



MEMORANDUM
EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Mital, Helgeson, Manning and Simpson
FROM: Roger Gray, General Manager
EWEB Leadership Team
DATE: January 23, 2014
SUBJECT: 2013 Quarter 4 Operating Plan Dashboard Results
OBJECTIVE: Information Only

Issue

EWEB Management submits the EWEB Dashboard Report quarterly to provide a comprehensive, high-level view of EWEB health and indicate progress on implementation of the annual operating plan. The attached reports provide Q4 results.

Background

EWEB has gone through a challenging couple of years and continues to adjust basic business priorities in accordance with the Board-adopted strategic plan. These include a greater emphasis on financial health, product affordability, and preparation for an increasingly uncertain future. The 2013 operating plan was created to better link organizational goals to the strategic plan and the dashboard was refined to reflect what we believe is an appropriate level of detail to best gauge the overall health of the utility.

Discussion

Q4 2013 results

Q4 results presented in the attached spotlight dashboard report indicate that of the 30 discrete organizational goals and initiatives identified for 2013, the management team believes we are either doing well or excelling in 26, and keeping a cautionary eye (or aiming to do better) on 4. No goals or initiatives are currently causing an elevated concern for significant additional attention. The trend column indicates where we see performance headed for a given metric over the coming quarters. It is important to take these individual metrics and to put them into an overall assessment and context.

In 2012 and 2013, EWEB went through some very tough challenges to effectively manage its financial situation. EWEB Management and Board made very tough decisions to address these challenges and overall we have “righted the ship.” Such challenges have the potential to impact employee engagement, and while previously this metric has been set at both red (indicating concern), or gray (status unknown), the Q4 Employee Engagement Survey paints a positive outlook. Significant effort has been taken by LT and staff alike to rise to the presenting challenges and the resulting positive outcomes are evident in the metrics.

The general operation of both utilities remained solid through the end of 2013, even in light of December’s extreme weather event significantly impacting the water utility’s operations. It is also encouraging to report that there have been no new employee grievances and no new BOLI complaints, filed in 2013.

Highlighted below are both call-out successes and areas of concern, either due to current state or because we believe they may be trending down.



Areas of Notable Success for both Water and Electric:

- Work Asset Management Project (WAM)
- Employee Engagement
- Financial Contribution of Trading Operations
- Generation Asset Efficacy



Areas of Notable Concern:

- None



Areas to Watch:

- Capital Improvement Program Implementation



Areas Recognized as Too Early to Tell:

- None

Work Asset Management Project (WAM)

A shift from yellow with a flat-line arrow to green recognizes that implementation is underway with an expected completion date of 7/31/2014. Ownership of this metric sits with the WAM Steering Committee leaders (Bloom & Kline).

Employee Engagement

In Q4 the scheduled employee survey was administered. Based on early indications of survey results, employee engagement is healthy and trending upwards. In recognition of credible data now being available, management is in agreement that this metric should move from gray with a flat-line arrow to green with an upwardly trending arrow.

Financial Contribution of Trading Operations

2013 results were better than forecast due to high hydro conditions and reduced transmission expenses arising from beneficial contracted sales negotiated at EWEB's system. For 2014, the forecasted Power Portfolio value is trending downward in the last two months due to poor snowpack conditions and reduction in estimated hydro surplus. As a result the forward trend arrow has been changed to downward. Only time will tell if this trend persists.

Generation Asset Efficacy

Asset Management program results are being realized, demonstrated by the arrow trending from down to up for this metric. Total owned portfolio production is increasing, while expenses are decreasing. One unexpected failure occurred (WGA) but resolution and installation repairs are well underway, with return to full service anticipated by end of January. Foote Creek is experiencing improved reliability with over 92 percent of units online, compared to around 60 percent in 2013.

Capital Improvement Program Implementation

This metric has changed from green with a downward trend in Q3 to yellow with an upward trend in Q4 to reflect projects slated for a 2013 year-end completion date that were unable to be realized. Many of these were caused by minor delays resulting from scheduling issues, and impacted around 50% of

projects. These projects will be rolled over to 2014 for completion. When managing significant capital infrastructure replacement and renewal, adherence to timelines is often challenging with such projects expanding across years.

TBL Assessment

No TBL assessment was conducted for the quarterly update.

Recommendation

This report is provided for information only.

Requested Board Action

None at this time.

Eugene Water & Electric Board – 2013 Q4 Organizational Dashboard

Customer & Stakeholder Perspective

Goal or Initiative	Current Status	Trend	Expected Finish	Comments
Affordability – Electric Rate Trends			Ongoing	Reviewed rate pack with Board Q4
Affordability – Water Rate Trends			Ongoing	
Customer Communication & Engagement Initiative			Ongoing	Annual survey results in customer satisfaction mean of 8/10. More than 60 “reservoir of goodwill” activities conducted in 2013. Quarterly “customer research panel” launched – 1 event completed
Customer Satisfaction			Ongoing	Annual survey results in customer satisfaction mean of 8/10.
Customer Service Operations			Ongoing	Goals accomplished.
Environmental Stewardship			Ongoing	Loss of key staff will impact ability to meet sustainability action plan goals. Sustainability Action Team is developing work plan to complete key initiatives.
Product Delivery – Conservation, DR, & EE			Ongoing	Targets met (\$/MWh)
Product Delivery – Electric Service			Ongoing	Excellent SAIFI/SAIDI, Safety Ratings
Product Delivery - Water			Ongoing	December freeze impacted operation costs & unplanned outage metrics. YTD still positive relative to majority of operational metrics.
Water Reliability Initiative (Emergency/Provisional, and <u>Alternative Water Source (AWS)</u> [previously known as Second Source])			Exercise with trailer and regional partners by Q4. Water forum in Q4	Water Forum completed in Q4. Regional exercise shifted to first week of January due to freezing weather.



