



MEMORANDUM
EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Mital, Simpson, Brown, Manning and Helgeson
FROM: Roger Kline, Enterprise Risk & Internal Controls Manager
DATE: October 25, 2015
SUBJECT: 2015 Organizational Performance, Q3 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 *Q3* 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

Q3 2015 results

Within the four reporting perspectives of *Customer & Stakeholder*; *Financial*; *Operational*, *Continuous Improvement and Efficiency*; and, *People/Cultural*, Q3 results presented in the attached 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 on 16, and keeping a cautionary eye (or aiming to do better) on 11. In addition, the attached spotlight 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. There remains one area that management has flagged for causing an elevated concern for significant additional attention which will be further explained herein.

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 effective into Q3 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 Health Recover Plan Implementation
- Financial Metrics – Water Utility (Reserves, DCS, etc.)
- Environmental Stewardship
- Product Delivery – Electric Service

 Areas of Notable Concern:

- Work and Asset Management (WAM)

 Areas to Watch:

- Budget Adherence – Electric Utility
- Sale of Surplus Riverfront Property
- Carmen-Smith Relicensing Project
- Water Reliability Initiative

 Areas Recognized as Too Early to Tell:

- Not Applicable

Environmental Stewardship

Environmental Compliance and organizational external benchmarking study is on schedule for completion. *Water Source Protection* is on track to gain \$400k total outside investment into EWEB program(s).

Product Delivery – Electric Services

Electric SAIFI/SAIDI and PUC required work remains on target. SAIFI/SAIDI better than 5-year average “bests”, partly due to EWEB actions as well as favorable weather conditions.

Carmen Smith Relicensing Project

The Federal Energy Regulatory Commission (FERC) granted EWEB’s request for a six-month stay of license issues while the utility works with our Settlement Agreement partners and the action agencies on a revised plan going forward. Formal response and plan are due to FERC in January of 2016. The Board will continue to be briefed on this matter separately as appropriate.

Financial Metrics – Electric Utility

Revenue under-runs due to reduced load, prices, and generation. Q3 update will be provided fully in November. Budgeted reserve deposit will not be met. Q4 projections are for warmer than usual weather patterns.


Work & Asset Management (WAM) Business Stabilization Project

We are still in the stabilization phase and this work will continue into 2016. A cross-functional team is working on a roadmap to clarify end-state objectives and associated resource plan. A separate Board update is scheduled for December of 2015.


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
- Balancing Demand and Supply to Enhance Customer Value

 Areas of Notable Concern:

- No transformative areas of notable concern for Q3

 Areas to Watch:

- Process Efficiencies

 Areas Recognized as Too Early to Tell:

- Not Applicable

Financial Position

The 2017 financial gap has been eliminated under current LTFP assumptions. The organization successfully identified on-going financial improvements going forward into the 2016 budget year.

Balancing Demand and Supply to Enhance Customer Value

The residential time-of-use (TOU) pilot continues as per plan. Commercial TOU proposal is included in this (November) Board packet. Partnership with *Green Energy Corporation* (GEC) for an *Oregon Department of Energy* (ODOE) grant to support a micro-grid project is in progress. The Board has commenced a strategic direction discussion concerning EWEB's position as an owner of supply side power resources.

Process Efficiencies

Benchmark(s) for various business functions are being collected and utilized by the specific business units. Overall process efficiency work has been focused in Electric Operations via a dedicated resource.




