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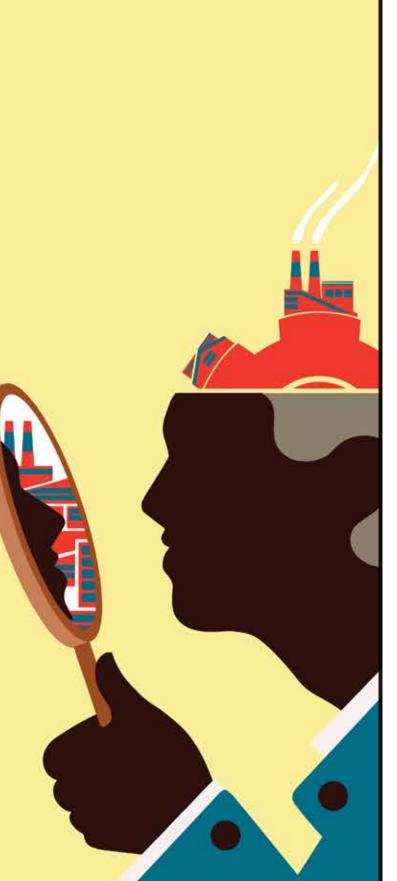
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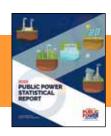
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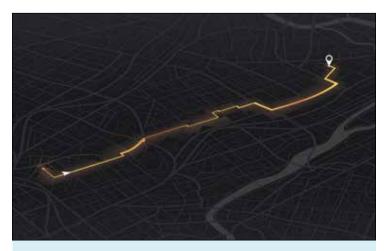
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# Learning from Change – Expected or Not

# **BY JEFF HAAS,** ACTING PRESIDENT AND CEO, AMERICAN PUBLIC POWER ASSOCIATION

hange has been a constant topic of focus for utilities in recent years. Looking through past issues of Public Power magazine, we have been talking about the unprecedented pace and scope of changes facing public power for at least a decade. That focus is not unfounded. Since 2010, our generation mix has nearly doubled its use of natural gas (16% to 29% for public power and 24% to 39% nationally) and more than halved its reliance on coal (from 45% to 22% nationally). Wind and solar facilities supplied more than five times the megawatt-hours in 2021 than they did in 2010 (see more of this kind of data in the enclosed Public Power Statistical Report). The changes go beyond generation. Retirements of long-time leaders have ushered in new faces to our industry, the pandemic led many workplaces to redefine their policies and norms, and a host of technologies have modified how we can do our jobs, share and analyze information, and interact with our customers.

When the theme for this issue was selected, I didn't anticipate how much the idea of managing change would resonate within the American Public Power Association and for me personally. It is one thing to talk about things like succession management and change — and quite another when you are going through them. There are people throughout APPA performing functions that they didn't anticipate five or six months ago, myself included.

When you see this change in action — it cements a lot of the ideas talked about throughout this issue around organizational culture and change management.

In order to effect change, organizations need to be always looking forward, not back. Thanks to our committed membership and board, APPA is doing just that — looking forward. We are working to ensure that we remain in good standing and making the right decisions. It helps that we have a clear purpose, mission, and vision.

When you talk about going through unanticipated change, it is important to have an anchor. You can just wipe the slate clean, but it isn't to your benefit. You need a foundation from which to work. We're guided by a business plan that allows us to stay focused on what we want to implement and what change we want to see. That is powerful. Some of the momentum we have gained through this process will make a difference when the next CEO takes the reins.

Change also depends a lot on your people. I believe in a servant leader model. It's about we, not me. Relying on the abilities and capabilities of your colleagues is leadership 101 and working toward common objectives is paramount to success. Any manager could benefit from letting their employees rise and getting out of the way. Jack Welch, the late CEO of General Electric, said it best when he opined, "No company, small or large, can win over the long run without energized employees who believe in the mission and understand how to achieve it."

I'm taking on a lot of information about the industry in a short time. Chances are, you are or are working with others who might find themselves in unfamiliar territory and need to get up to speed quickly — such as your board members.

As one example, it is evident that while public power supports the "energy transition," there are numerous challenges standing in the way, and some hesitance on our part is required. Our challenges to bear include significant supply chain constraints, lengthy transmission siting and permitting requirements, stranded costs and other cascading effects from retiring baseload fossil-fuel generation, pending environmental regulations, and beyond.

Finding effective resources to inform decision-making is important, because we only have so much time and capacity. One of our goals is to provide our members with these resources, or curate them for you. In addition to the resources brought up throughout this issue, we encourage you to take advantage of your membership and peruse the resources we have available on our website, store, and through our various community groups.





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# Designing a New Cultural Grid

# **Snapshot of a culture change in progress**

**BY THOMAS STREDWICK,** SENIOR MANAGER OF EMPLOYEE EXPERIENCE, GRANT COUNTY PUBLIC UTILITY DISTRICT, WASHINGTON



ike it or not, employees can leave you on a moment's notice if your workplace culture doesn't offer a balanced blend of money, meaning, and impact. And it could be months or years before you

replace their level of expertise and understanding. The days of "pay people more money and they will stay" are long gone. For public power utilities to remain a competitive attractor of talent, we must focus on investing not just in our poles, wires, and customer service systems — we need to invest in our people and culture.

This is a glimpse into what Grant County Public Utility District in Washington state learned on our journey toward the elusive "healthy organizational culture."

When we looked at our employee engagement data, the results were pretty clear — Grant PUD was not one of the greatest places to work. Having existed for over 80 years, we had grown tired and a bit apathetic when it came to our organizational culture. This manifested in everything from safety to rate increases, meager internal succession and career development opportunities, neglected technology, and a host of compliance concerns from regulatory agencies.

While some in management tried to bring in various training programs, book clubs, recognition programs, employee events, emergent leadership programs, and whiz-bang technology solutions, many of the tools were short-lived and fizzled out with each new CEO, elected commissioner, manager, or technical expert. We had programs, trainings, promises, splashy marketing materials and popcorn in the breakroom, yet a subtle mindset had crept in. Several employees shared the sentiment that, "If you don't like this idea, don't worry. If you wait it out about 18 months, a new one will come along!"

We were great at tackling the byproducts of healthy organizational culture, but not great at getting to the heart of organizational culture change.

# Begin by Securing C-Suite Street Cred

When our CEO at the time, Kevin Nordt, stepped into his role, he began his tenure with a five-year plan known as Vision 2021. The plan was focused on rapid (by utility standards) systematic change across the organization spanning safety, finance, operations, technology, customer service, compliance and people. After spending the first few years of the plan focused on financial, operational, and safety improvements, the organization was making positive headway and our customers were on the benefiting end of top-notch performance, as reflected in several years of low-to-no rate increases. From the outside looking in, Grant PUD was starting to become all roses and sunshine.

