

Our Strategic Journey

From Top-Down to Open-Sourced
Innovation in Corporate Strategy

About Cobb EMC



6/5/19

- Cobb Electric Membership Corporation
- Founded in 1938
- Not-for-profit Member-owned electric cooperative; governed by elected Board of Directors
- Delivering reliable electricity to our members:
 - Over 180K members
 - 205,000 homes and businesses
 - 5 Metro Atlanta counties
- Distribution system consists of over 9,000 miles of line over 432 square miles
- Owns Gas South, LLC, providing natural gas service to 320,000 customers

Creating the Strategic View



- In 2014, our Board established Strategic Initiatives centered on:
 - Member Satisfaction
 - Company Culture
- Strategic Initiatives direct and inform all other goals from CEO down to Department, Individual Employees
- In 2017, we revamped our Strategic View to include more Projects (Initiatives) and fewer Goals (Measures)



The Board's Vision

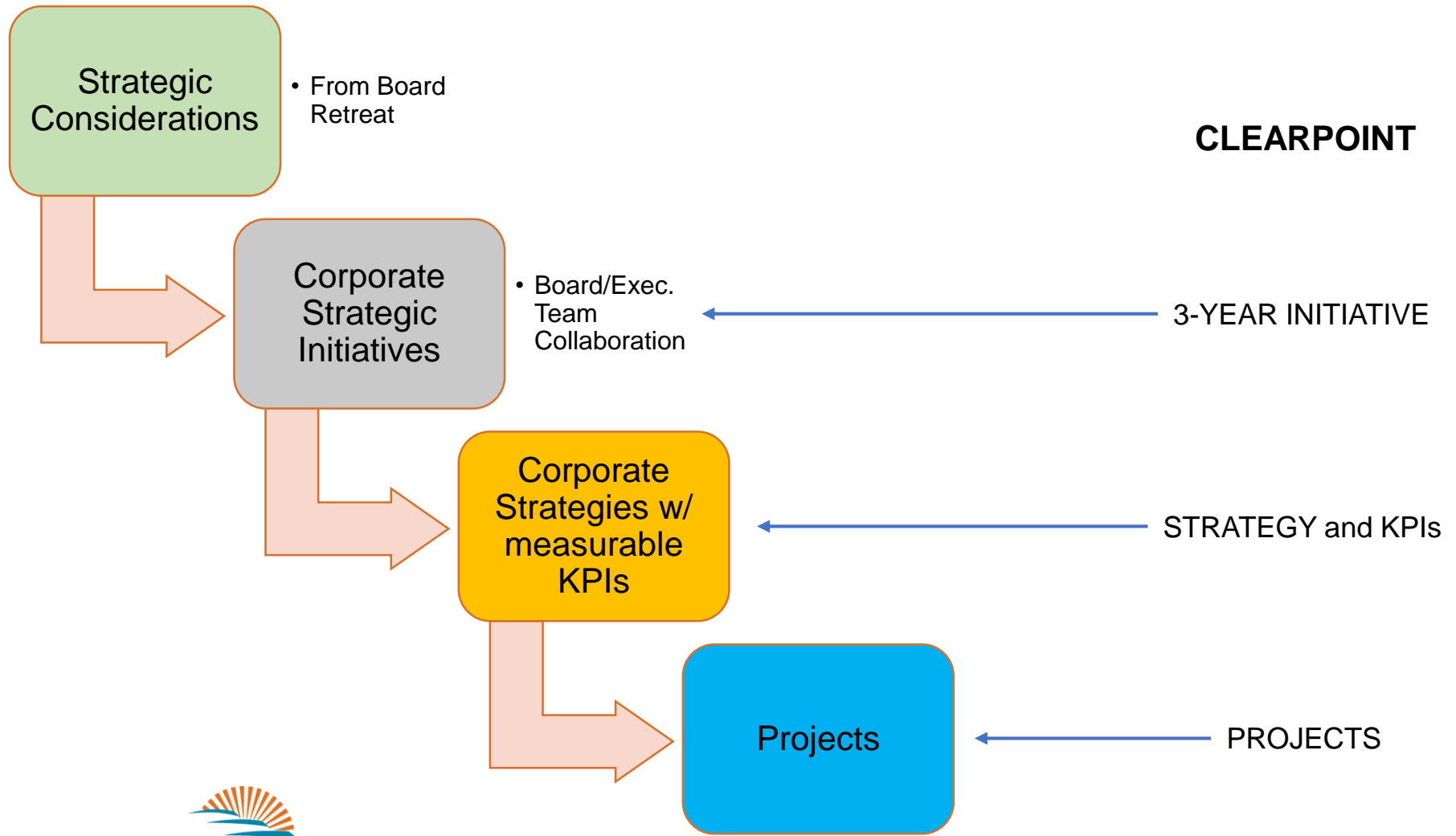


MISSION STATEMENT: Cobb EMC commits to safely delivering reliable, competitively priced electricity while being accountable to our member-owners through sound governance, management, operating practices and improving quality of life in our local communities.

Moving From Goals to Projects

- 2017
 - Began migrating strategic goal data to ClearPoint Strategy in Q1
 - Scorecards for Departmental, Divisional and Corporate level goals allowed quick access to real-time data
- 2018
 - Began to focus on a Project-based business operation, based on mandate from new CEO, Peter Heintzelman
 - Creation of the IDEA Machine
 - Board approved a 3 Year Strategic Plan (2019-2021)
- 2019
 - All Projects (Initiatives) and KPIs (Measures) linked to appropriate Strategy(ies) (Objectives)

The Strategic Process



3-YEAR INITIATIVES

SAFETY & RELIABILITY

Maintain reliability and safety standards among the highest in the state and nation

RATE MANAGEMENT

Maintain and promote competitive rates for our members that align with financial sustainability

FINANCIAL SUSTAINABILITY

Ensure a viable financial roadmap through prudent stewardship and increase in non-electric revenue sources

EMPLOYER OF CHOICE

Foster a trusting work environment to retain and attract employees who feel valued and engaged

TRUSTED ENERGY ADVISOR

Become a Trusted Energy Advisor through innovation and commitment to our members

STRATEGIES

1. Deliver best in class reliability demonstrated through best in class reliability metrics

