

Lane-Scott Electric Cooperative



Strategic Planning Report December 2, 2010



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Strategic Planning Report
December 2, 2010**

The Lane-Scott Electric Cooperative (LSEC) Board of Directors, General Manager and Management Team conducted a strategic planning session at the Knights of Columbus Hall in Dighton, Kansas on December 2, 2010. This report includes a list of participants, session agenda and outcomes from the session discussions.

Participants

Board of Directors

Eric Doll
Ed Gough
Harold Hoss
Richard Jennison
Craig Ramsey
Rad Roehl
Paul Seib
Richard Sorem
Bruce Wilkens

Management

Earl Steffens, General Manager
Dow Morris, Assistant Manager
Katherine Lewis, Manager of Financial Services
Vic Torson, Manager of Electrical Operations
Bob Venters, Manager of Member Services / Resale Manager

Agenda

Agenda Item #1: Review LSEC Objective Statement

Affirm or edit the LSEC objective statement.

Agenda Item #2: Management Reports

Prior to the strategic planning session, management prepared and provided several reports addressing the major areas of Cooperative operations. Each report will be briefly reviewed and questions addressed.

Agenda Item #3: Address Prioritized Solicited Issues

The following issues were deemed to be of high priority and important to address during the planning session. Each will be discussed and direction established. Should any of these issues relate to discussions that take place during the management presentations, they will be combined.

Employees:

1. Staff succession planning: Is the cooperative prepared for planned and unplanned vacancies in staff and other employee positions? If not, what initiatives should be pursued?
2. Safety: What are our employee safety goals? How are they measured? Are we meeting them? If not, what changes can be implemented to improve?

Rates and Costs:

1. Rates: What are our projections for future rate increases and how do we plan to implement and communicate these changes?
2. Rate design: What is our rate design strategy? To what degree are / should our rates be decoupled? Are we promoting / do we want to promote energy efficiency, conservation, load control, etc?
3. Other costs of service: What is our goal regarding our distribution costs? How is it measured? What are our greatest concerns regarding the non-power cost portion of our rates?

Distribution System Reliability:

1. Reliability: What are our reliability goals? How are they measured? Are we meeting them? Are they comparable to member expectations? How can reliability be improved?
2. Condition: Are the proper plans developed and being implemented to ensure that the condition of the distribution system meets our members' load requirements and any areas of aging plant are being addressed?

Technology:

1. Technology strategy: Do we have an overall technology strategy and, if so, does it remain applicable? If not, what should it be? How do we measure success related to technology projects and utilization?

Member Satisfaction:

1. Member needs and expectations: How are the needs and expectations of our different classes of members changing and what do we need to do to meet these changing expectations?

2. Member satisfaction goal: What is our member satisfaction goal? How is it measured? Are we meeting it?

Power Supply:

1. Wholesale power costs: What are our future wholesale power cost projections and what will be the impact on retail rates? How can we impact the impact of these increases?
2. Wholesale power supply: What are your greatest concerns regarding wholesale power supply? How can the cooperative mitigate these concerns?

Agenda Item #4: Develop and Agree on Strategic Priorities

Based on the outcomes from the management presentations and solicited issues, strategic priorities will be developed.

Outcomes

Objective Statement

The Cooperative's existing Objective Statement was as follows:

“Lane-Scott Electric Cooperative, Inc. believes that every member is entitled to efficient central station electric service at the lowest possible cost compatible with good management practices. We also believe that we have the moral obligation to render to our service area as a whole, any service possible for the betterment of the area, to enrich the lives of the people, and to raise the standards of health, education and understanding. We believe the Cooperative Process to be the best way to achieve the above desired objectives.”

The Cooperative's Objective Statement was amended as follows:

The participants discussed each key component of the Cooperative's Objective Statement. After considering several amendments, agreement was reached regarding the following new Objective Statement.

“Lane-Scott Electric Cooperative, Inc. believes that every member is entitled to reliable and efficient electric service at the lowest possible cost compatible with good governance policies and management practices. We also believe that we have the obligation to provide other related services that enrich peoples' lives and improve the communities in which they live. We believe adherence to Cooperative Principles is the best way to achieve the above desired objectives.”

Strategic Priorities

Throughout the planning session as management reports and key issues were discussed, the following strategic priorities were developed.

1. Develop alternative scenarios for implementing an ECA clause in LSEC rates.
2. Develop a plan to re-institute the pole testing program.
3. Complete substation transformer capacity upgrades to assure member load requirements are met.
4. Resolve the current AMR communications problems.
5. Develop and recommend an AMR solution for Ness City.
6. Complete GIS mapping for MKEC acquired system.
7. Develop and implement a plan to more proactively establish a “cooperative relationship” with the MKEC members.
8. Increase efforts to inform members about proposed and adopted laws and regulations and the impact / potential impact on members’ rates.
9. Modify our safety program to adhere to the new NRECA RESAP (a = accountability, not accreditation) program.