



TO: Commissioners Brown, Carlson, Mital, Simpson and Helgeson  
FROM: Frank Lawson, General Manager  
DATE: April 26, 2018  
SUBJECT: New EWEB Quarterly Report for Q1, 2018  
OBJECTIVE: Information Only

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**Issue**

Each quarter the Board receives an update on the organization’s performance, including major projects, operational performance and strategic initiatives where the utility is placing focus. Additionally, Management prepares a number of distinct reports to inform the Board of the Utility’s financial results, and other outcomes as required by board policy such as the EL1 capital and quarterly contract reports. While each of these deliver useful information, they lack a holistic view of the organization’s status.

**Discussion**

The General Manager’s Report for Q1, 2018 is intended to give the Board and EWEB’s customer owners a more comprehensive and transparent view of the organization’s results. For example, Management heard a desire from Commissioners to better understand the drivers behind the operational and strategic dashboards. As such, the new report describes more of the activities and metrics which inform the status lights and trend arrows on the dashboards. The operational and strategic dashboards appear in the appendix of the Q1 report; contingent upon the Board’s feedback, the new General Manager’s Report may serve as a substitute for the dashboards in the future.

The new report is structured to depict a holistic view of performance and the narrative conveys the relationships between various areas of the utility. The customary Electric and Water Financial Statements, EL1 Capital Reports, Contracts Report and Community Investment Report will remain available as part of the appendix.

Management looks forward to receiving Commissioners’ and customers’ feedback, and further refining the content as desired.

**Requested Board Action**

None at this time.

Quarterly Strategic and Operational Report  
Q1 - 2018

Eugene Water & Electric Board

April 26, 2018

Quarterly Strategic and Operational Report  
Q1 - 2018  
Eugene Water & Electric Board

Frank Lawson, CEO/General Manager  
Susan Ackerman, Chief Energy Officer  
Matt Barton, Chief Information Officer  
Mel Damewood, Chief Water Engineering & Operations Officer  
Sue Fahey, Chief Financial Officer  
Lena Kostopulos, Chief Workforce Officer  
Rod Price, Chief Electric Engineering & Operations Officer  
Rene Gonzalez, Customer Solutions Manager  
Julie McGaughey, Customer Operations Manager

## Table of Contents

General Information .....	2
Executive Summary.....	2
Strategic Initiatives .....	3
Operating Revenue & Consumption.....	4
Electric Utility Financial Report .....	6
Water Utility Financial Report.....	9
Energy & Electric Operations.....	12
Water Operations .....	17
Customer Services & Programs .....	19
Information & Technology .....	23
Enterprise Operations.....	25
Workforce.....	26
Government & Legislative Affairs.....	30
Enterprise Risk Management .....	30
Glossary.....	32
Appendix .....	33

## General Information

	<b>Electric</b>	<b>Water</b>
Service territory	236 square miles	
Miles of line or pipe	13,000	800
Substations/Pump Stations	35	27
Water Storage	-	23 reservoirs (89 MGal, Capacity)
Number of customers	200,000 served	93,000
Annual Operating Budget	\$212.7M	\$18.9M
Annual Capital Budget	\$49.7M	\$19.6M

## Executive Summary

The management of Eugene Water & Electric Board is pleased to report the results of the first quarter, 2018, to our governing Commissioners and the public. These results are preliminary unaudited, and may be refined.

First quarter Electric operating revenue exceeded anticipated budget by \$5.4 million, primarily driven by strong wholesale sales from additional Columbia River hydro flows, offset by soft industrial retail sales as our largest customer shutdown for two weeks in March. Although typically only approximately 19% of the yearly total, water revenue slightly exceeded budget assumptions by \$50,000 in Q1. Both Electric and Water Net Income for the first quarter exceeded expectations at \$1.7 million and \$730,000, respectively. EWEB continues to have strong financial performance, and is already positioned to absorb anticipated costs from the impact of a “spill injunction” on BPA.

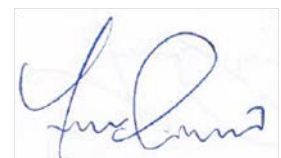
Operationally, water quality and delivery standards were achieved, with breaks and unplanned outages below target. EWEB’s hydroelectric and wind generating resources met availability targets greater than 90% at 98% and 95%, respectively, although thermal resource availability fell below target because of an outage at the IP Springfield Co-Gen facility. So far in 2018, electric delivery reliability is the best in five years primarily driven by favorable weather conditions, and proactive maintenance work.

Strategically, EWEB made progress in two areas including the planning and design of the first two distributed neighborhood emergency water/electric stations, and the necessary review of customer service policies designed to make it easier for customers to interact with us. The Board of Commissioners accelerated this review because of their decision to shift our metering deployment approach from “opt-in” to “out-out” based on the role of metering in EWEB’s ability to achieve our strategic goals over the next decade.

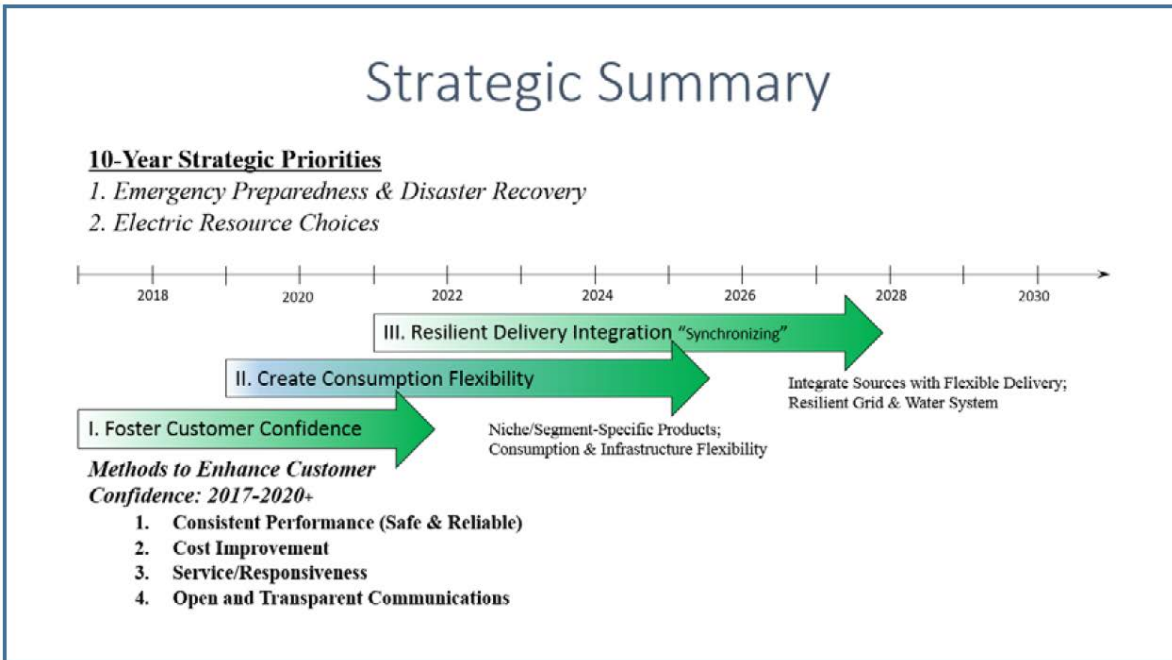
Organizationally, three significant changes occurred in the first quarter, including the hiring of Chief Energy Officer, Susan Ackerman to lead EWEB’s generation, power planning, and power trading functions. Additionally, Chief Financial Officer, Sue Fahey, now has leadership responsibility for EWEB’s Customer Operations and EWEB’s Advanced Metering Program. Finally, within the Customer Solutions Division, new key account assignments and roles have been clarified for Customer Relationship Managers, and financial products (limited income, GreenPower) and electrification (EV, Developer) roles have been assigned to new Business Line Managers.

At the end of the first quarter, EWEB had 476 employees, and a 1.7% attrition rate for the quarter. The beginning of 2018 saw the launch of a new EWEB wellness program, Wellworks™, with participation expected to increase throughout the year. The number of injuries increased in Q1, although the severity was well below historic levels. Multiple preventative trainings are scheduled throughout this year including ODOT/CDL related training, body mechanics, and dog attack prevention.

Overall, EWEB continues to work on an organization culture built on integrity and respect, with an emphasis on achieving sustainable results. We appreciate your support.



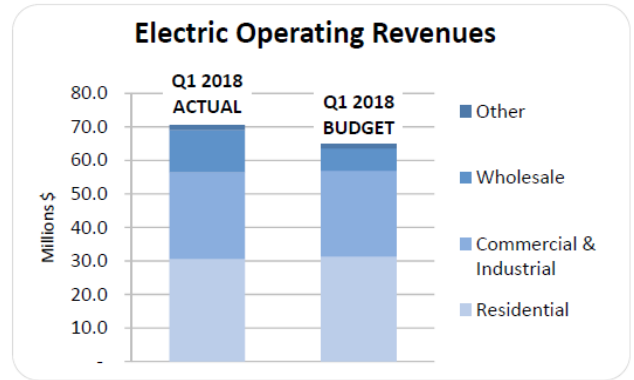
**Frank Lawson, General Manager**



## Operating Revenue & Consumption

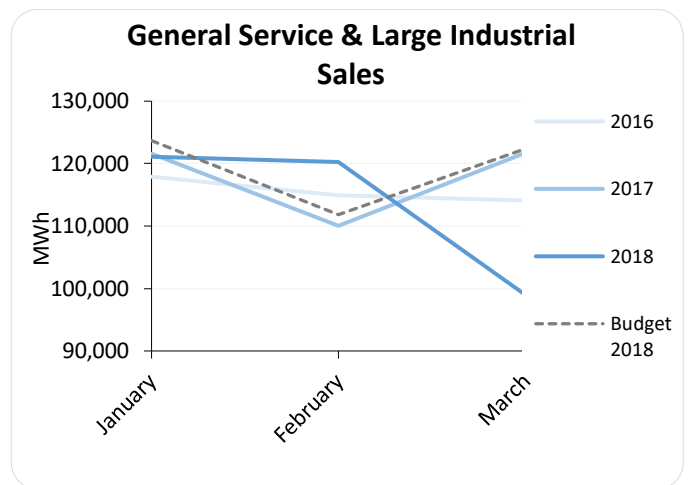
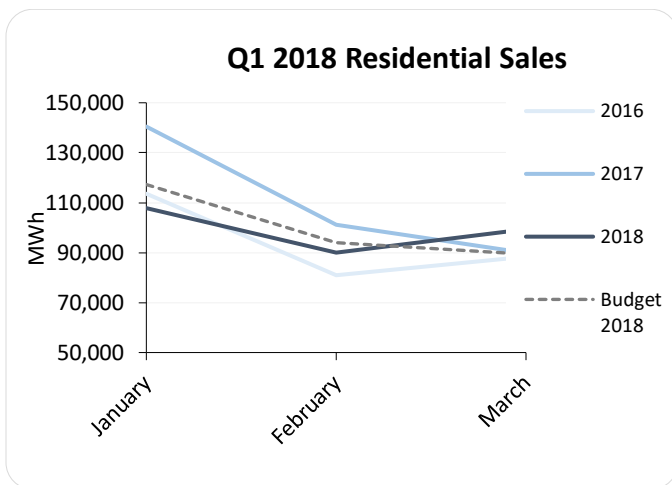
### Electric Operating Revenues

Total Electric Utility operating revenue exceeded budget by \$5.4 million for the first quarter of 2018. Wholesale and other revenue had a favorable \$5.9 million variance driven by a high than expected water for hydro generation in the Columbia River Basin. Wholesale market prices, however, remain lower than the 2018 budget. Retail revenue was \$500,000 below budget due to a relatively warmer January that has been partially offset by cooler than average temperatures in February and March.



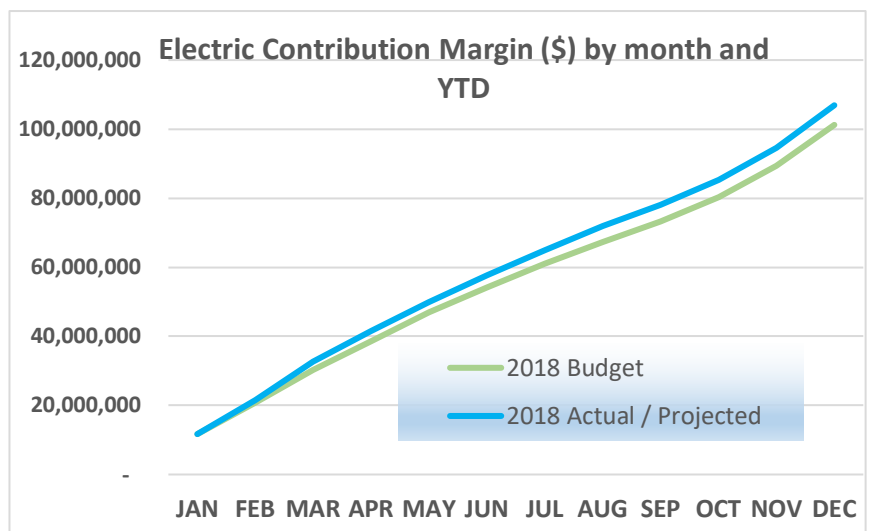
### Electric Retail Sales by Consumption

Actual residential consumption is tracking, on average, with the first quarter budgeted assumptions. In March 2018 an Industrial customer had a planned outage which was extended, creating the variance from budgeted consumption.

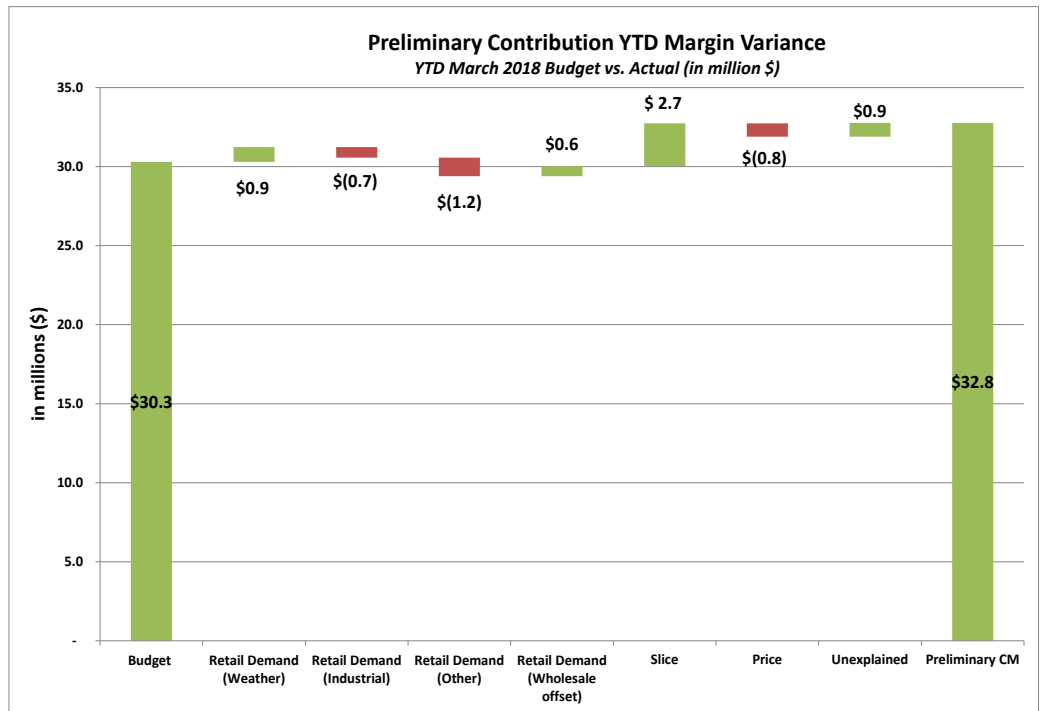


### Electric Wholesale & Contribution Margins

The Electric Utility contribution margin represents the amount power sales exceed power expenses. The three main drivers of contribution margin volatility are 1) retail and wholesale sales, which depend largely on weather and economic conditions, 2) hydroelectric production which is weather dependent, and 3) power prices which are market driven. The risks associated with these volatile factors are managed through a variety of mechanisms, including conservative budgeting assumptions which assume revenue that is \$2.7 million less than expected conditions, a power hedging program that ensures fixed prices up to 90% of the expected hydro level, and maintaining power reserves.

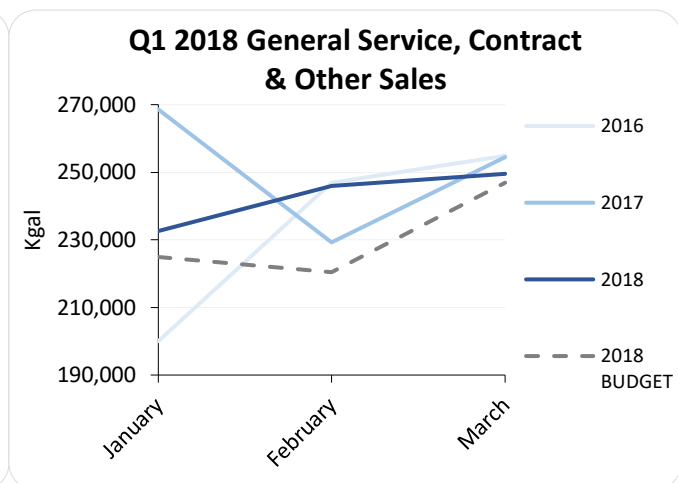
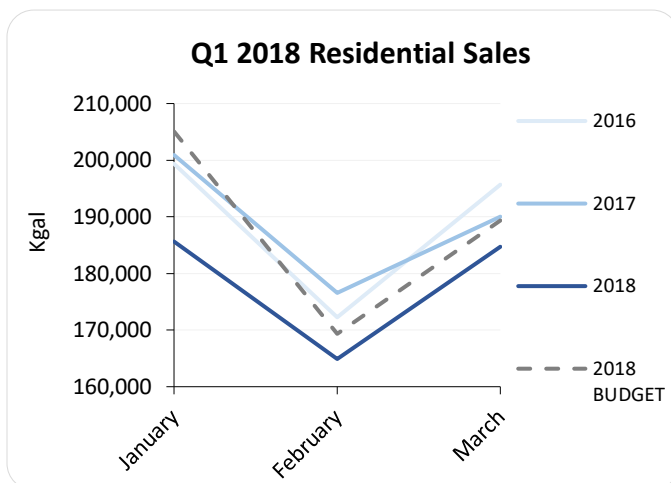
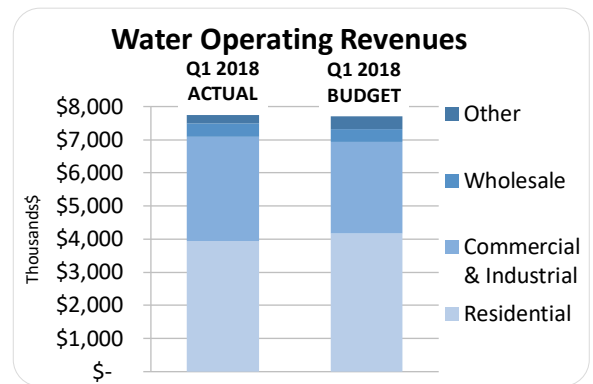


Contribution margin was \$2.5 million above budget at the end of the first quarter primarily due to strong water flows in the Columbia River Basin which resulted in higher revenues from EWEB's Bonneville Power Administration's slice contract.