2. Increase cyber security measures to adequately protect our cooperative against cyber security threats through enhanced security awareness programs and regional and national information sharing

3. Zero lost time/Injury incidents through compliance with OSHA and NRECA programs

4. Implementation of the Distribution System Restoration Plan (DSRP)

1. Remain in the PSC survey Top 10 lowest rates (Summer) through competitive rate options for our members

2. Develop and promote lifestyle rate options for our members that match their usage behavior

3. Aggressively promote Even Bill due to high customer satisfaction

1. Gradually Improve the Financial Profile of Cobb EMC through a defined capital credit retirement policy, efficient capital deployment and spend, growth in Gas South dividends, and fiscal prudence in controllable costs

2. Optimize annual capital expenditures for projects such as LED retrofitting and 15 kV reconducting

1. Align compensation, benefits and policies/practices to the company's overall Total Market Rewards Strategy

2. Increase positive Total Rewards communication with current and prospective employees by designing and implementing an annual communication plan

3. Emphasize leadership accountability, coaching and developing employees

4. Enhance leadership program and succession planning to build a strong future

1. Increase value-added services to members through Gas South offers and potential other products

2. Incentivize smart home development through increased upfront costs for underground development and providing a discount for EV and Smart home equipment

3. Research alternative energy resources and ways to reduce wholesale power costs such as microgrids and solar plus storage projects

4. Expand and innovate community engagement programs

KEY PERFORMANCE INDICATORS: Modified Debt Service Covenant (MDSC) between 1.6 and 1.7 | Equity of 40% by 2019 and 42% by 2021 | Top 10 PSC summer rate survey each year | SAIDI 10% better than our rolling 10-year average | Increase Best Places to Work engagement score by 25% by 2021 | Average J.D. Power wave score of 780 | Grow Gas South's net income by at least 5% annually | 50% of Cobb EMC members as Gas South's customers

OUR WAY

I will do the right thing, at the right time, for the right reason, in the right way

I will be a solution provider, be a team player, be committed to positive change, feed the idea machine

We will champion safety, value "different", celebrate success and learn from our failures, communicate early and often

