



The State of UDWI

March 26, 2018

Significant Progress Made
Tremendous Challenges Ahead



Our **MISSION** is our **MEMBERS!**

* UDWI's Sharpened Focus *

To provide reliable electric service
at the lowest possible price.

We recognize the challenges facing UDWI

- Members have lost confidence in UDWI
 - Perceived lack of honesty and integrity
 - Exorbitant and imprudent spending on non-essentials
 - Perceived lack of transparency – little information provided to members
- Members are struggling financially
 - UDWI's rates are among the highest in Indiana
- Tremendous need to reinvest in our infrastructure – aging lines, poles, transformers, and equipment must be replaced
- Need to attract, train, and motivate the UDWI workforce



Steps taken by the UDWI Board of Directors

- ✓ Hired a new CEO
 - Conducted a national search
- ✓ Adopted a Transparency Policy
 - Giving our members complete access to financial information, budgets, bylaws, and board policies
 - Now encouraging and answering our member's questions
- ✓ Established an Audit Committee
- ✓ Stopped charitable and civic contributions



Steps taken by the UDWI Board of Directors

- ✓ Discontinued lifetime post-retirement health insurance benefits for all current and future employees
- ✓ Developed a new UDWI Board of Directors Compensation Policy
 - Discontinued health insurance
 - Dropped mileage reimbursement
 - Significantly lowered per diem
- ✓ Changed director voting procedures to allow on-line and mail-in voting
 - Record number of votes already cast



Steps taken by the UDWI Management Team

- ✓ IN-DEPTH and ON-GOING review of all expenditures and revenues
- ✓ Cost-of-Service Study to be completed by late Spring 2018
- ✓ Dismantled costly and risky “self-insurance” health care plan
- ✓ Implementing a targeted staff reduction program through attrition
- ✓ Established controls on employee use of UDWI equipment, property, and vehicles

Steps taken by the UDWI Management Team

- ✓ Enforcing prudent “Management Rights” by disciplining poorly performing or negligent employees
- ✓ Upgraded UDWI property security system and cyber security systems
- ✓ Mandating all employee training programs on topics including safety and workplace harassment
- ✓ CEO and senior managers are attending public meetings and member forums
 - ✓ Negotiating with contractors to establish a second shift service crew

Over \$1,000,000 in 100 days!

ANNUAL SAVINGS:

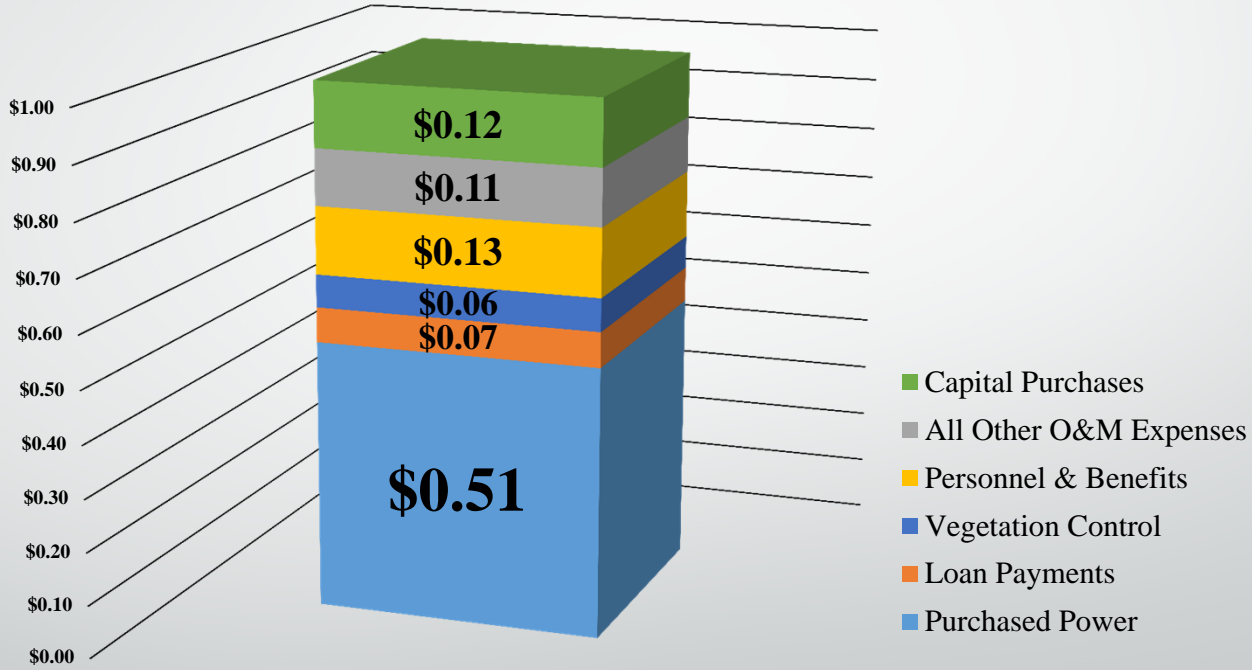
• Health insurance	-\$310,000
• Personnel changes	-\$198,500
• UDWI 401K Contributions	-\$96,000
• UDWI Board Compensation	-\$85,200
• Vegetation Management	-\$68,000
• Annual Meeting	-\$60,000
• Overtime changes	-\$30,000
• Credit card transaction fees	-\$14,000
• Trash pick-up	-\$4,700
• Christmas party	-\$2,300