However, employees were fatigued and frustrated by the rate and volume of change. This is when we decided it was time to go all-in on improving our people and organizational culture. In hindsight, we might have switched the order in which we tackled all the changes identified in Vision 2021, yet systemwide changes and forward motion are always messy and never perfect.

Looking back, I recognize how incredibly important it is to have executive-level sponsorship for anything that sniffs of "culture change." Having people with positional authority (and the necessary resources) within an organization sets the tone and elevates the priority for the endeavor. Humble executives who recognize how they are contributing to the current felt reality of the workforce are an essential first step in making cultural change.

Working collectively, our leadership's commitment to prioritizing people and culture was demonstrated early on when our elected board of commissioners memorialized the effort by adopting a new strategic plan with an objective focused on "designing and sustaining an engaging and fulfilling Grant PUD culture." This objective came second only to our safety outcomes.



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# Listening is the First (and Best) Intervention

A temptation when an executive greenlights a new program or project is to go out and hire people, bring in new training, rope a few consultants in, print some posters with happy people and inspirational words, throw a party, and announce the dawn of a new era. I can attest to how counter-effective (and shortsighted) these methods are.

Before solving a problem, you need a clear understanding of both the problem and the desired outcome. For the first six months in my role, I spent most of my time listening. Listening — without judgment and with empathy — proved to be an invaluable tool and served as a pressure-relief valve for a pent-up and exasperated organization.

I wanted to ensure that we captured as many different voices as possible. I set up a series of one-hour listening sessions with 120 individuals spanning all parts of the company. With the participants identified, I crafted a set of questions based on appreciative inquiry, a method created by Case Western Reserve University professor David Cooperrider. As Cooperrider shared, "organizations gravitate toward the questions they ask." In other words, the questions help shape what people begin paying attention to. The sessions evoked a gamut of responses. Some participants became emotional upon reflecting on how much they had to tolerate for years, while others aired frustration, which manifested as shouting. I heard it all and had a chance to widen the aperture on the experience of our workforce.

If public power wants to remain an attractive and competitive force in the talent acquisition and development space, then we need to design empathy into our systems, policies, processes and experiences. If you are a small public power organization and don't have the luxury of people and money to focus on this work, I encourage you to begin by asking employees simple questions, such as, "How did you learn to be good at your job?" or "What's one small thing that we could do this week to leave this place better for the future workforce?"

# From Data to Diagnosis

Because I couldn't set up listening sessions with all staff members, we also had McKinsey distribute its proprietary Organizational Health assessment. Between the listening sessions and the assessment, we had a tremendous amount of data on our hands. The challenge with a large volume of data is that it can be overwhelming if not distilled into actionable patterns and themes. Without that work, too much information is gathered, and no one knows where to begin. The best way to change a culture is gradually and from within. I also knew that we had to be honest about the process and its outcomes. We started slowly, using internal resources, and had very clear parameters around what we would and would not be doing. We began by asking questions and crowdsourcing employees for solutions. The planning process focused on three classical phases of organizational development: 1) assessment, 2) diagnosis and 3) intervention.

Frameworks are incredibly valuable for their ability to simplify the complex and guide you toward a starting point. My go-to frameworks are the Waterline Model (courtesy of Chris Crosby) and the McKinsey 7-S model (courtesy of Thomas Peters and Robert Waterman). Both models provide practical ways to assess the health of organizations and avoid unnecessary distractions. Using these models, we identified two core themes that would become the touchstone for all our work over the next three years: clarity and community.

We lacked clarity when it came to our people. We (senior leadership) didn't know what employees really cared about, the values we wanted them to espouse and exhibit, how we wanted them to lead or engage with one another, and what the standard was for leading well within our organization. The absence of clarity was creating confusion, mismatched expectations, and a clash of values. We had much to do to establish clear expectations.

Community (a sense of belonging) is one of the greatest indicators of organizational health. If you have a workplace where others feel they belong and are valued as humans and not mere contributors of products and services, they will stay for the right reasons and contribute in the right ways.

Community is also at the crux of a public power entity. When we fail to understand the unique needs of the communities we serve, we fail to remain relevant. The data showed us that Grant PUD employees felt the organization was losing its connection to our community, and that lack of connection had spilled over into the organization, too.

# Intervening in Human Systems

Psychologist Kurt Lewin once said, "The best way to understand an organization is to try and change it." When you begin implementing change, it is important to obtain the necessary executive capital (aka sponsorship) and ensure the leadership is engaged in the entire process, as opposed to just the beginning.

One of the more uncomfortable themes the data showed was that our executive team had a significant credibility problem. The day I went into the office to provide my report to Nordt, our CEO, I told my spouse half-jokingly that I would be returning home that night to brush up my résumé. At this point I was the youngest senior manager in our organization. I began without niceties and acknowledged that the data showed a need for change among the executive team. He responded without hesitation and said, "Well, I gave you a task, and if you found that we are part of the problem, I want to know." I knew instantly that I had access to a CEO who wanted to bring about transformation and who was willing to take ownership of his respective part of the problem.

I took the same presentation and shared it across the organization over 15 times within two months (yes, even the part that said our executive team needed to improve). No one, not even elected commissioners, received "special reports" or access to certain data. It was our story, our problem, and our possibilities.

After eight months spent opening the pressure-relief valve of human experience within our organization, I was grateful to begin hiring a team devoted to the task of developing our people. Not an add-on to human resources or the training team, or new consultants, but a team devoted to sustaining the organization's attention on individual and cultural transformation. Attention is critical because where attention goes, the organization (and individuals within it) follow. With data, sponsorship, a resourced team, and a clear purpose and plan, we got to work making seven strategic interventions.

A culture of coaching. In times past, we used coaching primarily when we identified a performance gap. If you had a leadership coach, there was an associated stigma that something was wrong. This time, we enrolled each of our executive team mem-

bers in coaching and cascaded this experience down the people-manager ranks until more than 120 individuals had training to help with behaviors such as listening non-defensively, asking thoughtful questions, and plugging people into their strengths.

• Clear leadership standards. We had to provide a consistent set of language tools and expectations for our managers. This involved hours of leadership development training in the first year focused on offering people-managers fundamentals like giving and receiving feedback nondefensively, setting up monthly one-on-ones with direct reports, having difficult conversations, and understanding different behavior styles and personalities. We also developed a leadership philosophy for our organization centered on three principles: Leadership is available, learned and relational. Once we had critical mass with our people-managers, we began to cascade the same principles and expectations down to all frontline contributors. Three years later, consistent leadership principles continue to be taught and reinforced in various meetings, programs, and micro-learnings.

