

ALP
UTILITIES

Strategic Plan 2020-2025



ALP   
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Introduction: A Proud History and Bright Tomorrow

ALP Utilities has a long and successful history providing utility services to the people of the Alexandria region. Formed in 1889, ALP Utilities is among the oldest electric utilities in the nation. Only seven years earlier, Thomas Edison opened the first commercial power plant in the U.S. at the Pearl Street Station in Manhattan. In 2019, the shape of the utility industry looks very different from when the City of Alexandria formed its municipal electric department.



Today, ALP offers electric, water, and business communications while developing the flexibility and innovation required by the changing utility marketplace. ALP remains committed to providing strong value to the region far into the future.

Our mission has always focused on providing excellent utility services to our customers. Today, the ALP mission centers on providing utility products and services that improve the lives in the communities we serve.



To continue bringing strong value to Alexandria, ALP has engaged in a strategic and intentional conversation with its governing board and staff. This process allowed ALP to assess its strengths and weaknesses and better understand the resources needed to successfully support Alexandria in the years ahead. This Strategic Plan identifies the major priorities of the utility and will become the basis for its actions and behaviors today and in the future. It describes in more detail our mission and the values

by which we will operate in fulfilling that mission.

As ALP looks ahead, our key priorities will revolve around these five themes:

1. Financial Stability and Strength
2. Community Engagement
3. Utility Infrastructure
4. Products and Services
5. Workforce

We believe attention to these five areas will position ALP to deliver value to the community for many years to come. Today, in 2019, ALP continues to deliver value to Alexandria through the local control of utility services, maintaining high reliability at very competitive rates, while keeping dollars and jobs in the community.

ALP invites you to review this strategic plan and share your thoughts with us about the direction of the utility. You, the customer, are our owners; we are successful only when you are. The partnership formed 130 years ago remains a critical part of how we will succeed in the years ahead.

Preparing for the Future

The early leaders of Alexandria showed tremendous foresight with the creation of a municipal electric and water service. As an early adopter of electricity, Alexandria positioned itself to grow and prosper. Over the years, municipal ownership of Alexandria's utilities has meant local control over decisions affecting rates, power supply, infrastructure improvements and service delivery.

It also meant "profits" remained in the community, rather than being distributed to shareholders outside of Alexandria. And it meant that good jobs, offering strong career paths remained in Alexandria.

Today those same values of public ownership of ALP hold true, allowing the utility to focus 100% on the community. This local focus will

become increasingly important as the world around us changes.

- Technology innovations pervade virtually every aspect of our daily lives; within the utility industry, it's no different. The days of simply delivering electricity and water, while sending out a meter reader once a month, are coming to an end. Advanced grid

technologies are allowing ALP to continuously monitor its systems, while giving customers greater insights and control over their utility usage, services and billing.

- Technology also dovetails with ongoing concern about the world's environment. Advancements in solar, wind and natural gas generation have made these technologies more cost-competitive in the energy markets. We expect that trend to continue and, with the growth of energy storage, low greenhouse gas emitting sources of energy will increasingly replace traditional baseload generation.

Today, ALP is delivering power with the lowest carbon footprint in its long history. This trend will continue as the utility improves its efficiency and conservation efforts and as cleaner sources of power replace traditional baseload generation.

On the water side of operations, ALP maintains a strong supply of



Preparing for the Future



high-quality water that will serve the community for many years.

We have a responsibility to be strong stewards of our environment and will continue embrace this as a value.

Looking past technology, the nation and Minnesota continue to change, and ALP must be prepared to serve in the face of new expectations, changing demographics and a growing population. It will become increasingly important that we know and understand the people we serve, for example, understanding the needs of renters vs. homeowners, or a retail business vs. a manufacturing customer.

ALP is excited to face these challenges and opportunities and believes it is well-equipped to usher in a new era of service and product delivery that ensures Alexandria remains the prosperous and welcoming community it has always been.