INCREASED REVENUE:

• Modified delinquent fees	+\$180,000
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TOTAL \$1,048,700

Where your dollar goes at UDWI...





UDWI Board Challenges:

- Functioning with more transparency
- Establishing a strong board committee structure
- Dealing with significant Board of Director turnover

UDWI Management Challenges:

- Getting “buy-in” from all UDWI employees
 - Requiring a higher degree of professionalism, accountability, integrity, and production
- Establishing a sustainable compensation and benefits plan
- Revising and updating the UDWI Employee Handbook
- Shifting duties and reallocating workloads
 - Doing more with less
 - Analyzing opportunities to partner with other coops and organizations
 - New emphasis on cross training

Challenges with Infrastructure:

- Aging poles, transformers, and equipment
- 53,000+ poles on system
(28,000+ over 50 years old)

Pole located in Clay County ->
(Woodpecker holes)



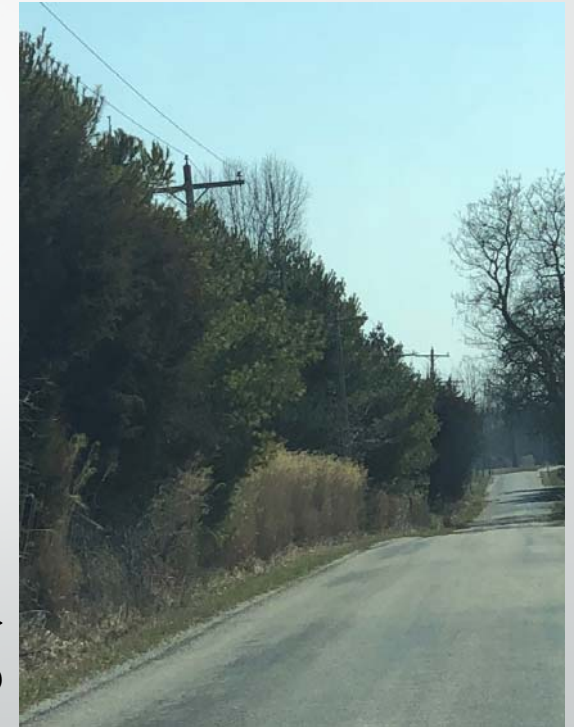
Challenges with Infrastructure:



<- Clay County
(3-phase going through tree)

- Vegetation Management

Clay County ->
(3-phase in the trees)



Challenges with Infrastructure:



^ Owen County (Frayed copper weld wire)

- Aging primary and secondary lines
- 2,160 total miles of primary line on system (1,100+ miles are very old)

Budget savings of \$1 million

=

10 miles of rebuilt line each and every year!

Our vision for the future:

- ✓ Top notch organization
 - High standards of ethical conduct for all employees, managers, and directors
 - Efficient and economical use of all member funds and assets
 - Well trained and motivated workforce
- ✓ Committed to honesty and open communication
- ✓ Continuing to explore every area of operation for cost cutting/efficiency

Serving our 15,282 members
in the best way possible!