



MEMORANDUM
EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Mital, Helgeson, Manning and Simpson
FROM: Roger Gray, General Manager
EWEB Leadership Team
DATE: April 25, 2014
SUBJECT: 2014 Quarter 1 Operating Plan Dashboard Results
OBJECTIVE: Information Only (report of KPIs) and Action (approval of KPIs)

Issue

EWEB Management submits the EWEB Dashboard Report quarterly to provide a comprehensive, high-level view of EWEB's organizational performance and indicate progress on implementation of the annual operating plan. The attached report provides Q1 results. Management sought feedback from the Board on the proposed changes to the KPI dashboard on April 1, 2014, and subsequent additional information was provided as requested by the Commissioners through the April 7, 2014 STARboard Report.

Background

As EWEB moves forward following a challenging couple of years, we continue to adjust basic business priorities in accordance with the Board-adopted strategic plan. These include a greater emphasis on financial health, product affordability, and preparation for an increasingly uncertain future. The 2014 operating plan better links organizational goals to the strategic plan and the dashboard has been further refined to reflect what we believe is an appropriate level of detail to best gauge the overall health of the utility today and in preparation for future transformation.

Discussion

Q1 2014 results

Within the 4 reporting perspectives of Customer & Stakeholder; Financial, Operational; Continuous Improvement and Efficiency; and, People/Cultural, in keeping with EWEB's Strategic Plan the reporting indicators are split in to the two sub categories of *Perform* and *Transform*. Q1 results presented in the attached spotlight dashboard report indicates that of the 30 discrete *Perform* organizational goals identified for 2014, the management team believes we are either doing well or excelling in 23, and keeping a cautionary eye (or aiming to do better) on 6. One (1) goal missed its' proposed target. In addition, the attached spotlight dashboard report indicates that of the 16 *Transform* initiatives identified for 2014, the management team believes we are either doing well or excelling in 9, and keeping a cautionary eye (or aiming to do better) on 3. No goals or initiatives are currently causing an elevated concern for significant additional attention, and 4 are categorized as too early to tell. Throughout the dashboard report, the trend column indicates where we see performance headed for a given metric over the coming quarters. It is important to take these individual metrics and to put them into an overall assessment and context.

In 2012 and 2013, EWEB went through some very tough challenges to effectively manage its financial situation. Significant effort has been taken by LT and staff alike to rise to the presenting challenges and the resulting positive outcomes are evident in the metrics.

Overall, the general operation of both utilities remained solid into Q1 2014, with the exception of the extreme weather event of February significantly impacting the electric utility's operations. Highlighted below are both call-out successes and areas of concern within the subcategory of *Perform*, either due to current state or because we believe they may be trending down.



Areas of Notable Success :

- Financial Contribution of Trading Operations
- Carmen Smith Relicensing Project



Areas of Notable Concern:

- Workforce Performance



Areas to Watch:

- Environmental Stewardship
- Product Delivery – Electric Service
- Regulatory Compliance & Self Reporting
- Plan for Internal Audit & Process Improvement Function



Areas Recognized as Too Early to Tell:

- See attached report.

Financial Contribution of Trading Operations

EWEB's short-term trading saw excellent revenues in March that improved forecasted financial contributions of Trading Operations, reflected in the dashboard by an upward trend in Q1 2014 from a previously anticipated downward trend forecasted in Q3 2013. Only time will tell if this trend persists.

Carmen Smith Relicensing Project

The Project team is successfully managing the project to organizational objectives. There remains uncertainty regarding licensing date. The Project team is focused on maintaining generation capabilities with an aging powerhouse, renegotiating downstream passage requirements of the Settlement Agreement, and managing project budgets to delay the need for additional Type 3 capital dollars.

Workforce Performance

While the timeliness of probationary reviews continues to improve, the goal of inputting employee annual goals in to the Performance Management system was significantly missed, reflected by a change of stoplight to red. Human Resources staff is already developing and implementing strategies to mitigate this going forward, as indicated by the upwardly trending arrow.

Environmental Stewardship

Two compliance issues are currently being tracked, both of which have been self-reported and are expected to be resolved in a timely manner. In addition, the EWEB Greenhouse Gas reduction goal and partnerships for climate risk mitigation are not active due to staff constraints. The combination of these two issues is reflected by a change of stoplight to yellow.

Product Delivery – Electric Service

In light of February's extreme weather event there was significant impact upon the electric utility operations. The SAIFI and SAIDI metrics now sit higher than the 5-year average, reflected by a change of stoplight from green to yellow with a downward trend anticipated.