- Today, ALP employs a skilled and professional staff, working together to ensure quality service is delivered every day. Yet we recognize that our industry is threatened by a "brain drain" as baby boomers retire, and other industries often out-compete the utility industry for job candidates. Fortunately, ALP maintains a stellar reputation locally and regionally as an excellent company to work for. This is a strength we must continue to foster.



- On the technology side, ALP has implemented a number of advanced grid technologies that will support higher reliability, water and power quality and stronger customer service. In 2020, ALP will be installing a new customer information system that promises greater ease of use for both customers and staff alike. With this will come new applications that afford greater transparency and control by the customer over their accounts.
- Utility infrastructure is generally in excellent shape. In 2017, ALP achieved Platinum Level status from the American Public Power Association's Reliable Public Power Provider (RP3) program. This prestigious award is a reflection of the quality of the utility's operations. Beyond awards, ALP has among the highest electric reliability

standards of any utility in the state. And it does this while maintaining some of the most competitive utility rates in the state. Certainly, utility infrastructure upkeep is an ongoing challenge, and the utility's operations center, at 51 years old, is showing its age. ALP will address its infrastructure issues so that customers may continue to enjoy high reliability and a positive customer experience.

ALP is proud of the role we have been able to play in Alexandria for more than 130 years. Today we have a strong staff, directed by a dedicated governing board whose sole focus is the customers of ALP Utilities. The result is a utility reliably delivering the highest quality services at among the lowest rates, while maintaining fiscal stability that ensures ALP can continue to add strong community value in the years ahead.

Mission Statement

A mission statement is an important part of a strategic planning process, as it describes the “why” of an organization’s existence.

The ALP mission is **“Going above and beyond to improve the communities we serve through excellence.”** This reflects the utility’s commitment to – and partnership with – Alexandria and the surrounding area. ALP, as a publicly-owned not-for-profit organization, has a mission of service, not of profit. To that end, we want to help make our corner of the world a better place.



Core Values

ALP's mission describes why we exist. But how will the utility act as it fulfills these priorities? Establishing our core values is a key part of defining what ALP is and how we will serve our customers.

These are expectations we have of ourselves, and we will hold each other accountable. We welcome similarly high expectations from our customers and stakeholders. Below are outlined seven core values that the ALP staff and board have established that will guide our behaviors and our actions.

Value: Safety

Behaviors and Actions:

- We support all efforts toward a safe environment for our employees and customers.
- We speak up when conditions appear to be unsafe.

Value: Community Stewardship

Behaviors and Actions:

- We strive to help improve the communities where we work and live.
- Staff is encouraged to find meaningful engagement in community and civic organizations.
- We will be a good partner with other community organizations.
- We are concerned about the environment and promote clean energy, efficient energy use, and sustainable products.

Value: Teamwork

Behaviors and Actions:

- ALP Utilities is a team.
- Our team is supportive of each other's efforts, loyal to one another, and care for each other both personally and professionally.
- Teamwork can create better outcomes, while at the same time building a stronger workforce.

Value: Integrity

Behaviors and Actions:

- We act with honesty, never compromising the truth.
- We accept responsibility for our actions.
- We make and support business decisions through experience and good judgment.

Value: Respect

Behaviors and Actions:

- We treat our team members, customers, partners, and suppliers with mutual respect and sensitivity.
- We recognize the importance of diversity.
- We respect all individuals and value their contributions.

Value: Open Communication

Behaviors and Actions:

- All team members are encouraged to respectfully share their opinions and views.
- We will create effective avenues of two-way communication to encourage transparency throughout the organization.
- The board speaks only as a whole board.
- The board will be available to the customers ALP serves.