If you have a workplace where others feel they belong and are valued as humans and not mere contributors of products and services, they will stay for the right reasons and contribute in the right ways.

- Embed and measure culture. To ensure that our workplace culture work was not simply a cute little program with squishy outcomes, we formed a small group of employees to develop a new strategic plan objective to be submitted to our elected board of commissioners. The resulting objective, "Design and sustain an engaging and fulfilling Grant PUD culture," has several strategies and measurable outcomes associated with it.
- Translating values into behaviors. We assembled a diverse group of employees executives, hydropower mechanics, line workers, HR professionals, shop stewards and union representatives to establish a singular, clear set of behavioral standards. As we sat together and listened, we realized we are all different people with very similar needs. Some participants decided that this was a waste of time, but 95% stayed engaged with this group for over a year to develop our collective "Commitment to the Code of Excellence." The group continues to meet to discuss where we are seeing our organization align with or deviate from our espoused values.
- Appreciation. In my listening sessions, I asked at the end of every interview, "What's one small thing we could do tomorrow that would improve our culture?" One item that came up repeatedly was to reinstate an annual employee celebration. This request aligned with research that showed company-sponsored social events help reduce organizational attrition and boost morale.
- Orientation and onboarding. Onboarding employees is one of those
  routine activities that can make a lasting first impression about an organization. We looked outside of the public power space into nontraditional organizations in our area, such as REI, Brooks Running, Alaska
  Airlines and Microsoft, to see what they did to make their workplaces
  sought after. The result was a creative and meaningful orientation and
  onboarding experience for our new hires. It shifted from a simple oneday orientation to a six-month journey with ongoing touch points.
- Employee association. Grant PUD had an employee association founded decades ago focused on providing opportunities to serve our community and helping employees build meaningful connections. Over time, the group languished. Reinvigorated as part of this initiative, within a year it established a new mission and vision, developed a leadership board and planned several events (which were remote offerings because of the pandemic). The pent-up demand for connection generated immediate enthusiasm from this small coalition, which was committed to creating connections within the workplace and community at large. This grassroots group continues to organically evolve and find new and creative ways to make employees feel

connected.

In my listening sessions, I asked at the end of every interview, "What's one small thing we could do tomorrow that would improve our culture?"

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# **Improvement, not Perfection**

There is a quote often attributed to Mark Twain: "Continuous improvement is better than delayed perfection." Grant PUD is a living, dynamic, complex system. As such, we will change our approach over time and based on new data that emerges from those we serve (our employees). We are not where we want to be, yet we are also not where we used to be.

Every organization is as different as those within it; not all of the interventions and approaches we took will work in your utility. Establishing clear standards for leadership will not solve your organizational woes. In fact, it can initially lead to a dip in morale. When you establish a standard, people finally have something to compare their current experience to they can see how far they are from the "ideal state." There is much work ahead. Some of what we want to do will need to change, some of it won't work, some of it won't go as planned. What won't change is the focus of our strategic plan objective: Designing and sustaining an engaging and fulfilling culture.

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# KEEPING UTILITY CULTURE ON THE SAFE SIDE

BY BETSY LOEFF, CONTRIBUTING WRITER

#### **KEEPING UTILITY CULTURE ON THE SAFE SIDE**

culture of safety seems like it should be inherent — after all, people generally want to avoid hurting themselves or others. But there is a growing recognition of the need to shift from a singular focus on individual actions, which can place blame for incidents solely on the worker, toward a more holistic organizational culture that makes an effort to recognize and build in a safety mindset at every level of the organization.

There has long been a host of standards, processes, and procedures that workers can follow — such as those identified in the American Public Power Association's Safety Manual — but people are better protected when these rules and processes are paired with leadership commitment, risk awareness and communication.

# **MIXED MESSAGES**

In Danvers, Massachusetts, engineers and managers write work orders to keep power flowing to the public power utility's 13,000 customers. These get passed down to workers who execute the orders in the field, explained Anthony Calascibetta, the town's safety and risk manager. "When you have an overabundance of people writing work orders, sometimes field workers can't keep up," he said, adding that the push for productivity can make workers take shortcuts.

Miscommunication can be another source of unsafe practices, said Sara McCoy, director of safety and risk management at Salt River Project, a power and water provider to some 2 million customers in the Phoenix, Arizona area.

As a former power plant manager, she saw firsthand how innocent comments could be misinterpreted as an order to hurry. "When a plant goes down, we all want it back quickly, and everyone would agree that it's important to do it safely," she said. "But people don't usually take the time to ask, 'When will the plant be returned to service safely?' They'll say, 'When's the unit coming back?'" Another source of risk is "when leaders feel like safety problems are out at the frontline-worker level," said David Libby, managing director for Krause Bell Group, a business consulting firm that specializes in safety management. He explained that underlying this mistaken idea is a feeling that, "If we could just get frontline workers to stop making stupid decisions, we wouldn't have injuries."

An example Libby gives is of a line worker who decides to do a quick job without fall-arrest equipment. That worker is shrugging off the risk because he's done it hundreds of times before, nothing bad happened, and when supervisors walked by, they never said anything, so it must be all right. "In this case, the culture had drifted toward a feeling that actions like that were OK to do until something bad happens, and then everyone wants to start pointing fingers at the worker," Libby said. "Our consulting company's experience is that decisions have been made sometimes years before, and those management or supervisor decisions created a climate where workers thought it was all right to make unsafe decisions every day."

# **CUES FROM THE TOP**

Utilities can spot — and change — when those unsafe decisions are being made, whether consciously or unconsciously. "If you have to prioritize the resources you're putting toward safety improvements and you can only support one thing, instead of working on the facility, providing more equipment, or offering more training, the thing that will make the biggest difference in safety improvements is getting safety leaders to show up differently," Libby said.

By "safety leaders," Libby clarified that this means the executive team members and senior operational leaders. "They're the ones that truly own safety," he added.

"The way to make safety a priority is to have management buy into it," echoed Calascibetta. "If management isn't going to buy into it, employees won't buy into it."

McCoy has a similar view. "A strong safety culture sees everyone at every level participating," she said. "Leaders need to get out into the field. ... They need to walk around the office. They need to see employees where they are and the work these employees are doing. They also have to be available for employees to bring up safety concerns."

Managers must lead by example, too. "If you're having a safety meeting and some supervisor is busy on the phone, ignoring the speaker, or maybe not even in the room, how do you think the workers are going to feel?" Calascibetta asked. "If my manager isn't paying attention and doesn't care, then I don't care, either."