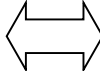



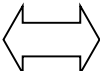



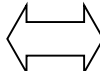



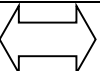



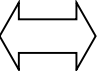



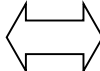
Recommendation

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 survey shows continued high overall customer satisfaction (mean of 7.8 out of 10 overall; and an 8.0 based on "last contact with EWEB"). Other metrics with specific products and services show upward trend.	Public Affairs 2015 Operational Plan
Customer Service Operations					MF		Ongoing	Although many of the metrics are being met or exceeded, the contact center metrics continue to struggle due to headcount issues. Vacancies and FMLA issues continue to be problematic and is seen in metrics like abandoned calls. Exploring an "overflow" contract call center to see if this can help.	CS&EMS 2015 Operational Plan
Environmental Stewardship					SN		Ongoing	Environmental Compliance benchmarking study on schedule, Source Protection on track to gain \$400k outside investment, working with internal teams to increase efficiency and minimize waste	Environmental 2015 Operating Plan
Product Delivery – Conservation, DR, & EE					MF		Ongoing	kWh and kW savings are being met and the low income program is meeting expectations	CS&EMS 2015 Operational Plan
Product Delivery – Electric Service					TS		Ongoing	Electric SAIFI/SAIDI and PUC required work remain on target. SAIDI and SAIFI are better than 5-year "bests", partly due to EWEB actions as well as favorable weather.	Electric 2015 Operational Plan
Product Delivery - Water					BT		Ongoing	Performance trending as expected	Water 2015 Operational Plan

Water Reliability Initiative: Emergency/Provisional, and Alternative Water Source (AWS)					BT		Ongoing	Property acquisition timeline for AWS is not on target for completion by end of 2015. Actively working same.	Water 2015 Operational Plan
Financial Perspective									
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Expected Finish	Comments	Sources
PERFORM									
Budget Adherence – Electric Utility					SF		In progress	Q3 update will be provided in November. Underrun on capital is putting pressure on O&M. Further clarifying data available.	
Budget Adherence – Water Utility					SF		In progress	Q3 update will be provided in November	
Sale of Smith Creek					DC		Q4	Sale delayed due to fire. Anticipate Asset Sales Agreement execution in early November. Targeting for all conditions satisfied and sale executed in Q1, however the FERC license is transfer could extend beyond Q1.	Asset sales plan
Management of Real Property					SN		Ongoing	Failed to accomplish sale of HQ surplus property, sold W 3 rd , not on track to develop comprehensive property management system due to more immediate needs.	Property 2015 Operational Plan
Sale of Surplus Riverfront Property (~ 17 acres; does not include HQ)					RG		Ongoing	Slow progress on MOU with City of Eugene. Current forecast is to bring agreement to Council and Board in December	MOU with City of Eugene
Financial Contribution of Trading Operations					DC		Ongoing		Power Operations 2015 Operational Plan
Financial Health Recovery Plan Implementation					SF		In progress	Financial Savings Initiative targets for 2015 met. Continuing review for additional efficiencies	
Financial Metrics – Electric Utility (Reserves, DSC, etc.)					SF		In progress	Revenue underruns due to reduced load, prices and generation. Q3 update will be provided in November	

Financial Metrics – Water Utility (Reserves, DSC, etc.)					SF		In progress	Q3 update will be provided in November	
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	On track	I.S. 2015 Operational Plan
Capital Improvement Program Implementation					MD		Ongoing	<p>Water- Overspending on Mains and services due to shift in capitalization policy and emergent work. Budget amendment from O&M to capital to occur in December.</p> <p>Electric – Projects on scope, time and budget – Holden Creek Sub cost is going up. Backgrounder to Board in November.</p> <p>T&D – Shift to PUC work and more EWEB driven work due to delays in LTD EmX.</p> <p>Generation – Significant rollover from 2015 to 2015 will occur. Schedule slippage on Carmen Crane.</p> <p>Labeled green because all issues are proactively being managed.</p>	Engineering 2015 Operational Plan
Carmen-Smith Relicensing Project					MM		Ongoing	Working with Parties to renegotiate SA; response and plan due to FERC in 1/2016.	Generation 2015 Operational Plan
Generation Asset Efficacy					MM		Ongoing	Low water conditions affecting output at all hydro. Wind and thermal meeting plan. Capacity factor for McKenzie Hydro below 25% for 2015. 3yr average is 35%.	Generation 2015 Operational Plan

