

Strategic Plan Update - 1998



Grayson RECC

FEBRUARY, 1998

Mission Statement

Grayson Rural Electric Cooperative Corporation exists to provide safe, efficient electricity and related services to our members, our communities and others who may be affected by our actions and decisions.

Grayson Rural Electric Cooperative Corporation Grayson, Kentucky

Statement of Ideals

Grayson RECC was established by its member-owners to provide themselves with a vitally needed service which would improve their economic and social standards with significant long range and progressive contributions to the well-being of the community.

We believe:

1. That the Cooperative Corporation does not exist solely for the participation or benefit of any one group, be they consumers, member-owners, directors, employees, or the public, but that the participation and benefits for all groups must be in balance and a part of a well-run enterprise.
2. That the Cooperative Corporation exists primarily to serve its consumers. The services provided by the Cooperative Corporation are essential to the people of our area, to the state which we serve directly, and to the building of our nation.
3. That the opportunities in the enterprise carry with them both economic and social responsibilities; our obligations and responsibilities as a local enterprise are to the community, the public and our employees, as well as to our members, and these groups other than members should also benefit from our existence.
4. That it is the right of people to provide for themselves a vitally needed service and that cooperatives are a proper way of providing this service, that cooperatives form a yardstick of costs, and that they are consistent with the free enterprise system.
5. That it is all-important that the Grayson RECC furnish the best electric service that it can provide; a service high in value and steadily improving, at a price to the user that will always be as low as possible and at the same time keep the Cooperative Corporation financially stable.
6. That the success of the Cooperative Corporation depends on the people it employs to provide this essential service; to provide this service the Cooperative Corporation must attract and keep capable employees. They must be well paid and have an opportunity to advance within their demonstrated capacities and the Cooperative Corporation must continually develop first rate leaders for the future.
7. That the Membership Corporation must do all things essential to good management among which are service, research, finance, organization and training of leaders; and that the Membership Corporation must continue to exercise cooperative leadership in the community on a long-range basis.
8. That the natural resources of this country should be developed to provide an abundance of low cost power for all.
9. That to fulfill these obligations and to meet our responsibilities, we shall at all times work toward the achievement of our objectives.

Grayson Rural Electric Cooperative Corporation

Grayson, Kentucky

Statement of Objectives

- **With Member-Owners – Major Objectives**

1. To maintain the Cooperative Corporation on a non-profit continuing and progressive basis in accordance with its Articles of Incorporation, By-laws, other legal and contractual requirements.
2. To stimulate the creation of new and enlarged markets by contributing to the promotion of new uses for electrical energy in the home, on the farm and in business and industry.
3. To provide the best possible electric service to all who desire it within the system's service area at the lowest price consistent with the highest standards of service, which includes the establishment of an adequate financial structure, sufficient funds available to cover all costs of service, reasonable payments to local governments in the form of taxes, retirement of the outstanding debt obligations, provisions for future expansion and equitable remuneration to the employees.
4. To keep the member-owners adequately informed about the manner of operations, plans, progress and problems of their utility system and to strive to obtain their understanding, acceptance and support, and to demonstrate that the business is locally owned and operated.

- **With Employees – Major Objectives**

1. To establish the view that our greatest assets are our human assets and that these must be developed and improved as a matter of moral obligation as well as material advantage.
2. To obtain acceptance of the ideas of the social and economic obligation involved in doing a job well.

- **With Member-Owners – Coordinate Objectives**

1. To acquaint the consumers with uses of electricity which will improve their standard of living.
2. To utilize the lowest possible retail rates as one of the principal means to encourage greater use of electricity.
3. To enhance the Cooperative's reputation for fair dealing, prompt and efficient service, dependability, integrity, courtesy, productive ability and technical competence.
4. To strive constantly for ever higher standards of service through progressive management, utilization of new equipment and techniques, and improved methods of operation in order to lower costs of distributing electric power.
5. To encourage, promote and support research in the uses of electric energy for productive equipment that will enhance the opportunities for increasing the total and net revenues which will result from productive effort in the field of agriculture.

