



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Schlossberg, Brown, Carlson, Barofsky and McRae
FROM: Frank Lawson, General Manager
DATE: June 1, 2021
SUBJECT: Assessing the Mission
OBJECTIVE: Information/Feedback

Issue

Based on Commissioner feedback and guidance, Management is dissecting specific aspects of the proposed strategic plan update for contemplation, future discussion, and desired alignment.

Discussion

Although not everything an organization does is strategic, the stated mission and values should create the strategic focus necessary to align the organization in pursuit of its desired outcome (a.k.a. success). EWEB's mission describes what we do, our primary role, and generally how we fulfill that role. As presently stated, EWEB's mission is the following.

Our mission is to enhance our community's vitality by delivering drinking water and electric services consistent with the values of our customer-owners.

Why and who we serve: The mission acknowledges that EWEB plays a vital role in our community's health and welfare. Although it could be modified at the direction of the Board, the statement does not define our community as Eugene, or call for territory growth. We strive to serve as a positive contributor in our existing footprint, not for shareholders or for profit.

What we do: EWEB fulfills our mission by focusing on *delivering drinking water and electric(ity)*. The mission does not call for strategic emphasis on other services like telecommunications, other energy or environmental products, or social or community services. Based on the mission, electricity generation is a subservient supply chain component to the delivery, and not distinctly strategic.

How we do it: EWEB's mission statement highlights that those we serve consider our means important, although given the diverse views within the community, does not specifically prioritize the drivers of our methods. Rather, the mission acknowledges the tension between different approaches, as aggregated across our entire customer base, by linking to a roster of balanced and inclusive organizational values. As representatives of the community, the Board may contemplate prioritizing how we fulfill our mission, understanding that this creates some mutually exclusive tradeoffs.

Dissecting the mission does create distinct questions for the Board to acknowledge or contemplate that either may reinforce the present statement, or drive revisions or clarifications. For example:

1. Should we further define, expand or narrow, our community (or reach)? Regional Growth? Should we explore the sale, or defend the present status, of the McKenzie Valley electric service territory? By leaving it vague, Management interprets this as undefined and available for opportunistic changes.
2. Is delivering drinking water and electricity enough? Other services?
3. Does it make sense to either consider selling or preserving our generation assets outside of the context of an integrated resource plan (IRP)? Management anticipates that the next IRP will provide guidance, which may include divesting or investing in generation. Is the Board open to all options, or does it wish to preserve certain aspects of electricity generation?
4. As rate pressures are incurred, should we continue social and community services, or prioritize rates as the best way to contribute to the economic “vitality” of our community, i.e., use low rates as our social contribution? Presently, the Board directs budgets to specifically include allocations for social and/or community investments (e.g. school grants, limited income support). Management considers these important, but non-strategic and conditional on our ability to afford such services.
5. Through a direct clause in the mission, does the Board wish to prioritize any of the values, or does the balanced roster reference still work? For reference, revised Values are provided in the Recommendation section below.

Based on how the Board contemplates the above questions, the mission could change. For example, by intentionally limiting the boundaries of the community we serve, prioritizing a certain value(s) when confronted with competing alternatives, or extending our resources to include additional services.

Recommendation

Based on meetings and discussions with the Board, and as pertains to the mission and values, Management:

1. supports the vagueness of “our community”, leaving open the opportunity to shrink (e.g. divest the McKenzie Valley) or expand (e.g. regional water) based on unique future criterion and/or opportunities,
2. supports limiting our primary strategic services to the delivery of drinking water and electricity,
3. does not encourage strategically adding telecommunications, or other social or community services,
4. does not encourage adding “generating” to the mission, leaving open the potential to invest, divest, or modify the role of electricity generation in the future,
5. supports continuing to link the mission to a roster of balanced and inclusive values, thereby recognizing the diversity of priorities across the entire aggregated customer base, not creating mutually exclusive tradeoffs,
6. supports the following modifications to the values:

SAFE & SECURE: *We value the physical and psychological health and safety of our workforce and the public, the security and integrity of cyber assets and data, and the protection of our customers’ assets.*

RELIABLE: *We value the continuous on-demand delivery of drinking water and electricity, and the*

dependability of our response to our customers.

AFFORDABLE: *We value and respect our customer-owners' financial resources by making wise investments and controlling costs and rates.*

ENVIRONMENTAL: *We value the prudent and sustainable stewardship of the environment and natural resources, including **preserving our watershed** and our role in reducing the greenhouse gases (GHGs) contributing to Climate Change. (Note: "our role" is further defined in SD15, including regional and local community directives – Specific Text is included below for Reference)*

~~WORKFORCE:~~ *(Note, workforce is addressed in the "Safe" value)*

COMMUNITY: *We value our local governance and obligation to serve our community **transparently and equitably.***

Action

Commissioners are asked to contemplate and comment on the information provided herein as criteria to evaluate further strategic revisions, and in preparation for additional Board discussion.

Reference

For reference, SD15 Climate Change Policy includes the following:

- The Board is committed to supporting an ***electric power portfolio utilizing low-carbon, renewable resources*** to the extent possible and practical without impacting safety or reliability.
- The Board authorizes, delegates and directs the General Manager to participate in local, state, and regional efforts to encourage, develop and ***enact measures to mitigate carbon emissions in the energy sector*** that contribute to climate change.
- The Board further authorizes, delegates and directs the General Manager to continue efforts to ***reduce the greenhouse gas emissions from EWEB's operations*** through the use of the Triple Bottom Line analytical framework, including impacts on the environment and climate.
- The Board further authorizes, delegates and directs the General Manager to ***assist customers with their carbon reductions*** through technical assistance and resources that support energy efficiency, alternative fuels, electric and water conservation, and smart electrification.
- The Board directs the General Manager to evaluate and enact measures, as necessary and appropriate, to prepare for and ***minimize the effects of climate change that could impact EWEB's*** water and electric supply and infrastructure, damaging EWEB's resiliency and reliability.