



MEMORANDUM
EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown
FROM: Roger Gray, General Manager; & the EWEB Leadership Team
DATE: April 24, 2015
SUBJECT: 2015 Organizational Performance, Q1 Results–Key Performance Indicators (KPI)
OBJECTIVE: Information Only

Issue

EWEB Management submits the *EWEB Performance Dashboard Report* quarterly to reflect organizational performance and to convey to the Board the general health of the utility. The attached report provides *Q1* results.

Background

Beginning in 2013, Management created a new format to report out organizational performance and strategic goals. This dashboard and the specific *Perform* and *Transform* aspects have continued to evolve since that time to focus on the Board’s adopted *Strategic Plan*. In February of this year the Board accepted Management’s recommendations for 2015 KPI’s and goals which are attached and explained herein.

Discussion

Q1 2015 results

Within the four reporting perspectives of *Customer & Stakeholder*; *Financial*; *Operational*, *Continuous Improvement and Efficiency*; and, *People/Cultural*, Q1 results presented in the attached stoplight dashboard report indicates that of the 28 discrete *Perform* organizational goals identified for 2015, the management team believes we are either doing well or excelling in 18, and keeping a cautionary eye (or aiming to do better) on 8. In addition, the attached stoplight dashboard report indicates that of the 7 *Transform* initiatives identified for 2015, the management team believes we are either doing well or excelling in 4, and keeping a cautionary eye (or aiming to do better) on 3. Generally, no goals or initiatives are currently causing an elevated concern for significant additional attention, and 2 are categorized as too early to tell, or not enough quantitative information is available to report yet. Throughout the dashboard report, the trend column indicates where we see performance heading 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.

Overall, the general operation of both utilities remained solid into Q1 2015. Highlighted below are both call-out successes and areas of concern within the subcategory of *Perform*, either due to current state or because we believe they may be trending down.



Areas of Notable Success:

- Financial Contribution of Trading Operations
- Employee Engagement
- Workforce Composition



Areas of Notable Concern:

No areas of notable concern in Q1



Areas to Watch:

- Financial Metrics – Electric Utility (Reserves, DCS, etc.)
- Sale of Smith Creek
- Work Asset Management Project (WAM) business stabilization and phase II planning
- Carmen Smith Relicensing Project
- Capital Improvement Program Implementation



Areas Recognized as Too Early to Tell:

- Financial Health Recover Plan Implementation
- Financial Metrics – Water Utility (Reserves, DCS, etc.)

Financial Contribution of Trading Operations

Although the results of client services, hydro optimization, transmission savings, and trade performance exceeded Q1 projections by 50%, that excellent performance is not anticipated continuing for the balance of the year. Accordingly, the trend line remains flat for Q1 2015.

Employee Engagement

An employee all-hands meeting was conducted during Q1 with a 97% attendance rate. Employees continue to participate in various efforts across the utility and as always, show amazing support for our customers.

Workforce Composition

During Q1 of 2015 over 25% of newly hired employees represent a minority.

Financial Metrics – Both Utilities & Financial Health Recovery Plan Implementation

Early indications of financial performance for both utilities are areas to watch for the first quarter. The Water utility appears to be trending as per the operational plan but complete financial data will not be available until June. This is due in part to the implementation of the WAM asset tools and the affected budget and other systems, in conjunction with yearend financial work, and the external audit. Again, all indications for the Water utility support the targets as planned, but the information is not fully verifiable as of this report.

Electric utility information is in a similar state but Management wishes to clearly signal that less than projected *contribution to margin* is expected due to the recently experienced warm winter, and low wholesale power prices. Complete financial data will be available in June.

Sale of Smith Creek

A purchaser has been selected for the project. A fire in one of the hydroelectric generators has temporarily delayed the sales process and increased its complexity due to the potential involvement of an insurance claim and settlement. Negotiations with the purchaser continue and more information will be forthcoming as appropriate.

Carmen Smith Relicensing Project

Based on activity at the FERC, license issuance is likely expected sometime in 2015. It is unclear at this time whether the license will be challenged at the FERC or perhaps even in court. This is an area to watch as the organization has regulatory requirements which commence upon license issuance, whenever that may be. Staffing in these specific areas was greatly reduced during 2012.

Capital Improvement Program Implementation

Customer-driven work, including LTD EmX, is creating additional pressure on future project schedules in both water and electric distribution. Leaburg Roll Gate and Carmen Smith Powerhouse work are being assessed for impacts on other capital work schedules.

In order to further the Board's approved Strategic Plan; the organization has focused on specific transformative goals to support this effort. Highlighted below are both call-out successes and areas of concern within the subcategory of *Transform*, either due to current state or because we believe they may be trending down.