### **KEEPING UTILITY CULTURE ON THE SAFE SIDE**



# **ASK THE RIGHT QUESTIONS**

One step that should happen early in the safety improvement journey is risk assessment. Libby and his team teach companies to do this through "meaningful safety conversations" with workers at all levels. Those conversations start by asking the right questions, which boil down to:

- What are the main risks you face? What could maim or kill you?
- To what extent do we give you the right tools, policies and procedures to mitigate risk?
- What, if anything, makes those tools, policies and procedures hard to use or follow?

SRP gathers information from workers using multiple approaches. "Meetings are one," McCoy said. "Focus groups are another. And we'll do pilots, rolling something out to a small group and asking for their feedback."

McCoy's team also communicates safety changes carefully. "With change, it's all about ensuring that everybody knows the change is coming, how it will affect them, and why it's important," she said. "And it's not just outgoing communication from the top down. You need to listen to people to understand their concerns so your communications can address them." Some utilities might not be able to gather this information if employees don't feel comfortable speaking out. A first step might be for leaders to see if there is fear among workers of bringing issues to management.

"Look at what gets reported in your organization," Libby said. "If the only things on your injury reports are things that couldn't be hidden, like a broken bone that had to be treated by a doctor — if you're not hearing about near misses and things that could be treated with simple first aid there's likely underreporting of events and a hesitancy to speak upward."

"Back in the day, if you said, 'I had a near miss,' you'd be told, 'Don't tell management,'" Calascibetta said. "That was the old mentality. The new mentality is to bring it forward, find the root cause, and come up with corrective action." Still, he added, telling workers it's acceptable to bring issues up isn't always enough to get them to actually do it.

To open up reticent employees, Libby recommends hiring outside help to run focus groups or having middle management reach out to the frontline workers. "That can make workers more willing to speak up," he said.

In Danvers, management tries to encourage safety issue reporting through a small safety committee. "We have one person from line operations, one from substations, one from engineering, as well as the utility director and me," Calascibetta said. If a worker has a safety issue, he or she can bring it to one of the committee members for consideration. "It gives people the opportunity to anonymously report an incident or issue," he added.

# **VALUE IN LISTENING**

It's important that workers speak up, but it's also vital that their concerns are acknowledged. "One of the things that helps people feel comfortable speaking up is that when they do, it's recognized," McCoy said. "They are being listened to, and something is being done about their concerns. You can't necessarily implement every idea, but you can let people know you considered it."

Not listening can be costly. "When it's obvious that you don't follow through on what people are complaining about, your culture will quickly devolve into one where people just don't care," Libby said.

Even more important, taking steps to improve safety also improves organizational performance.

As McCoy pointed out, "Worker safety is more efficient in the long run, because if somebody gets injured, now you have a person not working." Plus, the crew must stop its task to help the injured person.

But the impact of safety goes deeper than merely keeping people on the job, Libby said. "When employees see management not willing to address simple things, people get so downtrodden that they're not going to give you anything other than what you're paying them to do. That's not what you want. You want their hearts and minds, not just their hands."

### **KEEPING UTILITY CULTURE ON THE SAFE SIDE**

According to Libby, when organizational leaders show a commitment to safety, they're showing they care about the employees, which is a key to discretionary effort. "When people give discretionary effort, they're giving you more than what you bought with your hourly rate or what it says in the job description. They're going above and beyond to help you succeed."

Libby also said high employee engagement and morale have a bonus for utilities that might be facing worker shortages. They help boost the productivity of people who are already on the job and may encourage employees to talk up the organization in the greater community.

"I have several utility clients, one with nearly a 40% turnover rate among frontline workers, like a journeymen lineman or groundman," he said. "If you have people who feel so connected to the organization that they're giving you discretionary effort, they're going to be out recruiting for you," Libby said.

To get that kind of loyalty, an organization must start with safety. "You can't get people wanting to help with recruiting, productivity, quality or any other improvements without them feeling that you care about them," Libby concluded.







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# HOW UTILITIES CAN BOOST **DIVERSITY, EQUITY AND INCLUSION**

The Center for Energy Workforce Development, in collaboration with partner trade associations, outlined how the energy sector can create more diverse, equitable, and inclusive workplaces in its DE&I Roadmap for Industry Change.

# **Support Leadership Advocacy for DEI**

**Evaluate** leadership diversity annually

**Partner** with organizations that serve diverse communities of people **Dedicate** charitable resources to philanthropies that have a DEI impact Host open houses for mid-career professionals to recruit management talent

# **Increase Diversity of Applicants**

**Develop** Employee Resource Groups and "buddy" programs for diverse entrants/systematically marginalized employees

**Ensure** work environments demonstrate consideration for all employees, such as with proper restroom facilities and appropriate uniforms and equipment.

## **Proposed Solutions**

In addition to suggested actions at the industry level, the roadmap outlines steps individual utilities can take to gain meaningful change in their workforce. Here are some of the suggested actions.

# The Problem

"not very diverse" – and 92% would like to see more industry initiatives to address diversity in the sector.

# **Create Inclusive Workforce Cultures**

**Review** if policies and practices are equitable Identify and remove barriers that can perpetuate inequity, such as experience requirements and access to training

**Develop** a mentorship program

**Enhance** transparency in the workplace

**Evaluate** the experiences of diverse communities of people by position and engagement level within the utility

# **Retain Diverse** Talent

**Hold** people accountable to the same standards

**Revamp** succession planning process

Create executive mentoring and sponsorship programs that match systemically marginalized talent with existing leaders

**Create a structure** for leadership development programs that support self-nominations

metrics)

biases

# **Expand Diversity in** the C-suite

**Expand** search beyond utilities, rely on skills and competencybased hiring

# **Create Structure for DEI Progress**

**Develop** a DEI mission statement and strategy Connect company strategy and DEI goals (with

**Allocate** resources to DEI work

**Position** DEI leader where they can have impact Executives consistently engage on diversity and inclusion matters

**Assign** executive sponsor to Employee Resource Groups

Have a leadership role focused on DEI

**Link** DEI goals to manager performance reviews/bonus programs

**Review** succession planning process for



# **Develop** a **Diverse Talent Pool**

**Develop** training centers near systemically marginalized communities

Support people from systemically marginalized communities into energy careers through pre-employment training, tutoring, and mentoring

**Evaluate** whether pre-employment testing includes biases

**Examine** minimum competency requirements, focusing on capabilities and skills over prior industry experience

Remove biased terminology from job postings

**Include** representation of diverse employees at hiring fairs and on interview panels

**Evaluate** hiring history

**Create** referral programs that encourage outreach to systemically marginalized communities

# Adapting to New Realities How Utilities Are Preparing More Resilient Communities

BY JIM PATERSON, CONTRIBUTING WRITER

ithin the decade, analysts predict that hurricanes will be more frequent or more intense, and that above-average-strength storms will occur on average six times a year, when traditionally they occurred twice. Acreage destroyed by wildfires has already nearly doubled since the early 1990s. The boundaries of "tornado alley" are moving further east, to more populous areas. Rising average temperatures put more electric infrastructure at risk of malfunctioning or operating less efficiently during periods of spiking demand. More people are living in areas more prone to flooding.