### Water Operating Revenue

The Water Utility had positive \$50,000 budget variance in total operating revenues for the first quarter of 2018. **Retail revenue** had a favorable variance of approximately \$150,000 indicating that sales to water customers are collectively in line with the year-to-date seasonally-shaped budget. **Wholesale and other revenue** had an unfavorable \$100,000 variance mostly due to a decrease in customer billable work (other revenue) during the winter months. Wholesale sales includes sales to the Water Districts, City of Veneta, as well as sales to the Willamette Water Company.

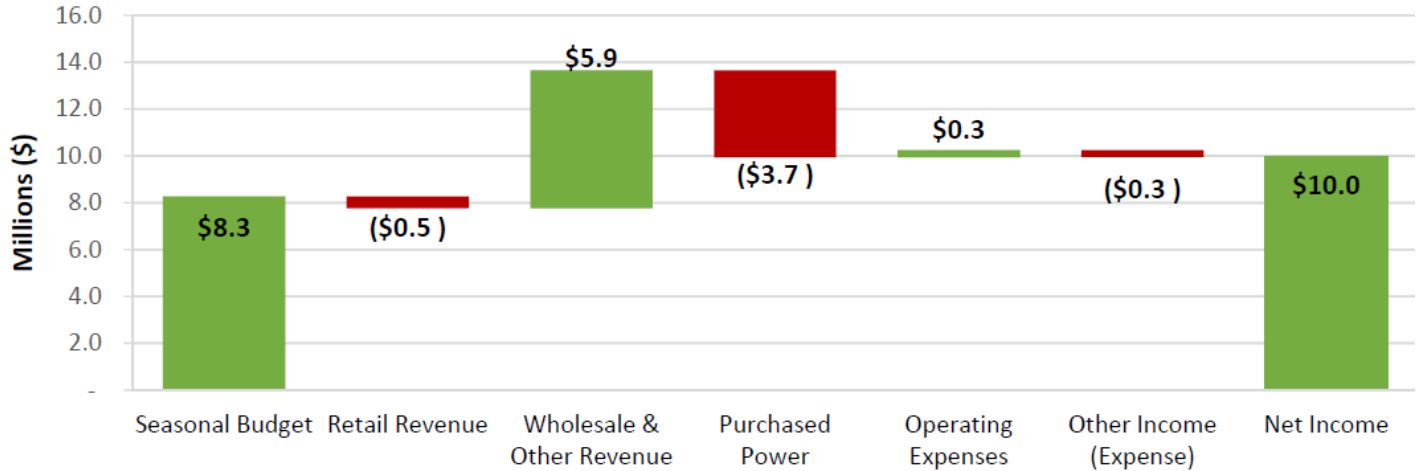


# Electric Utility Financial Report

## Financials

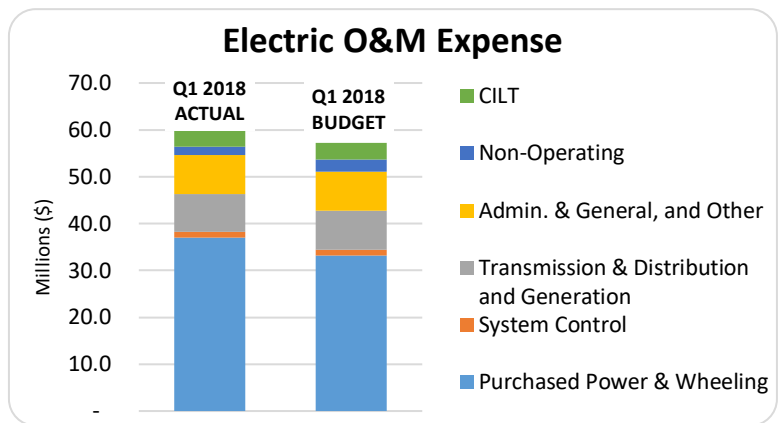
For the three months ended March 31, 2018, **net income** for the Electric Utility was \$10.0 million. This was \$1.7 million favorable when compared against the seasonally-shaped budget primarily due to higher than anticipated revenue which was partially offset by higher purchased power costs. For comparability purposes, the budget has been modified to reflect seasonal fluctuations in revenue, purchased power, and wheeling.

**Electric Net Income Variance**  
Q1 2018 Budget vs. Actual (in millions)



## Electric Operating Expenses

Electric O&M expense was at 26.7% of the annual budget for the period ended March 31, 2018. **Purchased power** had a \$3.7 million unfavorable variance due to portfolio balancing activities and is offset by a favorable wholesale sales variance. The \$300,000 favorable variance in **Operating expenses** resulted mostly from position vacancy savings. **Other income (expense)** had an unfavorable variance of \$300,000 primarily due to investment earnings and changes in market value.



## Operations & Maintenance (O&M) Expense Budget Monitoring

As noted in the chart below, the first quarter variance to the straight-line department expense budget is \$771,000 and is primarily driven by the cyclical nature of spending. Customer Solutions historically has higher spend for the limited income programs in the fourth quarter. The Electric division variance is driven by timing of building and operations work, as well as vegetation management. The Energy division variance is primarily a result of delays in joint agency environmental spending, pending settlement negotiations. Utility Services resides within the Water division and much of that work is completed during the summer months.



## Budget Monitoring

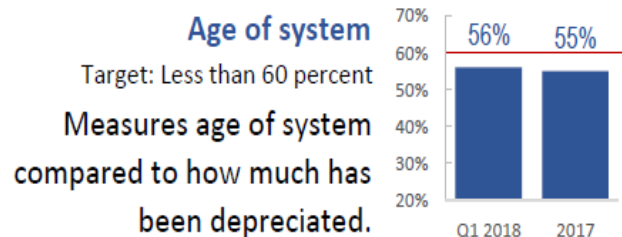
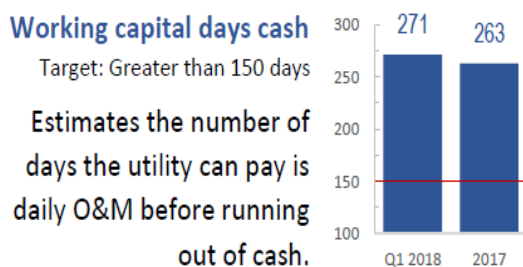
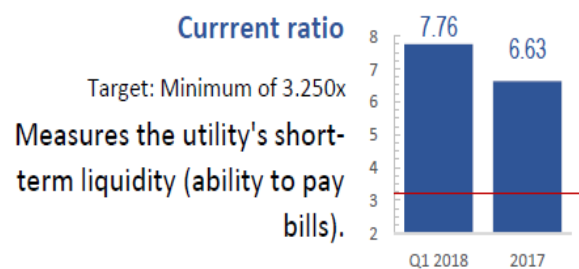
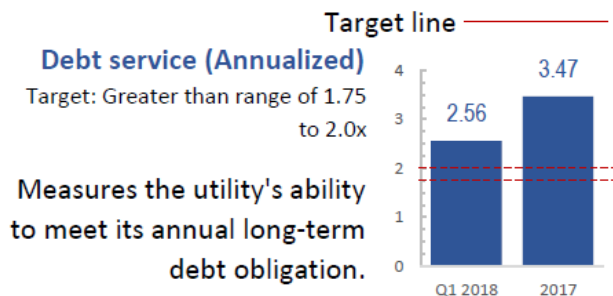
(Excludes Labor, Revenues, and Power costs)

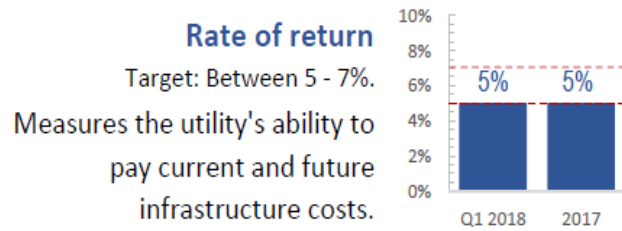
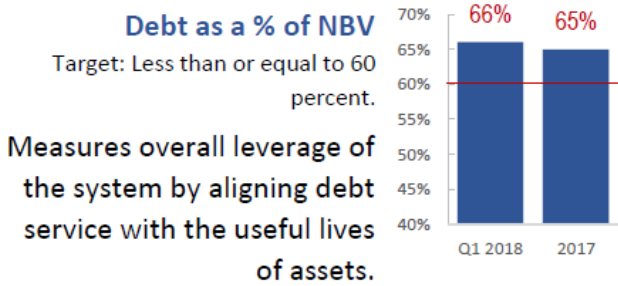
Division	2018 Working Budget	Q1 2018 YTD Working Budget	Q1 2018 Actuals	% of Actual to Budget	2018 YTD Variance to Straight Line Budget
Customer Solutions	5,259,000	1,315,000	1,152,000	21.9%	163,000
Electric	9,658,000	2,415,000	2,230,000	23.1%	185,000
Energy	9,336,000	2,334,000	2,028,000	21.7%	306,000
Finance	2,552,000	638,000	622,000	24.4%	16,000
Finance - Customer Ops	440,000	110,000	105,000	23.9%	5,000
General Manager	134,000	34,000	38,000	28.4%	(4,000)
Human Resources	804,000	201,000	192,000	23.9%	9,000
Information Services	3,066,000	766,000	753,000	24.6%	14,000
Water	1,600,000	400,000	323,000	20.2%	77,000
<b>Grand Total</b>	<b>32,849,000</b>	<b>8,213,000</b>	<b>7,443,000</b>	<b>22.7%</b>	<b>771,000</b>

### Electric Capital

Combined **Net Utility Plant** at March 31, 2018 increased \$4.7 million when compared to the balance at March 31, 2017, as a result of construction of electric transmission and distribution infrastructure and substation projects, including several 15kV breaker replacements and the construction of the Holden Creek Substation. Year to date capital spending is 13% of the annual budget. The majority of capital costs are incurred in the second and third quarters. As the year progresses, Engineering and Operations expect their spend rate to approach budget. An additional \$2.5 million in capital work has been submitted to the board for consideration. For further detail on Electric Capital Spending, see Appendix C - EL1 Report.

### Electric Financial Strength Measurements





Reserve levels

In the second quarter, the Board will approve transfers among reserve funds based on 2017 ending reserve levels. Balances will be updated for the second quarter report.

**Electric Utility Schedule of Cash Reserves**

	FINANCIAL POLICY		BALANCE
	REFERENCE	TARGET	12/31/2017
- Working Cash	Rate Sufficiency	\$ 24,000,000	\$ 44,014,801
<b>DESIGNATED FUNDS</b>			
Operating Reserve	Rate Stability	\$ 2,000,000	\$ 2,082,704
Self-Insurance Reserve	Rate Stability	1,720,000	1,773,975
Power Reserve	Rate Stability	17,000,000	17,000,000
Capital Improvement Reserve	Capital Reserve	22,000,000	22,414,827
Rate Stabilization Fund	Rate Stability	5,000,000	31,298,759
Other Designated Funds		-	15,817,500
<b>DESIGNATED FUNDS TOTAL</b>		<b>\$ 47,720,000</b>	<b>\$ 90,387,764</b>
<b>CASH &amp; DESIGNATED FUNDS TOTAL</b>		<b>\$ 71,720,000</b>	<b>\$ 134,402,565</b>

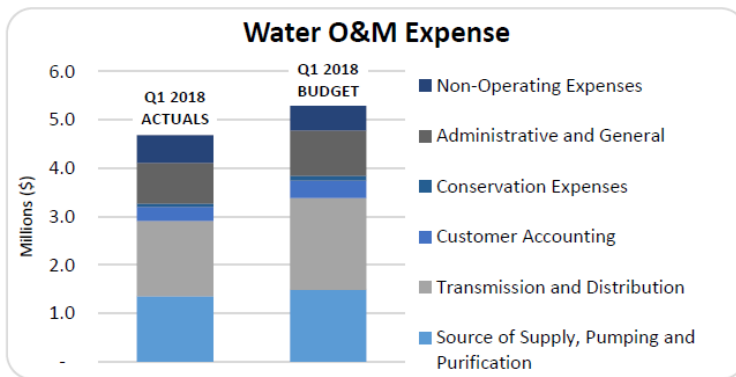
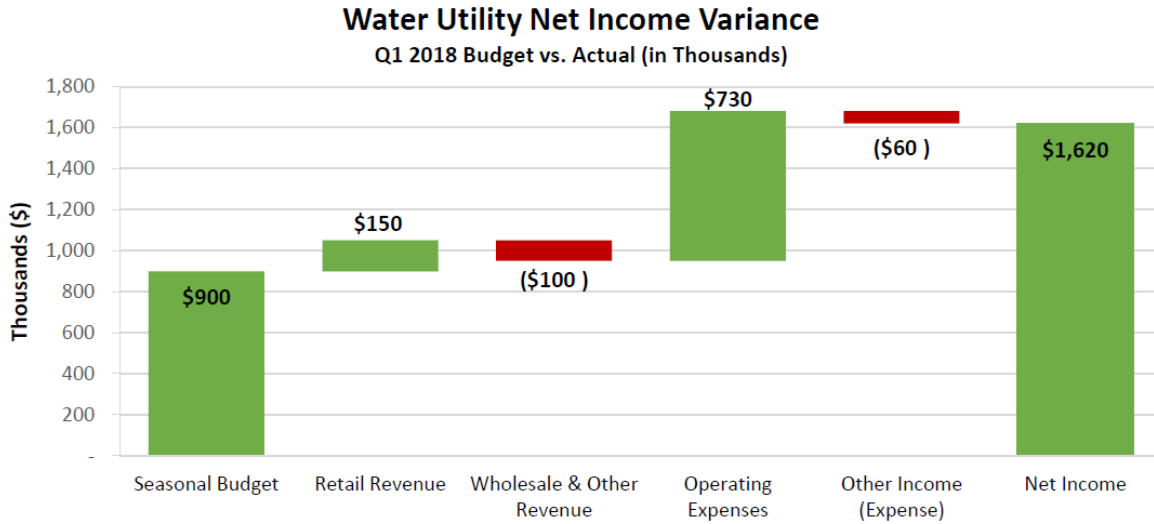
Electric Utility Financial Outlook

The 2018 budget included \$500,000 in savings from position vacancies. At the end of the March the Electric Utility has realized that savings and is projected to reach \$800,000 in total vacancy savings by the end of the year. Although it is early in the budget year, non-labor expenses are expected to be at budget by the end of the year. Retail revenues are expected to be on budget by end of year, however strong hydro conditions and conservative budget assumptions are driving higher than budgeted wholesale revenues. As a result, contribution margin is forecasted to be \$5.7 million greater than budget. See Appendix A - Electric Utility Financial Statement for an interim summary statement.

# Water Utility Financial Report

## Financials

For the three months ended March 31, 2018, net income for the Water Utility was \$1.62 million; \$720,000 favorable when compared against the budget which is seasonably shaped for revenue. Within the Water Utility, revenue and maintenance activities peak in the summer months while production and delivery costs remain fairly constant throughout the year. The \$730,000 favorable budget variance in **Operating expenses** resulted from seasonal maintenance and construction activities that typically peak during the summer months, as well as savings from position vacancies.



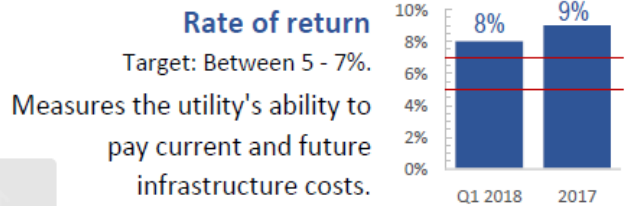
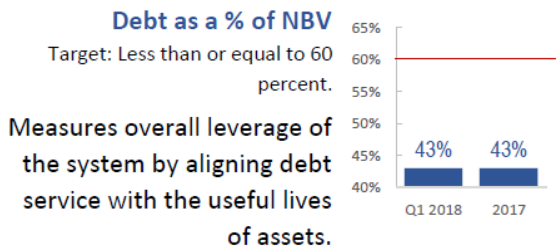
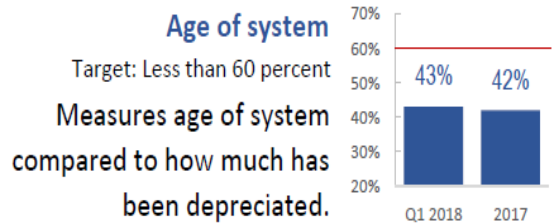
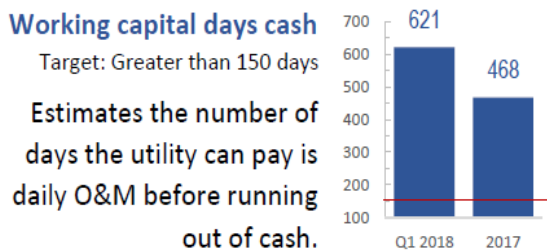
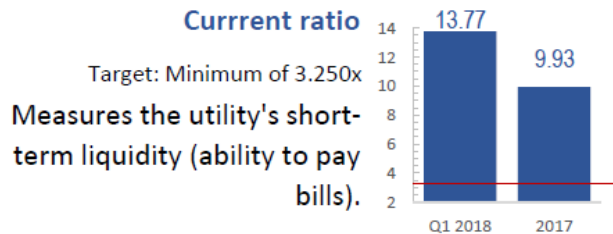
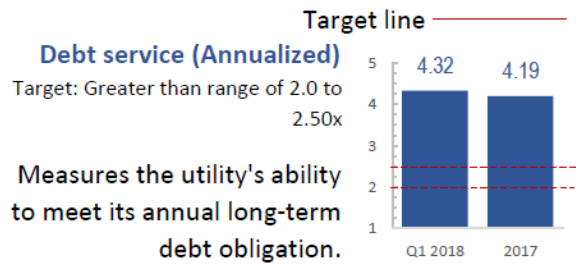
### Water Operating Expenses

Water O&M expense was at 21.7% of the annual budget for the period ended March 31, 2018. The \$730,000 favorable budget variance in **Operating expenses** resulted from seasonal maintenance and construction activities that typically peak during the summer months, as well as \$150,000 savings from position vacancies.

