
Guide to navigating a sustainable utility

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INTRODUCTION

Agenda

01 Organizational assessments

02 Succession planning

03 Performance metrics

04 Cybersecurity program management and data privacy

05 Other - EPA Risk and Resilience Assessments and
Emergency response plan deadlines

Organizational assessments





ORGANIZATIONAL ASSESSMENT

Introduction

An organizational structure suited for a utility should be designed to allow optimal operation in its business environment through:

- Efficient workflows and approvals
- Appropriate levels of collaboration across teams and functions
- Agility to quickly respond to industry changes





ORGANIZATIONAL ASSESSMENTS

Create buy-in

Multiple methods to create buy-in for an organizational assessment will resonate with key decision makers that will be your project stakeholders.

Three approaches you can take:

- Communicate the impact
- Tie the project to goals
- Identify the benefits



ORGANIZATIONAL ASSESSMENTS

Approaches

Communicate the impact

- This step is often overlooked
- Look at the broader context vs. your day-to-day lens
- Provide a direct link describing how your project supports the utility's mission and vision

Tie the project to goals

- Consider your utility's strategic plan and identify implementation challenges
- Would an organizational restructure mitigate or eliminate any of those challenges?
- The approach transitions the project from a resource investment to a strategic step

Identify the benefits

- Identify what is important to decision makers and how the project supports their objectives
- Present an organizational structure analysis in a supporting role to decisions marker's objectives rather than in competition with their own projects

ORGANIZATIONAL ASSESSMENTS

Conduct interviews

Interviews:

- Offer insight into the strengths and challenges of existing process
- Provide a scope of responsibilities for a department, division or position
- Allow affected individuals to feel heard
- Develop a rapport with the participants
- Identify unforeseen considerations for future investigation





ORGANIZATIONAL ASSESSMENTS

Develop recommendations

Recommendations should be specific and supported by details gathered through the informational interviews

- Back up recommendations by quantitatively supportive data analysis when possible
- Identify priority levels for the recommendations to help stakeholders determine quick wins and to create a roadmap that can guide the implementation framework
- Recommendations should be actionable
- Goal - Turn organizational assessments into strategic priorities.

Succession planning



SUCCESSION PLANNING

Introduction

Succession planning is crucial to creating a sustainable and resilient organization.

You have to understand the current state of your utility before you can plan where you want to go and how to get there.



SUCCESSION PLANNING

Define your outlook

Understanding the current state of your utility starts by having a clear picture of your future workforce needs. Two primary inputs will paint this picture:

Retirements

- Which positions are staffed by employees eligible for retirement or early retirement within the next five years and within the next five to ten years?

High turnover positions

- Which positions historically experience a high rate of turnover for reasons other than retirement, such as employee resignation or termination?

*** Are your utility's pay rates/salaries in-line with the market?**



SUCCESSION PLANNING

Steps 2 to 4

2. Identify critical positions
 - Beyond leadership
 - Specialty/niche
 - Front-line
3. Prioritize positions for succession plan inclusion
 - First prioritized
 - Second remaining critical positions
 - Impending retirements and high turnover
4. Review core competencies
 - Job descriptions
 - Include HR

SUCCESSION PLANNING

Identify top talent for succession

The 9-box grid plots performance against potential.

		Potential		
		Low	Growth	High
Performance	High	Key contributor	Emerging talent	Promotable
	Growth	Key contributor	Key contributor	Emerging talent
	Low	Action required	Improvement required	Improvement required

By modifying the performance review to include a 9-box talent review, you can identify employees who are candidates for further development and assess their maturity or readiness to begin that training.



SUCCESSION PLANNING

Steps 6 to 9

6. Build your talent bench
 - Look within at current employees then external recruitment strategy if necessary
7. Communicate with candidates and develop training program
8. Create recruitment plans
9. Review and repeat

Performance metrics



PERFORMANCE METRICS

Introduction

Executive management often relies on performance metrics to gauge operational or financial performance and, in turn, for decision making.

