

October 2008

## Crisis Management Planning - Status Check

It is helpful to periodically consider the goals, common problems and unique challenges cooperatives face in crisis management planning.

### Approach crisis management challenges with the right knowledge tools

In spite of our best efforts to strategically apply every piece of technology available and all best practices, eventually every cooperative will experience a

crisis of some magnitude. At that point, regardless of the initiating event, the most important goal is to recover the cooperative's

business as quickly and as cost effectively as possible. It is helpful to periodically consider the goals, common problems and unique challenges cooperatives face in crisis management planning.

The primary thrust of a security professional's job is to implement programs that will prevent or deter unacceptable behavior directed toward an organization. It is within this context that security and crisis management become adjacent, and in some circumstances,

overlapping functions. The two functions are adjacent in that certain classes of threats must pass through the security program to cause a crisis impacting a cooperative. For example, a disgruntled former employee must bypass

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technological, procedural and administrative security controls to regain access to a corporate facility. Crisis management takes over after the threat "defeats" the security program. In the case most often confronted by cooperatives, crisis management takes over after a natural disaster or an occurrence of nature.

### The Goals of Crisis Management

The goals of a cooperative crisis management plan are clear and well known:

**1) Define the crisis in terms that are applicable and understandable to**

## InFOCUS

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**the cooperative.** Different organizations face different types of crises depending on their focus, location, ownership structure, position in their industry, threats faced, and level of preparation. Carefully defining in real terms the family of crises that could threaten the very existence of a cooperative helps to elevate the importance and practicality of the plan development effort.

**2) Establish an organization to deal with the crisis immediately before and during the crisis, as well as during the recovery stage.** These individuals need to be able to make strategic decisions in the **See Crisis Planning on page 2.**

## New Provisions Affect Electric Cooperatives

The Energy Independence and Security Act (EISA) of 2007 contains a range of provisions affecting today's electric cooperatives.

One provision contains additions to the Public Utility Regulatory Policy Act (PURPA). Title I of PURPA establishes federal utility "standards." EISA has added four new ones.

PURPA requires "each state regulatory authority (with respect to each electric utility for which it has rate making authority) and each non-regulated electric utility consider each "standard" and "make a determination concerning whether or not it is appropriate to implement such standard." While PURPA requires *consideration* of standards, they are not required to be adopted. Standards apply only to state commissions and

non-regulated utilities with annual retail sales of 500 million kWh or more during the two years prior to the year when the standards are being considered.



For cooperatives who choose to conduct their own consideration and determination, the process included in PURPA requires an evidentiary hearing which must adhere to the following:

(1) be open to the public; (2) include notice to participants and an opportunity for participants to present direct and rebuttal

evidence and to cross-examine witnesses; (3) include a written decision, based on the evidence in the written record of the proceeding; (4) be subject to judicial review.

Key to the PURPA process is "consideration," which means to conduct a review of the standards and examine the consequences of adopting or not adopting those standards would have on the cooperative.

The following is a list of the new EISA standards:

1. Integrated Resource Planning and Energy Efficiency
2. Rate Design and Energy Efficiency
3. Smart Grid Investments (Applies to state regulatory authorities only)
4. Smart Grid Information

In addition to the EISA/PURPA standards, cooperatives should review the entire act. Completion of the consideration process for the first two standards is December 2009. The deadline for the remaining two is not clear.

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midst of what may be chaotic circumstances and with much less than adequate information.

**3) Establish procedures for quickly accessing internal and external resources as needed.**

During times of crisis, normal procurement channels will likely be unacceptable. Those involved in crisis management need access to the necessary recovery tools immediately. Additionally, the normal chain of command may be unworkable. Key individuals may be unavailable; communication paths may be unreliable and slow; if the crises are brought on by a natural disaster, available supplies may be dwindling due to demand by all organizations, including other cooperatives in a particular region.

**4) Establish benchmarks to signal when the cooperative is ready to move out of emergency operations and back to some level of normalcy.** The emergency operations mode is not an efficient business model. Established metrics can help signal the crisis management team to begin the transition back to normal operations.