## Water Capital

Combined Net Utility Plant at March 31, 2018 increased \$5.3 million when compared to the balance at March 31, 2017 as a result of addressing critical aging infrastructure in the distribution system, such as main improvements, pump station upgrades, and projects related to the Hayden Bridge Water Treatment Plan. The majority of capital spending occurs in the second and third quarters. At the end of the first quarter, the capital budget is 15% spent. At the end of first quarter, the water utility had a total of 136 Type 1 and Type 2 open work orders with a value of \$4,824,600 (including Water’s portion of Shared Services: 151 WO’s totaling \$6,584,800). During the first quarter, 57 work orders were closed or placed in Finish status. These have a value of approximately \$610,000. See *Appendix C - EL1 Report for Electric, Water & Shared Services*

Water Financial Strength Measurements



Operations & Maintenance Budget Monitoring

The Water Utility has a favorable non-labor variance of \$532,000 to budget. Water Operations, where spending is not linear, accounts for most of that. Maintenance, construction, and professional services historically ramp up mid-year. Additionally, there are energy consumption savings at Hayden Bridge.

## Budget Monitoring

(Excludes Labor, Revenues, and Power costs)

Division	2018 Working Budget	Q1 2018 YTD Working Budget	Q1 2018 Actuals	% of Actual to Budget	2018 YTD Variance to Straight Line Budget
Customer Solutions	603,000	150,000	124,000	20.6%	26,000
Electric	466,000	116,000	70,000	15.0%	46,000
Energy	67,000	17,000	3,000	4.5%	14,000
Finance	547,000	137,000	100,000	18.3%	36,000
Finance - Customer Ops	97,000	24,000	17,000	17.5%	7,000
General Manager	30,000	7,000	8,000	26.7%	(1,000)
Human Resources	177,000	44,000	42,000	23.7%	2,000
Information Services	666,000	167,000	165,000	24.8%	1,000
Water	5,451,000	1,363,000	962,000	17.6%	401,000
<b>Grand Total</b>	<b>8,104,000</b>	<b>2,025,000</b>	<b>1,491,000</b>	<b>18.4%</b>	<b>532,000</b>

\* YTD Variance to Budget is the difference between 25% (for YTD of March) of 2018 working budget and YTD actual results. Positive variance indicates the YTD expenditure is under and negative variance indicates over annual budget.

### Water Reserve levels

In the second quarter, the Board will approve transfers among reserve funds based on 2017 ending reserve levels. Balances will be updated for the second quarter report.

### Water Utility Schedule of Cash Reserves

	FINANCIAL POLICY		BALANCE
	REFERENCE	TARGET	12/31/2017
Working Cash	Rate Sufficiency	\$ 3,400,000	\$ 10,610,632
<b>DESIGNATED FUNDS</b>			
Operating Reserve	Rate Stability	\$ 1,000,000	\$ 1,012,184
Self-Insurance Reserve	Rate Stability	280,000	288,712
Capital Improvement Reserve	Capital Reserve	7,000,000	7,889,164
Rate Stabilization Fund	Rate Stability	1,000,000	1,307,263
Other Designated Funds		-	10,972,511
<b>DESIGNATED FUNDS TOTAL</b>		<b>\$ 9,280,000</b>	<b>\$ 21,469,835</b>
<b>CASH &amp; DESIGNATED FUNDS TOTAL</b>		<b>\$ 12,680,000</b>	<b>\$ 32,080,467</b>

### Water Utility Financial Outlook

The Water Utility has a favorable variance to budget, although it is early in the budget year and the majority of the revenues are realized in the third quarter. Some of the Water Utility spending also tends to be cyclical, peaking in the summer, and non-labor expenses are expected to be at budget by the end of the year. The 2018 budget included \$150,000 in savings from position vacancies. As of March 31, 2018, the Water Utility has realized those savings and is projected to reach \$270,000 in vacancy savings by the end of the year. See *Appendix B - Water Utility Financial Statement for an interim summary statement*.

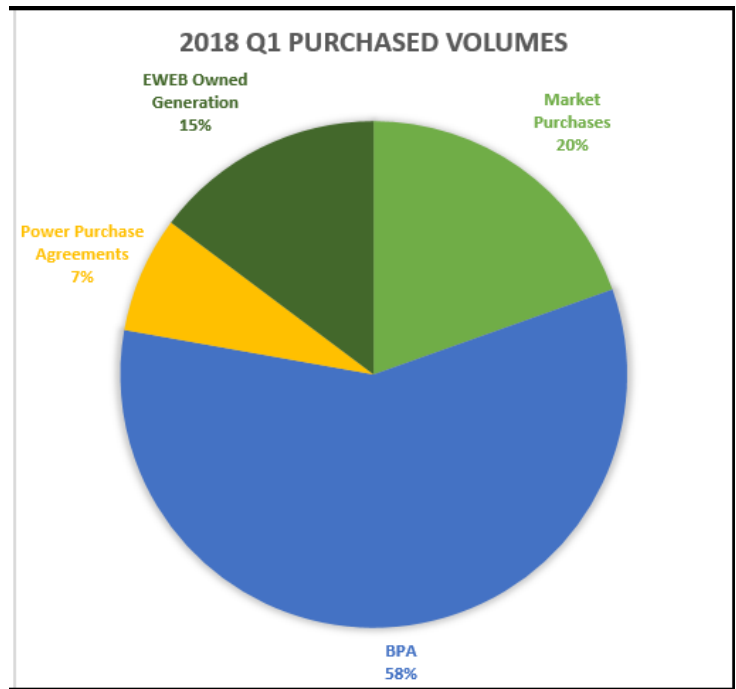
## Energy & Electric Operations

EWEB owns and operates generation, transmission, and distribution equipment and systems for the sale and delivery for electricity to our customer-owners (local consumers) and other electricity resellers (wholesale). Continuing to provide electricity safely, reliability, and affordably is our operational priority.

### Energy Production/Generation

In the first quarter, EWEB generation totaled 1,314,786 MWhs with 58% supplied by the Bonneville Power Administration (BPA), 15% from EWEB-owned generation, and the remainder for power purchases.

The reliability of the EWEB-owned electric generation resources was within the target of greater than 90% Availability Factor for hydroelectric and wind resources. However, an outage at the IP co-generation site in Springfield impacted the Availability of this thermal resource. Hydroelectric and thermal combined for a Forced Outage Factor of 3.16%, above our target of 3%. For Q1-2018, EWEB's hydro and thermal resources had a combined availability factor of 94.88%, and the capacity factor was 46.75%.



### *Generation Reliability by Fuel Type*

Generation Type	Availability Factor	Forced Outage Factor	Notes
<b>Target</b>	<b>&gt; 90%</b>	<b>&lt; 3.00%</b>	
Wind	95.05%	N/A	
Hydro	98.20%	0.63%	
Thermal	86.62%	9.46%	Affected by extended outage at IP related to oil spill at the mill.

# Q1 2018 Generation YTD Report



Unit	Year	Month	Availability Factor	Forced Outage Factor	Capacity Factor	Output Factor
Carmen 1	2018	03	98.96	0.86	43.65	56.74
Carmen 2	2018	03	99.07	0.93	9.63	62.63
Trail Bridge	2018	03	96.22	0.19	57.72	61.01
Leaburg 1	2018	03	91.54	0.00	77.44	84.59
Leaburg 2	2018	03	91.69	0.00	87.38	95.30
Walterville	2018	03	100.00	0.00	97.16	97.16
Stone Creek	2018	03	100.00	0.00	68.23	68.23
EWEB Hydro	2018	03	98.20	0.63	42.19	68.36
IP Springfield	2018	03	69.17	21.39	56.64	81.89
WGA (Wauna)	2018	03	99.01	0.99	59.15	59.74
EWEB Thermal	2018	03	86.62	9.46	58.11	67.09
Harvest Wind	2018	03	97.76	N/A		
Foote Creek	2018	03	93.33	N/A		
EWEB Wind	2018	03	95.05	N/A		

## Electric Delivery Reliability

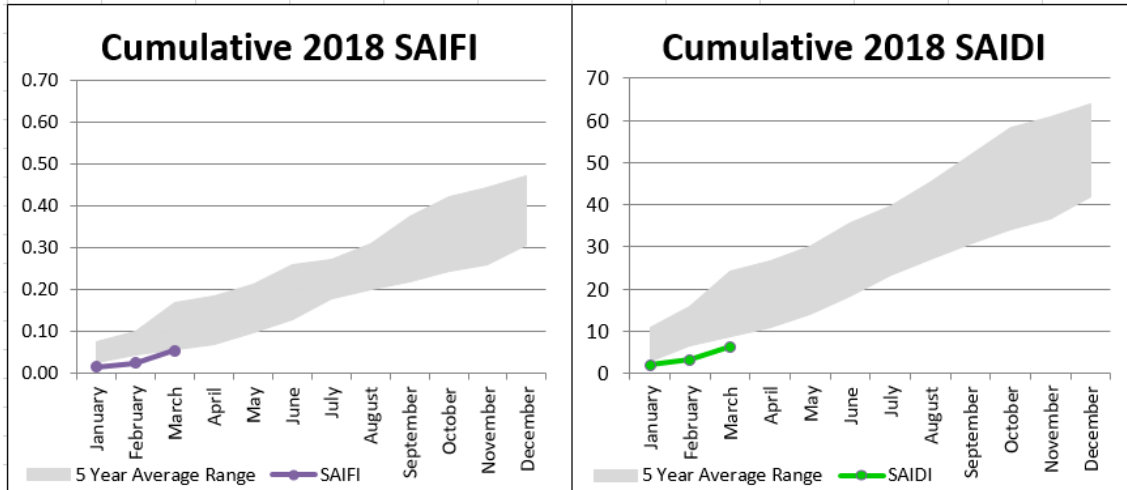
EWEB tracks electric system reliability using Institute of Electrical Electronic Engineers (IEEE) metrics, including System Average Interruption Frequency Index (SAIFI) & System Average Interruption Duration Index (SAIDI). At the end of the first quarter, electric system reliability was within target and the lowest in the past five years primarily due to mild weather. For more detail on reliability metrics, see Appendix F – Reliability Index Report.

### First Quarter Outages

Total # of outages	Total # of customers interrupted	Total outage minutes
66	2,809	290,115

### System Average Interruption Frequency Index (SAIFI) & System Average Interruption Duration Index (SAIDI) Outage Performance Details

Index	YTD Actual	YTD 5 Year Average	Pacific Northwest APA City Average YTD	Dashboard
SAIFI	0.054	0.097	0.10	
SAIDI (minutes)	6.27	14.01	10.8	



Proactively, EWEB continues to pursue activities and projects to prevent outages, including those related to equipment maintenance adherence, tree and vegetation management, and special outage prevention projects.

**Electric Line Tree and Vegetation Management**

Month	Planned	Completed	% Complete	PCOP*	Status
January	23.33	23.1	99%	5,118	●
February	23.33	14.37	62%		●
March	23.33	16.77	72%	1,797	●

\* PCOP = Potential Customer Outages Prevented

Emergency Preparedness and Resiliency

**Blackstart Assessment - Lower McKenzie River projects**

During Q1, a consultant to EWEB completed an assessment of both the Leaburg and Waltherville hydroelectric plants for their ability to accommodate blackstart capabilities. The consultant found that the Leaburg plant currently has blackstart capability. It was apparently installed as part of the 2002/2003 plant work completed following relicensing of the project. However, it doesn't appear that the system has ever been commissioned or tested. During Q2, staff intend to assess the electrical side of the process to evaluate capabilities and needs for standing up generation from Leaburg in a blackstart situation (see Electric Division Master Plan discussion).

**Outage Management**

Generation updated the Incident Command System (ICS) portion of its Emergency Action Plan (EAP) to incorporate and embed the ICS structure into the plans. This was completed during Q1/2018. The next step will be to make generation-specific improvements to the ICS process to facilitate ICS process use in the event of a dam safety emergency.








From an electric delivery perspective, EWEB has been working on supporting outage and disruptive event communications through written, visual and digital materials, process improvements, and employee training. In February, approximately 50 employees in customer-facing roles attended Outage Communication Training. A new and improved external website includes extensive outage reporting, safety and restoration information for customers. Improvements position EWEB to execute fully integrated public information campaigns during major outages



## Distributed/Neighborhood Emergency Station(s)

Over the next five years, EWEB will deploy at least five (5) distributed “neighborhood” emergency stations for water distribution and independent electric operation (a.k.a. microgrid). In 2018, EWEB is working with two local school districts to design and construct two “neighborhood” emergency stations, including both water and electric infrastructure. Water Engineering has initiated work at Kalapuya High School in West Eugene, while Electrical Engineering has started design work for Howard Elementary near River Road. In the first quarter, EWEB initiated work on an Intergovernmental Agreement (IGA) with both Bethel School District and Eugene 4J School District and selected the first emergency sites. The IGAs are still being finalized.

### *Electric Neighborhood Microgrid Project*

Milestone	Status	Planned Date	Actual Date	Comments
Determine site location/preliminary design		1/1/2018	1/11/18	Howard Elementary Selected
4j IGA Agreement		3/3/2018	TBD	Going before 4j board meeting 4/3/2018. Expected to be executed prior to end of month. Goal was to have in place prior to awarding contractor.
Advertise and Award Design Build RFP		3/3/2018	3/3/2018	Awarded to Worley Parsons.
Design		5/1/2018	TBD	Design underway and on track. 30% to be complete week of April 9.
Procurement		7/1/2018	TBD	Schedule on track.
Installation		8/30/2018	TBD	Schedule on track.
Commissioning		9/4/2018	TBD	Schedule on track.

## Asset Management & Planning

The Electric Utility manages approximately \$760 million of assets (plant-in-service), including generation, transmission, and distribution infrastructure.

### **Integrated Electric Resource Planning (IERP)**

The goal of an IERP is to develop a plan for making decisions impacting our future generating resources. Staff is developing a schedule of work and engagement processes to complete the next IERP for publishing in 2021. The IERP will identify and evaluate long-term portfolio alternatives bringing the best fit between supply, customer consumption, affordability and EWEB’s strategic direction. This work includes modeling and analysis of potential load strategies and supply characteristics. Staff will update the current IERP in June. Load growth continues to be flat, and EWEB’s resource position is expected to remain long for the next decade.

Five parallel efforts are currently underway to support development of the 2021 IERP.

1. Existing supply resource performance evaluation.
2. Partnering with Customer Solutions and Finance to identify consumption side demand response, time based conservation and pricing programs potential and costs. This is anticipated to be an ongoing inter-departmental effort over the next three years while yielding initial recommendations in 2019.
3. Engagement, participation and advocacy in regional issues pertinent to future EWEB power resource decisions. This entails participation and advocacy in Pacific Northwest (PNW) market forums and policy development discussing and debating evolving wholesale market products and rules supporting renewable integration, carbon reduction policies, transmission services provision, and reliability services.

4. Working with both BPA and the Public Power Council (PPC) in preparing for the upcoming BP-20 Rate Case. Additionally, staff is engaging in BPA initiatives developing new power and transmission service and business decisions and protocols. This is part of an ongoing effort to support BPA's long-term viability and EWEB's interest in its largest resource. BPA's progress and success will also factor into EWEB's strategic power resources recommendations and decisions over the next several years.
5. Developing analytical tools to support consumption side program evaluation and development, power generation and power markets analytics. Staff's goal is completion of the market models during 2018 and end use forecasting models in 2019.

#### **Carmen Smith**

EWEB staff continue to wait for the release of the Clean Water Act Section 401 Certification from the Oregon Department of Environmental Quality and a Biological Opinion from the National Marine Fisheries Service. These two documents, which are expected to be issued in the second quarter of 2018, are the last remaining documents needed by the Federal Energy Regulatory Commission (FERC) prior to Carmen-Smith license issuance. During the first quarter, staff provided comments to the Oregon DEQ on the draft 401 certification and attended a public hearing on the certification. Conversations with FERC staff indicate that EWEB should plan on license issuance in the second half of 2018.

Engineering and operations staff continued preparation for a full Carmen plant outage scheduled to begin in April 2018 to facilitate the replacement of the plant's two 114-inch turbine shutoff valves. The plant is expected to be offline from mid-April through October. Staff also continue to make good progress on plant modernization work in preparation for the planned 2019 through 2021 outages. Contracts were approved by the Board and awarded in Q1 for procurement of new turbine runners, for generator rewinds and for new switchgear and plant controls.

#### **Electric Master Planning**

A draft master plan is underway with a targeted completion date by June. Some additional detailed analytical assessments will be contracted to complete portions of this work.

A study by Black & Veatch was completed in February. The first phase included a feasibility study for powering in-town critical loads from the Leaburg power plant and upgrades required at Leaburg to allow for unit black start. The next phase is currently in the planning stage and will consist of determining actual load values and possibilities for curtailment, additional stability studies, transmission system switching procedures and investigation at the Seneca power plant.

Initial scoping of a detailed Asset Management Plan has been initiated, and will pause until Q3 following the draft Electric Master Plan.

#### **Holden Creek Substation**

The Holden Creek substation, located on Hwy 126 near Leaburg, construction and commissioning has been completed, with the tie into the Bonneville Power Administration's Thurston-Cougar 115kV transmission line planned for late April. Upriver distribution circuits will be added to the station load in June following BPA vegetation work. From mid-June to late August, the Leaburg substation will be reconfigured to remove distribution supply equipment, and to prepare the generation feeds for tie into the Holden Creek Substation. Design will be completed in Q4 2018 for control room and generator connection changes, which will take place in summer 2019.

*See Appendix C - EL1 Report for Electric, Water & Shared Services for capital project details.*

## Water Operations

EWEB owns and operates intake, treatment, transmission, and distribution equipment and systems for the sale and delivery for clean drinking water to our customer-owners (local consumers) and other water resellers (wholesale, water districts). Continuing to provide water safely, reliability, and affordably is our operational priority.