These realities, laid out by reports such as the Fourth National Climate Assessment from 2018, aren't the most extreme of the doomsday scenarios, but make a case for why and how utilities can adapt their systems for the near- and long-term likelihood of extreme weather.

# **Potential Costs**

Utility adaptation strategies have costs to implement, and costs associated with inaction.

In a 2019 report, Why, and how, utilities should start to manage climate-change risk, McKinsey and Company estimate that the cost of damage and lost revenue for large southeastern utilities will rise by 23% as a result of increasingly extreme weather. In the long term, the report lays out the case for investing in prevention and creating resilience, such as through "strengthening the grid, exploring investments in batteries and microgrids, and working with new partners," which it posits will be a significantly less expensive strategy for utilities and the communities they serve.

Recovery costs and challenges following extreme weather events have already increased as critical pieces of the electric system become vulnerable. As one example, 44 power plants were in flooded areas during Hurricane Irene and 69 during Hurricane Sandy.

The McKinsey report extrapolated that the average economic damage for each Southeastern investor-owned utility would be \$1.7 billion by 2050, compared to an estimated cost of \$700 million to \$1 billion to prepare for impacts related to climate change.

"While each utility's cost-benefit calculation will differ based on its unique risk exposure profile and infrastructure costs, our conclusion is that it pays to prepare for extreme weather," the McKinsey report concluded. "There are also likely to be ancillary benefits, such as improved reliability and enhanced diversity of supply."

# **Adjusting Strategy**

The two utilities are about 2,500 miles apart, and their climate, customer base, and systems are very different, but Seattle City Light in Washington state and Riviera Utilities in the southern tip of Alabama are, like other public power utilities, finding solutions to make their systems more resilient, such as hardening assets, decentralizing generation, and creating microgrids.

For James Wallace, chief operating officer at Riviera, the effort to protect the utility against hurricanes and other storms along the gulf coast and make the system more resilient has been a priority for the utility for about two decades.

"We've just had to adjust," he said, as he described the weather that has swept through the region. "Hurricane Sally in 2020, for instance, really wiped out the county and about a month later Hurricane Zeta came along and glanced us. Sally devastated our system. There was no damage to us from Zeta, but it created severe problems for an investor-owned utility 30 miles to the west of us, where we sent crews to help."

He said severe hurricanes seem to be more frequent and afternoon thunderstorms, with severe lightning and potential wind damage, pop up much more often.

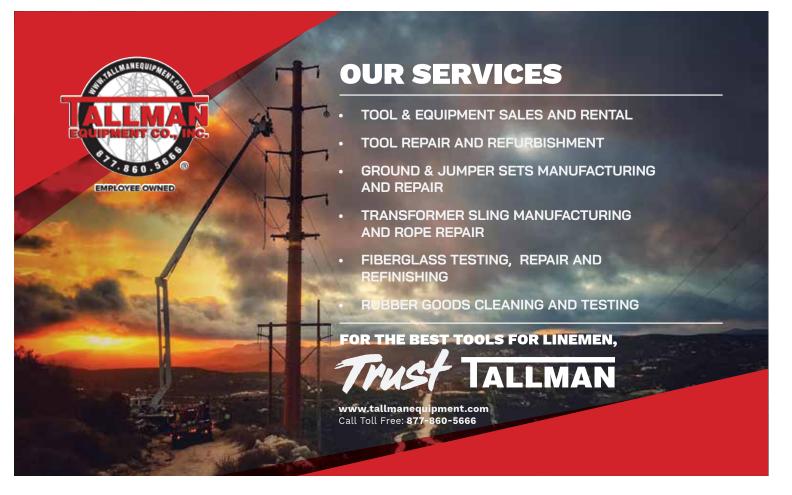
"Day-to-day weather is just different," he said. "We had temperatures below freezing around Christmas. That isn't normal. People here aren't used to having to insulate their pipes."

At Seattle City Light, Rhonda Strauch, climate change research and adaptation advisor, is focused on a different set of concerns. Diminishing snow melt and runoff reduces the hydroelectric generation that the public power utility depends on for nearly 90% of its power. It also must deal with more and larger forest fires (and their often-related mudslides) along with temperatures shifting from the region's steady norm, which can even damage inner-city underground lines, a new problem for the utility.

"We see this as central to our mission now," she said. "In 2015, we developed a plan with strategies for handling the range of problems related to climate change, but we were experiencing impacts at that very same time and have since," she said, noting that they are updating the plan to create an "information hub" that can be an evolving source of information about changing concerns and efforts to mitigate them.

# **Understanding Risk**

A federal report entitled *Climate Change and the Electricity Sector: Guide for Climate Change Resilience Planning* provides a step-by-step toolkit for assessing vulnerabilities and tackling the potential damage from climate



#### ADAPTING TO NEW REALITIES: HOW UTILITIES ARE PREPARING MORE RESILIENT COMMUNITIES

change natural disasters. "Vulnerabilities and feasible solutions vary widely by utility, component, system, region, and geography," that report said. "Actions taken to improve resilience today, even as a part of routine planning and maintenance, could deliver significant benefits to all users of electricity both now and in the future."

The guide stresses the importance of utilities fully understanding the scope of potential risks and system vulnerabilities before diving into which specific resilience measures to take. Measures can range from hardening strategies, such as reinforcing structures to restoring surrounding wetlands, to outright relocation of assets, and operational modifications, such as enhanced vegetation management and demand response programs. Fully understanding the utility's unique risk profile helps to make smarter investments, as utilities can better screen out risks for which the available resilience measures seem unlikely to provide benefits that outweigh costs, the report stated.

"Planning for climate change will enable utilities to anticipate stressors both on the demand side as well as increasingly frequent and severe weather-related challenges," said Chris Gillespie, a senior consultant at Energetics and contributor to the report. "With appropriate planning, utilities can both improve performance on reliability metrics and reduce long-term costs to their ratepayers."

Actions taken to improve resilience today, even as a part of routine planning and maintenance, could deliver significant benefits to all users of electricity both now and in the future.

# **Taking Action**

Riviera has been working on creating resiliency on a number of fronts – from stepping up the tree trimming cycles to every three years to installing underground distribution lines for new developments. Approximately one-third of the distribution system is underground, and that number grows each year, Wallace said.

