

# Developing, Implementing and Managing an MGP Program



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# Agenda

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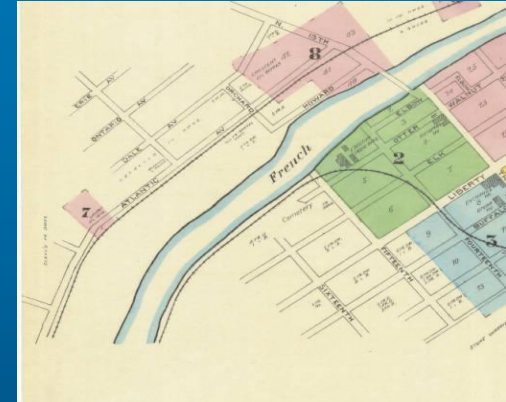
- Defining scope and setting priorities
- Organizing
- Staffing/Coordination
- Implementing
- Managing for the long term
- Key learnings

*Colin Powell said, "Bad news isn't wine. It doesn't improve with age."*

*The same is true with environmental liability*

# Defining Scope and Setting Priorities

- Inventory sites
  - Research your company files
  - Review historic Sanborn Fire Insurance maps
  - Check regulator's records, etc.
- Determine current and historic ownership and use
- Prioritize locations by evaluating current and anticipated future usage (e.g., residential, park, school, commercial, industrial, etc.)



# Organizing

- Externally:
  - Which mechanism will the program be driven by *and* which regulatory agencies will have oversight/control?
- Internally:
  - Which company departments should be involved?
    - EH&S, Finance, Public Affairs, Legal, Medical, Construction, Engineering, Supply Chain, others
  - Where will funding come from?
    - Who will be paying for the work?
      - Shareholders, Rate Payers, Both
    - What will be the annual spending budget, if any?
    - Are there previous or current insurance policies?



# Staffing/Coordination

- Assess staffing requirements
  - Will change over time
  - Is outside help needed? If so, how much and to do what?
    - engineering, geotechnical, legal, outreach, medical, etc.
  - Define clear roles and responsibilities
- Consider establishing a cross-functional team of internal departments to help coordinate the program



# Implementation

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- Outreach/Communications
- Things to consider
- General operating principles
- Area-specific operating principles
- Working with property owners/developers
- Financial

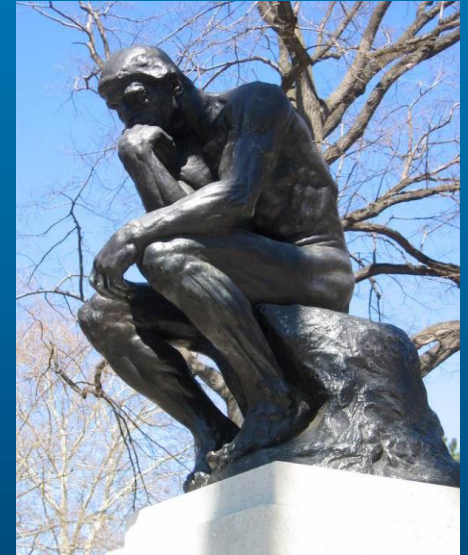
# Outreach/Communications

- Identify and reach out to stakeholders...by name – be specific
- Regulators will usually help on outreach because they will be challenged as well
  - Regulators may have more credibility than you or your consultants
- Outreach goal should be “No scoop, no story...”
- Establish a link on your company’s website as a source of information for interested parties
  - A 24-hour hotline for public inquiries helps
- Schedule regular meetings with stakeholders



# Things to Consider

- Develop operating principles to guide your decision-making and help provide a measure of consistency
- Develop a long term strategy, annual work and associated communication plans
- Benchmark with others to identify best practices
- Establish a mechanism to measure program as well as contractor/consultant performance
- Competitive bidding and periodic renegotiation of contracts helps to keep costs down and reinforces quality





# General Operating Principles

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An example for consideration:

- First, determine the right thing to do, then, determine the best way to implement
  - Public safety is our top priority
  - We are committed to full and honest disclosure
  - We will strive for proactive communication and being responsive to inquiries
  - We will take effective, reasonable and prompt actions to address stakeholder concerns
  - We will meet all applicable regulatory requirements

# Area-Specific Operating Principles

- Stay flexible, each site is unique, but consider standardizing your decision-making approach
- Operating principles can help to justify your decisions/ expenditures with utility regulators and other stakeholders.
- Examples:

	Operating Principles	
Operations	Communications	Legal
Technical	Health-related	Real Estate
Finance	Purchasing	Etc.

# Working with Property Owners/ Developers

- Indoor air sampling helps concerned property owners if you won't be able to get to them for a number of years
  - If a residence or a school, consider periodic/seasonal sampling
- If the property is no longer owned by your company, you may be able to negotiate a cost-sharing arrangement with current owners - you have leverage!
- Look for opportunities to work with developers to save time and money
  - Geotechnical evaluations
  - Remedial excavations may not need to be filled in



# Financial

- Regulated utilities most likely seek reimbursement for all or part of program expenses.
  - Part of a rate proceeding (funding in rates and recovered)
  - Submit regular reports on progress/spending
- Once you estimate financial liability, it will need to be reported in your company's 10-K, and routinely updated
  - Accruals should be established for each site
- Different entities have different needs/purposes
  - *Protecting the rate payer* – PSC – prudence and cost recovery
  - *Protecting the investor* - SEC – to understand the scope of future liability - as you know it
  - *Providing cash* - Internal Finance dept. – need to pay the bills

# Managing for the Long-term

- Memorialize and institutionalize your obligations
  - Data management/records retention is critical
- Maintain focus – most sites take several years to investigate and remediate (and may have long term obligations)
- Develop a mechanism to keep track 5, 10, 20 years after the site has been “completed”
  - SMPs, OM&M, deed restrictions, financial commitments, annual certifications, training, etc.
- Develop a strategy for those properties where the current owner won't allow access
  - Some regulators will help by sending them a “get out of the way” letter
  - After all reasonable measures have been taken, try to negotiate no further action, due to no access

# Key Learnings

- Stakeholder engagement is critical
  - People fear what they don't understand & who they don't trust
  - Outreach needs to be on-going, keep stakeholders informed
- Stay flexible, but be careful about setting precedents inconsistent with operating principles or previous decisions
- Keep good records and “don't let them get lost”
- Compare notes with others and benchmark best practices
- Develop program metrics and periodically evaluate how well the program is progressing
- Be in it for the long-term

# Questions and Follow-Up

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