Translating to ClearPoint

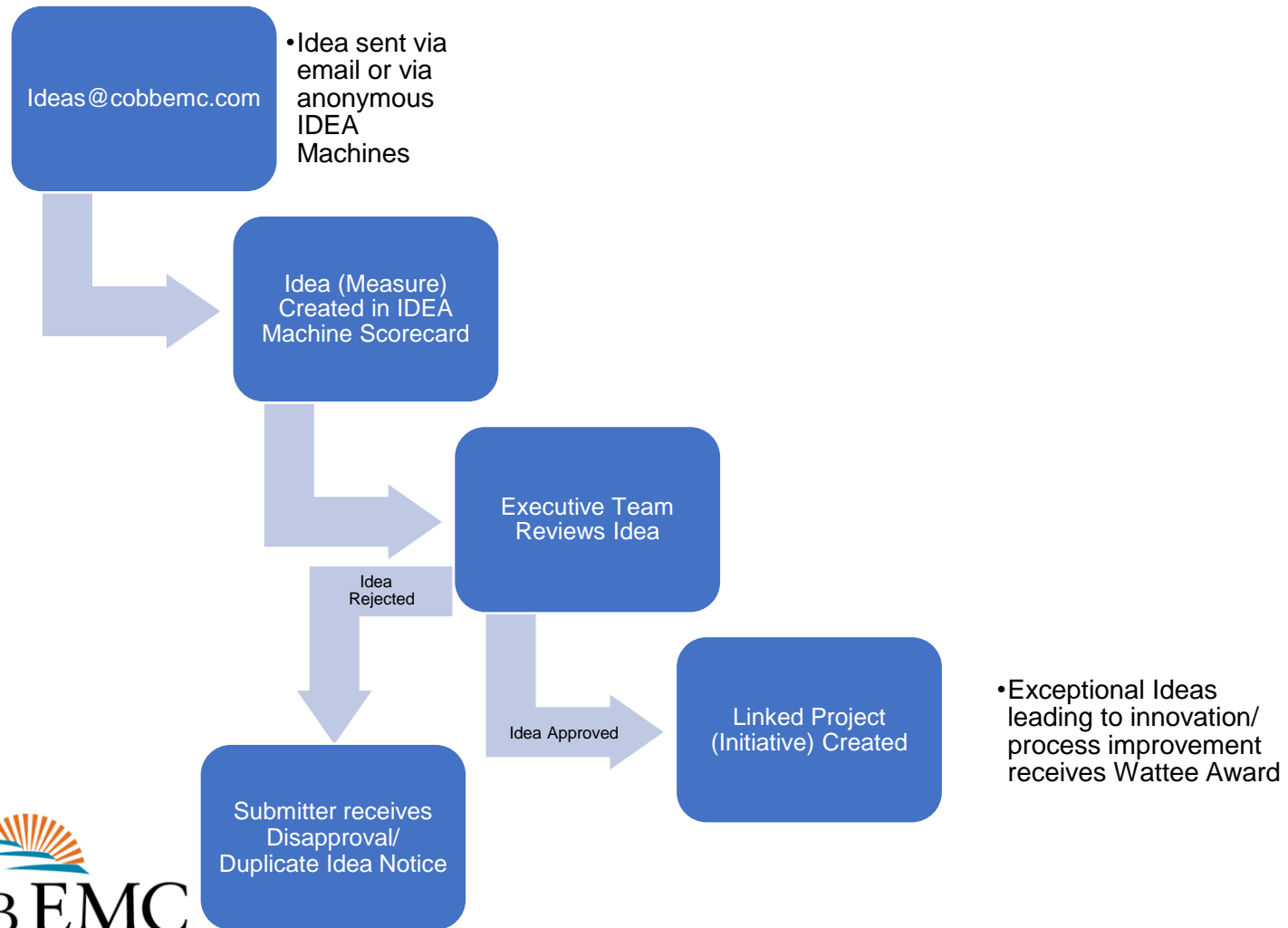
3-Year Initiative	Strategy	KPIs	Projects
Safety & Reliability Maintain reliability and safety standards among the highest in the state and nation	Deliver best in class reliability	SAIDI 10% better than our rolling 10 year average	Reclaiming remainder of right of way (vegetation management)
		Business case for phone system replacement Business Operations Major Projects	Replacing aged distribution infrastructure
		Complete final year of 4 year trim cycle Operations Major Projects	Completing fiber buildout and wireless upgrade
		Participate in Technology and Planning, Specification, Safety, Engineering and Operations committees in 2019 Operations Major Projects	Best in class among reliability metrics
		2019 - Attain a percentage on "PMs in compliance" on a monthly basis; contingent upon the availability of the equipment. Fleet Major Projects	Project Benji Power Supply and Planning Major Projects
	Increase cyber security measures		Fiber Operations Major Projects
			Right of Way Operations Major Projects
			Underground Transformer Maintenance Operations Major Projects
			2017 - 2018 OSMOSE Engineering Major Projects
			Enhance user access and endpoint security
			Enhance existing employee/partner cyber security awareness and training
			Participate in regional and national cyber security information sharing
			B.I. Strategy Power Supply and Planning Major Projects