**Planning Isn't Just Long-Term**

Crisis management is all about planning. This planning is normally subdivided into five categories:

- long-range planning (the event is not in sight);
- near-term planning (the event, such as a hurricane, is

expected in two to three days);

- event planning (the crisis is ongoing);
- response planning (short-term response actions after the event has occurred);
- and recovery (late response actions and transition to normal operations).

This list clearly recognizes that there is much an organization can do to prepare for a crisis.

In general, any contingency that can be defined in terms of an initiating event with subsequent consequences can be the object of long-range crisis management planning activity.

Events that lend themselves particularly well to this type of approach include weather (tornados, hurricanes, ice storms, floods), fire, and communications failure. Other types of incidents can also be the object of long-range planning; however, these incidents are, in some respects, less frequent and are inherently more variable than the incidents above, with which we are much more familiar. This latter category includes explosions, workplace violence, hostage incidents, and social unrest or civil disorder.

**Universal Crisis Management Problems**

There are several common problems in some organizations' crisis management programs.

First, some cooperatives may have developed their initial crisis management plan using a template or "standard" emergency action plan. Certainly, any type of plan is better than no plan. However, the value of a thorough, well-constructed crisis management plan developed in coordination

with a trained and experienced professional cannot be underestimated. Second, many organizations view their crisis management plan as a completed

document; as such it sits on the shelf in various locations within the organization. If needed, the right people know where to find it. In reality, the crisis management plan is an ever evolving document as personnel and response strategies change. At a minimum, routine awareness briefings should be provided to those individuals with crisis management responsibilities to provide the foundational information necessary to begin to deal with a crisis event.

**See Crisis Planning on page 3.**

*"...the crisis management plan is an ever evolving document..."*

**Crisis Planning**  
*cont. from page 2.*

Third, in some cases, there is little on-going training of the staff with regard to translating the crisis management plan guidelines into action. This can only be accomplished through various table-top exercises or full-scale simulations.

Cooperatives are required to annually exercise their Emergency Action Plan as prescribed by 7CFR Part 1730. The value derived from this process is completely dependent upon the coordination and effort put into the exercise.

**Challenges for Cooperatives**

The development and maintenance of a corporate crisis management plan is often complicated by the geographical and functional diversity or an organization.

First, most organizations find it difficult to dedicate the necessary resources to develop a core crisis management plan. Under the enterprise model, a crisis management plan may need to be developed, or at least tailored to each major cooperative facility. Under these circumstances, organizations should provide as much commonality as possible in the core crisis management



plan; the distributed facilities would then only have to modify the external support agencies emergency contact lists to fit their particular location. Second, because of the potential functional and


geographical diversity, the range of potential crisis types faced by the organization at large can be extensive. Again, corporate level planning should take into account this diversity and provide the necessary core response structures to address all hazards.

Third, identification and coordination of support from local agencies, such as law enforcement, will need to be done locally. For cooperatives with region or district offices, the "corporate" crisis planning team will need to ensure that these relationships are in place.

Fourth, depending upon the event, the local crisis management team could need anything and everything from office supplies and building materials to computers, two-way radios or even construction and maintenance equipment. While some of these needs could be foreseen and accommodated through a corporate account with a

national supplier, actual supply of the items would most likely need to be local. Experience has shown that establishing a priori local sources of necessary supplies is a necessity.

Finally, cooperatives need to be particularly careful to coordinate the flow of information. Cooperatives are inherently "local" organizations and understand the importance of managing the information provided to interested and affected parties, including employees, families, members, and the local media. Due to the nature of some crisis, cooperatives may need additional staff designated to communicate this information in the event the designated spokesperson is unable.

One of the most important ways to improve your crisis management plan is to practice. The familiarity with the plan brought about by practice will enable your team to come to quick decisions about crisis responses and be able to efficiently access the resources necessary to protect the organizational assets, both staff and capital. In the next Energy FOCUS issue, we will discuss how to organize and conduct an effective crisis management exercise and how to use the resulting information to improve your cooperative's program. 

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