- **With Employees – Coordinate Objectives**

To reward, encourage progress, inform, train, develop and properly assign all employees in order to attract and keep in its service those who seek a career with the Cooperative so that their lives and work will be given meaning, dignity, satisfaction and purpose both on and off the job.

- **With the Public – Coordinate Objectives**

1. To develop understanding, acceptance and support of the Cooperative's objectives, plans and programs.
2. To foster and develop the acceptance of the Cooperative as a good citizen and as a respected member of the business community.
3. To provide leadership and to cooperate with other community and civic groups in furthering programs of mutual interest which will benefit the Cooperative's service area and communities adjacent thereto.

Grayson Rural Electric Cooperative Corporation
Grayson, Kentucky

Key Issues – 1998

**Key Issue #1 – *Marketing/Revenue Enhancement/ Community Development/
Economic Development/New Ventures/Related***

- New Ventures – As we are being pressured to offer more and more related services from unrelated companies, how can we determine what is worth pursuing for the benefit of our members?
 - *Perform a survey of the membership as soon as possible*
- How can we become a more effective player in the Community/Economic Development game?
 - *Study feasibility of buying service area*
 - *Provide shared services within the community, become a community leader and resource*
 - *Study the feasibility of mergers*
 - *Continue to provide a leadership role and participate in community economic development (serve on the board)*
 - *Strive to provide additional services that are revenue enhancing such as the possible prison load*
 - *Continue to promote the cooperative with the general public as well as the membership*
 - *Encourage the employees, staff and board to enhance the reputation of the cooperative by offering their own good reputations to the community*
 - *Provide proactive legislative relationships*
 - *Continue to enhance the adaptability of our workforce*
 - *Provide a “right” sized employee workforce*
 - *Continually monitor new technologies and their advantages to the cooperative*
- Old Ventures – How do we make sure that our current related organizations are giving our members a good value?
 - *Rely more on our own internal financial planning*

Key Issue #2 – *Image/Member Relations*

- Grayson RECC has begun to develop a good public image. How can we continue to build on this while exhibiting value, reliability and responsiveness to our Members & Community?
 - *Provide leadership in economic development*
 - *Strive to provide additional services in the community*
 - *Maximize use of electricity by marketing appliances that use electricity*
 - *Survey the membership to determine who our members are, and what services they want*
 - *Provide adequate staffing for new services that the members request*
 - *Communicate to the general public and the membership the benefits Grayson RECC provides both to the community and the members*
 - *Continually provide education to our members about the benefits of being a member of a rural electric cooperative, and the services Grayson RECC can provide*
 - *Encourage employees to serve on various community service clubs and organizations, fairs, school programs*
 - *Continually put forth our company and employee good reputations, showing Grayson RECC and its employees as leaders in the community*
 - *Continue to monitor customer satisfaction. Determine that we are providing the services, and in a manner that satisfies our customers*
 - *Offer incentives to our customers*
 - *Strive to reduce the rate disparity (and perception of same) with our members*

Key Issue #3 – *Financing/Capital Credits*

- How the Cooperative can come to an efficient level of revenue, expenditures and margins?
 - *Do more of our own financial planning rather than relying on East Kentucky Power for their services*
 - *Perform routine internal financial forecasts to measure effectiveness of financial decisions on rates*
 - *Strive in our financial planning to develop competitive rates*
 - *Determine effective capital credit allocation and payment strategies*
 - *Measure effectiveness of marketing programs in increased margins, or increased usage per consumer*
 - *Constantly explore new ROW clearing methods to minimize costs and maximize effectiveness*
 - *Continue to use our internal financial planner to attempt to find ways to minimize our rate disparity*
 - *Strive for new ways to develop margins from alternative sources*
 - *Develop a capital management plan to enhance our financial ratios and our ability to procure money timely and inexpensively*
 - *Monitor costs of system losses and evaluate feasibility of solutions to reduce that cost*