- Understanding which metrics to develop
- How much data and detail to include
- How to interpret the metrics
- All are essential to maximizing your utility's effectiveness.





PERFORMANCE METRICS

Develop and define

Several traditional areas of utility performance have an established history of being tracked and reported to boards and regulators or made available to the public including:

Costs

- Indicate the cost of providing utility service to customers.

Customer satisfaction

- Ensure the utility provides adequate levels of customer service.

Public safety

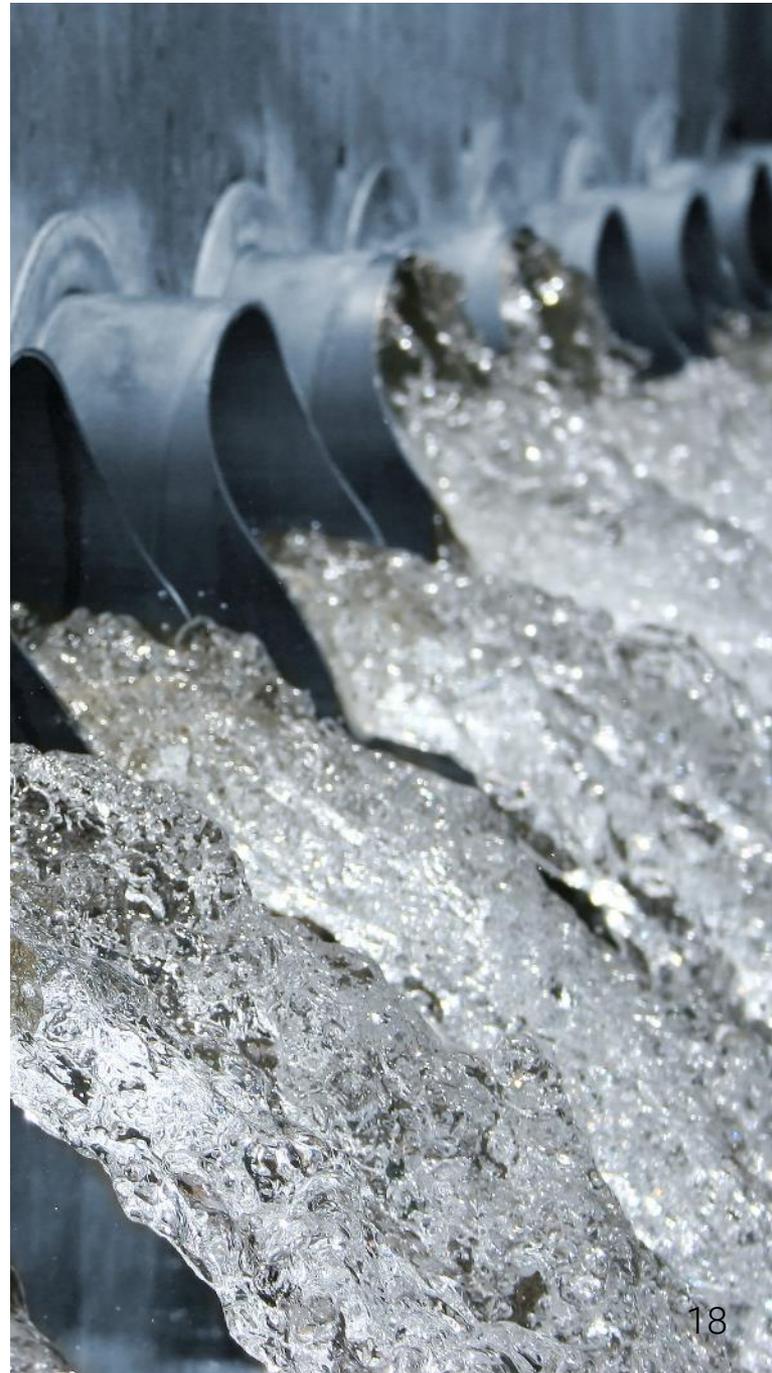
- Confirm the public is not subjected to excessive risks.