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

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Gray Light = too early to tell; metrics in process of being defined or collected.

Green Light = Completed or projected to complete with respect to cost, scope or schedule. Results exceed or expected to exceed objective.


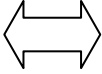

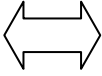







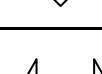

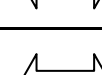

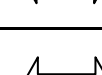
Improving, positive trend

No changes or status quo

deteriorating, negative trend

Eugene Water & Electric Board – 2013 Q4 Organizational Dashboard

Financial Perspective

Goal or Initiative	Current Status	Trend	Expected Finish	Comments
Budget Adherence – Electric Utility			12/31/2013 On budget - preliminary	On budget – preliminary pending audit.
Budget Adherence – Water Utility			12/31/2013 On budget - preliminary	
Explore Sale of Generating Assets			Ongoing	On schedule; Smith Cr RFP anticipated to be released in spring 2014.
Explore Sale of Real Property Assets (Includes Riverfront Property and Asset Utilization Efforts)			Ongoing	Riverfront property Declaration of Surplus and City of Eugene Rights of First Negotiation nearly complete
Financial Contribution of Trading Operations			Ongoing	Results better than forecasted due to high hydro conditions, reduced transmission expense resulting from beneficial trades negotiated at EWEB's system.
Financial Health Recovery Plan Implementation			To Board 10/01/13	Budget Board approved Q4 (Dec).
Financial Metrics – Electric Utility (Reserves, DSC, etc.)			Ongoing	On target, based on single 'A' policy change – preliminary, pending audit.
Financial Metrics - Water Utility (Reserves, DSC, etc.)			Ongoing	On target – preliminary, pending audit.




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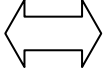





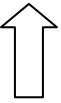



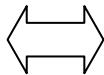

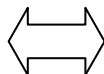

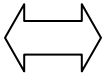

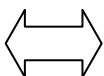
 Improving, positive trend

 No changes or status quo

 deteriorating, negative trend

Eugene Water & Electric Board – 2013 Q4 Organizational Dashboard

Internal Operations Perspective

Goal or Initiative	Current Status	Trend	Expected Finish	Comments
AMI/MDM Projects			TBD	Currently planning for opt-in approach.
Capital Improvement Program Implementation			Ongoing	Schedule and Scope impacts causing some issues. Being managed.
Carmen Smith Relicensing Project			TBD	Progress continues, objectives refined, path forward clarifying. License expected 2014.
Generation Asset Efficacy			Ongoing	Asset Management program results are being realized. Total owned portfolio production increasing, expenses decreasing. One unexpected failure (Thermal/WGA) but resolution well underway.
IT Project Execution			Ongoing	2013 PMO 17 Projects and Hearty Tasks Completed vs 8 in 2012 and 13 in 2011.
Organizational Efficiency, Effectiveness & Flexibility Initiative			Ongoing	Multiple ongoing projects
Regulatory Compliance and Self Reporting			Ongoing	All green for Q4 2013.
Vehicle Safety and Property Preservation			Ongoing	Results trending towards “best in class”.
Work Asset Management Project (WAM)			7/31/2014	In implementation.



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

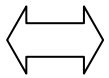


↑ Improving, positive trend

↔ No changes or status quo

↓ deteriorating, negative trend

Eugene Water & Electric Board – 2013 Q4 Organizational Dashboard

People & Culture Perspective

Goal or Initiative	Current Status	Trend	Expected Finish	Comments
Employee Engagement			Ongoing	Employee Engagement Survey analysis complete. Based on survey results employee engagement is trending upward.
Public and Employee Safety			Ongoing	Employee safety stats continue to be strong, with no public safety issues.
Workforce Composition			12/31/2013	Diversity hiring targets achieved. Succession planning in development. Organizational diversity work commencing.





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
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Eugene Water & Electric Board – 2013 Organizational Dashboard Quarterly Recap

Customer/Stakeholder Perspective	Q1	Q2	Q3	Q4	Projected Year End
Affordability – Electric Rate Trends					
Affordability – Water Rate Trends					
Customer Communication & Engagement Initiative					
Customer Satisfaction					
Customer Service Operations					
Environmental Stewardship					
Product Delivery – Conservation, DR, & EE					
Product Delivery – Electric Service					
Product Delivery - Water					
Water Reliability Initiative (Emergency/Provisional and Second Source)					
Financial Perspective	Q1	Q2	Q3	Q4	Projected Year End
Budget Adherence – Electric Utility					
Budget Adherence – Water Utility					
Explore Sale of Generating Assets					
Explore Sale of Real Property Assets (Includes Riverfront Property and Asset Utilization Efforts)					
Financial Contribution of Trading Operations					
Financial Health Recovery Plan Implementation					
Financial Metrics – Electric Utility (Reserves, DSC, etc.)					
Financial Metrics - Water Utility (Reserves, DSC, etc.)					

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Internal Operations Perspective					
AMI/MDM Projects					
Capital Improvement Program Implementation					
Carmen Smith Relicensing Project					
Generation Asset Efficacy					
IT Project Execution					
Organizational Efficiency, Effectiveness & Flexibility Initiative					
Regulatory Compliance and Self Reporting					
Vehicle Safety and Property Preservation					
Work Asset Management Project (WAM)					
People & Culture Perspective					
Employee Engagement					
Public and Employee Safety					
Workforce Composition					

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