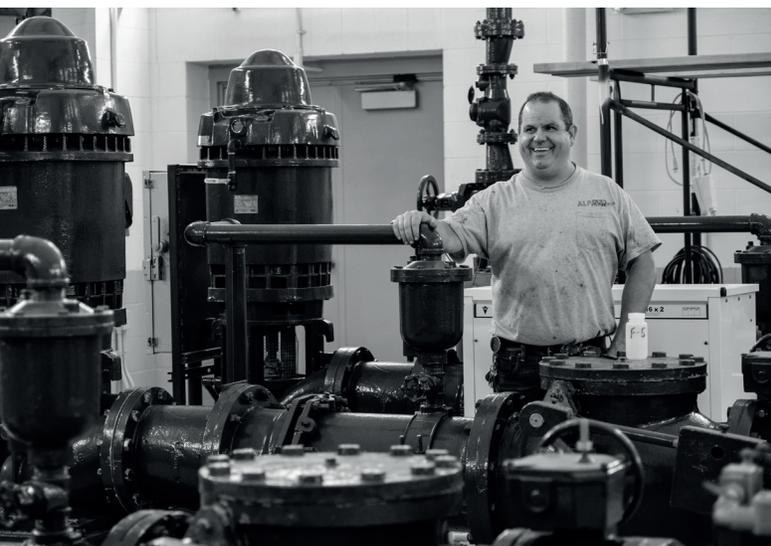
Value: Service Excellence

Behaviors and Actions:

- We are dedicated to satisfying customer needs.
- We honor commitments that we have made.
- We ensure that the services we provide are fair and consistent to all.
- We understand the key to our success is reliability.

Strategic Priorities

While the world around and Alexandria change, ALP remains committed to the community and customers it serves. As the governing board and staff considered how change will continue to impact the utility, several priorities emerged that we believe must inform our services and actions. The five priorities below outline where ALP must focus if it plans to continue providing the highest value to the community and the region.



Financial Stability and Strength

ALP will provide highly reliable utility services, competitive rates and excellent customer service through the effective utilization of its resources, ensuring long-term financial stability. ALP understands that long-term financial stability depends on making decisions that are well-reasoned and prudent. The utility will continue to act in ways that meet the needs of both current and future customers.



Community Engagement:

ALP will be an active community partner, providing knowledge and support for the communities we serve. The utility's strength correlates directly to the community's strength. ALP must remain closely connected to the fabric of the community and constantly explore ways that it can foster that connectivity.



Utility Infrastructure:

ALP Utilities will develop and maintain infrastructure and facilities that promote reliability, safety, efficiency and financial prudence, consistent with the community's values. As a community, Alexandria has high expectations for the condition of its streets, schools, courthouses and

Strategic Priorities

other public buildings. These same high expectations apply to the utility. ALP must maintain and update its infrastructure to ensure ongoing reliability, safety, efficiency and aesthetic appeal.



Products and Services:

In its support of community quality of life, ALP will evaluate opportunities for new products or services, leveraging its expertise and resources, while minimizing financial risk. One-hundred and thirty years ago, the City of Alexandria stepped up to speed the adoption of the delivery of electricity to homes and businesses. Today, new technologies and new expectations will continue to drive the desire for products and services. ALP will remain open to helping speed the adoption of those products and services that help the community thrive.



Workforce:

ALP is committed to providing a capable, professional, and dedicated workforce with opportunities for career development, personal growth, and community stewardship. A well-run utility will become increasingly dependent on a skilled and experienced workforce. Whether in the field, or in utility offices, the growing dependence on technology requires utility employees to be well-trained, motivated and empowered. ALP must continue building and sustaining a workforce who can deliver within this new paradigm.



Strategic Goals

As the board and staff embrace the priorities identified, the utility will track its success against a number of specific goals. These goals can provide insights to both the utility and the community into how each of the priorities is impacting the utility. For each of these goals below, one or more of the priorities to which it applies is referenced.



Financial Stability and Strength

- Remain above the median of APPA financial benchmarks.
- Financial reserves remain between four and six months of operating revenues.
- The utility will maintain at least 200 days cash on hand.
- The utility will maintain a Bond rating of A+ (Fitch) A1 (Moody's).
- Keeping over 90 days receivables below a certain level.
- Rate stability will be smooth and, to the degree possible, avoid double digit rate changes.
- ALP will be above all Institute of Electrical and Electronics Engineers Reliability benchmarks.

