



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Helgeson, Manning, Mital and Brown
FROM: Frank Lawson, General Manager
DATE: October 20, 2016
SUBJECT: Q3, 2016 Operating Dashboard and Goals Review
OBJECTIVE: Information Only

Issue

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

Background

The existing stoplight template has been in place for several years. The current submission constitutes the utility performance assessment for the third quarter of 2016.

Discussion

Overall, performance is stable, with few areas to watch.

Many areas continue to deliver consistently strong performance. Several notable successes during the third quarter include the following:

- Electric Operations successfully completed all required tasks identified during the Oregon Public Safety Commission (OPUC) Utility Safety Report.
- Water Product Delivery is on target to meet a majority of its operational targets thus improving its performance indicator to “green light” status.
- Financial Metrics for the Electric Utility were advanced by recent debt refinancing and defeasance.
- Management of Real Property performance is trending upwards; achievements include incremental progress on Riverfront negotiations with the City of Eugene; work has commenced on the analysis of combining operations at the Roosevelt Operations Center; revenue has improved with three new leases.
- AMI/MDM Projects experienced successful field trials on EWEB property.
- Carmen Smith relicensing project is on track to file revisions with FERC by the end of November.
- Workforce Culture demonstrated positive results with the completion of all 2016 mid-year reviews which reflected over 90% of workforce performance rated as fully skilled.

Areas to watch and notable changes since Q2 2016 are detailed below:

- Employee Safety – while the number workplace injuries continues to be very low, particularly compared to industry benchmarks, the nature of injuries (sprains and repetitive motion) and complications from surgical or other remedial interventions are such that recovery periods are protracted driving time-loss up. EWEB’s safety and disability management team is working with insurers to determine if this a trend and if it is, to identify factors that may be driving outcomes.
- Customer Satisfaction metrics continue to be refined; progress is being made on new approaches for collecting feedback from customers.
- New Water Filtration Plant project continues to experience delays related to property acquisition; condemnation process is awaiting a court date.
- Enterprise Risk Management is challenged by resource capacity issues; vacant positions are expected to be filled in Q4.
- IS Project Execution is high quality in spite of resource constraints due to turn over in the Project Management Office.
- Organization Efficiency and Cost-Control Program performance is trending upward; plans are underway for new resources devoted to process improvement.

TBL Assessment

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

Recommendation









None at this time.

Requested Board Action

None at this time.

EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD - CY2016












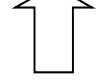



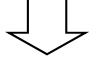
Customer & Stakeholder Perspective								
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Comments	Drivers
PERFORM								
Customer Satisfaction	●	●	●		RG/MS	↔	Traditionally based on the Fall Customer Satisfaction telephone survey, this metric is under review for a new KPI.	To be determined
Customer Service Operations	●	●	●		RG	↔	<u>All customer Operations departments are on track to end 2016 meeting all KPIs.</u> These include contact center metrics including Abandoned Call Rate (3.38% YTD), Service Level (76.47% YTD), Average Speed of Answer (50 sec. YTD), and Adherence (92% YTD). Meter Reading and Connect/Disconnect KPI's include read accuracy rate (99.954% YTD), MR idle time (78% below 2 yr. avg. Credit and Collections on track to end the year at \$400k projected year-end bad debt (write-offs), which would be exceeding goal of under \$600k.	Qualitative Assessment of Customer Service metrics such as; lost calls, bad debt, accuracy,
Energy Management Services Operations	●	●	●		MF	↔	Continuing to be on track to meet energy efficiency targets. Residential is somewhat consistent throughout the year while commercial projects typically complete later in the year. Limited Income assistance will spike in Q4 due to reset of eligibility in October.	Savings goals set by the IERP. 2016 goals are 1.6 average megawatts of energy savings at a cost of \$26 or less, and reduce peak demand by 2.2 megawatts, BG&R and limited income assistance
Environmental Stewardship	●	●	●		LM/JR	↔	No environmental compliance concerns. No significant environmental issues have arisen this past quarter.	Compliance, spills, Carmen Smith, property management, leveraged funds, waste management, Source Protection, sustainability, GHG emissions
Product Delivery – Electric Service	●	●	●		MM	↔	Year to date SAIFI and SAIDI are on par with 5-yr averages. September was higher for both due to two feeder lockouts. Capital construction projects are on track. PUC performance is tracking close to 2016 goals. Reliability projects are on target.	Electric Operational Plan, Vegetation Management Plan, PUC Corrections Plan, Neutral Installation Plan, Meter

