



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Roger Gray, General Manager
DATE: February 2, 2016
SUBJECT: Q4 2015 KPI Dashboard – Year End Results
OBJECTIVE: Information Only

Issue

Each quarter the Board receives an update to the KPI dashboard.

Background

The existing stoplight template has been in place going on three years now. The current submission constitutes the final assessment for 2015 utility performance.

Discussion

Overall, the year has ended well. Notable successes include:

- Sale of Smith Creek was finalized and now awaits regulatory approval for completion.
- WAM Business Stabilization has been completed. WAM system improvements are continuing, with approved scope through mid-2016.
- Even though wholesale electric market prices continue to decline, electric utility financials overall have improved due to organizational savings initiatives and stronger fourth quarter sales relative to budget.
- Water utility financial metrics performed strong.
- Workforce performance remains strong.
- The Water Master Plan was completed and approved by the Board and the Electric Master Plan is underway.
- Product delivery and reliability remains strong for both utilities.
- Safety & Wellness metrics remain strong.
- Environmental stewardship metrics remain strong.

Areas to watch and notable highlights on what has changed since Q3 are detailed below:

- Customer engagement has been turned to yellow on the heels of the press regarding the Fall pricing proposal.
- The open question of future electric pricing strategy will ultimately impact the IERP focus on demand side resource acquisition. This is slated to be addressed in more detail at the Board's March Strategic Planning Workshop.

- Generating units are all back online and running well.
- I.S. Project execution has improved year-over-year, even with the additional workload of the WAM stabilization project.
- Risk Management has turned to red as the goals to have division baseline risk tolerances and exposures in place by year-end was not met although preliminary discussions did occur.
- Preliminary year-end information indicates that Electric capital improvement plan implementation came in significantly under budget.
- Customer Service Operations continues to fall short of key benchmark metrics although write-offs are down significantly year-over-year.
- Despite significant focus over the course of 2015, IS work intake processes continue to need refinement. A project was launched in late 2015 to address this opportunity.

TBL Assessment

The balanced scorecard approach to the dashboard is intended to represent the three legs of the TBL model in its design.

Recommendation

None at this time.

Requested Board Action

None at this time.

EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD - CY2015
QUARTERLY REPORT


























Customer & Stakeholder Perspective									
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Expected Finish	Comments	Sources
PERFORM									
Customer Engagement & Satisfaction					LR		Ongoing	In general, no statistical changes from Q3 customer survey, which showed high customer satisfaction. Public input regarding rate proposals was negative. Use of social media during recent storms have been favorable.	Public Affairs 2015 Operational Plan
Customer Service Operations					MF		Ongoing	Despite solid improvements, and a great trend in the 4th Qtr, several goals were missed in the areas of service level and lost call metrics, mainly due to staffing shortages. Key Accounts had positive results with helping to land Avago, cannabis customers are coming online as well as C-TOU is starting. Lastly write-offs were significantly under budget at \$478k vs. budget of \$750k	CS&EMS 2015 Operational Plan
Environmental Stewardship					SN		Ongoing	No changes from Q3; Environmental Compliance benchmarking study on schedule, Source Protection on track to gain \$400k outside investment, working with internal teams to increase efficiency and minimize waste	Environmental 2015 Operating Plan
Product Delivery – Conservation, DR, & EE					MF		Ongoing	Both kW and kWh goals met. Also the most successful year yet with the new LI programs both internally and in partnership with HACSA.	CS&EMS 2015 Operational Plan
Product Delivery – Electric Service					TS		Ongoing	SAIFI/SAIDI better than targets. PUC work accelerated due to LTD delays. Facilities projects on course to complete first quarter 2016.	Electric 2015 Operational Plan
Product Delivery - Water					BT		Ongoing	Operational goals and objectives for the year were largely meant. Some objectives were delayed until 2016 in order to focus efforts and to manage emergent work (like EmX and developer driven work).	Water 2015 Operational Plan