"We've created redundancy and protection wherever we can," he said. "Each substation transformer is set up to handle feed from another substation transformer. We can shift load to another feeder or substation with minimal impact to our customers."

He noted that the distribution system is operated at a 15-kilovolt level but is insulated at 27kV to protect against lightning and unintentional contact. The utility also uses automatic transfer schemes that ensure service is maintained to critical loads such as hospitals and water treatment facilities.

Poles rated to handle 100-mile-per-hour winds are now used, well above the standard that calls for 60-mile-per-hour wind resistance in the region.

"Reducing outages is a priority for us and I think creating this sort of resiliency is important to improve your utility — and it's something customers want," said Wallace. "Every utility should always be looking for ways to improve. This is a new challenge we should be prepared to face."

When Seattle City Light surveyed its customer base about climate change, it got 4,500 replies, with 94% of respondents saying they were concerned about the issue and 87% of them saying they were "very concerned." The utility serves about 130 square miles, including all of the city of Seattle and several adjacent communities within King County.

"It is an issue we are conscious of and working on because we are facing these challenges every day — but it is also something our customers are keenly aware of," Strauch said. That concern prompted the utility to review and update its 20-year plan. The process relies heavily on researchers and the experience and knowledge of other utilities, she said.

"We share information with others from our experience and gain new perspectives from all the research being done and the experience of others who face these challenges," she said.

Most fundamentally, perhaps, lower amounts of snowfall have created less runoff for the utility's hydroelectric plants along the five different rivers and for the Bonneville Power Administration, which provides about half of Seattle City Light power. Meanwhile, temperatures have been making more dramatic shifts in the region, previously known for more consistency.

The utility has turned to cooperative arrangements through the California Independent System Operator to supplement its supply and is adding wind and solar generation. It is also experimenting with microgrids through pilot projects and looking for ways to generate power from other sources closer to smaller clusters of users.

Microgrids are the focus for several public power utilities, including the Virgin Islands Water and Power Authority, which is developing an 18-megawatt battery storage system for a portion of the island of St. Croix. In Chattanooga, where seven tornados touched down in the region last April and their frequency has increased, an \$18 million solar and battery microgrid system has been developed using city and federal funds. It will provide consistent power for police and emergency services.

Forest fires — and landslides which often result from them along with more intense, drenching rains — are an increasing problem in the Pacific Northwest, Strauch said.

She noted that the utility has buried more distribution lines or replaced them with lines that will break away so that if there is a landslide, there isn't a cascading effect.

In remote areas, the utility also has replaced roofing material that could catch fire, installed more poles that are made from a composite material that is less likely to burn, and used more concrete pipe that can withstand fires and mudslides.

"We're always looking for ways to protect those vulnerable systems." She noted the utility has even installed WiFi-connected devices that can detect smoke in remote areas.

Strauch stressed that the utility has focused on assessment of the climate trends and utility vulnerabilities and planning for ways to create resiliency. She said they actively seek information from reliable partners and funds from the federal government. One grant proposal may support the hardening of transmission lines that bring about 20% of the power into Seattle.

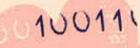
The breadth and shifting of the problems and potential solutions make such an "organic" approach valuable to even smaller utilities, she suggested.

She believes utilities should:

- Collaborate with policy makers and government officials, industry groups and researchers.
- Access information from an increasing range of research.
- Educate staff about the concerns and strategies and get buy-in.
- Take action including public information and "on the ground" throughout the system.

"Everyone is facing extremes and you can prepare but also learn from them as you respond and develop solutions," added Strauch. "What did you do and how can you keep the system working the next time a similar event occurs?"

**BY SUSAN PARTAIN,** DIRECTOR, CONTENT STRATEGY, AMERICAN PUBLIC POWER ASSOCIATION



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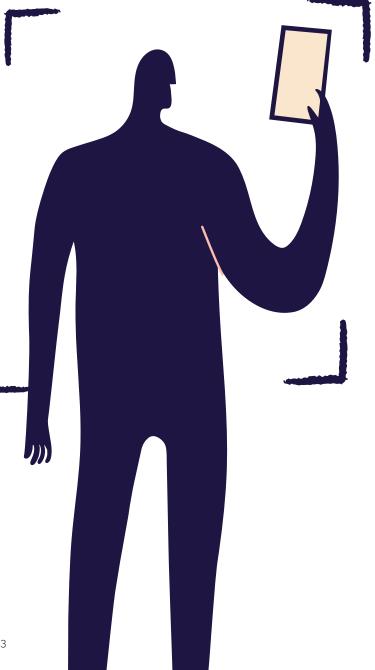
ecuring utility assets, whether physical structures or cyber networks, has long been a priority in public power. Yet, as high-profile incidents with critical infrastructure have been front and center on the news, the concept of having a strong culture of security among utilities has become more prominent as well.

Just like building a culture of safety, having an organizational culture of security takes time to develop and means it is embraced by people at all levels. Building a culture of security isn't just about putting the proverbial locks on the right doors — it is making sure that employees are aware of potential threats, seeing the value of identifying concerns, and encouraged to follow protocols that could mitigate the risk of attacks on their systems. Signs of a Security Culture

David Godfrey, Manager of Critical Infrastructure Protection at Garland Power & Light in Texas, said that a culture of security is much like a safety culture, in that it is a mindset that develops over time. He said that it means that employees know that the processes, equipment, and other security mechanisms aren't seen as control mechanisms, but investigative tools. He summed it up as gaining the trust of your employees.

"Employees spend at least a third of their time at work. We would hope that you protect your place of employment as if it was your own, and I think our employees do," said Godfrey. "Anytime there is a security need, they are always willing to help." A culture of security doesn't exist when cybersecurity is "entirely IT's job," said James Keltgen, who was director of information technology at Shakopee Public Utilities in Minnesota before switching to another position in local government in February 2023. When a culture of security is embedded well at an organization, he said, it is everyone's responsibility. He said there would also be mechanisms in place that allow for a feedback loop, such as an easy way for employees to report phishing attempts.

Branndon Kelley, senior vice president, strategy and innovation and chief strategy officer at American Municipal Power in Ohio, "It's not just



about tools and techniques, it is about a mindset," said Kelley. "Where you see the top leaders embracing it, sharing it – that really is the first sign that there is a culture of security."

"Cybersecurity and physical security need to mesh," added Kelley. "For no other reason than many of these events can be correlated. The more they can be meshed under one leadership structure, the more you will ultimately have a better posture of achieving your goal and having a better aware staff."

Kelley also cautioned against the pervasive thinking that only utilities with a SCADA system have cybersecurity concerns.

"That is entirely not true... any utility which has any sort of computer has a potential cyber problem."