								Replacement Plan, Communications & Controls Plan, Safety Goals, Transmission Regulatory Compliance, Reliability, Preventive Maintenance Plans .
Product Delivery - Water					MD/BT		On target to meet a majority of operational targets. Expect to finish year under the operational budget.	Water Operational Plan Metric Indicators: Reliably produce & delivery safe drinking water, Maintain optimum water quality, Managing costs and maintaining facilities and equipment, and maintain backflow program.
Water Utility: Emergency Water Provision, and New Water Filtration Plant					MD/BT		Schedule issues with the emergency water treatment trailer and land use/property issues with new filtration plant.	Water Utility Emergency Water Provision and New Filtration Plant Plan Metric Indicators: Capital plan expenditures, Project scope and schedule tracking, 2016 Communication Plan Update, Property Purchases, and Preliminary Design for New Water Filtration Plant.

Financial Perspective

	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Comments	Drivers
PERFORM								
Budget Adherence – Electric Utility (Revenue/Expenses)					SF		Reduced load in Q1 resulted in contribution margin below budget. Cost reductions and vacant positions have partially mitigated reduced revenue.	Electric Financial Statements, Financial Savings Initiative Work, Budget Monitoring
Budget Adherence – Water Utility (Revenue/Expenses)					SF		Revenue is running slightly better than budget, Cost savings and vacant positions have resulted in operating expenses below budget.	Water Financial Statements, Financial Savings Initiative Work, Budget Monitoring
Financial Metrics – Electric Utility					SF		All metrics are above target and several are expected to improve with the debt refinancing and defeasance in Q3.	Electric Utility Financial Statements Reserves, DSC, etc.
Financial Metrics – Water Utility					SF		All metrics continue to be strong. Reserves are increasing due to Board adopted smoothing strategy for second water source capital work.	Water Utility Financial Statements Reserves, DSC, etc.
Enterprise Risk Management					SF		Additional data developed should allow for identification of top risks to begin work on centralized mitigation strategies by year-end. Compliance and contract governance programs underway. Yellow light due to ongoing resource capacity issues, although vacant positions should be filled in Q4.	Enterprise Risk Work Plan Identify, manage and monitor department/organization risk and contract inventories; develop and monitor compliance requirements

Operational, Continuous Improvement and Efficiency Perspective								
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Comments	Drivers
PERFORM								
Management of Real Property	●	●	●		KM	↑	Awaiting benchmark study results with other utilities. 65% of EWEB owned acreage is under a management plan, HQ negotiations with City of Eugene are moving forward, AWS acquisition via condemnation awaiting court date, increased lease revenue with 3 new leases, on schedule to thin Leaburg forest and generate revenue in late 2016/early 2017.	Benchmark with other utilities % property with mgmt. plan HQ redevelopment progress Property acquisition (AWS) Lease and forest management revenue
AMI/MDM Projects	●	●	●		EE	↔	Successful field trials on EWEB property. Additional field trials to begin in Q4 with Opt-In customers and employees.	AMI Project Plan Establishing organizational readiness for customer opt in and preparation for delivery of services.
Capital Planning & Execution	●	●	●		MD	↔	Electric Type I projects are generally going well. Electric Type II projects in general are lagging. Leaburg roll gates expected to be complete by mid-November and Downtown Network equipment replacements will start in November. Carmen Smith Powerhouse costs are rising, however spending for the year is lagging. Water Type I projects are generally on track. Water Type II projects are also progressing. LTD EmX is overspent, but is 100% reimbursable. Type III – AWS is lagging due to property purchase issues.	EL1 Reports: More details given through Qtly reports. Drivers Include: Scope, Schedule and Budget. Engineering Goal of 90% completion of capital projects on an annual basis on all three drivers.
Carmen-Smith Relicensing Project	●	●	●		MM	↑	Wrapping up revisions to the Settlement Agreement. Expect to file revisions with the FERC by 11/30/16. Outcome appears favorable to EWEB.	Generation Operational Plan: Goal of concluding relicensing in a manner that meets financial, operational and environmental targets