Regulatory Compliance & Self Reporting

Several self reporting issues have arisen over Q1. We are awaiting the NERC/WECC decision on Self Report of Voltage Scheduling, and anticipate receiving a violation notice and fine. Other issues (Carmen Outage and Leaburg RB Fish Ladder) will need to be reported in the next month, and have therefore changed the stoplight to yellow for this quarter's reporting dashboard.

Plan for Internal Audit & Process Improvement Function

This is a new metric for 2014, borne out of the findings of the 2013 Year-End Audit by Moss Adams. Plans are already in progress to move this metric upward from a yellow stoplight through the provision and additional training opportunities to managers & supervisors and other key operational areas to support enhance internal controls. In addition, the release of the Work Asset Management (WAM) system later this year will afford EWEB significant modernization of business processes to further strengthen plant, purchasing and inventory controls going forward.

As previously mentioned, the subcategory of metrics under the *Transform* sections of the dashboard report are new for 2014 and reflect the desired direction of the Board-adopted Strategic Plan. These initiatives are progressive and dynamic over time, and planning efforts have begun in many of the identified business functions. Several of these metrics carry a gray stoplight as they are in the early conceptual stages of development and it is simply too early to know at this stage how they will perform. Others reflect ongoing metrics important to the long term vision, transformation and health of the organization where efforts have already begun, and monitoring is ongoing.

TBL Assessment

No TBL assessment was conducted for the quarterly update.

Recommendation

This report is provided for information only; however, the Board deferred formal approval of the KPI dashboard at the last meeting. Management recommends approval of the 2014 KPI dashboard.

Requested Board Action

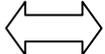
Approve the 2014 KPI dashboard.

EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD - CY2014
QUARTERLY REPORT

Customer & Stakeholder Perspective								
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Trend	Expected Finish	Comments	Sources
PERFORM								
Customer Communication & Engagement						Ongoing	Survey results meet target metric of 8.0; third customer engagement panel completed.	Public Affairs 2014 Operational Plan
Customer Satisfaction						Ongoing	Most recent general survey shows overall satisfaction of 8.0, meeting target.	Public Affairs 2014 Operational Plan
Customer Service Operations						Ongoing	Lost calls are a caution partly due to staffing. All other trending well.	CS&EMS 2014 Operational Plan
Environmental Stewardship						Ongoing	Tracking two active compliance issues. No longer pursuing GHG reduction goals and regional partnerships for climate risk mitigation and adaptation.	Environmental 2014 Operating Plan
Product Delivery – Conservation, DR, & EE						Ongoing	Sno-temp may require exception from target due to potential impact.	CS&EMS 2014 Operational Plan
Product Delivery – Electric Service						Ongoing	SAIFI / SAIDI are higher than 5-year average.	Electric 2014 Operational Plan
Product Delivery - Water						Ongoing	The operational metrics are at or above target.	Water 2014 Operational Plan
Water Reliability Initiative: Emergency						Ongoing	Working on outfitting two new trailers with equipment.	Water 2014 Operational Plan

TRANSFORM

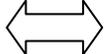
Redefine and price the products and services that today’s customers value over the next three years, in order to help prepare EWEB and the community for the utility of the future.

Partner with customers of both utilities to redefine services, pricing and options that include increasing levels of customer-side DR and DM for both the Electric Utility and Water Utility to develop balanced, adequately diverse, and cost effective resource portfolio that include demand management strategies and appropriately size and maintain reliable delivery infrastructure systems.						Ongoing	Cross functional R&D team re-planning program offerings to support AMI Opt-in strategy. Residential-TOU pilot and Commercial Aggregator pilot slated for Fall go-live customer engagement & execution.	R&D Pilot Programs Quarterly Reporting Board Backgrounder. AMI Re-Planning Team documentation.
Refine product definitions and pricing for both utilities (un and repackage services to accurately reflect customer services such as back-up, storage/banking, delivery, supply) over the next three years to enable customers to more clearly respond to the cost and value of the products and services we offer.						Ongoing	To be addressed in subsequent rate proceedings	Work not yet begun
Water Reliability Initiative: AWS						Ongoing	Working on property transactions. Capital dashboard shows AWS as yellow to reflect that the scope is not fully defined. Overall project progression is green.	Water Operations Manager

Financial Perspective

	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Trend	Expected Finish	Comments	Sources
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PERFORM