Keltgen said that an organizational culture of safety "requires intentional focus on human behavior." "I'm more concerned about what employees do versus what they know about cybersecurity... that difference will determine whether the utility is secure or breached."



As an example, Keltgen said his aim is for employees to stop and think about whether they should be getting certain information or if it is uncommon.

# From Fear to Action

Godfrey noted that utility security has come a long way from when he began working in the industry more than 30 years ago, when security was usually only discussed in relation to large generating facilities.

"For so long, everyone left the utility industry alone," said Godfrey. "Now, with the abundance of information on the internet, extremists and others have decided this is the way to shake things up. When you have a situation like what happened in North Carolina, that opens a lot of people's eyes."

While awareness can be good in some respects, utility security leaders cautioned about the fear — and exposure — awareness can bring.

Keltgen said that it is important for utilities to eclipse the coverage of the potential damage from attacks by digging into learning how attacks occur and what would happen in their system should they face a similar type of attack.

"You have to sell the idea of a security culture on value and not on fear," explained Kelley. "For too long, we sold security along this idea that if you don't do [a certain strategy], this big bad nasty thing is going to happen. The problem is, some people respond to fear and become paralyzed, and others see it as the boy who cried wolf and they just don't react at all."

Keltgen offered similar advice. The focus shouldn't be on how much an incident would cost the utility or community, but on how individuals play a part in either allowing or preventing incidents. Then, he said, the focus can be on solving any problems or changing any behaviors that make it easier for incidents to occur.



In training, Keltgen said he likes to take a storytelling approach to show how an incident can hit home, alongside sharing and reminding employees about the mechanisms in place that help prevent them.

"Those who are paying attention tend to be ahead of the game," said

Keltgen. That includes being tuned into alerts from sources such as the Electricity Information Sharing and Analysis Center and Multi-State Information Sharing and Analysis Center. It also means following trends, such as how the convergence of information technology and operational technology has changed the nature of attacks.

Godfrey also pointed to the importance of using the tools and information from the E-ISAC. "While there's a lot of information shared, and it can be daunting on some days, it also gives you awareness of what is going on within the industry," he said. "We're all aware of the incidents published in the news, so sharing these resources is vital to awareness of the threats trying to infiltrate our own backyards."

Kelley echoed the emphasis on awareness, and that utilities should be "constantly assessing and monitoring" their systems. This includes conducting cyber incident response exercises and incident response planning. "It is not a question of if, but when [an incident will occur]," he said. "The question is, how are we going to respond? How will we recover?"

Exercising isn't solely about understanding security measures, but is also about thinking through business continuity in the event certain systems can't be accessed, such as if a billing system is compromised. In this scenario, said Kelley, utilities work through questions such as, "What does that do to your cash flow? How will it affect your utility if you can't send out bills for one day, three days, or a month?"

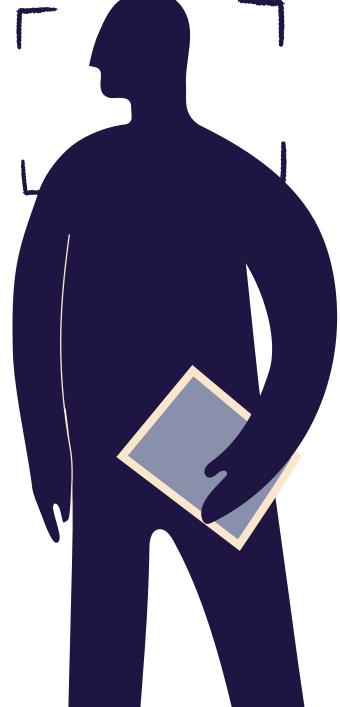
# **Staying Current**

Part of the challenge with cybersecurity, noted Kelley, is that it is being applied to systems that have already been in existence, and only in the past five years or so have mechanisms been considered and baked in from the development stage. "Historically, someone would show up and say, 'I've bought this system and I'm not sure if its secure' that doesn't fly anymore ... it is maybe step two in making sure that it is going to fit."

AMP produces short, specific "cyber minutes" throughout the year to help educate its board members about security related topics. Kelley said that the information is conveyed in a practical, relatable manner for people to understand how a specific issue could affect them. AMP also sends cybersecurity-related articles to its members on a weekly basis that follow a similar tone.

Kelley said that AMP has a program that assesses members' cybersecurity against industry standards and identifies any gaps that should be addressed. Kelley said the assessments go beyond identifying problems and offers AMP members an 18-month plan to address the highest threats and prioritize activities based on which is most critical or could have the biggest budget impact.

In Garland, security is a topic of discussion during safety meetings, among other times. Godfrey makes a point to meet with different crew





members throughout the year to exchange information about what kinds of threats to be aware of and get feedback. "It is amazing when you ask for feedback, what kind of information you get back. When you allow [crews] to express their ideas, they feel ownership in the process."

Keltgen encourages individuals focused on IT in utilities to network, such as through the American Public Power Association's Cybersecurity Defense Community, as having these relationships can support better information sharing and exchange over mutual lessons learned.

# **Purposeful Design**

Utility security is a careful balance between having the right structures and systems in place, and ensuring people understand why such mechanisms are there and how to use them.

Kelley noted that it is part of the job for people designing systems to recognize human nature and put features in place that align with it, so that cybersecurity measures don't become an interference, but help in making better choices. "People are the biggest cyber defense as far as keeping system safe, but you still have to train people, have to invest time into it."

Kelley also pointed to artificial intelligence-based mechanisms that can identify when a user's usage is outside of the norm, such as an employee who works a 9-5 shift that is appearing to access systems in the middle of the night, and report it as suspicious behavior.

"You could do everything in the world — cameras, access control, etc. — and if your substation folks just left the gate open, all that work would be for nothing," said Godfrey.

It can come down to noticing where a fence might need maintenance, or a light bulb needs to be replaced. "It takes people to notice that and to care, to take the effort," he said.

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# Public Power Leaders: Doug Hunter



Q&A with Doug Hunter, who is retiring from Utah Associated Municipal Power

Systems after 45 years, including 27 as CEO and general manager. Based off a "Public Power Now" podcast from December 2022.

# HOW DID YOU GET STARTED IN A CAREER IN PUBLIC POWER?

I started working for UAMPS in 1979, back when it was called the Intermountain Consumer Power Association. I was the ninth employee hired, and the concept at the time was basically to staff all the development of projects at that point in time, which got me in on the ground floor. I went through all aspects of a public power organization — resource, transmission access, etc. At one point, I was even answering phones. As the organization grew, my role naturally progressed until, eventually, I became assistant general manager and then CEO.