Generation Asset Efficacy					MM		All generating plants running well. Hydroelectric plants had Q3 availability above plan (AF=91.56%) and forced outages below plan (FOF=2.33). Co-Gen plants had AF=89.77% and FOF=4.26%. Wind farms had AF=97.21%	Generation Operational Plan: Based on unit availability, forced outage factors, and completion of critical maintenance.
Power Operations					KC		Better than Budget results in Resource Optimization, Transmission Expenses and REC Revenues.	Power Operations Operational Plan: Hydro Optimization, Trade Performance, Transmission Savings, Client Service Revenue, Renewable Resource Revenue, Structured Deals
IS Project Execution					MB		Quality of IS projects remains high but turnover in PMO results in less projects completing in 2016 than expected. 29% of IS labor and 19% of IS budget has been spent on projects	Project Plan Status Reports; IS Hours Spent on O&M vs. Projects; % of IS Spend on Projects vs. O&M
Regulatory Compliance and Self Reporting					SF		Two potential points of concern regarding FERC filing deadline (missed filing deadline for Stone Creek Hydro annual meeting minutes; that has since been rectified) and an internal investigation into some missing HR forms, but overall compliance results are positive.	Compliance adherence to all Regulatory Agencies and Rules.

People/Cultural Perspective

	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Comments	Drivers
PERFORM								
Workforce Culture	●	●	●		LK	↔	Green/yellow status in Q2 due to lower than expected WBT participation; scheduled classes are full. EWEB U policy training 100% complete; 2016 Mid-Year reviews complete: workforce performance tracking with 2015 at over 90% workforce rated as fully skilled; Post-contract implementation grievance rate is as expected (2, contract interpretation); Voluntary (non-retirement) exits are tracking at below 3% per year; YTD sick leave 2.25 days (avg 5 days/year), expect increase in 2017 due to additional protected OSLA leave	HR Ops Plan Metric Indicators: EWEB University, Working Better Together, Workforce Performance, Performance Intervention, Legal Complaints, Grievances, Voluntary Turnover
Workforce Development & Workforce Planning	●	●	●		LK	↔	Workforce composition data continues to track with census; Overall recruitment time to fill up over Q2 driven by Electrical & Control Systems Engineer & IS Supervisor recruitments; YTD voluntary exits within Year 1 = 5; other recruitment metrics show positive results; Workforce planning continues to progress. Phase 2 of this project was adjusted to align with GM direction. Regional/EWEB workforce study underway with completion anticipated in Q4; Replacement rate remains < 1.0; Benefits remain consistent or competitive with market place. Benefits plan enhancements and reduced premiums were negotiated, to be implemented in 2017. Compensation true-up is scheduled for Q4 but early data indicates we are on track with NW utility market data.	HR Ops Plan Metric Indicators: Workforce composition data, recruitment metrics: recruitment TTF, Year 1 exits (vol & invol), failed recruitments; workforce plan milestones, target vacancy replacement rate, market competitive salary, benefits data
Employee Safety, Health, & Wellness	●	●	●		LK	↔	Worker's comp claims 15 YTD (avg 20/yr); YTD Preferred Worker's Program reimbursements are as anticipated (appx \$15,000) and EAIP SAIF reimbursements total \$105,279, indicators of injury experience and claims management and result in a refund of approximately 34% of premium costs (top 2%	HR Ops Plan Metric Indicators: Worker's compensation data, safety incident data, OSHA recordable data, ER mod rate (.65)/premium cost data, absence management data

							of SAIF's client base); OSHA recordable injuries continue to be at or below rate of three year OSHA average.	
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TRANSFORM								
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Comments	Drivers
Customer Engagement Develop a comprehensive Customer Experience Project plan that, among other things, maps and assesses each customer “touch point” and develops tactics for improving the customer experience.					MS		This work is being revisited given the recent organizational changes. While customer engagement and improving the customer experience will remain important, going forward we will begin to focus on key EWEB issues in our engagement strategy.	2016 Strategic Management Directives Board Direction
Change Management Implement a common change management methodology at EWEB and use for Type II, IS project deployment in addition to other major initiatives					EE/LK/MB		Project management team trained in methodology. It is being used in several IT system projects. Next step is to socialize approach with managers & supervisors.	2016 Strategic Management Directives; I.S. Strategic Plan
Organizational Efficiency & Cost-Control Program Use benchmarking, and a corporate collaborative approach to develop improved processes, especially targeting overhead reductions.					MD/SF		Plan in process to resource and centralize process improvement initiative.	2016 Strategic Management Directives LTFP Stability

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.

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.

Split Color Light = Two distinct reporting results, which will be explained in the comments section.

In the case of a split color light displayed for Financial reporting, revenue will appear on the left-hand side and expenses will appear on the right-hand side.