IS Project Execution					EE		Ongoing	Actively working to tighten definition of project closure.	I.S. 2015 Project Plan & 2015 Division Goals
Work Asset Management Project (WAM) business stabilization and phase II planning.					EE		In progress	We are still in the stabilization phase and this work will continue into 2016. Cross-functional team working on roadmap to clarify end state objectives and associated resource plan. A Board update is scheduled for December.	Roger Gray initiated a 6-month WAM Business Stabilization effort in Q1 due to concerns with roll-out of new system.
Regulatory Compliance and Self Reporting					RK		Ongoing	Received feedback from State of Oregon (Water biz unit) re: integrity of College Hill reservoir – actively working same. Pre-audit contacts from Finance,(Moss Adams) Customer Service (SSA), and NERC CIP Ver 5 implementation as well as onsite visit at Foote Creek for State of WY Haz Waste Pgm.	ER/IC Operational Plan
Vehicle Safety and Property Preservation					MM		Ongoing	Tracking below 3-yr average on incidents. All inspections and PMs completed on time.	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	Based on activity metrics, stoplight has been green. Survey results are pending final review, initial scans indicate positive trend data	Public Affairs 2015 Operational Plan Human Resources 2015 Operational Plan
Employee Safety, Health, & Wellness					LK		Ongoing	Met attendance goals at Expo. Accident, time loss, absence management and insurance premium ratings are all exceeding goals.	Human Resources 2015 Operational Plan

Workforce Composition					LK		Ongoing	Completed sourcing outreach activities (i.e. The veterans program). 2015 establishes a benchmark against the census data of Lane County.	Human Resources 2015 Operational Plan
Workforce Performance					LK		Ongoing	Mid year reviews completed across the organization. Review of performance ratings and compa ratios to date indicate workforce largely performing in fully skilled range.	Human Resources 2015 Operational Plan
TRANSFORM									
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Expected Finish	Comments	Sources
Financial Position Narrow the current 2017 budget gap in 2015 through increased revenue generation, cost reduction, and rate design changes that accumulate to a 2015 net gain of \$2 million for electric and \$350 thousand for water.					SF			Targets achieved. Continued efficiency reviews and revenue risk mitigation efforts	EWEB Enterprise LTFP to Board in October
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			R-TOU humming along, C-TOU in November Board proposal, GEC partnership for ODOE grant for microgrid project in the works. Generation question tee'd up as Board strategic priority for 2016.	Electric & 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			Taxonomy developed, communication and implementation going into Q4	EWEB Enterprise

<p>Process Efficiencies Optimize our human and financial resources by using "lean" tools to reduce waste and costs that don't provide customer value. In 2015, benchmark our performance to reasonable comparators, focusing on areas we are aiming to improve, and seek to execute a continuous improvement process.</p>					RK			No measurable progress in key areas. Work is being done and some goals will be met in 2015, but some divisions will not be completed and will slip to 2016	EWEB Enterprise
<p>Asset Management / Planning Update water and electric T&D master plans in 2015 and create a path to integrate source, delivery, demand, and IRP planning processes into the electric plan. Get Board approval of the Water Master Plan by the end of Q2.</p>					MD			Electric Master Planning progressing well. RIVA (Realtime Infrastructure Valuation Analysis) software training occurred. Setting up Asset Management Structure.	Electric Supply Electric Load (T&D) Water
<p>Workforce Development Create, adopt, and begin implementation of a long-term Workforce Development Plan that fosters the flexible and skilled workforce needed to meet future business needs.</p>					LK			Currently piloting EWEB University, a developmental training tool for the entire organization.	EWEB Enterprise
<p>Information Systems Plan and implement technology solutions supporting parent business lines (Water, Power Generation, Transmission & Distribution, Customer Services, and Shared Services) and refine work intake process to be prioritized by operational or strategic value by the end of 2015.</p>					EE			Awaiting new supervisor hire to complete operational plan and division restructuring. New work intake system (Help Desk) project launched on schedule. Working with business to formalize necessary changes to work intake process.	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.