Key Issue #4 – *Technology/Efficiencies*

- How can we utilize technology to make information more accessible, allow us to respond to problems quicker and reduce workforce load keeping us on the competitive edge:
 - *Constantly monitor new technologies in publications and at state, regional and national meetings that will be beneficial to our cooperative*
 - *Continue to train our workforce to create a safe work environment*
 - *Maximize the use of electricity by marketing appliances that use electricity*
 - *Work to improve the value of our plant by replacing out-dated lines and equipment when feasible and affordable*
 - *Provide good tools for the job such as turtle meters and computers*
 - *Constantly explore new ROW clearing methods to minimize costs and maximize effectiveness*
 - *Strive to provide additional services that are revenue enhancing such as the possible prison load*
 - *Continue to provide a PCB free system*

Key Issue #5 – *System Improvement/Right-of-Way*

- How can we keep our members satisfied through system improvements and right-of-way cutting? How can we develop a method to justify and analyze cost, making sure that we are being both cost effective and utilizing our resources wisely?
 - *Perform routine internal financial forecasts to measure effectiveness of financial decisions on rates*
 - *Constantly explore new ROW clearing methods to minimize costs and maximize effectiveness. Use the services of a good ROW contractor with competitive rates that works efficiently*
 - *Monitor costs of system losses and evaluate feasibility of solutions to reduce that cost*
 - *Constantly monitor new technologies in publications and at state, regional and national meetings that will be beneficial to our cooperative*
 - *Work to improve the value of our plant by replacing out-dated lines and equipment when feasible and affordable*
 - *Provide good tools for the job such as turtle meters and computers*

Key Issue #6 – *Employee Empowerment*

- How can we work and communicate more effectively within the Cooperative?
 - *Encourage employees to serve on various community service clubs and organizations, fairs, school programs*
 - *Continually put forth our company and employee good reputations, showing Grayson RECC and its employees as leaders in the community*
 - *Provide relevant training to our employees to enable them to make better decisions*
 - *Provide a safe working environment for our employees*
 - *Continue to provide a courteous environment for our members and our employees*

During the planning session, we also addressed the strengths, weaknesses, opportunities and threats to the Cooperative. Additionally we rated issues of importance, namely; (A) things that need to be done immediately, (B) can be done with short period of time, and (C) may be items affecting us in the future. The following itemizes our discussions and supports ideas to address the 6 Key Issues of the 1998 Strategic Update.

STRENGTHS

- Ability to borrow money (good credit rating)
- Public recognition
- Excellent financial planner
- Safety programs
- Reputation of Board, staff and employees
- Customer satisfaction (they know us)
- We're polite!
- Employees are involved
- Incentives to customers
- PCB free system
- Legislative relationship
- Good tools for job (turtles, computers)

WEAKNESSES

- Pushing the limits of credit
- Right-of-way costs
- Rates
- Low usage/consumer
- Inability to pay capital credits
- Don't know what customers want or who they are
- Economically depressed territory
- Lack of staffing to move into other services
- Line loss
- Too modest
- Size
- Ability to market effectively
- Communications; educating the membership

OPPORTUNITIES

- Economic Development
- Acquisitions, mergers
- Additional services
- Improve value of plant
- Move to service company?
- Community leader/resource (shared services)
- Maximize use of electricity by marketing appliances that use electricity
- Buy service territory!

THREATS

- Customer perception of rate disparity
- Territory lines (cherry picking)
- Weather
- Bad credit rating
- Lose customers
- Reduction in workforce – technology
- Replace old copper lines (35 – 40% system is still old copper)
- Wire company – wheel power for other companies
- Mapping system
- Right-of-way
- Public relations
- Quality of service
- Acquisitions
- Adaptability
- Can we handle what comes down the pike?

"A's"

- * Financial stability (storm, new computer)
- * Rate increase
- * Competition (AEP, KU, Municipals)
- * Right-of-way
- * Rebuilding system
- * Environmental
- * Load growth
- * Service cost
- * Deregulation
- * Financial resources
- * Member satisfaction/loyalty
- * System efficiency

"C's"

- * Characteristics of a new cooperative
 - * Line company (wires company)
 - * Service company
- * Power acquisitions
- * Workforce size and adaptability
- * Personnel
- * Mapping
- * System improvements
- * Service quality

"B's"

- * Deregulation
- * Takeover/merger
- * Increase capacity
- * Energy suppliers
- * Financial Stability
- * Territorial integrity
- * Other services
- * Finance new technologies
- * Be more efficient
- * Relationship with related organizations
- * New technology