Areas of Notable Success:

- Financial Position
- Risk Management
- Asset Management/Planning



Areas of Notable Concern:

No areas of notable concern in Q1



Areas to Watch:

- Balancing Demand & Supply to Enhance Customer Value
- Workforce Development
- Information Systems



Areas Recognized as Too Early to Tell:

No areas recognized as too early to tell in Q1

Financial Position

Although admittedly a bit inconsistent with financial KPI's under the *Perform* sub-category, the organization continues to work diligently to manage forward-looking budget gaps by identifying areas where cost reductions are appropriate and increased revenue potentials are realized.

Risk Management

An effort to collect and normalize the severity of several of the risks and opportunities across the enterprise continues to proceed and progress. A work intake process was completed in Q1 and expanded discussion is forthcoming for the Board on *risk appetite*.

Asset Management / Planning

All planning efforts are on target. The Water business line *Master Plan* is expected to go before the board in June.

Balancing Demand & Supply to Enhance Customer Value

All pre-existing pilots are concluding. The Bonneville Power Administration (BPA) ended our participation within the *demand response* (DR) commercialization effort due to minimum size thresholds we were unable to meet. The *Time of Use* (TOU) deployment is currently behind schedule due to several deployment obstacles. We do expect to have all meters deployed by June. Currently, all future pilot work is in the development phase.

Workforce Development

Preparatory work is underway. The development team expects to begin meeting in June. This is an area to watch due to time frame to complete the task will be challenged with a mid-year start.

Information Systems

The 2015 IS Project Portfolio plan is set and resourced. The Project Portfolio model has been approved by the internal team for CY-2016 project prioritization effort. IS Leadership is currently working on streamlining a new work planning model and tying to financial resources and budget. This is an area to watch due to effective technology project execution being paramount for all areas of the enterprise to succeed.

TBL Assessment

No TBL assessment was conducted for the quarterly update.

Recommendation

These reports are provided for information only.

Requested Board Action

Review reports and direct comments, concerns or questions to Management.

**EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD - CY2015
QUARTERLY REPORT**


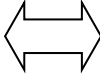

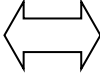


Customer & Stakeholder Perspective									
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Expected Finish	Comments	Sources
PERFORM									
Customer Engagement & Satisfaction					LR		Ongoing	Annual customer survey to be completed in Q3.	Public Affairs 2015 Operational Plan
Customer Service Operations					MF		Ongoing	On Track	CS&EMS 2015 Operational Plan
Environmental Stewardship					SN		Ongoing	On Track	Environmental 2015 Operating Plan
Product Delivery – Conservation, DR, & EE					MF		Ongoing	On Track	CS&EMS 2015 Operational Plan
Product Delivery – Electric Service					TS		Ongoing	On Track	Electric 2015 Operational Plan
Product Delivery - Water					BT		Ongoing	On Track	Water 2015 Operational Plan
Water Reliability Initiative: Emergency/Provisional, and Alternative Water Source (AWS)					BT		Ongoing	On Track	Water 2015 Operational Plan
Financial Perspective									
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Expected Finish	Comments	Sources
PERFORM									
Budget Adherence – Electric Utility					CB		In progress		Q1 Avail to staff Mid April Q1 Avail to Bd in June





Budget Adherence – Water Utility					CB		In progress		Q1 Avail to staff Mid April Q1 Avail to Bd in June
Sale of Smith Creek					DC		Q4	Generator fire delayed sales process and increased complexity due to involvement of insurance settlement.	Asset sales plan
Management of Real Property					SN		Ongoing	Policy in legal review. GIS document management system behind schedule.	Policy and GIS in development
Sale of Surplus Riverfront Property (~ 17 acres; does not include HQ)					SN		Ongoing	On track to meet goals of negotiating agreement	Exclusive negotiating agreement with UofO Foundation
Financial Contribution of Trading Operations					DC		Ongoing	Exceeded Q1 projections by 50%, do not anticipate that to continue for balance of year.	Power Operations 2015 Operational Plan
Financial Health Recovery Plan Implementation					CB		In progress	Early indicators show trending as per plan. Full analysis available later in year	Long Term Financial Plan
Financial Metrics – Electric Utility (Reserves, DSC, etc.)					CB		In progress	Complete data unavailable at this time. Contribution margin is currently projected to be under budget by a few million dollars due to the warm winter weather and lower wholesale prices.	Q1 Available in June
Financial Metrics – Water Utility (Reserves, DSC, etc.)					CB		In progress	Complete data unavailable at this time, all indications continue to display intended results.	Q1 Available in June
Operational, Continuous Improvement and Efficiency Perspective									
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Expected Finish	Comments	Sources
PERFORM									
AMI/MDM Projects					EE		Opt-in phase thru 2017	Contract approved by the Board. Transitioning from planning to execution.	I.S. 2015 Operational Plan