PERFORMANCE METRICS

Reporting framework

Traditional performance areas identified in the previous slides scratch the surface of utility-specific metrics which typically have standard higher-arching goals (e.g., lowering overall utility service costs pertains to financial performance).

Some utilities find performance metrics and financial incentives better address evolving industry challenges and public interest than traditional regulatory practices (e.g., cost of service regulation).



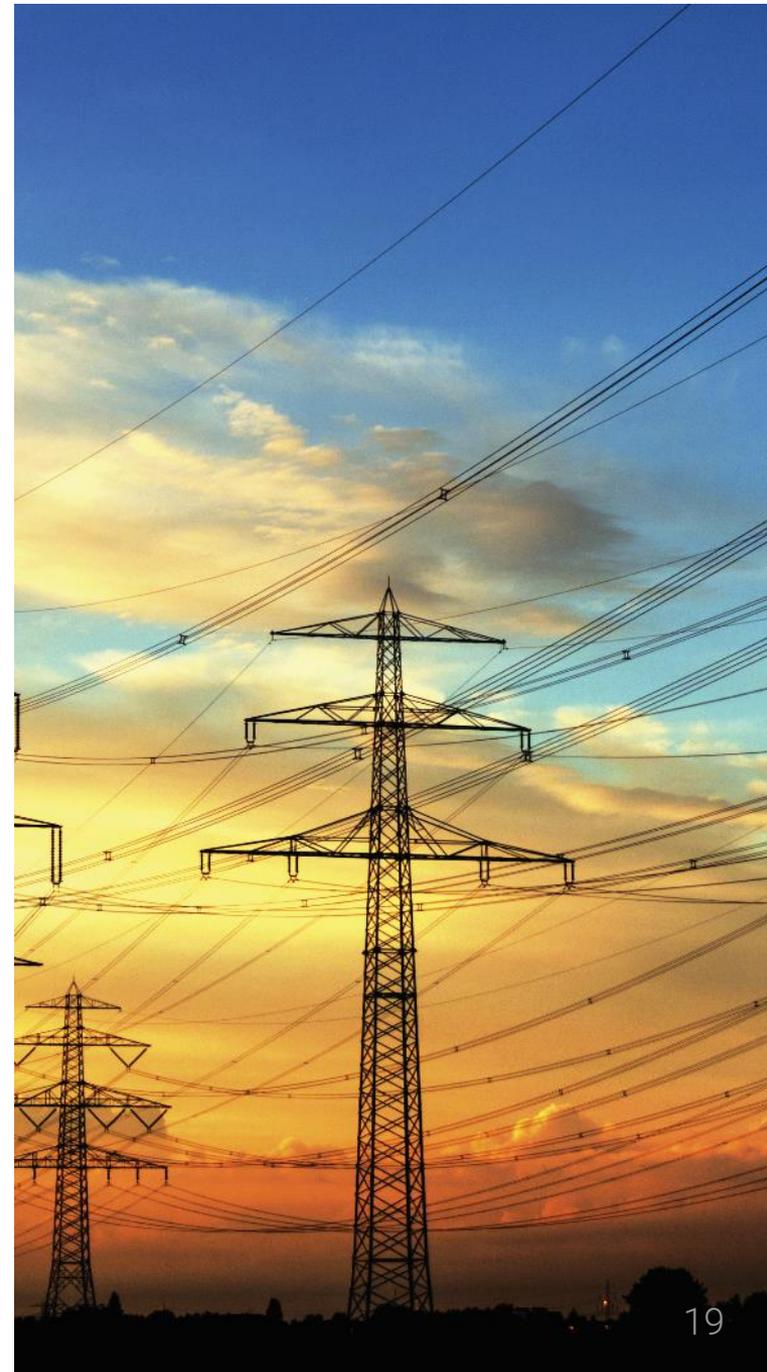
PERFORMANCE METRICS

Continuous monitoring and benchmarking

Continuously measure the metrics to identify trends and improvement opportunities.