### Source Protection

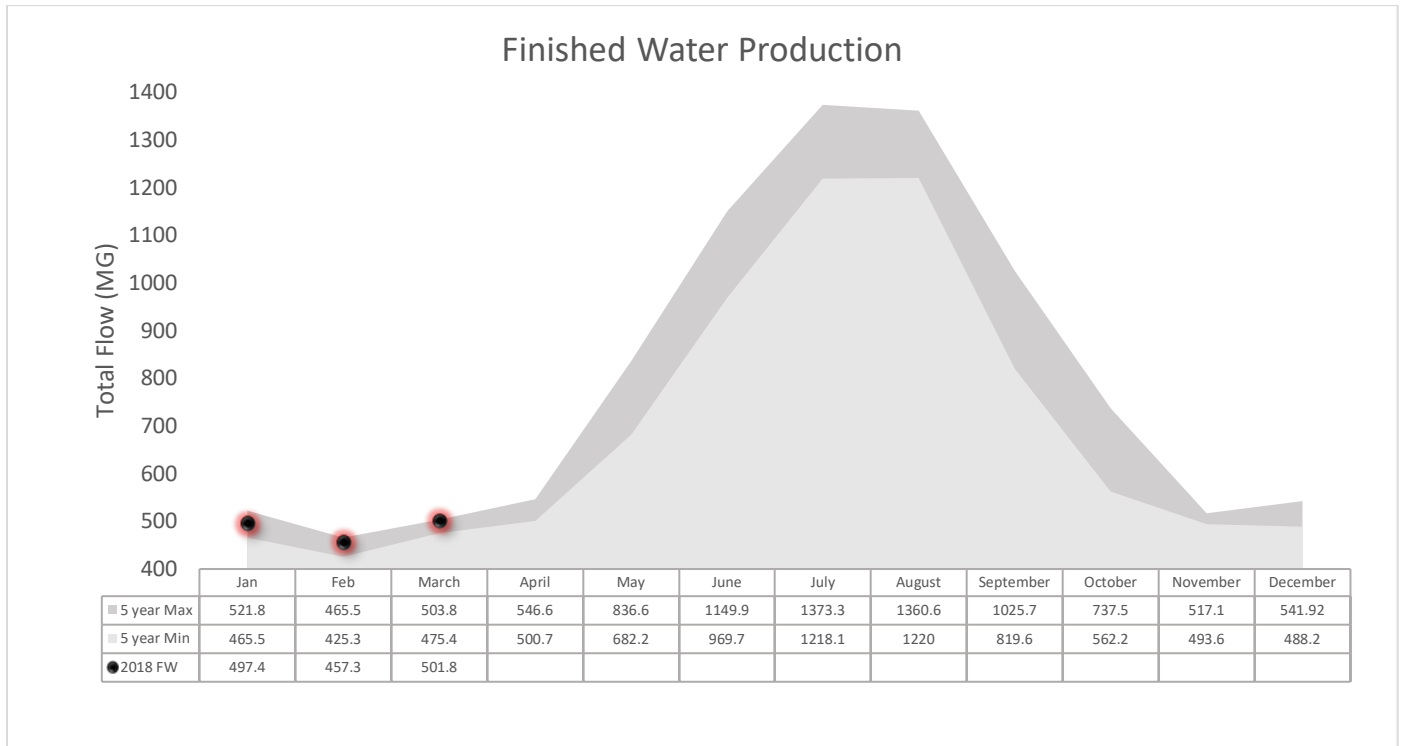
Activated the McKenzie Watershed Emergency Response System (MWERS) in response to the International Paper 1,000 gallon oil spill below EWEB’s intake in mid-March 2018. EWEB and HazMat Team response was successful and effective, providing a “live” drill that tested and confirmed EWEB’s approach to spill response. Increased monitoring below IP due to discharge of untreated stormwater due to plant shutdown during spill.

Illegal camp inspections occurred monthly in 1<sup>st</sup> quarter in close coordination with Willamalane and City of Springfield. Camps were identified and put into the LCOG web application to track activity; cleanups occurred within 48 hours of identification. Starting in April coordinated inspections will increase to once every two weeks.

The state laboratory governing agency (ORELAP) performed an audit on the Hayden Bridge laboratory in March. A report on the findings is expected by May.

### Water Quality and Public Safety

EWEB continually monitors water quality at the filtration plants, and within the distribution system. There were no water quality concerns impacting water production in the first quarter. The finished water output for the Hayden Bridge Treatment Plant is shown below.



## Water Delivery Reliability

Goal	Unit	Annual Target	Quarterly Results
<b><i>Ensure Reliability of Water Products</i></b>			
Leaks and Breaks per 100 Miles of Pipe	#	9	1
Minimize Unplanned Outages	#	92	11
Average Duration of Unplanned Outages	Minutes	149	116
Boil Water Notices	# of Notices	None caused by EWEB	0

## Asset Management & Planning

Type 1 work is proceeding with costs coming in below the straight line budget for this time of year. This is to be expected as costs lag for new projects. Principal type 1 work to date has been for pipelines with a minor amount of pump station work. Several larger pump station and treatment plant projects will start soon which will increase expenditures in this area.

Costs are below the straight line budget for type 2 work as well. This will continue until the third quarter when a significant amount of pre-purchased equipment is scheduled to arrive. The construction of the new disinfection facility at Hayden Bridge will also begin in the third quarter raising the expenditures to budget levels.

### **Hayden Bridge Disinfection**

Water Engineering has reached 90% design with consultant on the Hayden Bridge On-Site Disinfection Building and equipment. Contract for equipment will be submitted to the Board for the May 2018 meeting.

## Emergency Preparedness and Resiliency

Water Management staff is also working on communication protocols and restoration procedures for Hayden Bridge and the transmission system.

### **Distributed/Neighborhood Emergency Station(s)**

Over the next five years, EWEB will deploy at least five (5) distributed “neighborhood” emergency stations for water distribution and independent electric operation (a.k.a. microgrid). In 2018, EWEB is working with two local school districts to design and construct two “neighborhood” emergency stations, including both water and electric infrastructure. Water Engineering has initiated work at Kalapuya High School in West Eugene, while Electrical Engineering has started design work for Howard Elementary near River Road. In the first quarter, EWEB initiated work on an Intergovernmental Agreement (IGA) with both Bethel School District and Eugene 4J School District and selected the first emergency sites. The IGAs are still being finalized.

### **Mobile Treatment**

In conjunction with distributed neighborhood emergency stations, water engineering is working on a mobile treatment trailer that underwent initial raw water at the Hayden Bridge intake during the first quarter. This commissioning and testing period will continue for the next few months. Preliminary results indicate that a few changes will be required in the equipment which we will implement during the commissioning period. A pre-proposal for a pilot study, ‘Impact of Intermittent Operation on Biofilter Performance’, has been accepted by the Water Research Foundation. The full proposal will be submitted the week of April 9<sup>th</sup>.

### **Hayden Bridge Emergency Generators**

Emergency back-up generators for Hayden Bridge Treatment Plant and Intake are on order and should be delivered in Q2 for installation. This back-up generation will be of sufficient capacity to deliver about 20 mgd.

## Customer Services & Programs

EWEB serves approximately 200,000 people in the Eugene metro area, and in the McKenzie River valley. Customer Operations includes responsive services, including customer initiated support using telephone, digital media, or in-person and includes the development and support of products and services, including energy/water efficiency, limited income support, design services, and special programs like GreenPower™.

Several organization changes were made in the first quarter, including Customer Service Operations (in-person, call center, meter reading) now reporting to Chief Financial Officer, Sue Fahey. Because of the importance of customer interaction, the Advanced Metering Program (“smart meter”) will also be the responsibility of CFO Fahey. Within the products and services area (a.k.a. Customer Solutions), a restructuring now includes a combination of Field Services (efficiency & conservation), Customer Relationship Managers (key accounts), and Business Line Managers (product development and management).





### Operational Metrics

Direct customer interactions (in-person and telephone) struggled to meet response performance goals in the quarter, primarily due to increased volume resulting from EWEB’s conversion to a new payment location (Lockbox Service). In the first quarter, EWEB supported 57,773 customer interactions, approximately 928 per day.

#### Customer Interactions

Type	Q1 2018	2018YTD	Q1/Day	Q1 2017	2017 TYD	Change YTD
Total Calls Served	41,979	41,979	674	42,348	42,348	-0.9%
In-Person Customer Visits	15,794	15,794	254	15,449	15,449	2.2%

#### EWEB Customer Response Metrics

Measure			Comments
GOAL	TARGET	Q1	
<b>Call Center</b>			
Maintain or improve the Call Center Average Speed of Answer	< 90 seconds		Avg Speed Answer: 3:18. Additional CSAs should improve Q3 metrics
Maintain or improve the Call Center Abandonment Rate	< 7%		Abandon rate: 13.64%. Additional CSAs should improve Q3 metrics
Increase rate of First Call Resolution through identification of customer service barriers	Q1: Establish baseline, document barriers		Survey due to launch in Q2
<b>Meter Reading</b>			
Maintaining or improving the meter reading accuracy rate	>99.96		QTD Accuracy: 99.974
Maintain or improve the speed notifications via GPS	Avg # monthly speed notices <20		QTD Monthly Avg Speed Notifications: 11

#### Credit & Collections

Write-offs through February totaled \$40,000. For the same time period, the 2017 write-offs were \$4,000. After the December 2016 ice storm, collection efforts were suspended for a couple of months due to the high volume of estimated bills. The 2018 budget for uncollectible accounts is \$480,000.

Advanced Metering Infrastructure (AMI)

In February, the Board of Commissioners approved an opt-out deployment approach, requiring the Customer Service Policy revisions and a communication plan to support AMI project that are now in process. CFO Fahey has been assigned sponsorship of AMI, and is building a team for project rollout in second half of 2018.

*Monthly AMI Meter Report*

Electric meters installed as of Mar 1: 4,562	Water meters installed as of Mar 1: 979
Electric meters installed as of Apr 1: 5,124	Water meters installed as of Apr 1: 1,179
Electric meters installed per week in March: 127 (eight-year deployment target: 230 per week, we are in an intentional slow down to get final policy developed and board approved)	Water meters installed per week in March: 45 (eight-year deployment target: 150 per week)

The average percentage of register reads retrieved from opt-in meters each day was 97.9%, this reflects a decrease of approximately 1.5% due to daylight saving time and the change in timing of meter read deliveries. The total percentage of billing register reads which were automatically delivered to CIS in March was 98.9%. The following operations characteristics are representative of quarterly activities.

- Electric meter deployment has been reduced pending policy changes at the board level, and pending elimination of the backlog of disconnects for non-pay. The electric meter change service order backlog from opt-in requests is 1,800 meters (earliest is June 2017).
- Water meter deployment is ramping slowly pending the addition of labor resources. The water meter change service order backlog from opt-in requests is 760 meters (earliest is June 2017). Water Operations is gearing up to drastically increase the pace of the Smart Meter roll out and plans to hire additional staff to help the Water division get through the project. The rest of 2018 will be spent honing processes and procedures for the most efficient roll out with the highest level of customer service possible.
- Notable smart meter related events in March 2018:
  - Five Power Quality events resulted in proactive trouble calls.
  - One Auto disconnect due to auto open.

Customer Operations Initiatives

- Customer Service post-call transactional survey is in final testing. Scheduled for Q2 implementation.
- Second draft of Customer Service policy revision reviewed by Board in April. Revisions are being proposed to enhance ease of use and align with the Board’s strategic direction.
- Eight additional customer service analysts (CSA) have been hired to improve call metrics and support conversion to new Customer Information System.
- Expanded hours of operation for phone queue expected to be implemented in June.
- Researching viability of credit card payments by phone and retail cash payments.

Business Growth & Retention

In the first quarter, the Customer Relationship Management group (formerly Key Accounts) was restructured to better identify and maximize opportunities and to provide proactive, personalized service to major customers. Key accounts were selected and assigned, and Customer Relationship Managers are currently in the process of creating customized business plans for customers to identify short and long term mutual benefit opportunities.

Also in the first quarter, a new team of Business Line Managers was created, who are responsible for identifying opportunities to review, analyze and enhance current EWEB offerings and to create new products and services that will benefit customers and enhance their business relationship with EWEB. Current work activities include the refined pursuit of Limited Income and Electrification opportunities.

Service, Responsiveness and Transparent Communication

EWEB is executing an integrated communication and public information campaign focused on EWEB’s affordability initiative, budget, prices, efficiency measures, including eweb.org newsroom articles, social media campaigns, bill insert, Pipeline cover story, and earned media coverage. In the first quarter, we created AMI Communication Blueprint to guide EWEB’s outreach strategy for successful project implementation. Enhancements to increase simplicity and effectiveness of working with construction/developers is being developed, and we are exploring options to create opportunities and partnerships to obtain information that will enable us to simplify and improve business processes.

Public Relations and Community Involvement

The Board requested that management provide a quarterly report of donations, sponsorships and grants. Guidelines are in place to ensure consistency and transparency for how we invest our customers’ dollars for the betterment and well-being of the community we serve. In 2018, we are striving to provide strong alignment between EWEB’s discretionary community investment criteria and the Strategic Plan. While we continue to advocate for all of the same worthy causes, sponsorship dollars will be focused on initiatives that are both closely connected to EWEB’s core mission and provide the broadest benefit to our customers.

Please see appendix for a list of sponsorships, donations, grants, event participation and other contributions for Q1 2018, categorized by interest area and type of giving.

*Appendix E - EL3 Community Investment Report*

Products & Services

**Modernization Products**

EWEB is developing the enterprise-wide processes necessary to operationalize and market products and services enabled by advanced meters, including advanced outage notification, consumption portal, and leak detection.

**Financial Products**

In order to increase customer participation, we have expanded Greenpower Grants eligibility to include projects focused on reducing or offsetting carbon emissions, including projects that support conversion from fossil fuel to clean energy sources. In 2017, only one party applied for a GreenPower Grant, while this year five (5) applied in the first quarter for final award in Q2. The five finalists are the following.

*2018 GreenPower™ Grant Finalists*

<p><b>Eugene Science Center:</b> 32.5-kilowatt photovoltaic array with battery back-up</p> <p><b>Eugene Waldorf School:</b> Micro-grid with 2.65-kilowatt photovoltaic array and battery back-up</p> <p><b>Friends of Trees:</b> Volunteers will plant 600 trees in west Eugene for cooling and carbon sequestration</p> <p><b>Pearl Buck Center:</b> 24-kilowatt photovoltaic array</p> <p><b>St. Vincent de Paul of Lane County:</b> Photovoltaic array to serve the Youth House for Boys</p>
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**Limited Income Benefactors**

EWEB offers several types of support as part of our limited income program. In the first quarter, approximately \$245,000 of EWEB Customer Care and Customer Care Plus funds were distributed. EWEB is presently evaluating potential opportunities to enhance the program in the future, with an increased emphasis on conservation and efficiency.

**Electrification / Smart Load Growth / Carbon Reduction**

In early 2018, EWEB Launched a new marketing campaign and promotion aimed at encouraging customers to convert from fossil fuels. “A Fossil-free World Starts at Home” is an ongoing campaign aimed at supporting local and regional carbon goals, and promoting EWEB’s clean portfolio. The “Clean Power Promotion” is a short-term incentive (\$350 additional) to help make it easy and affordable for customers to switch. In January, EWEB hosted a public Carbon Policy

Forum on policy options for reducing greenhouse gas emissions in the Northwest, EWEB's existing clean energy portfolio, and the utility's position on carbon pricing. Approximately 75 community members, public partners and staff attended the forum.

Finally, in Q1 EWEB developed Incentives aimed to make electric vehicles more accessible to increase adoption rate. Collaborating with local and regional organizations to promote EV's and install charging stations within EWEB service area (UO & COE).

Customer Solutions Field Services (Conservation & Energy/Water Efficiency)

EWEB spends over \$2.5 million annually on energy and water conservation and efficiency projects. Simplifying energy efficiency processes to save time, reduce overhead and deliver more conservation dollars directly to customers. Improvements include streamlining the commercial lighting rebate process and leveraging the BPA lighting calculator. In addition, consolidating and aligning residential and commercial HVAC offerings, which saves time and money for contractors and customers.

Resurrecting a former program, EWEB is partnering with UO and City of Eugene to offer free home energy assessments for rental properties. This is the Home Energy Score (HES) program's second year. In 2017, the program generated 248 scores (of which 229 were rentals), and rental property owners invested more than \$100,000 in the community, saving over 23,000 kWh per year. The 2018 HES program includes water efficiency and leak detection.



### Strategic Projects and Initiatives Currently Underway

#### Strategic Projects

##### **Customer Information System Replacement (CIS-R)**

The goal of the Implement CIS System Replacement (CIS-R) Project is to implement Cayenta's Utility CIS. Implementation Goals for this project are:

- Allow EWEB to reduce the day-to-day O&M costs of operating and maintaining customer records system(s)
- Enhance our ability to manager Customer Relationships
- Allow for lower cost integration with other key systems
- Allow us to retain capabilities seen as part of our core, basic service (i.e. online billing and payment, budget billing etc.)
- Simplify the on premise technology stack currently needed to support CIS Operations
- Enable EWEB to provide its customers new products and services, such as more diverse pricing options
- Provide more flexibility in bill presentment configuration

Generally, EWEB is on track to launch the new CIS-R system in late 2019. In the first quarter, EWEB began functional testing of the system to ensure that the system conforms to all requirements. Late in the quarter, testing revealed some potential issues with system and applications security associated with the Cayenta system and architecture. Although Cayenta responded to our RFP that they met EWEB's CIS-R technical and business requirements, some are not being fulfilled and EWEB has issued notice to Cayenta that these issues need to be remedied.

To assist with testing and configuration, EWEB has retained a third party, Whitlock Consulting, to support the project in the areas of Testing, Training, Data Conversion and System Configuration Validation. Whitlock has senior Cayenta application expertise. EWEB Business Analysts are working to become in-house experts with the application in both its use and configuration. It is expected that before go-live EWEB will have two in-house application experts that are supported by both Cayenta and Whitlock professional services.

In Q2, in addition to resolving and testing the solution to any Cayenta technical issues, EWEB will focus on determining the range and amount of data to convert from the current CIS to Cayenta based on legal requirements and operational needs. We will also begin to build the data extracts needed to move the data into Cayenta. In Q3 we will begin to test the conversion process.