Water Reliability Initiative: Emergency/Provisional, and Alternative Water Source (AWS)					BT		Ongoing	Delays on property to support new Water Treatment Plant is the primary driver for yellow metric. Property is a critical path item on the project schedule.	Water 2015 Operational Plan
Financial Perspective									
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Expected Finish	Comments	Sources
PERFORM									
Budget Adherence – Electric Utility					SF		12/31/15	Financial position unfavorable due to low retail sales which were partially offset by department savings. Budget adjustment approved in December to cover increased purchased power costs. December metrics improved slightly over projection	Electric Financial Statements
Budget Adherence – Water Utility					SF		12/31/15	Strong water sales year and O&M expenses below budget due to department savings	Water Financial Statements
Sale of Smith Creek					DC		Q4	Did not meet original goal of Q4 conclusion due to fire at plant. Estimated close on revised target date of April 1 st , 2016. Received escrow funds.	Asset sales plan
Management of Real Property					SN		Ongoing	Comprehensive Property Mgmt policy and procedures approved. Significant backlog of encroachments and other procedural issues that need addressing.	Property 2015 Operational Plan
Sale of Surplus Riverfront Property (~ 17 acres; does not include HQ)					RG		Ongoing	City Council and EWEB Board approved direction and deal points. ENA with Williams & Dame is largely complete.	MOU with City of Eugene
Financial Contribution of Trading Operations					DC		Ongoing	Power Ops performed better than budgeted including \$780k in service revenues and better than budgeted REC sales. 2015 hedges provided \$2.7M benefit. Trade activity revenues were down compared to recent years at \$530k.	Power Operations 2015 Operational Plan
Financial Health Recovery Plan Implementation					SF		In progress	Targets achieved for 2016 budget. Efficiency work continuing to further enhance financial position and meet Board long term strategic initiatives	2016 Budget

Financial Metrics – Electric Utility (Reserves, DSC, etc.)					SF		In progress	2015 reserve deposit target not met due to low retail sales, low prices and low generation	Electric Utility Financial Statements
Financial Metrics – Water Utility (Reserves, DSC, etc.)					SF		In progress	Water Utility sales strong in 2015	Water Utility Financial Statements
Operational, Continuous Improvement and Efficiency Perspective									
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Expected Finish	Comments	Sources
PERFORM									
AMI/MDM Projects					EE		Opt-in phase thru 2017	Slow and steady progress. Network should be operational early 2016.	I.S. 2015 Operational Plan
Capital Improvement Program Implementation					MD		Ongoing	Significant under runs on IT and facilities capital, as well as electric had under-run as well. (55%) Water Capital looking within range of expectations (76%) HQ elevator rebuild moved back to design.	Engineering 2015 Operational Plan
Carmen-Smith Relicensing Project					MM		Ongoing	Negotiations with Settlement Parties are going well. Project economics are still poor. Uncertainty around FERC's response to our Q1 2016 request keeps this yellow.	Generation 2015 Operational Plan
Generation Asset Efficacy					MM		Ongoing	All EWEB-owned generating assets seem to be running well at the time being. Availability is strong; fuel supply is strong.	Generation 2015 Operational Plan
IS Project Execution					EE		Ongoing	Project execution stats in place, project execution better than prior years. Improved planning tools and KPIs rolled out for better tracking in 2016.	I.S. 2015 Project Plan & 2015 Division Goals

Work Asset Management Project (WAM) business stabilization and phase II planning.					EE		In progress	A continuing effort: WAM Advancement Project will focus on improvements in usability, including reporting and building user-bench strength in the organization.	Roger Gray initiated a 6-month WAM Business Stabilization effort in Q1 due to concerns with roll-out of new system.
Regulatory Compliance and Self Reporting					RK/MD		Ongoing	All sectors reporting no violations and only self reported ramping issues. Behind on preparation work for April CIP Ver. 5 compliance.	ER/IC Operational Plan
Vehicle Safety and Property Preservation					MM		Ongoing	2015 vehicle incident count matched 2014 and remained below comparators.	Generation 2015 Operational Plan
People/Cultural Perspective									
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Expected Finish	Comments	Sources
PERFORM									
Employee Engagement					LK		Ongoing	Employee engagement survey completed within goal with a 63.78% response rate. Results continue to show strong levels of engagement. No grievances for Q4 and no discrimination challenges that rose to the level of official complaint in 2015.	Public Affairs 2015 Operational Plan Human Resources 2015 Operational Plan
Employee Safety, Health, & Wellness					LK		Ongoing	Met Expo attendance goals. RN and PT participation has increased quarter-over-quarter. Accident, time loss, absence management and insurance premium ratings are all exceeding goals. Mod rating dropped from .75 to .65 in, resulting in insurance rate drop to 5.3% and placing EWEB in top 2% of SAIF Policyholders.	Human Resources 2015 Operational Plan