One place to start is by benchmarking utility performance against your utility peer group or industry standards

Emphasize results over activities



Cybersecurity program management





CYBERSECURITY PROGRAM MANAGEMENT

Introduction

Cybersecurity is one of the most urgent topics on the agendas of utility leaders and boards of directors.

Attacks have been very common in recent years

Mindset of not IF we are hacked but WHEN.

Operational technology systems often receive the cybersecurity focus

Cybersecurity gap - programs related to IT systems – those systems covering billing, financial accounting, human resources (HR) and other key business processes.

CYBERSECURITY PROGRAM MANAGEMENT

Modern cybersecurity management

There are five main components of a modern cybersecurity management program which utilities can use to help secure information systems and data and improve cybersecurity effectiveness.

1. Data classification
2. Security control implementation
3. Regular verification of security control performance
4. Breach preparedness planning and testing
5. Risk acceptance and risk transfer



Data privacy risks



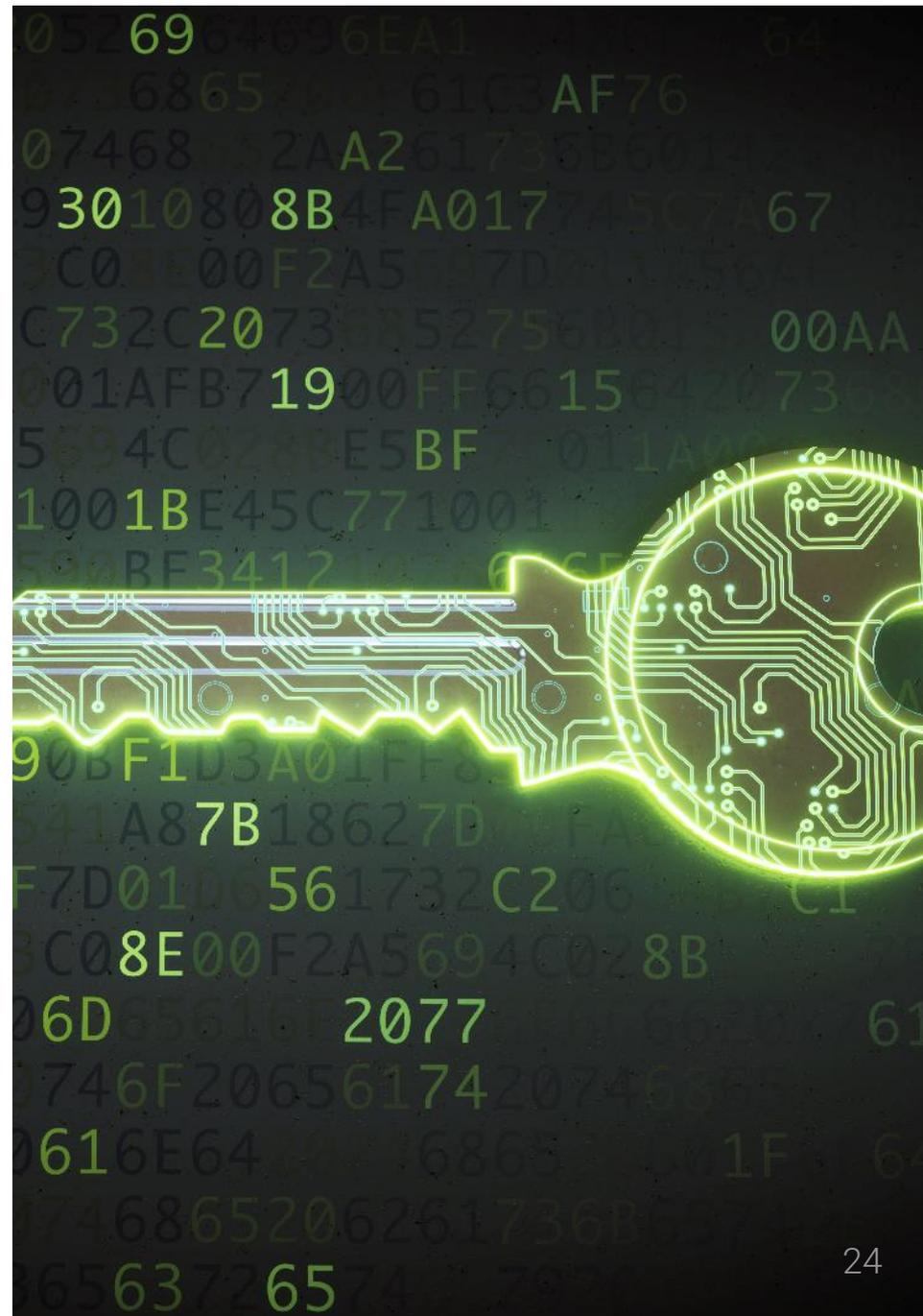
DATA PRIVACY RISKS

Introduction

The frequency of data breaches has increased to an unprecedented rate, and the cost continues to rise each year.

A study by the [Ponemon Institute](#) reports the average cost of a data breach is up 6.4 percent since 2017, to a whopping \$3.86 million.

Investing time and resources to build a comprehensive privacy program can pay dividends.





DATA PRIVACY RISKS

Data privacy regulations

Thanks to new smart devices, even utility companies have access to usage trends and tracking information in addition to sensitive customer personal information.

Like companies in many industries, utilities often struggle with data minimization.

To reduce risk, utilities should:

- Establish clear retention policies to delete information as soon as it's no longer needed
- Take steps to stay up-to-date with technology standards
- Limit employee access to personal data
- Educate staff on privacy policies and procedures to limit the chance of insider compromise