Capital Improvement Program Implementation					MD		Ongoing	LTD Emx, Leaburg Roll Gate and Carmen Smith Powerhouse work need to be assessed on impacts to other capital work. Could have significant impacts to schedule on many Water, Electric and Generation efforts. Budget impacts appear to be solvable.	Engineering 2015 Operational Plan
Carmen Smith Relicensing Project					MM		Ongoing	Based on FERC activity, license issuance is expected during the second half of 2015. It is unclear at this time whether the license will be challenged at FERC or in court.	Generation 2015 Operational Plan
Generation Asset Efficacy					MM		Ongoing	Forced outages at Leaburg (roll gate #1 failure) and Smith Creek (generator fire) impacted asset efficacy during Q1. The issues have been addressed and both projects are on line.	Generation 2015 Operational Plan
IS Project Execution					EE		Ongoing	The emergent WAM Stabilization Project required IS to adjust the project execution schedule.	I.S. 2015 Operational Plan
Work Asset Management Project (WAM) business stabilization and phase II planning.					EE		In progress	Significant action has been taken to finalize project deployment and support business process integration. Stabilization effort expected to be completed by August.	
Regulatory Compliance and Self Reporting					RK		Ongoing	Late on Q1 random drug screen program. Self-identified issues during NERC moch-audit. All issues self-disclosed and/or found but cumulatively equal caution.	ER/IC Operational Plan

Vehicle Safety and Property Preservation					MM		Ongoing	Vehicle incidents continue to trend downward vs. two previous years in number and severity.	Generation 2015 Operational Plan
People/Cultural Perspective									
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Expected Finish	Comments	Sources
PERFORM									
Employee Engagement					LK		Ongoing	97% participating in All Hands Meeting.	Public Affairs 2015 Operational Plan Human Resources 2015 Operational Plan
Employee Safety, Health, & Wellness					LK		Ongoing	24 On-Site Nurse Visits 56 On-Site PT Visits Average 1.2 non-protected sick days.	Human Resources 2015 Operational Plan
Workforce Composition					LK		Ongoing	25% of Q1 new hires were minority hires.	Human Resources 2015 Operational Plan
Workforce Performance					LK		Ongoing	93% of EEs have 2015 goals	Human Resources 2015 Operational Plan

TRANSFORM									
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Expected Finish	Comments	Sources
Financial Position Narrow the current 2017 budget gap in 2015 through increased revenue generation, cost reduction, and rate design changes that accumulate to a 2015 net gain of \$2 million for electric and \$350 thousand for water.					CB				EWEB Enterprise LTFP to Board in July
Balancing Demand and Supply to Enhance Customer Value In 2015, focus efforts on the demand side of demand-supply balance by exploring partnerships with customers that help to create more flexibility in customer demand by providing data on consumption, time or situation dependent price signals, and the use of technology to automate customer response					EE			All pre-existing pilots wrapping up. BPA dropped us from the DR commercialization effort due to minimum size thresholds we couldn't meet. TOU deployment behind schedule due to several deployment snags... expect to have all meters deployed by June. In the development phase for future pilot work.	Electric Supply Water Customer (Facing) Services
Risk Management By the end of 2015, specifically define and measure (baseline) our formal risk tolerance(s) in all operating departments (divisions), including a comparison of risk exposure to risk tolerance in "key" processes.					RK			Current focus is on development of Board training and RMC.	EWEB Enterprise
Process Efficiencies Optimize our human and financial resources by using "lean" tools to reduce waste and costs that don't provide customer value. In 2015, benchmark our performance to reasonable comparators, focusing on areas we are aiming to improve, and seek to execute a continuous improvement process.					RK			Multiple Process Improvement efforts underway as well as identifying benchmarks	EWEB Enterprise

Asset Management / Planning Update water and electric T&D master plans in 2015 and create a path to integrate source, delivery, demand, and IRP planning processes into the electric plan. Get Board approval of the Water Master Plan by the end of Q2.					MD			On track to approve Water Master Plan in June, Electric Master Plan continues to be worked on.	Electric Supply Electric Load (T&D) Water
Workforce Development Create, adopt, and begin implementation of a long-term Workforce Development Plan that fosters the flexible and skilled workforce needed to meet future business needs.					LK			Preparatory work underway for the group to begin meeting in June.	EWEB Enterprise
Information Systems Plan and implement technology solutions supporting parent business lines (Water, Power Generation, Transmission & Distribution, Customer Services, and Shared Services) and refine work intake process to be prioritized by operational or strategic value by the end of 2015.					EE			2015 Project Portfolio plan set and resourced; Project Portfolio model approved by PPT for 2016 project prioritization effort. Working on streamlining new work planning model and tying out to budget.	I.S. 2015 Operational Plan

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