##### **Business Intelligence (BI) Technology**

The purpose of business intelligence (BI) technology at EWEB is to give business users timely, relevant and easily accessible information in order to make effective decisions that enhance value for our customer-owners. The technology will integrate and transform data from multiple, separate systems, into usable information. This vision will be accomplished through the development of data governance, management, and warehousing.

The Business Intelligence Project was on hold throughout the first quarter, as priorities shifted to the CIS-R project. However, the Focus for the next quarter will be on completing the data warehouse design. Once complete, we will be able to move forward with building the prototype (non-production). The purpose is to trial a proof-of-concept and to provide specifications for a real working system.

#### Cyber Security

No cyber security issues were reported in the quarter, and we continue to maintain a diligent preventative program.

## Asset Management & Capital Planning

EWEB has completed an assessment and asset strategy of information technology and systems, and is working with Finance to load a complete roster of IT assets into the hierarchy contained in the Work and Asset Management (WAM) system for maintenance and replacement management. IT capital spending is on track, with more detail contained in *Appendix C - EL1 Report for Electric Water & Shared Services*.

### **Major Systems Replacement**

System replacement plan on target. Upcoming activities include:

- Replacement of EWEB's Network Time Protocol (NTP) System. This will reduce the number of legacy NTP devices from 42 down to 4
- Upgrades to our Compute and Storage systems to support Cayenta
- Consolidation and replacement of Electric SCADA servers

## Enterprise Operations

### Property Management

During the first quarter of 2018, EWEB engaged the expertise of Evans, Elder, Brown, and Seubert (EEBS) to assist in property related opportunities and issues. Additionally, the Board directed staff to negotiate contracts with two real estate attorneys to provide direct counsel to the Board on specific matters.

### **Headquarters Building**

Evans, Elder, Brown, and Seubert completed an analysis for future disposition of the Headquarters building, including options for marketing the building for sale in the near term or continuing to lease it. In March, the EWEB Board provided guidance to continue leasing the building for 5-10 years before reevaluating. EWEB staff have since been engaged with Philips, the current tenant, to negotiate the terms of a new lease agreement. Philips has asked for additional space with the option to expand in the future.

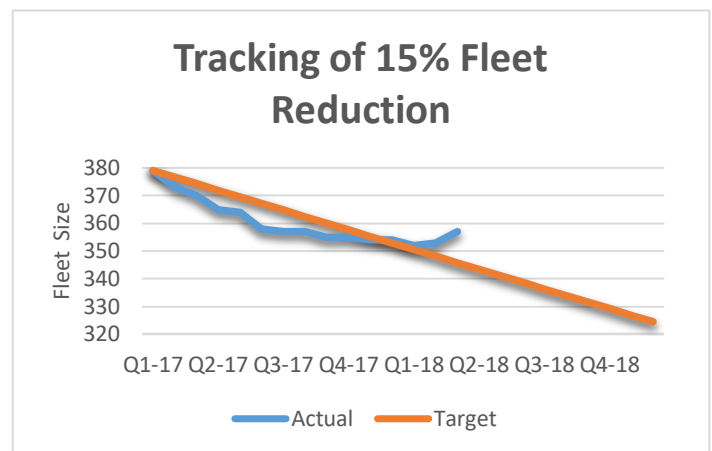
### **Riverfront property**

Although occurring in the second quarter, as of the authoring of this report the sale of the Riverfront surplus property has closed with the deed recorded April 17, 2018. More details will be provided in the next quarterly report.

### Fleet Services

Carbon reduction goal; under Oregon State's renewable fuels mandate, gasoline sold in the state must be blended with 10% ethanol (E10) and diesel fuel sold in the state must be blended with at least 5% biodiesel (B5). EWEB's Fleet Services has been exceeding these mandates by blending higher levels of low carbon, alternative fuels such as ethanol and hydrogenation-derived renewable diesel in support of the utility's sustainability goals.

Asset optimization/Fleet Reduction; as part of the affordability initiative, by Q4 2018 EWEB has targeted a 15% reduction to the size of its fleet as compared to Q1 2017 levels. To date the utility has obtained 5.8% of that goal. The fleet size has reduced in some areas, while others have increased due to department realignments and the recent ramp up of AMI. Fleet Services continues to monitor vehicle and equipment use and provides utilization and fuel usage reports to the user departments on a quarterly basis.

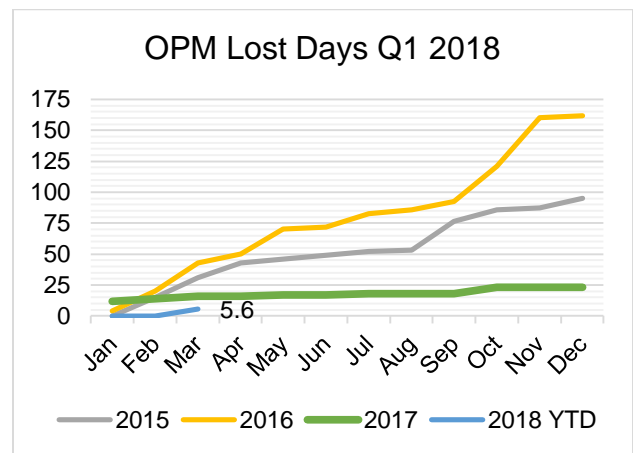
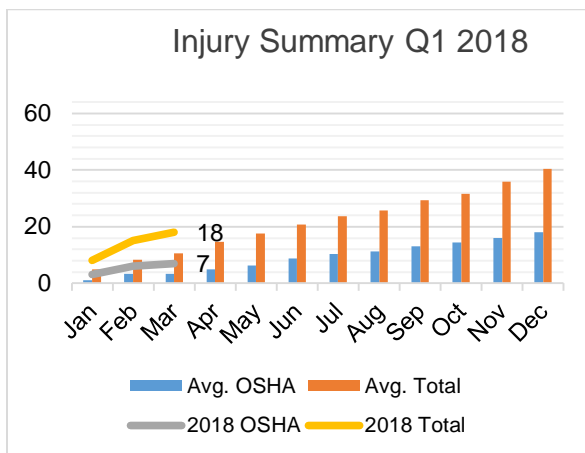


## Workforce

Overall, Human Resources (HR) performance indicators are positive. Operational plans are progressing as scheduled with good results. HR metric indicators are positive and there are no extraordinary or unanticipated developments driving concerns in any particular HR functional area or in the workforce arena in general.

### Safety

There has been an increase in the number and frequency of injuries as compared to 2017, though below average in severity. Overall injury rate YTD and OSHA recordables are high compared to the 3-year average (YTD total: 18, 3-year avg: 11; YTD OSHA: 7, 3-year avg: 3). There are 6 lost days this quarter, well below the 3-year average of 30 days. The message being shared in safety meetings is to slow down, carefully pre-plan work, watch out for each other, and maintain an awareness of surroundings.



Meeting planned DOT/CDL Audit Work plan activities are underway. A cost proposal has been received for onsite training items. Driver files and documented process are currently being updated. 2019 Internal Audit prep is scheduled for Q4 2018.

Identification of at-risk groups and implementation of mitigation measures is on track. Body mechanics training scheduled for Q4 2018.

We are still moving forward on meter reading equipment upgrades as the transition to AMI gets underway. There is new safety focus connected to AMI implementation coordinating efforts between Customer Service, Meter Reading, and Meter Shop with emphasis on process mapping and ensuring productive and safe interactions with customers.

### Workforce Composition

EWEB workforce composition metrics have changed only slightly following 2017 early retirements with EWEB minority workforce representation numbers still leading those Lane County labor statistics. EWEB continues to lag in the employment of females overall, largely due to the high number of trade, labor and craft jobs in the Utility.

**Employee Statistics & Demographics**

No. of Employees	467	
New Employee Hires / Quarter	16	
Promotions / Quarter	7	
Reclassifications / Quarter	7	
Total Employee Exits / Quarter	8	
Voluntary Exits / Quarter	7	
Average Age	46	
Attrition Rate	1.7%	
<b>Gender</b>	<b>Female</b>	<b>Male</b>
EWEB	31.26%	68.74%
IBEW	2.45%	97.55%
<b>Minority</b>	<b>Minority</b>	<b>Non-Minority</b>
EWEB	12.21%	82.01%
IBEW	8.59%	88.34%
<b>Age</b>	<b>Age Range</b>	<b>% Empl.</b>
	20 - 30 years	5.78%
	30 - 40 years	24.84%
	40 - 50 years	33.83%
	50 - 60 years	29.34%
	60+ years	6.21%

Attrition

Total attrition remains very low at 1.7%, slightly below Q1, 2017. Voluntary exits are below the 3-year average.

Sexual Harassment Training for EWEB Leaders

Human Resources has completed 4 of the 5 Sexual Harassment Training sessions provided to EWEB leadership. Feedback from participants has been very positive and attendance of the target group is anticipated to be at nearly 100%. As of April 25, 103 managers, supervisors, leads, and other employees completed the 4-hour training.

Compensation & Benefits/Oregon Pay Equity

Compensation and Benefits programs remain competitive. Compensation mid-points and benefits packages within 5% +/- comparator avg. Corrections made in 2017; benchmark re-pricing every 3 years with ongoing monitoring for any anomalies. 0 salary exception rates.

A workforce pay-equity study is underway in preparation for compliance with a 2019 legislative standard.

Employee Relations; BOLI complaints & investigations underway

EWEB received a BOLI racial discrimination complaint surrounding hiring process in which occurred in 2017. EWEB submitted its detailed response to BOLI in January and we await BOLI's disposition or next directed steps.

No substantive internal employee relations complaints or investigations during first quarter.

Employee performance ratings reported this quarter for year 2017 are in with a "skilled" rating being awarded to approximately 80% of the workforce.

## IBEW Labor Relations

The productive trend in union relations remains with the Utility successfully negotiating an alternative to potential lay-offs which would have resulted from the passage of HB3203. The Utility created a proposal leveraging bumping scenarios, direct appointment to vacant jobs and pay rate preservation as a means to avoid lay-offs which the Union was happy to accept. Labor Management Committee (a forum for management and labor to meet to bring and discuss emerging concerns) remains very productive. There have been no grievances so far this year.

## Major Workforce Initiatives

### **Wellness**

The Wellworks Program launched and Web portal opened January 2018. Drop-in sessions that provided information to employees and provided login and registration support were well attended. The program has been well-received and we are encouraged by the number of employee logins, but an actual participation rate cannot be determined until employees complete the Tier 1 requirements. Participation is anticipated to steadily increase through the year as more opportunities to earn participation points occur. Year-long communications plan execution is underway in partnership with Wellworks to maintain interest and to support participation goals.

### **Outsource Leave Management**

In late March, EWEB met with representatives from The Standard Insurance Co. to begin “current state” process mapping, identify required process and policy changes and to review EWEB reporting, administration and guarantee requirements. An EWEB IS resource was identified and met with the Standard’s technology team to begin building the required interfaces and information feeds. EWEB leave policies are currently under review. The project is on track to launch on 5/1/18 and go live on 9/1/18.

### **Ultipro**

Following considerable system testing and training for the entire utility, time management (UTM) successfully launched this quarter with payroll now fully transferred from eP to Ultipro. In addition to time management and payroll, HR Core, Benefits, Compensation, Life Events and Open Enrollment modules have been fully implemented. Work on the Ultipro Onboarding to manage new hire processing is underway and on schedule with required letters, forms, and documents being collected and redesigned. This module will give new hires a head start on all their paperwork and enable more productive time during their first weeks on the job. Ultipro goal setting is being piloted with the Executive Team and a few of their direct reports and looks like something that will be useful across the Utility.

## Organizational Development

### **EWEB U marketing campaign underway to increase awareness & utilization**

EWEB is reviewing the SkillsSoft platform (EWEB-U), along with efforts to increase utilization. The cost/benefit value of the program will be evaluated at the end of the year. While it’s too early to tell if program marketing is boosting voluntary learning, a jump in utilization in February is an encouraging sign. Throughout 2018, EWEB-U will be used to support new employee on-boarding and all-employee policy education and compliance training. In the first quarter, EWEB-U was accessed 112 times, compared to 552 in all of 2017.

### **Supervisory Development Project**

The first phase of this project was to engage a group of supervisor volunteers for the purpose of developing a benchmark supervisor job description accompanied by a set of minimum requirements and competencies. That work will be the basis of a prioritized list of topics upon which developmental and training approaches can be established. The project will result in a framework for individual supervisor development and performance expectations and a consistent approach to EWEB supervision.

The project has been well-received so far with more than 2/3 of all supervisors volunteering to participate in a series of 2-hour work sessions which so far have yielded agreement around common job duties, minimum requirements, and competencies for success. A final draft is underway and once adopted by the group, will be presented to the ET for review, input and approval. The next phase, determining the development and training focus, will begin in May. Doing this work in a group setting has enabled supervisors to recognize that they have a peer group across the utility.

The discussions have created a common understanding of the supervisory role and clarified what will be required for success regardless of operational division or department.

#### Benefits Utilization

Medical and vision plan utilization is running below expectations. Dental is running high, which may be a function of employees receiving preventative visits for the new wellness VEBA deposit. While it is too early to determine the full picture, based on this preliminary review EWEB's premium rate trajectory is trending below the LTFP forecast of 8%. A clearer picture should emerge in mid-April when Q1 plan data is available. EWEB continues to trend below the national average in terms of premium renewals. There were no Tier 4 retirements during Q1, and therefore no opt-outs.

## Government & Legislative Affairs

### Legislative / Carbon Policy

EWEB Staff leveraged results of the PGP/E3 Carbon Study in ongoing communication with public power, the environmental community, Oregon state agencies and legislature, as well as the well-attended January 24<sup>th</sup> EWEB Carbon Forum. The 2018 short legislative session in Oregon meant that there was no vote on a cap and trade (cap and invest) bill from Oregon this year, but there appears to be momentum in favor of a bill for the 2019 long session. A side benefit of the discussions on carbon is they have presented opportunities to address Oregon's unusual support for added spill on the Federal Columbia River Power System (FCRPS), which further depresses BPA's revenue, increases EWEB's power costs, and makes integrating variable renewable generation more difficult.

## Enterprise Risk Management

### Federal Energy Regulatory Commission (FERC) review of EWEB's Dam Safety Program

As part of the FERC Portland Regional Office's (PRO) annual review of EWEB's dam safety program, PRO staff indicated that they wanted to hold the review in Eugene at EWEB's ROC facility. This meeting usually occurs at the PRO office in Portland. FERC staff also asked that General Manager Lawson and Chief Energy Officer Ackerman be in attendance for the review. FERC staff shared a number of findings from the 2017 dam safety incident in Oroville, California, and other hydroelectric, dam safety and industrial accidents with the General Manager and EWEB staff. FERC also identified a number of areas of concern they have with EWEB policy, procedures and practices relating to corporate culture and dam safety. FERC staff followed up the meeting with written correspondence. EWEB staff met a second time with FERC PRO staff to further the discussion and express our knowledge, understanding and commitment to dam safety as it pertains to our hydroelectric facilities. The primary outcome from the meetings so far is a commitment from both sides to improve and formalize communication between EWEB and FERC. Monthly dam safety check-in calls are to start in April 2018.

### Quarterly Contracts

The following contracts exceeded \$150,000 in the past quarter, and required Board of Commissioner approval:

1. Alstom Renewable (\$19,750,000) for rehabilitation of the Carmen-Smith Hydroelectric Project (CS) turbine generators
2. Crown Technical Systems (\$890,000) for CS generator equipment
3. Worley Parsons (\$990,000) for a battery energy storage system

The Quarterly Contract Report includes all contracts that value between \$40,000 and \$150,000, and is attached as *Appendix D - Quarterly Contracts Report*.

### Legal Matters

*EWEB v. MWH et al*: Case is stayed pending ruling from the Court of Appeals on the question of venue, arbitration versus trial. Parties are engaged in discovery through appointed Special Master while Court of Appeals deliberates.

*EWEB v. Michael P. Miller*: EWEB sought a declaratory judgment to establish rights under an easement over Mr. Miller's property to maintain fish passage around the Walterville plant. The trial court found in EWEB's favor, and Mr. Miller appealed. In March 2018, the Court of Appeals affirmed EWEB's declaratory injunctive relief judgment entered by Lane County Circuit Court in all respects.

*PERS Litigation*: In February, Harrang, Long, Gary and Rudnick (HLR&G), EWEB legal counsel for employment matters, filed a petition for review with the Oregon Supreme Court in response to a Court of Appeals decision regarding a case surrounding PERS creditable service for temporary employment. HLR&G contacted other Oregon public employers to solicit their amici support. The following organizations participated: Portland Metro, Lane County, League of Oregon



Cities, Special Districts of Oregon and Oregon School Boards Association. Opposing counsels for both PERS and for the individual plaintiff filed responses to EWEB's petition. The Supreme Court's decision to grant the petitioned review is anticipated in the next three months.

Compliance

During the past quarter, the following compliance violations were discovered and/or self-reported.

***Compliance Violations***

- |   |
|---|
| <ol style="list-style-type: none"><li>1. Finance had an Oregon Minimum Standards violation due to not reporting new banking relationships to the State within 3 days of opening accounts. No penalties were assessed.</li><li>2. The Social Security Administration (SSA) performed an audit of customer social security number verification which are required in certain cases to set up a new account. Staff were unable to provide one requested form, and there were minor data missing on 6 additional forms. SSA's report has not yet been finalized, and penalties, if any, are unknown.</li><li>3. The small procurement threshold was breached in the Water Division by splitting an order between two purchase orders.</li></ol> |
|---|

**WECC/NERC Audit**

EWEB is preparing for a fall 2018 onsite WECC/NERC audit of our compliance with Operations and Planning (O&P) standards, as part of FERC Order 693. During the first quarter, EWEB enlisted the service of a third-party consultant to assess our system control processes, and some will need updates. During the second quarter, staff will complete the Critical Infrastructure Protection (CIP) Internal Controls Evaluation, as well as complete the Compliance Assessment for O&P and CIP.