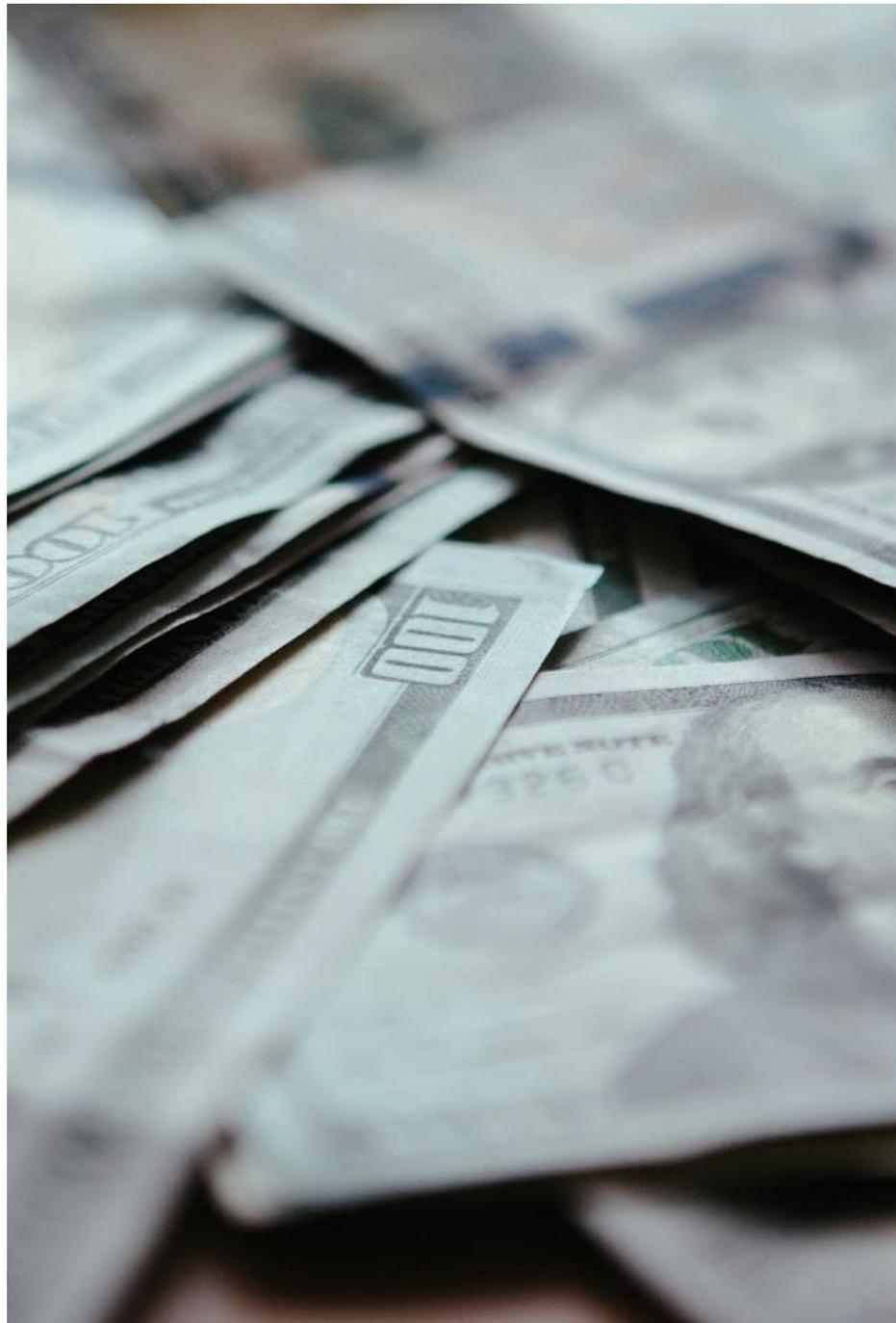
DATA PRIVACY RISKS

What your utility can do now

With a proactive approach, a concerted upfront investment and the development of a strategic privacy program, your utility will be prepared to prevent data privacy incidents and ensure compliance with privacy regulations.

Organizations that process personal data should:

- Review applicable regulations
- Maintain accurate records
- Invest strategically in a data privacy program



DATA PRIVACY RISKS

Recovery costs

- Fines of today's data privacy regulations are harsher than ever before, but recovery costs are often worse
- The larger the breach, the more expensive the recovery
- Being proactive with data privacy program management establishes greater trust and a more sustainable operational model



DATA PRIVACY RISKS

Investing in better training and data management practices pays off

People often assume data breaches are caused by hackers stealing information from outside the organization

- [According to McAfee](#), 43 percent of data losses occur from within the organization
- Incorporating data privacy best practices into employee education and training requires an investment of time and resources, but the investment is well worth the effort.
- By investing in training and awareness programs and protecting devices with multi-factor authentication or remote wipe features, utilities could reduce the number of in-house leaks by half.



EPA REQUIREMENTS FOR WATER UTILITIES

Risk and resilience assessment

- Conduct a risk and resilience assessment and submit to EPA
- March 31, 2020 – serving 100,000 or more people
- December 31, 2020 – serving 50,000 – 99,999
- June 30, 2021 – serving 3,301 – 49,999
- Every 5 years must review the assessment and submit a recertification to EPA



EPA REQUIREMENTS FOR WATER UTILITIES

Emergency Response Plan

Utility must develop and update an emergency response plan and certify completion to EPA

- Not later than 6 months after risk and resilience assessment certification
- September 30, 2020 – serving 100,000 or more people
- June 30, 2021 – serving 50,000 – 99,999 people
- December 31, 2021 – serving 3,301 – 49,999 people
- Within 6 months utility must certify it has reviewed the emergency response plan

Questions?



THANK YOU

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