Budget Adherence – Electric Utility						In progress	On-going	Q1 Electric Financial Statements
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Budget Adherence – Water Utility						In progress	On-going	Q1 Water Financial Statements
Explore Sale of Generating Assets						Ongoing	RFP anticipated to be released on May 12, 2014.	Asset sales plan
Sale of Real Property Assets (Includes Riverfront Property and Asset Utilization Efforts)						Ongoing	RFQ for Riverfront Redevelopment is out for respondents.	In development
Financial Contribution of Trading Operations						Ongoing	Excellent March revenues associated with short-term trades.	Power Operations 2014 Operational Plan
Financial Health Recovery Plan Implementation						In progress	On-going	Long term financial plan in progress for July Board Meeting
Financial Metrics – Electric Utility (Reserves, DSC, etc.)						In progress	On-going	Q1 Electric Financial Statements
Financial Metrics - Water Utility (Reserves, DSC, etc.)						In progress	On-going	Q1 Water Financial Statements
TRANSFORM								
Increase customer value within the next five years for both utilities by targeting a competitive comparator position at the middle of the pack when compared to industry peers.								
Improve our comparator position among peer electric utilities to at least 10% below Oregon-based IOUs within 5 years. Improve our relative comparator position among NW-based COUs by moving closer to 50th percentile within 5 years.						In progress	July update at Board budget session.	Long-term Financial Plan and comparator graph
Maintain our comparator position among peer water utilities to no more than the 50th percentile after implementing alternative water supply.						In progress	July update at Board budget session.	Long-term Financial Plan and comparator graph

Operational, Continuous Improvement and Efficiency Perspective

	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Trend	Expected Finish	Comments	Sources
PERFORM								
AMI/MDM Projects						Planning complete EOY	Plan in progress. Overall objectives and targets set. Policy guideline established. Plan development continues	I.S. 2014 Operational Plan
Capital Improvement Program Implementation						Ongoing	Strong trend up as April True-Up is completed. One emergent project came up in Q1 (Leaburg RB Fish Ladder) and Leaburg Roll Gate #2 issues are being resolved. Most projects now tracking in green or towards green.	Engineering 2014 Operational Plan
Carmen Smith Relicensing Project						Ongoing	Formal discussions with “fish working group” (FWG) to clarify downstream passage with “no screen” option.	Generation 2014 Operational Plan
Generation Asset Efficacy						Ongoing	WGA thermal plant caused lower than expected availability – wind continues to improve.	Generation 2014 Operational Plan
IS Project Execution						Ongoing	Three-year projects closed; PCI, Budget replacement. CIS (halted at end of planning phase).	I.S. 2014 Operational Plan
Regulatory Compliance and Self Reporting						Ongoing	Several self reporting issues have arisen over Q1. Awaiting NERC/WECC decision on Self Report of Voltage Scheduling – likely will receive a violation notice and fine. Other issues (Carmen Outage and Leaburg RB Fish Ladder) will need to be reported in the next month.	Engineering 2014 Operational Plan
Vehicle Safety and Property Preservation						Ongoing		Generation 2014 Operational Plan

Work Asset Management Project (WAM)						09/30/2014	On time and on budget.	Quarterly capital plan update
Plan for Internal Audit and Process Improvement Function						In progress	1. WAM modernize business processes & ensure internal controls for plant, purchasing, & inventory & reviewed by Baker Tilly and Moss Adams 2. Provide training for managers & supervisors and key operational areas regarding internal controls.	General Manager
TRANSFORM								
Increase organizational efficiency over the next five years by using technology, business process improvements, partnerships, and other mechanisms to manage costs, improve service, and increase customer value.								
Develop and implement tools to reduce waste and reduce or eliminate costs that don't provide customer value within the next two years.						Ongoing	All departments looking at ways to improve efficiencies. We will report out in subsequent quarters.	Department Operational Plans
Build and fully implement the 10 year Information Systems plan meeting scope, cost and schedule.						Ongoing	We are formalizing architectural and business system planning horizontal teams to help influence planning.	I.T. Manager
Use technology and business systems to improve customer experience and information flow, beginning now.						Ongoing	We have identified possible future products and services, and are gathering horizontal teams to sequence and prioritize work in the 10-year plan.	I.T. Manager
Adopt benchmarking as a standard EWEB practice to measure and assess efficiency of all EWEB work processes and functions by EOY 2014.						End of year	Efforts underway to roll out comprehensive metric-centric benchmarking.	Power Planning gathering industry benchmarks across all business functions