## Glossary

**BLM:** Business Line Manager  
**CI:** Continuous Improvement  
**CIA:** Contributions in Aid of Construction  
**CIS:** Customer Information System  
**CIP:** Capital Improvement Plan  
**CIP:** Critical Infrastructure Protection  
**CRM:** Customer Relationship Manager  
**FERC:** Federal Energy Regulatory Commission  
**FCRPS:** Federal Columbia River Power System  
**GIS:** Geographical Information System  
**ICS:** Incident Command System  
**IP:** International Paper  
**KPI:** Key Performance Indicator  
**NERC:** North American Electric Reliability Corporation  
**PERS:** Public Employees Retirement System  
**PUC:** Public Utility Commission  
**RCP:** Retail Cash Payment  
**RMC:** Risk Management Committee  
**SAIDI:** System Average Interruption Duration Index  
**SAIFI:** System Average Interruption Frequency Index

## Appendix

- Appendix A: Electric Financial Statements
- Appendix B: Water Financial Statements
- Appendix C: EL1 Report for Electric, Water & Shared Services
- Appendix D: Contracts Quarterly Report
- Appendix E: EL3 Report Community investment sponsorships
- Appendix F: Reliability Index Report
- Appendix G: Operational Dashboard
- Appendix H: Strategic Dashboard

*Disclaimer: The unaudited financial statements provided in this report are intended for management purposes only.*

**ELECTRIC CONDENSED STATEMENT OF REVENUES, EXPENSES, & CHANGES IN NET POSITION (Unaudited)**

(In millions)

	Three Months Ended March 31,		YTD Budget Comparison	
	2018	2017	Budget \$	Variance
Operating revenues	\$ 70.6	\$ 71.5	\$ 65.2	\$ 5.4
Operating expenses	59.7	58.5	56.3	(3.4)
Net operating income (loss)	10.9	13.0	8.9	2.0
Non-operating revenues	0.9	1.6	2.0	(1.1)
Non-operating expenses	1.8	1.9	2.6	0.8
Income before capital contributions	10.0	12.7	8.3	1.7
Capital Contributions	1.3	3.0	0.5	0.8
Increase/(Decrease) in net position	\$ 11.3	\$ 15.7	\$ 8.8	\$ 2.5

**ELECTRIC CONDENSED STATEMENT OF NET POSITION (Unaudited)**

(In millions)

	March 31,		December 31,
	2018	2017	2017
Current assets	\$ 248.5	\$ 216.6	\$ 241.9
Net utility plant	354.5	349.8	353.9
Other assets	104.1	116.6	104.3
Total assets	707.0	682.9	700.1
Deferred outflows of resources	33.2	57.5	33.4
Total assets and deferred outflows	\$ 740.2	\$ 740.4	\$ 733.5
Current liabilities	\$ 32.0	\$ 32.9	\$ 36.5
Long-term debt	211.0	199.7	211.6
Other liabilities	71.4	97.6	71.0
Total liabilities	314.4	330.2	319.0
Deferred inflows of resources	7.9	7.2	7.9
Total net position	417.9	403.0	406.6
Total liabilities, deferred inflows, and net position	\$ 740.2	\$ 740.4	\$ 733.5

**ELECTRIC CONDENSED CAPITAL BUDGET COMPARISON (Unaudited)**

(In millions)

	3/31/2018	Annual Working Budget	
		Budget \$	% of Budget
Type 1 - General capital	\$ 2.2	\$ 12.4	17.7%
Type 2 - Rehabilitation and expansion	1.2	7.3	16.1%
Type 3 - Strategic projects	1.7	13.7	12.5%
Total capital	\$ 5.1	\$ 33.4	15.3%

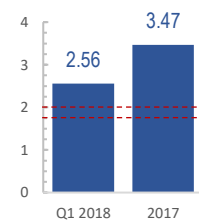
**FINANCIAL STRENGTH MEASUREMENTS**

Target line

**Debt service (Annualized)**

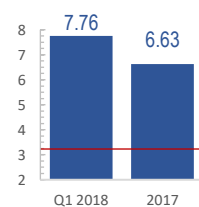
Target: Greater than range of 1.75 to 2.0x

Measures the utility's ability to meet its annual long-term debt obligation.

**Current ratio**

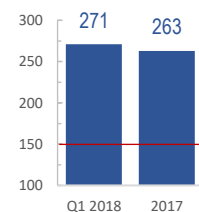
Target: Minimum of 3.250x

Measures the utility's short-term liquidity (ability to pay bills).

**Working capital days cash**

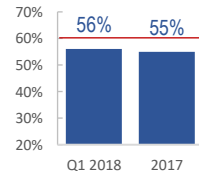
Target: Greater than 150 days

Estimates the number of days the utility can pay its daily O&amp;M before running out of cash.

**Age of system**

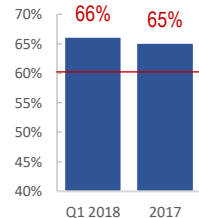
Target: Less than 60 percent

Measures age of system compared to how much has been depreciated.

**Debt as a % of NBV**

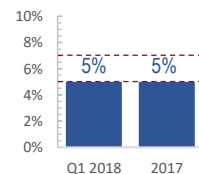
Target: Less than or equal to 60 percent.

Measures overall leverage of the system by aligning debt service with the useful lives of assets.

**Rate of return**

Target: Between 5 - 7%.

Measures the utility's ability to pay current and future infrastructure costs.



**WATER CONDENSED STATEMENT OF REVENUES, EXPENSES, & CHANGES IN NET POSITION (Unaudited)**

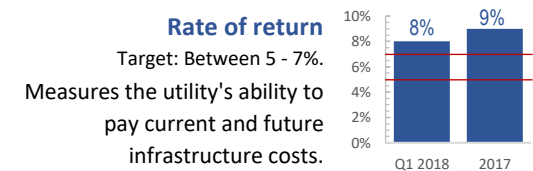
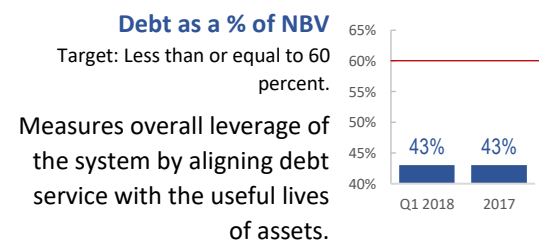
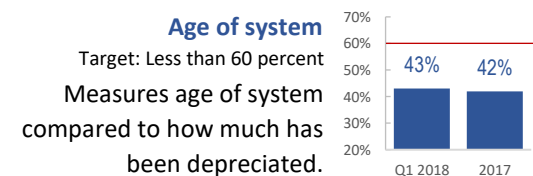
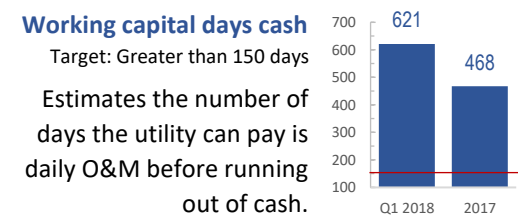
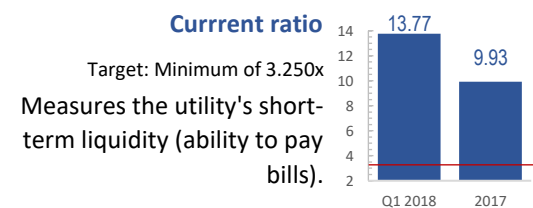
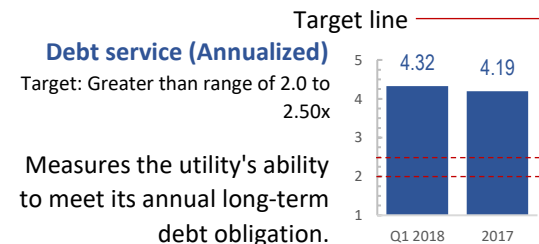
(In thousands)	Three Months Ended March 31,		YTD Budget Comparison	
	2018	2017	Budget \$	Variance
Operating revenues	\$ 7,750	\$ 7,820	\$ 7,700	\$ 50
Operating expenses	5,620	6,000	6,350	730
Net operating income (loss)	2,130	1,820	1,350	780
Non-operating revenues	60	160	160	(100)
Non-operating expenses	570	730	610	40
Income before capital contributions	1,620	1,250	900	720
Capital Contributions	1,480	1,100	390	1,090
Increase/(Decrease) in net position	\$ 3,100	\$ 2,350	\$ 1,290	\$ 1,810

**WATER CONDENSED STATEMENT OF NET POSITION (Unaudited)**

(In millions)	March 31,		December 31,
	2018	2017	2017
Current assets	\$ 54.5	\$ 58.9	\$ 54.6
Net utility plant	167.0	161.7	165.4
Other assets	6.9	4.3	6.9
Total assets	228.3	224.8	226.9
Deferred outflows of resources	6.8	11.5	6.9
Total assets and deferred outflows	\$ 235.1	\$ 236.3	\$ 233.8
Current liabilities	\$ 4.0	\$ 4.7	\$ 5.5
Long-term debt	65.3	75.6	65.5
Other liabilities	15.4	19.4	15.4
Total liabilities	84.7	99.7	86.5
Deferred inflows of resources	1.7	1.0	1.7
Total net position	148.7	135.6	145.6
Total liabilities, deferred inflows, and net position	\$ 235.1	\$ 236.3	\$ 233.8

**WATER CONDENSED CAPITAL BUDGET COMPARISON (Unaudited)**

(In thousands)	Annual Working Budget		
	3/31/2018	Budget \$	% of Budget
Type 1 - General capital	\$ 1,430	\$ 7,731	18.5%
Type 2 - Rehabilitation and expansion	782	5,874	13.3%
Type 3 - Strategic projects	20	1,030	2.0%
Total capital	\$ 2,232	\$ 14,635	15.3%

**FINANCIAL STRENGTH MEASUREMENTS**

**Capital "EL1" Report: Electric, 2018-Q1**

<b>Type 1 - General Capital</b>				Note - Changes from previous report(s) are in <b>BOLD</b>										
Capital Category	2018 - Q1			Status/Comments										
	Budget	YTD Actual	Year-End Projection											
Electric Infrastructure - Generation	\$2,020,000	\$168,084	\$1,901,602	●	LB lake debris boom installation completed during April outage; work under contract for summer construction includes LB forebay sluice gate replacement, LB dam replacement emergency generator purchase, and Smith Dam log boom construction, Stone Creek relay and exciter replacement designs nearing completion, Stone controls upgrade postponed to 2019. -ZINNIKER									
Electric Infrastructure - Substations	\$1,435,000	\$112,775	\$1,550,000	●	Type 1 Projects currently tracking on planned schedule. RTU replacement at Bethel has been completed, with Adams replacement underway and Oakway replacement planned for September. Three substation battery bank replacements are planned to be completed throughout the year and into Q3. Spring Creek substation work is on track and currently under final design with execution to occur between May 15th and August 27th. Work will consist of 115kV breaker, switch, relay, and PT replacements. One substation fence replacement is expected to be completed in Q3, with the site TBD. - NICE									
Electric Infrastructure - Telecom	\$427,000	\$34,737	\$225,000	●	Consists of EWEB driven and Customer Driven fiber work, as well as upgrades associated with LRIG. EWEB driven work is currently tracking below expected trajectory, Customer Driven work is expected to be completed on target based on historical performance, and LRIG work has been deferred due to staffing constraints. - NICE									
Electric Infrastructure - Transmission & Distribution	\$6,440,000	\$1,680,856	\$7,100,000	●	Customer reimbursable work is forecasted to be under budget by approximately \$400k. Historically this budget has been over estimated and will be adjusted at true up. Renewal and replacement work is expected to offset this underspend with a \$500k overage due to completion of some 2017 planned switch replacements that occurred in early 2018. The remaining 2018 planned Renewal and Replacement work is on track. Enhancements and additions to the distribution system are on track. Pre capitalized transformers are included in this total, however \$250k of meter spending is now accounted for in the Advanced Meter line below in the Type 2 section. BRECKENRIDGE									
<b>Type 2 Rehabilitation &amp; Expansion Projects</b>				2018 - Q1			Project Total			Schedule				Status/Comments
Project	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion					
Downtown Fiber Network	\$0	\$2,071	\$1,400,000	\$2,100,000	\$522,174	\$2,100,000	Mar-2017	Dec-2018	Dec-2018	● Due to potential risk of further delay, the EDA grant will no longer be used for the fiber network portion of the project. As a result, EWEB can now officially own the fiber assets and funding for this work needs transferred back to the Capital budget from O&M. The project is still fully reimbursable, funded by the City of Eugene. EWEB staff are in the planning stages now with installation on the remainder of the network expected to begin Q3 of this year. -NICE				
Advanced Meters (Electric)	\$938,000	\$132,612	\$1,900,000	\$6,638,000	\$1,089,000	\$12,000,000	Oct-2013	Dec-2025	Dec-2025	● Project implementation has been accelerated to accomplish strategic objectives within target dates per Opt Out deployment approval by the Board. Meters are being deployed on a consistent basis with meter procurements underway. Projection also includes \$300k in labor for planning and implementation staff. -NICE				
Electric Master Plan	\$45,000	\$4,996	\$4,996	\$1,250,000	\$134,209	\$700,000	Jul-2016	Dec-2016	Mar-2019	● Spending shown accounts for coordination and planning associated with purchase of property for Thurston substation expansion. Purchase expected to occur in Q1 of 2019 after a lot line adjustment has taken place, which reduces purchased parcel size to approximately half of current property. This change will reduce risk of EWEB environmental mitigations that may be required, and reduce cost. Delay in purchase does not effect critical path of the substation expansion. -NICE				
Upriver Re-Configuration/Holden Ck. Substation	\$977,000	\$316,911	\$855,000	\$3,000,000	\$5,709,646	\$5,830,000	Jan-2014	Oct-2015	Sep-2019	● Holden Creek substation construction and commissioning has been completed, and tie into the Thurston-Cougar 115kV transmission line is planned for late April by BPA. Upriver distribution circuits will be added to the station load in June following BPA vegetation work. From mid June to late August, the Leaburg substation will be reconfigured to remove distribution supply equipment, and to prepare the generation feeds for tie into the Holden Creek Substation. Design will be completed in Q4 2018 for control room and generator feed changes which will ultimately take place in summer 2019. -NICE				
Downtown Distribution Network	\$1,026,000	\$87,783	\$1,500,000	\$15,000,000	\$5,755,901	\$20,000,000	Sep-2010	Dec-2015	Dec-2028	● Due to complexities of replacing a failed vault at 10th and Pearl, a \$500k overage is expected for the Downtown Distribution Network program for 2018. This vault was found during inspection to have visible cracking, and has functionally failed. Work includes re-conductoring the supply feed, re-configuration of the system to allow for de-energization of the vault, replacement of the vault, and repair of the roadway and underground facilities in the vicinity. Final procurement is underway with execution planned for June-September. -NICE				
Grid Edge Demonstration Project	\$320,000	\$29,740	\$1,250,000	\$1,200,000	\$170,728	\$1,250,000	May-2016	Jun-2017	Sep-2018	● Installation of a 500kW output, 1MWh battery system is planned at 4j Howard Elementary, with execution between June and September. Full project cost has been moved to 2018; budgeted amount shown was originally slated for final completion. Site will be part of EWEB's emergency water supply program by tying this backup power source in with an onsite well for community water distribution after a large scale disaster or long term outage. Work is being performed by a contractor under a design-build turnkey project and is at 30% detailed design, with procurement of the battery modules underway. -NICE				
ROC Consolidation	\$615,000	\$0	\$700,000	\$2,000,000	\$0	\$2,000,000	Mar-2018	Dec-2020	Dec-2020	● Projection includes \$600k for a parking lot expansion at ROC to accommodate additional vehicles after consolidation. This is currently under design and is expected to be completed later this year during the construction season. \$100k is included for the Electric Company's share of the Hayden Bridge Backup Dispatch building costs for this year. Costs for facilities at Hayden Bridge are very preliminary and will be further refined this year as design progresses. -NICE				
<b>Type 3 - Strategic Projects &amp; Programs</b>				2018 - Q1			Project Total			Schedule				Status/Comments
Project	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion					
Carmen Smith License Implementation	\$13,700,000	\$1,718,504	\$13,850,000	\$135,000,000	\$44,857,786	\$129,500,000	May-2009	Dec-2021	Dec-2025	● The Project End Projection has been updated to reflect the 2016 Settlement Agreement. Although there is only one regulatory filing outstanding, there is no certainty regarding license issuance date. Carmen Powerhouse renewal efforts are underway with major construction activities on schedule to commence in May. The turbine shutoff valve installations will complete by the end of October with the plant returning to operation in November 2018. Procurement of equipment for rebuilding the substation in 2019 is underway and design documents for the installation contract are on schedule to be completed in the Fall of 2018. GE was issued the notice to proceed on design work for the first unit rehab in 2020. Planning for fish passage and other recreation and environmental improvements required by the anticipated license has begun. -ZINNIKER, BOYLE				
<b>Total Electric Capital (Excluding Shared Services)</b>	<b>\$27,943,000</b>	<b>\$4,289,069</b>	<b>\$32,236,598</b>	<b>115%</b>										

These categories match the Capital Improvement Plans (CIPs) submitted by Water & Electric.

Type 1 - General Capital is budgeted Year-by-Year for recurring capital expenditures from January through December. Type 1 Capital includes categorized collections of projects of less than \$1 million. Typical examples include "pole replacements" as part of Transmission & Distribution. This work typically involves many small projects that up to \$1.2-\$1.7 million per year.

Type 2 projects have "discrete" scopes, schedules (launch through completion), and cost over \$1MM during the project life.

1. Budget amounts are adjusted to reflect changes presented and approved by the Board on April 4, 2017 (April True Up)

Management Notes: The overall Electric Capital Budget (excluding shared services) expenditure rate is lower than actual to date (13% spending vs. 25% of year). Type 1 expenditures predicted at year end is at 104% of budget vs. actual, with about 16% spent through Q1. Type 2 spending ended at 14% at the end of Q1, and projected expenditures at year end are at 194%. This large variance is in part due to a transfer of \$1.4M from O&M to capital for the downtown fiber network that will be needed. This will be offset in contribution from the City of Eugene since it will be reimbursable work, and in the true up will be shown with a corresponding \$1.4M capital budget instated. The other main driver to the Type 2 electric overage is an acceleration of the AMI project which accounts for an almost \$1.3M overage. No large balloon payments are expected for Type 1 and Type 2 spending this year, however Type 1 and Type 2 spending rate is expected to increase starting in May and through October as large efforts currently in design are executed. Carmen Smith spending is expected to be just over 100% of budgeted at year end with 12% spent through Q1. The main driver being the Carmen Power Plant TSV installation which is currently underway. Additionally, procurements for the Carmen Substation are expected to begin, and staff expect significant spending on fish passage design to resume in 2018. Year end projections of total expenditures vs. budget for Type 1 & Type 2 work combined is predicted to be 129% excluding Shared Services and Type 3, and 115% including Type 3 (Carmen) for the overall Electric Division budget (with precap materials included).