# WHEN YOU LOOK AT YOUR LEGACY, WHAT ARE YOU MOST PROUD OF?

It's hard to pick one. In terms of what has helped our membership, breaking the transmission monopoly was the big one. We really had to go through a challenge to break the monopoly of Utah Power & Light (now Rocky Mountain Power, a subdivision of PacifiCorp). It was such a huge accomplishment because it finally allowed us to buy power in a more competitive manner. We still didn't have the power of the markets that we see today, but it was the most successful endeavor for our members. ... It helped to stabilize rates, which improved economic development, which in turn brought population growth.

We also built a lot of projects. For instance, we built the first combined-cycle gas plant in Utah, before any investor-owned utility did, which is now the norm.

# HOW HAVE YOU ENSURED A SMOOTH TRANSITION OF LEADERSHIP TO UAMPS' NEXT LEADER, MASON BAKER?

The board knew in 2021 that I wasn't going to go past the end of 2023 as leader of UAMPS. That was important to the transition, so we could establish a procedure of how we were going to go through it so there wouldn't be a negative impact to the organization. Even with a transition to an internal candidate, it takes a lot of work. That long-term planning process allowed for it to be smooth.

# WHAT CHALLENGES DOES THE UTILITY SECTOR FACE?

Public power's challenges are similar to any other utility — and that's having reliable capacity to maintain the type of power structure that we're so used to. It is difficult to meet that challenge because we are fighting a constant battle with public perception. It's probably our fault as much as any other utilities, in terms of not educating the populace in general. We are constantly needing to explain why we can't do it all with renewables or via conservation measures.

We are working to become more united in our response and efforts to convince everybody that we need a mix of not just renewables and conservation, but new inertia back on the system. I think nuclear is going to be the main work dog there, but it could be other resources. There's still going to be hydro, but that's going to be small. It is going to be very difficult to move toward storage and other [new technology].

# HAS THERE BEEN A SHIFT IN THE PUBLIC'S ATTITUDE TOWARD NUCLEAR?

UAMPS was one of the only, if not the only one, proposing new nuclear coming into [the project with NuScale]. That has changed now. With the advent of the small modular reactor, it's allowed the utilities to put this into their future resource plans, which in turn has provided a public forum for debate, if people are opposed to it. That's a monumental change that's happened in this last bit, and it gives me great hope that we will be able to turn the corner on this lack of capacity going into the future.

In terms of public education overall, how much further do we have to go in terms of educating customers on other aspects of energy use and needs?

The education is very important, and it has to take on a more specific point — about the infrastructure required to make the transition, such as to electric vehicles. As an example, in Southern California, just electrifying the trucks going in and out of the Los Angeles Harbor area will require a massive investment — hundreds of millions of dollars over a very short period — because we are going to have to be able to fast charge these things, and our current distribution system is not capable of doing that. That is one thing that people aren't talking about that they really need to be.

ou have probably heard Peter Drucker's famous quote, "culture eats strategy for breakfast," implying that even the best strategy will fail if your culture does not drive the specific behaviors that are needed to make that strategy successful. What many leaders don't realize, however, is that culture can actually eat itself for breakfast in much the same way.

# CULTURE EATS CULTURE FOR BREAKFAST, TOO

BY JAMIE NOTTER, FOUNDER, PROPEL

#### **CULTURE EATS CULTURE FOR BREAKFAST, TOO**

Many organizations anchor their culture in a set of core values. For core values to be effective, they should be spelled out in a bit of detail. Don't just announce that "Transparency" is a core value, for instance. Include a solid paragraph that explains what you mean by transparency, specifically in the context of your organization and operations. And make sure you include the "why" in that paragraph — why is transparency a value, and how does it specifically help your organization succeed?

After that paragraph, add a list of bullet points that demonstrate what it looks like when employees are living that core value. These should be behavior-based examples that are customized to your context. Your employees should be able to read the paragraph and bullet points and get a solid understanding of what behavior is expected of them when it comes to living the value.

All of that, however, could end up being a waste of time, depending on what kind of patterns you have inside your culture. This is a part of culture that many leaders do not see, but nearly every culture has patterns related to how the organization approaches key elements of culture, including transparency, collaboration, innovation, and others. The patterns are slightly below the surface, and if you're not careful, they can actually weaken your carefully crafted core values.

A very common culture pattern around transparency, for example, is one I call "lagging transparency." Cultures that have this pattern emphasize the importance of credible and meaningful information, and their people are generally willing to share information with others when asked. But this information sharing is primarily reactive. What the culture does not value as much is being proactive in information sharing — like creating systems and processes that make information visible and available before people need to ask for it. The result is a culture that definitely shares information but often misses opportunities because the information was not shared at the right time.

I see this happen a lot in the context of customer service. Let's say something big breaks in the news that affects your operations, and customers are quickly coming to you looking for answers to their questions. Your customer care team does not have inside information on the operational details, which is understandable, so they frequently have to give the "I don't know, but I'll find out and get back to you" response.

Nearly every culture has patterns ... the patterns are slightly below the surface, and if you're not careful, they can actually weaken your carefully crafted core values. Sometimes, that's the only answer they can give. But what if you had systems in place that allowed for more proactive information sharing? You could create a series of channels on Microsoft Teams or Slack where operational employees could regularly post updates on emerging issues. If your customer team members are scanning those channels periodically, they will likely have much more useful information to share with customers when the big issue breaks. They still won't have all the details and might have to get back to the customer with those, but because operations had been posting about the emerging issue for several weeks, the team members knew the issue and the basic elements of it, and their knowledgeable response puts the customer at ease.

Having a core value of transparency doesn't mean much if you are continuously disappointing customers by not giving them the information they need. That is how a culture pattern can defeat a core value that you thought was an anchor to your culture. So, keep an eye out for culture patterns that are causing friction inside your organization and getting in the way of results, and if any of those patterns are contradicting your core values, start changing that part of your culture right away.



# **Managing Change**

For a change to stick, leaders need to properly prepare and guide their organizations through the process – and remain champions for the change.

# The Harvard Business School sums up the change management process into five steps.

Prepare: Explain why change is necessary.

Embed: Prevent backslide by ensuring organizational structures and practices suppor the change.

**Plan/vision:** Detail how and when the change will happen – from goals to how it will be measured to who is responsible for what steps.

**Implement:** Empower employees to take the steps needed to achieve the goals.

**Review:** Analyze whether the change was successful or what aspects weren't successful.

# **Overcoming Resistance to Change**

The American Society for Quality offers advice for how leaders can minimize resistance to change.

Create, or affirm, the shared need for change through data or demonstration/demand.

Establish a way to track progress in the change efforts.

Share what the desired outcome will look like.

Champion the effort from the beginning until the end. Assign a person or team to being accountable for finishing the change.

> Ensure there are sufficient resources dedicated to the change process.

# CONGRATULATIONS

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