IDEA Machine

- Introduced May, 2018
- Avenue for suggestions and innovation from all employees
- Greatly improved morale at a time of uncertainty under new leadership
- Great buy-in company-wide
- Led to exceptional Ideas receiving “Wattee Awards”



How the IDEA Machine Works



IDEAs Come to Life

- Recycling Program Idea
 - Submitted April, 2018
 - Reviewed and assigned July, 2018
 - Bids received and vendor selected November, 2018
 - Introduction of in-office Recycle Bins, Baler and Petroflex Reel Recycling Program
 - Est. savings of \$26,500.00



IDEAs Come to Life

- Cultural Diversity Expo
 - Received July, 2018
 - Assigned October, 2018
 - Executed May, 2019
 - Over 10 Countries represented







IDEAs Come to Life

- Campus Solar and Battery Storage
 - Idea submitted by System Quality and Planning as an outgrowth of their BESS (Battery Energy Storage System) Initiative
 - Has led to multi-year project
 - RFP just closed and vendor selection made
 - Project involves collaborative efforts from 4 Divisions
 - Photovoltaic panels and battery storage to be installed on campus to bring us closer to being a net-zero campus

P3

- Powerful Performance Program (P3)
 - Annual employee incentive program
 - Based on Cobb EMC's performance in meeting four Critical Success Factors
 - In 2019, introduced "Three Strikes" policy
 - Greater buy-in, given higher stakes and emphasis on exceeding objectives



CRITICAL SUCCESS FACTORS	THRESHOLD	TARGET	STRETCH
 J.D. POWER SCORE (Member Engagement)	Equal to or greater than 2 year average of "waves": 4 per year 764 Avg. Score	2% or greater than 2 year average of "waves": 4 per year 779 Avg. Score	4% or greater than 2 year average of "waves": 4 per year 795 Avg. Score
 SAIDI INDEX (Reliability)	Equal to or less than 10 year average: 38.41 Minutes	10% or more less than the 10 year average: 34.57 Minutes	20% or more less than the 10 year average: 30.73 Minutes
 DART, INCIDENT RATE, PREVENTABLE VEHICLE ACCIDENT RATE (Safety)	At or below the 5-year average: DART: 1.73 IR: 2.91 PVA: 10	10% < 5-year average: DART: 1.56 IR: 2.62 PVA: 9	20% < 5-year average: DART: 1.38 IR: 2.33 PVA: 8
 COST CONTROL (Financial Performance)	Current year actuals are at or below budget 0.0%	Current year actuals are below budget by a half percent or greater -.5%	Current year actuals are below budget by 1 percent or greater -1%

P3 Guideline Changes in 2019

➤ 3 Strikes Rule

An employee with three or more of the following combined will be subject to a **25% reduction** in their individual P3 payout calculation:

- Documented violation of safety
- Uncompleted safety training by the due date
- Uncompleted cyber security training by the due date
- Clicking on phishing emails

➤ Individual Component Addition

Performance Rating	Impact on payout	Maximum P3
Needs Improvement	Lose P3 eligibility (same as today)	\$0
Expected Performance	100% (but lower % per metric than today)	9%
Exceeds Objectives	150% (but lower % per metric than today)	13.5%

Looking to the Future

Further eliminating data silos and continuing to foster collaboration and innovation

Linking projects highlights everyone's role in success

3-Year Strategic Plan a major factor in long-term success

Monetary incentives motivate, and tailored payouts motivate even more

Will continue to report and monitor individuals' contributions to Cobb EMC's successes



Questions?