**Capital "EL1" Report: Water, 2018-Q1**

**Type 1 - General Capital**

Project	2018 - Q1			Status/Comments
	Budget	YTD Actual	Year-End Projection	
Source - Water Intakes & Filtration Plant	\$577,000	\$86,531	\$815,000	● Three primary projects at Hayden Bridge for 2018: Solids/Pond Improvements, Basin Railing and Access Improvements, and Finished Water Flow Meter Replacements. The 2018 Capital True-Up provides additional budget due to revised estimates and carryover.
Mains - Replacements, Improvements, & Trans.	\$4,069,000	\$1,017,809	\$4,069,000	● Largest componet in this area is main replacements. This item is tracking low so far. Cost reporting does lag however, so we will be watching this number closely
Services	\$1,545,000	\$427,816	\$1,545,000	● Includes both reimbursable and non reimbursable service work.
Pump Stations and Reservoirs	\$896,000	\$188,147	\$1,174,000	● Work this year includes upgrades at Santa Clara, Dillard 975, and Crenshaw pump stations and well as improvements to the Crest 800 and 975 reservoirs. The 2018 Capital True Up provides additional budget due to revised estimates.
	\$7,087,000	\$1,720,303	\$7,603,000	107%

*These categories will match the Capital Improvement Plans (CIPs) submitted by Water & Electric.*

*Type 1 - General Capital is budgeted Year-by-Year for recurring capital expenditures from January through December. Type 1 Capital includes categorized collections of projects of less than \$1 million. Typical examples include "main replacements". This work typically involves dozens of jobs that add up to \$3.5-4.5 million per year.*

*Type 2 projects have "discrete" scopes, schedules (launch through completion), and cost over \$1MM during the project life, and project life can span multiple years*

*Type 3 projects are large strategic programs with long term impacts.*

**Type 2 Rehabilitation & Expansion Projects**

Project	2018 - Q1			Project Total			Schedule			Status/Comments
	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	
Hayden Bridge Disinfection System Replacement	\$3,183,000	\$60,944	\$2,052,000	\$3,645,000	\$361,888	\$3,580,000	2017	YE-2018	Q2-2019	● Replacement of gas chlorine system with on-site liquid hypochlorite system. Nearing completion of installation design. Equipment pre-purchase in progress. Budget reduction included in 2018 Capital True Up (Initial Plan - 2015 CIP)
Hayden Bridge Seismic Upgrades	\$103,000	\$39,720	\$60,000	\$1,215,529	\$1,400,787	\$1,420,000	2014	YE-2015	Q1-2018	● Project complete. Yellow due to being slightly over budget for total project. (17%) Phase 1 (basins and filters) costs more expensive than anticipated while 2017 (headhouse) costs came in much less than anticipated. This is the final quarter this project will be on the EL1 Report. (Initial Plan - 2013 CIP)
Distribution System Scada/PLC Upgrades	\$206,000	\$6,285	\$56,000	\$3,079,780	\$597,394	\$650,000	2013	YE-2016	YE-2018	● Multi-Year upgrade project to upgade communications and control at pump stations. Going forward this work will be incorporated into planned standard pump station Type 1 work. (Initial Plan 2013 CIP)
Hayden Bridge Standby Power Improvements	\$0	\$6,408	\$1,150,000	\$1,728,000	\$118,074	\$1,300,000	2015	YE-2017	Q3-2018	● Design and equipment pre-purchase is complete. Awaiting delivery of two generators, one for Hayden Bridge Plant and one for Intakes along with electric equipment. Delays in design process pushed the completion date to Q3 2018. Budget addition/carryover included in 2018 Capital True Up. (Initial Plan - 2015 CIP)
Hawkins Reservoir Improvements	\$1,457,000	\$0	\$0	\$2,067,000	\$154,000	\$154,000	2014	YE-2018	YE-2017	● 2017 Structural evaluations identified significant deficiencies with the existing reservoir. Due to high cost for improvements, shifted focus to constructing new reservoir as part of the Water Utility's plan for distributed base level reservoir. Budget reduction included in 2018 Capital True Up. Project will not be included in future EL-1 reports. (Initial Plan 2016 CIP)
Advanced Meters (Water)	\$0	\$212,405	\$600,000	NA	\$212,405	TBD	2018	YE-2026	YE-2026	● New Subproject to reflect shift to Opt-Out Advanced Meter Infrastructure. Incudes cost of pre-capitalized meters. In 2018, unit costs will be fine tuned so that accurate long term projections can be made. Budget increase included in 2018 Capital True-Up.
ROC Consolidation	\$135,000	\$0	\$235,000	NA	\$0	\$600,000	Q1-2018	YE-2020	YE-2020	● New sub-project for the ROC Consolidation. 2018 costs include a parking lot expansion at ROC to accommodate additional vehicles and design efforts for a new building at Hayden Bridge for backup dispatch, trading, and data. Costs for facilities at Hayden Bridge are very preliminary and will be further refined this year as design progresses. Budget increase included in 2018 Capital True-Up.
	\$5,084,000	\$325,762	\$4,153,000							82%

**Type 3 - Strategic Projects & Programs**

Project	2018 - Q1			Project Total			Schedule			Status/Comments
	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	
Emergency Water Supply	\$1,030,000	\$20,396	\$250,000	TBD	\$20,396	TBD	Q1-2018	YE-2028	YE-2028	● New Sub-Project for Emergency Water Supply Program. Budget reduction included in 2018 Capital True-Up and reflects actual projected costs for establishment of emergency distributed sites based on work to date.

Total Water Capital (Excluding Shared Services) \$13,201,000 \$2,066,461 \$12,006,000 16% year end actual to budget

Type 1, 2 Capital (Excluding Shared Services) \$12,171,000 \$2,046,065 \$11,756,000 17% year end actual to budget

Management Notes: Overall Water's Type 1 projects are tracking well. Our Main Replacements and Improvements is at approximately 24% of budget spent and our service work is at 27% of budget spent. Costs do lag in the reporting system however, so we will watch these areas closely. On the Water Type 2 projects, we are tracking low in the first quarter however several large equipment pre-purchase contracts will be completed soon with construction contracts following. This should bring up the Type 2 spending significantly as the year progresses. The 2018 Budget will change as part of the Capital True-Up and it is noted in the comments where changes are proposed.

**Capital "EL1" Report: Shared Services, 2018-Q1**

**Type 1 - General Capital**

Capital Category	2018 - Q1			Status/Comments	Note - Changes from previous report(s) are in <b>BOLD</b>
	Budget	YTD Actual	Year-End Projection		
General Plant - Information Technology (I.T.)	\$1,210,000	(\$78,833)	\$1,210,000	●	~\$350k budgeted for network device refreshes still to be completed in 2018; ~\$300k budgeted for EMCS hardware refreshes to be completed in 2018. ~\$60k has been spent so far; ~\$350k budgeted and spent on compute and storage upgrades (Knabe)
General Plant - Buildings & Land Management	\$476,000	\$112,438	\$476,000	●	Still waiting for the final invoice to close out the HQ Elevator project. Est. \$5,000.00. (Wahto) Most physical infrastructure is complete for the ROC communication tower: tower construction is complete, the communication shelter has been delivered to the site and is anchored in place, all fencing is complete. EWEB crews will bring service conductors to the shelter in the next two weeks. Next steps include fiber connectivity, completing security and building system controls installation, and data infrastructure. There is not a schedule in place for this next phase of the project. (Wolfe)
General Plant - Electric& Water Fleet Capital	\$823,000	\$49,900	\$385,500	●	Electric - \$297,000 to be spent on a vehicle at will not be completed until mid-year 2019. Water \$140,500 to be rolled over into 2019 for the purchase of a new vac-truck.

**Type 2 Rehabilitation & Expansion Projects**

Project	2018 - Q1			Project Total			Schedule		
	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion
AMI Information Technology & Integration	\$215,000	(\$100,756)	\$74,000	\$6,475,700	\$5,269,303	\$6,475,700	May-2015	Dec-2017	May-2018
Customer Information System (CIS) Replacement	\$4,075,000	\$980,530	\$4,575,000	\$9,700,000	\$1,218,730	\$11,150,000	Sep-2016	Aug-2018	mid to late-2019
Information Technology Type 2	\$100,000	\$0	\$0	\$0	\$0	\$0			

**Total Shared Services Capital (This Report)**

\$ 6,899,000.00    \$963,279    \$6,720,500    97.41%



Q1 2018, Quarterly Contracts Awarded Report

APPENDIX D

Execution	Contractor	City, State	Description	Contract Amount	Contract Term	Contract Process	ET Manager
1/3/2018	BHE group	Eugene, OR	Roosevelt Operation Center Parking Lot Expansion	\$ 60,000	1/3/18 - 3/1/18	Qualification Based Selection-Direct Negotiation	Mel Damewood
1/24/2018	Peterson Structural Engineers	Portland, OR	Carmen Diversion Structure Probable Maximum Flood (PMF) Modifications Design	\$ 79,900	1/24/18 - 12/31/18	Qualification Based Selection-Direct Negotiation	Susan Ackerman
1/26/2018	US Geological Survey	Portland, OR	Joint Funding Agreement for Source Water Protection Program Support	\$ 68,389	1/26/18 - 12/31/18	Intergovernmental Agreement	Mel Damewood
1/29/2018	Lane Council of Governments (LCOG)	Eugene, OR	Master Services Agreement for Source Protection Software Support and System development	\$ 135,000	1/29/18 - 1/8/19	*Intergovernmental Agreement	Mel Damewood
2/6/2018	Ballard Marine Construction	Washougal, WA	Mud Gate and Actuator Replacement at Leaburg Forebay	\$ 75,383	2/6/18 - 10/12/18	Formal Invitation to Bid	Susan Ackerman
2/9/2018	Stettler Supply Co.	Salem, OR	Basin Handrail Replacement (Hayden Bridge)	\$ 139,865	2/9/18 - 12/31/18	Formal Invitation to Bid	Mel Damewood
2/16/2018	Brenco, Inc.	Harrison, OH	Used Conductor Puller/Tensioner	\$ 50,000	2/16/18 - 5/15/18	**Direct Negotiation	Mel Damewood
2/22/2018	Mason, Bruce & Girard, Inc.	Portland, OR	Support & Maintenance Agreement for Oregon Watershed Emergency Response System	\$ 40,000	2/22/18 - 2/21/20	Direct Negotiation with firm that designed the software system	Mel Damewood
2/22/2018	Systems West Engineering	Springfield, OR	Mechanical & Electrical Design Services-Roosevelto Operations Center Consolidation	\$ 95,900	2/22/18 - 12/15/18	Qualification Based Selection-Direct Negotiation with previous design firm	Rod Price
3/2/2018	DocuTrak	Eugene, OR	Confidential Document Destruction	\$ 60,000	3/2/18 - 3/1/23	Request for Quote	Rod Price
3/2/2018	Ballard Marine Construction	Washougal, WA	Crest 800 and Crest 975 Reservoir Hatch, Ladder, Vent, and Railing Upgrades	\$ 123,600	3/2/18 - 12/31/18	Formal Invitation to Bid	Mel Damewood
3/7/2018	OBEC Consulting Engineers	Eugene, OR	Final Design and Construction Inspection of the 48th Street Channel Collaborative Water Quality Enhancement Project	\$ 112,599	3/7/18 - 3/6/18	Qualification Based Selection- Informal Request for Proposals	Mel Damewood
3/14/2018	Royal Switchgear Manufacturer	Bessemer, AL	115kv V-Type Switches	\$ 43,400	3/14/18 - 12/31/18	Request for Quote	Rod Price
3/22/2018	Greensuns, Inc.	Pleasant Hill, OR	Leaburg Canal Embankment Improvements for 2018	\$ 99,520	3/22/18 - 10/1/19	Formal Invitation to Bid	Susan Ackerman
3/22/2018	United Sales Associates	Lake Oswego, OR	Battery Banks and Racks-as needed	\$ Not To Exceed \$150,000	3/22/18 - 3/21/23	Request for Quote	Rod Price
3/23/2018	Kendall Ford	Eugene, OR	Truck: 1 ton, 4wd, extended cab / chassis	\$ 69,801	3/23/18 - 6/30/18	Request for Quote	Mel Damewood
3/23/2018	1105 Media, Inc. dba Transforming Data with Intelligence (TDWI)	Renton, WA	Business Intelligence Dimensional Data Modeling Training & Consulting Services	\$ 48,400	3/23/18 - 12/31/18	Personal Services Contract	Matt Barton
3/23/2018	Convergint Technologies	Tualatin, OR	Enterprise Security Systems Customer Support Program	\$ 207,275	3/23/18 - 2/28/23	***Direct Negotiation	Rod Price
3/26/2018	Power Ford Lincoln	Newport, OR	2 Trucks: 18,000 GVRW, 4wd crew cab / chassis	\$ 84,531	3/26/18 - 6/30/18	Request for Quote	Mel Damewood

\*The LCOG Master Services Agreement is a continuation of technical support services for EWEB's drinking water source protection program which requires access to LCOG's regional GIS and other data developed for Lane County agencies.

\*\*Three used conductor puller/tensioners were considered. EWEB directly negotiated with the reseller offering the equipment in the best condition, at the best price.

\*\*\*The Convergint Technologies contract is a 5 year contract for maintenance and support of software and hardware, which is exempt from Board Approval. Convergint Technologies offers the security system we use to manage our facility access and security systems.

**Small Procurement Overage Report**

Water Operations and Engineering had a breach of the \$10,000 small procurement threshold in March, 2018. The purchase was to Rosemount, Inc. for three Chlorine Analyzers. The purchase total was \$13,762.65, split between two Purchase Orders. Staff have been educated on appropriate purchasing rules and will work with Purchasing staff to request quotes on future purchases.

EWEB association for all above contracts = None

Questions? Please contact: Sarah Gorsegner, 541-685-7348

**Community Investment Q1 2018**

**Sponsorships, Donations, Grants**

AGENCY	EVENT/DESCRIPTION	PAYMENT DATE	EVENT DATE	AMOUNT	INVESTMENT AREA	CATEGORY	NOTES
Bethel School District	Jan-June 2018 Education Grant	01/02/18	N/A	\$38,500	ECONOMIC: Education	Board Directed	
Lane Community College	Jan-June 2018 Education Grant	01/02/18	N/A	\$35,000	ECONOMIC: Education	Board Directed	
McKenzie School District	Jan-June 2018 Education Grant	01/02/18	N/A	\$10,500	ECONOMIC: Education	Board Directed	
Springfield School District	Jan-June 2018 Education Grant	01/02/18	N/A	\$23,500	ECONOMIC: Education	Board Directed	
Eugene 4J School District	Jan-June 2018 Education Grant	01/02/18	N/A	\$123,500	ECONOMIC: Education	Board Directed	
Willamette High School	EWEB Electrathon Race	02/01/18	Mar 2018	\$1,225	ECONOMIC: Education	Board Directed	
South Eugene High School	Robotics Team	02/08/18	N/A	\$1,000	ECONOMIC: Education	Board Directed	Annual Contribution
				<b>Total Q1</b>	<b>\$233,225</b>		

**Upcoming and/or committed**

**Sponsorships, Donations, Grants**

AGENCY	EVENT/DESCRIPTION	PAYMENT DATE	EVENT DATE	AMOUNT	INVESTMENT AREA	CATEGORY	NOTES
Equity & Community Consortium	Communities of Color Networking Event (EWEB Sponsored First Friday)	Apr 2018	05/04/18	\$1,150	PEOPLE: Diversity	Discretionary (Diversity)	Food and Entertainment provided by EWEB
Howard Elementary	Annual Tech Trot	04/19/18	05/10/18	\$500	ECONOMIC: Education	Board Directed	Proceeds are used to lower or eliminate the technology fee for students at Howard Technology Immersion School.
Eugene 4J School District	Solar Challenge Grant for 4J, Bethel and Springfield School Districts	Pending	06/09/18	\$19,550	ENVIRONMENTAL: Greenpower Program	Rate-Funded	Previously funded from Education Grants but in response to Greenpower participant survey results, this project is now funded by the Greenpower program.
Lane County Fair	Co-Sponsorship of Lane County Fair Comfort Station Water Booth	02/08/18	07/18-07/22	\$900	ENVIRONMENTAL: Water Quality/Reliability	Discretionary (Cust. Solutions)	Booth Fee / Use of EWEB drinking water fountain w/chiller
				<b>Total</b>	<b>\$22,100</b>		

**Water Truck Deployment**

AGENCY	EVENT/DESCRIPTION	PAYMENT DATE	EVENT DATE	AMOUNT	INVESTMENT AREA	CATEGORY	NOTES
Eugene Marathon	Eugene Marathon	N/A	04/29/18	Staff Time	ENVIRONMENTAL: Water Quality/Reliability	Discretionary (Water Ops)	Water Trailer at Finish Line
EWEB Customer Care Program	Run to Stay Warm	N/A	TBA	Staff Time	ENVIRONMENTAL: Water Quality/Reliability	Discretionary (Water Ops)	Water Trailer

**Volunteer Efforts and Events**

AGENCY	EVENT/DESCRIPTION	PAYMENT DATE	EVENT DATE	AMOUNT	INVESTMENT AREA	CATEGORY	NOTES
United Way & Connected Lane County	BookFest Book Drive	N/A	04/16-04/30	N/A	ECONOMIC: Education	N/A	BookFest is an event where students K – 2nd grade are invited to choose and keep 6+ books to read over the summer. Across Lane County, we are partnering together in an effort to collect 7,000 books to be distributed in 9 different schools where 75% of kids are not meeting the 3rd grade reading benchmark.
Bethel School District	KidWind Challenge	N/A	04/20/18	N/A	ECONOMIC: Education	N/A	Interview/Judge Entries 5 volunteers = 17.5 hrs
Lane Blood Center	Blood Drive	N/A	05/24/18	N/A	PEOPLE: Emergency Preparedness	N/A	At ROC
Butte to Butte	Butte to Butte	N/A	07/04/18	N/A	ENVIRONMENTAL: Water Quality/Reliability	N/A	Water Station volunteers
Special Olympics Oregon	Bocce Regional Competition	N/A	06/16/18	N/A	PEOPLE: Diversity	N/A	Officiate Bocce competition
Food for Lane County	FFLC Volunteer Night	N/A	Ongoing	N/A	PEOPLE: Safety Net	N/A	39 hours YTD



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

ENGINEERING / DISTRIBUTION RELIABILITY

*Rely on us.*

TO: Leadership Team  
 FROM: Tom Ossowski, Electric Systems Engineering  
 DATE: April 4, 2018  
 SUBJECT: Electric System Reliability Report – March 2018

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## Executive Summary

March continued with very mild weather resulting in few weather related outages. This is reflected in the outage statistics which show low outages with most of the outages planned or caused by vehicles.