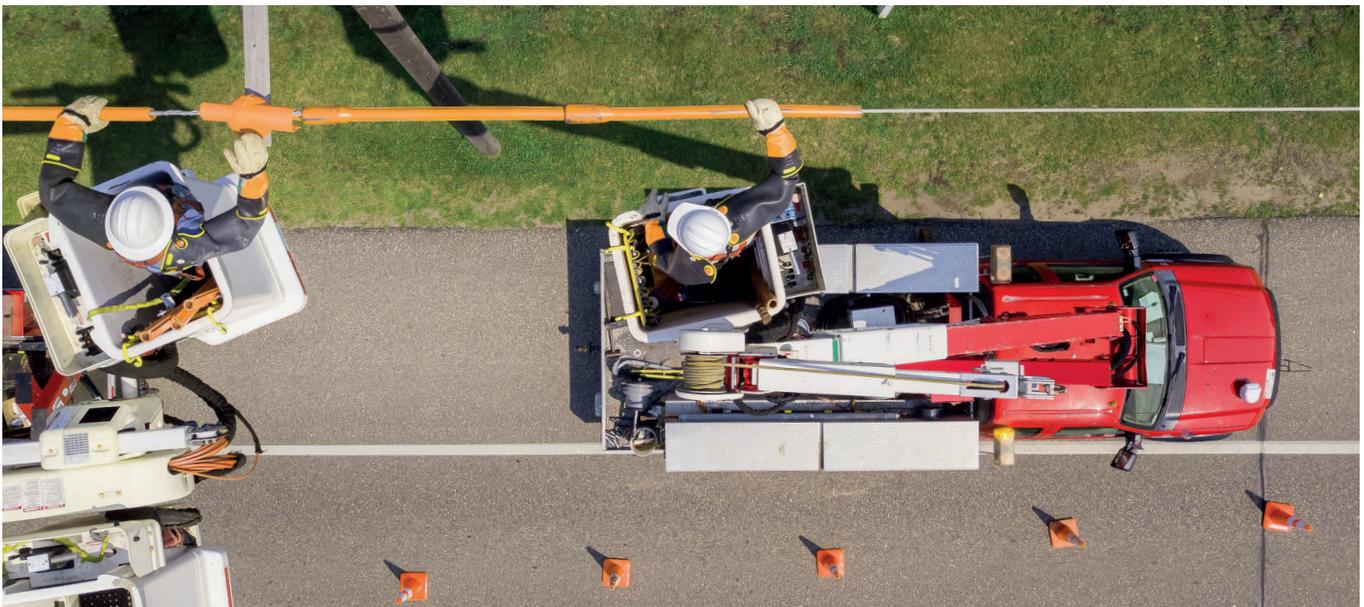


Community Engagement

- The utility will regularly assess Customer Satisfaction ratings, and the utility will maintain a benchmark above 85% satisfaction.
- Increase Board-community engagement opportunities.
- Increase shareholder engagement through social media.
- Increase volunteerism in community.
- Increase participation with other civic agencies.
- Expand engagement opportunities among key commercial and industrial customers.
- Utilize customer feedback and AMI utility usage data to make effective decisions around products and services.
- Establish values and priorities as they relate to developing new products and service.



Strategic Goals



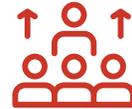
Utility Infrastructure

- ALP will be above all Institute of Electrical and Electronics Engineers Reliability benchmarks.
- Track and improve safety goals.
- Win the Safety award from APPA.
- Maintain RP3 Platinum status from APPA.
- Strategically plan underground conversion to improve reliability year over year.
- Replace 4" water mains.
- Water utility maintain 100% compliance with state mandates.



Products and Services

- Utilize customer feedback and AMI utility usage data to make effective decisions around products and services.
- Establish values and priorities as they relate to developing new products and service.



Workforce

- Increase volunteerism in community.
- Track and improve safety goals.
- Win the Safety award from APPA.
- Maintain RP3 Platinum status from APPA.
- Every employee has a career development plan.
- Develop and implement a performance appraisal system for all employees.



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