Workforce Composition					LK		Ongoing	Completed sourcing outreach activities (i.e. 4 veterans job awareness events). Small but steady diversity gains: overall workforce > 10% minorities; maintaining or increasing representation in all other diversity categories. Benchmarks are met but work will continue in 2016.	Human Resources 2015 Operational Plan
Workforce Performance					LK		Ongoing	Met performance review goals with annual reviews completed across the organization. At mid-year, 80% of employees were performing at the Skilled range. Employment Practices Council was established. The council set standards around performance reviews and merit pay and established a governance charter around compensable employment practices.	Human Resources 2015 Operational Plan
TRANSFORM									
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Expected Finish	Comments	Sources
Financial Position Narrow the current 2017 budget gap in 2015 through increased revenue generation, cost reduction, and rate design changes that accumulate to a 2015 net gain of \$2 million for electric and \$350 thousand for water.					SF		On-going process	Targets achieved. Work will continue in 2016 to further enhance Financial position	October LTFP update and 2016 Budgets
Balancing Demand and Supply to Enhance Customer Value In 2015, focus efforts on the demand side of demand-supply balance by exploring partnerships with customers that help to create more flexibility in customer demand by providing data on consumption, time or situation dependent price signals, and the use of technology to automate customer response					EE			Positive: Microgrid pilot grant funding awarded. Set-back: in supporting pricing strategy. Will need to reassess priorities in the Strategic Workshop discussions in 2016.	Electric & Water Customer (Facing) Services

<p>Risk Management By the end of 2015, specifically define and measure (baseline) our formal risk tolerance(s) in all operating departments (divisions), including a comparison of risk exposure to risk tolerance in “key” processes.</p>					RK			Risk tolerance discussions occurred in 2015, but baseline not created. Risk work focused on other areas in 2015 (contract management, IS internal controls, fleet operations review). Department transitioned to S. Fahey in December. 2016 work plan being developed.	EWEB Enterprise
<p>Process Efficiencies Optimize our human and financial resources by using "lean" tools to reduce waste and costs that don't provide customer value. In 2015, benchmark our performance to reasonable comparators, focusing on areas we are aiming to improve, and seek to execute a continuous improvement process.</p>					RK			Efficiency work performed through various avenues in 2015 – LEAN, XLR8, GRC reviews. However, no centralized effort. Managers are developing 2016 goals which will include benchmarking for process improvement. Until an organization-wide model is adopted, this is considered trending down.	EWEB Enterprise
<p>Asset Management / Planning Update water and electric T&D master plans in 2015 and create a path to integrate source, delivery, demand, and IRP planning processes into the electric plan. Get Board approval of the Water Master Plan by the end of Q2.</p>					MD			Water Maser Plan approved in June 2015. Electric master plan to be approved in Q2 2016. Electric Plan is progressing.	Electric Supply Electric Load (T&D) Water
<p>Workforce Development Create, adopt, and begin implementation of a long-term Workforce Development Plan that fosters the flexible and skilled workforce needed to meet future business needs.</p>					LK			With pilot of Learning Management System and development of training for new hire onboarding, activity target was met. Workforce Planning Activities to take place in 2016, including full rollout of Learning Management System in Q1.	EWEB Enterprise
<p>Information Systems Plan and implement technology solutions supporting parent business lines (Water, Power Generation, Transmission & Distribution, Customer Services, and Shared Services) and refine work intake process to be prioritized by operational or strategic value by the end of 2015.</p>					EE			IS Service Management initiative launched to overhaul and streamline work intake and management processes in 2016.	I.S. 2015 Operational Plan

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.