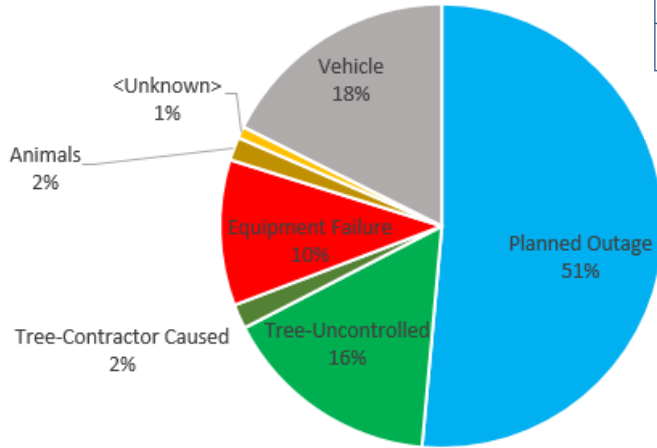
We are a little behind to meet the 2018 goal for tree trimming goals at 80% of planned year to date which affects 6,915 customers. After a slow start for PUC corrections due to a focus on other reliability projects, we are now ahead of schedule.

In all, outage prevention work this year has affected 7,744 customers.

## Outage Performance Details

Index	YTD Actual	YTD 5 Year Average	Pacific Northwest APA City Average YTD	Dashboard
SAIFI	0.054	0.097	0.10	
SAIDI (minutes)	6.27	14.01	10.8	

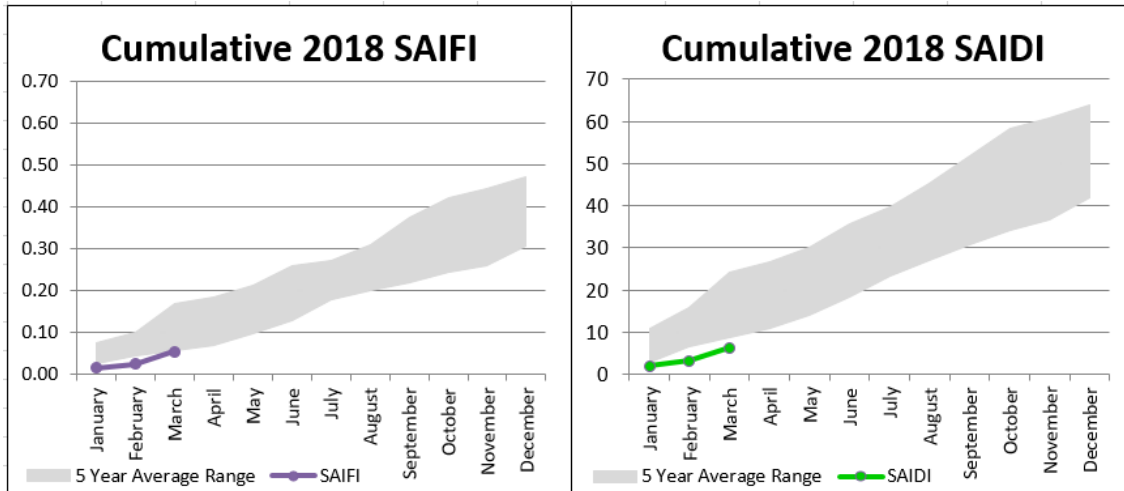
## March 2018 Interruption Minutes by Outage Cause



Total # of interruptions	Total # of customers interrupted	*Total interruption minutes
66	2,809	290,115

\*The pie chart is based on interruption minutes. Total of the (interruption time) x (# of customers interrupted) for all the interruptions for the month.


■ Planned Outage ■ Tree-Uncontrolled ■ Tree-Contractor Caused ■ Equipment Failure ■ Animals ■ <Unknown> ■ Vehicle




	Jan	Feb	Mar
<b>SAIFI</b>	<b>0.016</b>	<b>0.009</b>	<b>0.030</b>
Less Planned Interruptions	-	-	-
5 Year Monthly Average	0.047	0.021	0.029
<b>Year To Date</b>	<b>0.016</b>	<b>0.025</b>	<b>0.054</b>
<b>Year To Date Average</b>	<b>0.047</b>	<b>0.068</b>	<b>0.097</b>
<b>SAIDI</b>	<b>1.99</b>	<b>1.23</b>	<b>3.05</b>
Less Planned Interruptions	-	-	-
5 Year Monthly Average	5.67	4.66	3.68
<b>Year To Date</b>	<b>1.99</b>	<b>3.23</b>	<b>6.27</b>
<b>Year To Date Average</b>	<b>5.67</b>	<b>10.32</b>	<b>14.01</b>
<b>CAIDI</b>	<b>127.31</b>	<b>136.91</b>	<b>103.28</b>
Less Planned Interruptions	-	-	-
5 Year Monthly Average	122.30	229.24	150.37
<b>Year To Date</b>	<b>127.31</b>	<b>130.82</b>	<b>115.82</b>
<b>Year To Date Average</b>	<b>140.00</b>	<b>140.00</b>	<b>140.00</b>
# Customers	95190	95190	95190
# Interruptions	1490	858	2809
# Unplanned Interruptions	-	-	-

## 2018 Outage Prevention and Resiliency Details

### Maintenance

March Actual	YTD Actual	YTD Planned	Year Planned	Dashboard
606	681	350	1,400	

### Tree Trimming

Line Miles				Total Customers Risk Reduced		Dashboard
March Actual	YTD Actual	YTD Planned	Year Planned	March	YTD	
16.8	56.2	70	280	1,797	6,915	

### Tree Trimming Completed this Month for Following Lines

Line	# Customers Risk Reduced	Overhead Line Miles Completed	% Completed
Hayden Bridge 2406	95	4.4	64%
Leaburg 2004	96	3.4	11%
Hilyard 4127	275	2.3	27%
Hilyard 4128	588	2.9	63%
Laurel 5212	479	1.8	55%
Laurel 5214	23	0.3	4%
Laurel 5216	171	1.2	43%
Laurel 5218	70	0.5	20%

## Resiliency Projects

### Holden Creek Substation (replacing Leaburg substation) – Percent Complete: 95%

Construction is substantially complete, final testing and commissioning has been completed by internal EWEB crews with some minor punch list items remaining. Energization of the bus work to the BPA 115kV Blue River-Thurston Line is planned for April 2018. Distribution load will be transferred to the station from Leaburg Substation in June 2018, with final energization and commissioning including Leaburg Generation intertie in late third quarter of 2018.

### Substation RTU replacements– Percent Complete: Not Yet Available

As part of EWEB's RTU (Remote Terminal Unit) Asset Replacement Plan, the obsolete RTU's at the following substations will be replaced with EWEB's standard SEL RTU and HMI (in-substation user interface screen):

- Bethel
- Adams
- Oakway

### Spring Creek Substation Upgrade – Percent Complete: Not Yet Available

Two old oil-filled 115 kV transmission circuit breakers will be replaced with modern circuit breakers and seven 115 kV switches and all of the protection relays will be replaced with current, standard equipment. Also the old XLP insulation 15 kV underground feeder get-away cables (cables from substation breakers to the first distribution switch) will be replaced with EPR insulated 15 kV cable with a 40 year warranty. Spring Creek substation was chosen for work this year because several equipment asset plans show this equipment at end of life. This substation has a few feeders which are not able to be back fed from another substation, just this substation's sister transformer. To avoid outage risk to the connected customers, a summer outage will occur to replace this equipment, with this work coordinated together for one outage. The feeder cable replacement work by internal line crews is coordinated with this project as an opportunistic benefit while the station is out for these upgrades and regular maintenance.

### WEYCO 3 Substation 115kV Switch Replacements– Percent Complete: Not Yet Available

Three 115 kV switches will be replaced with new switches. These switches are end of life, and have shown signs of deterioration by way of increased difficulty to actuate. This station has a high customer economic impact if a failure is experienced.







### Substation Battery Bank Replacements– Percent Complete: Not Yet Available

The battery banks will be replaced at three substations, yet to be determined based on testing results. Battery replacements are chosen on a condition based priority.







### Live Front Distribution Switch Replacements– Percent Complete: 24%

Seven live front switches will be replaced with the new standard deadfront switches. All XLP insulated cable terminated at these switches will also be replaced with EPR insulated 15 kV cable with a 40 year warranty. This replacement has safety benefits for internal staff during switching operations, and is preventative replacement to avoid equipment failure which causes customer outages. So far this year two live front switches have been replaced.

**EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD  
OPERATIONAL PERFORMANCE INDICATORS CY2018**





Operational Performance Area	JOP	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner(s) (Lead)	Trend	Comments	Drivers
<b>Customer Operations</b>						McGaughey		Call center metrics below target due to post office/lockbox issues that were resolved in April. Hiring new customer service analysts in April to gear up for CIS conversion. Phone transactional survey delayed due to vendor availability. Projected to be operational in Q2. Meter reading dog interactions high in the first quarter. Working on root cause and future training.	Safety Call Center/Atrium Metrics Meter Reading Efficiency/Accuracy New - Transactional Survey (Quality) First Interaction Satisfaction Budget Adherence/Improvement Workforce Depth/Bench Strength
<b>Customer Energy and Water Solutions</b>						Gonzalez		<b>C&amp;M:</b> Active participation/support in EWEB priority projects including AMI (AMI Communications Blueprint/Plan) and CIS (Internal). Work intake process created and implemented. Coordinating with BLM's and others to support products & services marketing efforts. Timely completion of all outreach and communications efforts. <b>CRM:</b> Account selection process has been improved and accounts have been assigned to CRM's. Currently in the development of Business Plans for KA's. New Construction/Developer feedback event planning in process. <b>BLM:</b> Actively reviewing existing EWEB offerings including Limited Income, GP, Solar, etc. Completed promotional incentives for EV Promo, HP Winter Promo in Q1. Active participation in RevUp Eugene (UO). <b>FS:</b> Meeting BPA reimbursement/Conservation numbers and pacing to meet EOY targets.	Safety Outreach/Communications New Product Introductions New Product & Service Sales Key Account Satisfaction LI/EE Incentives vs. Result (kwh/gal/\$) Budget Adherence/Improvement Workforce Depth/Bench Strength
<b>Electric Engineering &amp; Operations</b>						Price		Budget and reliability and compliance right on track.	Safety Compliance Reliability (SAIDI/SAIFI, etc.) Disruption/Storm Response Project Execution (Cust.& Cap.) Budget Adherence/Improvement

**EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD  
OPERATIONAL PERFORMANCE INDICATORS CY2018**

Operational Performance Area	JOP	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner(s) (Lead)	Trend	Comments	Drivers
									Workforce Depth/Bench Strength
<b>Energy &amp; Generation Operations</b>						Ackerman		More green than yellow. Green light is indicative of energy production, trading performance, compliance and budget adherence. Two reportables in Generation, workforce depth and legislative influence continue to be areas of focus. Proforma work continues. Workforce planning is underway, due to anticipated need for specialized labor skills in generation relicensing. Legislative work continues in advance of the 2019 session.	Safety Compliance Project Proforma/Gen. Availability Trading Operation (mitigation vs Mkt. performance) Legislative Influence Budget Adherence/Improvement Workforce Depth/Bench Strength
<b>Water Engineering &amp; Operations</b>						Damewood		All Water Quality and Safety targets met in Q1 for the water utility. There were no violations of regulations for safety or water quality. Reliability for the water utility was exceptional for Q1, as there were only 11 unplanned outages (~1 break per 100 miles of pipe) and duration of outage right at about 2 hours ave. Capital projects are progressing as expected and budget currently being adhered to.	Safety Water Quality/Compliance Reliability (breaks/mile) Disruption Response Project Execution DWSP Execution Budget Adherence/Improvement Workforce Depth/Bench Strength
<b>Finance</b>						Fahey		Green represents that financial metrics for both utilities were good in first quarter. Yellow represents Finance division lagging in workforce depth area. Several positions have been filled and work on developing bench strength in compulsory areas that began in 2016 has picked up again.	Safety Board Financial Metrics Budget Adherence Procurement/Cost Improvements Budget Adherence/Improvement Workforce Depth/Bench Strength



**EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD**  
**OPERATIONAL PERFORMANCE INDICATORS CY2018**

Operational Performance Area	JOP	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner(s) (Lead)	Trend	Comments	Drivers
<b>Human Resources</b>						Kostopoulos		All drivers on track to meet Division goals. Major projects and initiatives including Wellness Program, outsourcing Leave Management, and UltiPro module implementation are underway and meeting planned milestones.	Workforce Metrics Safety (Overall) Compliance Health & Wellness Labor Relations UltiPro Project Execution Workforce Depth/Bench Strength Budget Adherence/Improvement
<b>Information Services</b>						Barton		Projects are on track to meet goals. Both Capital and O&M budgets/projects are progressing as expected. We continue to maintain a strong patching program.	Safety O&M Spending/Reduction Cyber Security Compliance Project Execution Workforce Depth/Bench Strength Budget Adherence/Improvement

Status = Traffic light indicators represent past performance for the quarter

Trend = Arrows are a projection of future results

Red Light = Significant actual or projected miss in cost, scope or schedule. Issues that will likely cause material impacts.

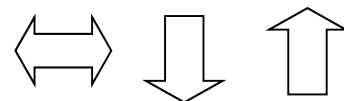
Yellow Light = Potential or minor miss with respect to cost, scope or schedule. No major impacts in spite of miss.

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**EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD  
STRATEGIC GOALS CY2018**

Strategic Initiatives		Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner(s) (Lead)	Trend	Comments	Drivers
<b>Customer Confidence</b>	<b>Customer Confidence – Operational Performance</b>	●				Executive Leadership (Lawson)	↑	Yellow due to struggles with lockbox and post office forwarding issues in Q1. Positive results include the AMI communications blueprint and process improvements in Distribution Engineering which will enhance speed of delivery and ease of business; developers/customers will notice these changes beginning in Q2.	See Operational Dashboard
	<b>Customer Confidence – Technology/ Customer Information System (CIS)</b>	●				Barton/ Fahey/ McGaughey (Barton)	↔	CIS-R Project is progressing along as planned. The project is meeting its scope, schedule, and budget. Key accomplishments for Q1 include: <ul style="list-style-type: none"> <li>• Installation of Cayenta Utilities application and database</li> <li>• Ten weeks of “Discovery” sessions designed to validate and discover new or emerging EWEB business requirements and business processes associated with EWEB’s Customer Information Systems.</li> <li>• Completed Functional Test Plan</li> <li>• Identified amount of data (in years) to migrate from EWEB legacy systems to Cayenta</li> </ul> Yellow light due to critical defects that will prevent Cayenta from passing acceptance testing. A notice has been issued to Cayenta.	Configuration & Deployment Milestones (Live in 2019)
	<b>Customer Confidence – Technology/ Advanced Metering Infrastructure (AMI)</b>	●				Fahey	↔	AMI process and organizational structure on track.	Deployment Milestones

**EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD  
STRATEGIC GOALS CY2018**

Strategic Initiatives	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner(s) (Lead)	Trend	Comments	Drivers
<p><b>Customer Confidence – Targeted Areas:</b></p> <ol style="list-style-type: none"> <li><b>1. Limited Income</b></li> <li><b>2. Rental Housing</b></li> <li><b>3. Residential/Commercial Developers</b></li> </ol>	●				Gonzalez	↔	<p>EE Combined Incentives on pace to meet EOY disbursement targets.            Conservation kwh target on pace to meet EOY expectations.  <b>Green Power</b> Grant Applications received, 5 finalists selected, outreach to select recipients in process, awarded/selected May 11<sup>th</sup>.  <b>LI</b> Currently in the process of review &amp; analysis of existing offerings. This includes meeting with Commissioners and ET to gauge interest and direction of potential modifications to programs and/or rates.  <b>Rental housing/Developers</b> – Reviewing options to collaborate with other local organizations with the goal of identifying opportunities to simplify the way we interact with and conduct business with R&amp;C developers.</p>	<p>Amount/Type of Assistance (Customers Served)            New Products &amp; Services Launch/Sold            Ease of Process (Lead time &amp; Cost)</p>

**EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD  
STRATEGIC GOALS CY2018**

<b>Electric Resources</b>	<i><b>Influence regulatory and legislative issues that support/increase the value low-carbon resources.</b></i>					Ackerman		Influenced the 2018 short-session process to the extent possible. Carbon legislation made it out of committee but didn't get a floor vote. Positioned well for continued work on the issue in 2018 in advance of the 2019 regular session.	EWEB Strategic Update Carbon Legislation Climate Recovery Ordinance Climate Energy Action Plan (CEAP)
	<b>Resiliency – Commission our first neighborhood emergency station (water &amp; electricity)</b>					Damewood Price (Damewood)		Emergency Water Distribution sites - IGA with Kalapuya is being finalized and parts are being ordered. Treatment Trailer is currently being tested and looking to modify. 4J presentation completed. Water investigating potential drill well at Howard School in 2018 as well.	Design & Commissioning Milestones
	<b>Resiliency – Electric Master Planning</b>					Price		Including: Infrastructure Replacement Resiliency-Black Start Resiliency-Distribution Flexibility Reliability & Safety  The Master Plan and Outage Management process improvement are a little behind schedule due to end of year changes and first of year goal setting and performance reviews. Both projects are picking up again.	Milestone- Planning (May)
	<b>Organizational Development</b>					Exec. Leadership (Lawson)		New organizational structure in place to support AMI; Chief Financial Officer assigned as sponsor and is building a team for project roll out.  The Supervisory Development Project is going well; in Q1 volunteer participants defined common job duties, minimum requirements and competencies which will be used to update EWEB's Supervisor position descriptions.	Directional Alignment Workforce Dynamics Supervisor Competency Employee Development Integrity & Respect Workforce Depth/Bench Strength

**EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD  
STRATEGIC GOALS CY2018**

								<p>EWEB University was leveraged for several required trainings. Marketing campaign underway to increase awareness which yielded especially positive results in February.</p> <p>Chief Human Resources Officer delivered Sexual Harassment Prevention Training to 103 managers, supervisors, lead workers and other employees in Q1 and beginning of Q2.</p>	
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