating technologies for improving outage management needs of our diverse member communities, recommending technology investments to improve outage communications, and more.

Keeping Costs Low: Through joint action, WPPI Energy members have access to resources and several teams of experts to help keep costs low for them and their customers.

• Power Supply Team: A team of experts that manages the membership’s power supply portfolio by projecting future trends, procuring cost-effective new resources and optimizing existing resources.

Most recently, WPPI Energy entered into agreements to purchase the output from the Point Beach Solar Energy Center and Bishop Hill III Wind Energy Center. These new resources are projected to reduce WPPI Energy’s power costs relative to other available options.

• Finance Team: A team of experts that ensure the membership is using its resources most effectively. A 2016 bond re-financing saved members and their customers over $9.8 million on a present value basis.

• Programs and Services: These include cost-saving programs in the areas of energy efficiency, renewable energy, demand response/time-of-use and more.

The programs and services are facilitated by WPPI Energy’s Energy Services Representative team, which also provides a number of other services, including large customer account management.

Investments in Technology: The WPPI Energy membership is investing in software and staff to help them serve customers as utilities of the future.
There are several projects in progress that, when combined, will provide customers with a comprehensive online system for interacting with their utility. They will be able to view usage data collected by the advanced meters, pay their bill online, report an outage, sign up for programs and more.

The membership is also adding technology staff to ensure a smooth rollout and to provide training and system support.

These investments in technology will improve the customer experience and will also help make processes more efficient for members.

**Utilities of the Future**

As the electric industry continues to change, WPPI Energy and its members will change with it by listening to customers and using their feedback to shape future initiatives. By working together, members will be able to serve their customers well now and in the future.

It’s estimated that it will save the company approximately $407,883 in the next four years.

**Businesses Depend on Reliable Power**

All three panelists agreed that reliable power is important.

“It’s a must-have,” said Petersen. Like many manufacturers, Expera is greatly impacted by even small interruptions to the electrical supply. “An interruption could be tens of thousands of dollars,” he said.

“Reliable power is critical,” agreed Winkler. “We rely on electricity to power many of the machines and systems we use to care for patients.”

“Reliability is a major concern,” said Krueger, though he feels confident that it’s one he personally doesn’t have to worry about.

“New London Utilities has done so much to improve the reliability in our entire community. I would rate their electrical reliability at about 100%,” he said.

While all of the panelists are pleased with their utility’s level of reliability, investing in power supply and distribution resources and exploring ways to improve outage communication will help the membership maintain a high level of credibility with customers.

Small businesses and large industrial businesses are unique and important parts of our members’ customer bases. Industrial customers are among some of the largest users of energy on WPPI Energy’s system. Serving these customers well is an important part of maintaining the financial health of the utility and community, as well as the businesses themselves. The insights members gleaned from the customer panel will help them continue to do that.
Retail billing for electric utilities is more complex than simply charging for the amount of electricity a customer uses.

“There are many bill components included in the electric retail bill for some rate classes,” says Tammy Freeman, Director of Billing Services at WPPI Energy.

These components range from the amount of electricity a customer uses each month (there are rate classes for different levels of demand), the price of wholesale electricity (which fluctuates depending on fuel costs and demand), and various incentive discounts customers receive for managing how they use electricity. Utilities must ensure compliance with their local and state-approved rate structures, which have become increasingly complex.

Maintaining retail billing accuracy is an important part of serving customers well. Utilities have a responsibility to bill customers accurately, and an error in billing could be costly to both the utility and its customers. WPPI Energy members have always looked out for their customers’ interests, and recently developed a new service to help improve overall retail billing accuracy.

Through this service, members have access to rates and billing experts at WPPI Energy who help them ensure customers are billed in the appropriate rate class. It’s available to members that use WPPI Energy’s hosted billing system, and nearly all of them have opted to use the service.

The service—which WPPI Energy is proposing to expand in 2018—helps members continue to serve customers well.

“By outsourcing some of the back office billing functions, this joint action approach to billing allows member staff to focus more on other customer service interactions,” says Freeman.