People/Cultural Perspective

	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Trend	Expected Finish	Comments	Sources
PERFORM								
Employee Engagement						Ongoing	Engagement Survey * Survey: 70 percent of employees would recommend EWEB as "a great place to work." * Next survey delivery scheduled for May Grievances/ULP * None filed for 2014 Filed Complaints * None filed for 2014	Public Affairs 2014 Operational Plan
Employee Safety, Health, & Wellness						Ongoing	Annual sick days are well below target (5) with an average of 1.1 days. OSHA recordables and lost days remain low slightly lower than expected. Participation (53%) in Invest in Your Health program.	Human Resources 2014 Operational Plan
Workforce Composition						Ongoing	We continue to meet or exceed county population benchmarks for minorities, females, and age demographics 11.1% (1/9) of new hires for 2014 were diversity hires.	Human Resources 2014 Operational Plan
Workforce Performance						Ongoing	Leadership Team significantly missed the goal of inputting employee goals into the Performance Management system. Timeliness of probationary reviews continues to improve.	Human Resources 2014 Operational Plan
Workforce Development						Ongoing	Strong investment in training & development activities. Expect to report on count of development hours by Q2.	Human Resources 2014 Operational Plan

TRANSFORM

Leverage the power of our people to create and implement flexible and resilient business plans over the course of this strategic plan to allow EWEB to better adapt and thrive as the future changes.

<p>Assess and enhance employee engagement, awareness of EWEB’s strategic direction, alignment with current EWEB and department goals, and willingness and ability to embrace change.</p>						<p>Ongoing</p>	<p>Employee Engagement survey results indicate an engaged workforce. 70% of EE’s are engaged.</p> <p>Managers and supervisors are working to communicate and implement the Strategic Plan Update and develop goals to support the plan.</p>	<p>Employee surveys</p>
<p>Effectively implement scenario-based planning that includes broader horizons ranging from traditional centralized to decentralized utility futures and considers enterprise risk management.</p>						<p>Ongoing</p>	<p>Scenario based strategic plan adopted and implementation underway.</p>	<p>2014 Strategic Plan update</p>
<p>Ensure major work processes and functions can scale up and down more flexibly without disruption to business or people.</p>						<p>Ongoing</p>	<p>Operating units in process of assessing opportunities to enhance flexibility.</p>	<p>Business Unit Operating Plans; LTFF</p>
<p>EWEB people receive increasing levels of (re)training to perform EWEB work now and in the future and are hired and retained for ability to adapt and learn over time.</p>						<p>Ongoing</p>	<p>Key Training statistics for Q1:</p> <ul style="list-style-type: none"> • 333 EE’s have received safety trainings. Total time invested was 752 hours. • All Managers and Supervisors continuing Water the Bamboo cohort trainings. <p>Working Better Together Diversity and Inclusion</p> <ul style="list-style-type: none"> • ‘Train the Trainer’ launches mid May with 4 days of training delivered to 26 EE’s. • Expected organization wide delivery over 2014 & 2015. 	<p>Safety Training Dashboard</p>

Refine our focus over the course of this strategic plan to clearly reflect the vision and values of EWEB employees and the community we serve in the work that we do each day, while we transform vital aspects of our business.

Clearly define and then deliver the unique benefits of being a public utility within 2 years to better leverage the value of the public utility business model.						Ongoing	Communications plan for engaging the public on Strategic Plan update being formulated for delivery in second half of 2014.	Public & Stakeholder input.
Position EWEB as a competitive employer within the next 5 years by evolving our workplace management policies, practices, & safe working conditions to attract, develop, & retain the next generation of skilled, dedicated, & highly performing employees to carry out the mission & goals of the water & electric utilities.						Ongoing	<ul style="list-style-type: none"> • Benefits Committee in formation. • Conversation to Merit Pay is complete, first cycle of Merit Performance Reviews complete. • Exploring internship opportunities for women and minorities. • Reviewing & updating employment policies. 	HR metrics
Make EWEB a “Great Place to Work” right now, with people who are highly engaged and committed to our customers.						Ongoing	<p>70% of EWEB employees are highly engaged. Plans underway to enhance engagement further.</p> <p>Leadership Team responding to employee questions from previous survey in Daily Announcements.</p>	Employee survey

- Red Light = Significant actual or projected miss in cost, scope or schedule. Issues that will likely cause material impacts.
- Yellow Light = Potential or minor miss with respect to cost, scope or schedule. No major impacts in spite of miss.
- Gray Light = too early to tell; metrics in process of being defined or collected.
- Green Light = Completed or projected to complete with respect to cost, scope or schedule. Results exceed or expected to exceed objective.