



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Helgeson, Manning, Mital and Brown
FROM: Frank Lawson, General Manager
DATE: July 20, 2016
SUBJECT: Q2, 2016 KPI Dashboard
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 second quarter of 2016.

Discussion

You will notice the “drivers” contained in the dashboard have been enhanced to reflect more specific metrics which inform the report.

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

Several notable successes during the second quarter include the following:

- Customer Service and Energy Management performance remain consistently strong
- Financial Metrics for both the Electric and Water Utilities are positive; both utilities have improved debt service coverage
- Expenses for both the Electric and Water Utilities are in line with the budget
- Environmental Stewardship; completed the first Property Management Plan for 930 acres of Leaburg Forest that included the design of the first harvest, protection of habitat and water quality, potentially generating over \$400,000 for EWEB in early 2017
- Employee Safety metrics remain strong, including a 2016 Experience Modification Rate of .65 which represents the top 1% of workers compensation claims experience for all of Oregon. This is a critical factor in keeping insurance premiums low.
- Workforce Culture experienced positive results including the implementation of a new collective bargaining agreement.
- McKenzie hydro projects and Wind farms exceeded KPI for availability.

Areas to watch and notable changes since Q1 2016 are detailed below:

- Environmental Stewardship experienced two ramping rate violations for upriver projects; mitigation is in place.

- Electric Capital Execution has experienced project delays.
- Information Services Project Execution has been challenged by staff turnover; a refined focus has been placed on CIS to alleviate risks.
- New Water Filtration Plant preliminary design workshops commenced in Q2 and metrics are on target with the exception of the property purchase timelines which have been delayed by the condemnation process.
- Enterprise Risk Management has experienced staff turnover which challenges the completion of planned work. Management will continue to place emphasis on contract governance.
- Electric retail sales continue to be challenged by reduced loads, Water revenues are tracking with the budget
- Carmen Smith Negotiation Team continues to make good progress towards concluding the renegotiations in a manner that meets organizational targets. Substantial completion on a revised agreement and notification of FERC is expected in Q3.
- Management continues to look for efficiency and cost saving opportunities which will influence the 2017 Budget. Work is underway to evaluate the areas of Customer Loans and Customer Driven Work.

TBL Assessment

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



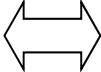





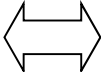



Recommendation



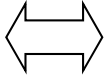





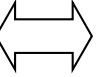
None at this time.

Requested Board Action

None at this time.

EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD - CY2016



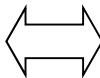


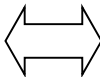


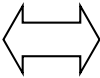



Customer & Stakeholder Perspective								
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Comments	Drivers
PERFORM								
Customer Satisfaction					MF/LR		Web-only annual customer satisfaction survey scheduled for September (no telephone survey this year). Metrics to be defined and measured beginning in Q3.	To be determined
Customer Service Operations					MF		All metrics at or better than targets except for meter reading accuracy which is .01% lower. Down arrow indicates that Q3 is the busiest time of the year and many of the contact center metrics decline during this time. Several years ago staffing strategies were adjusted to have part time employees in Q1, Q2 & Q4 which are ramped up to fulltime in Q3 to help mitigate this.	Qualitative Assessment of Customer Service metrics such as; lost calls, bad debt, accuracy, low income assistance, BG&R
Energy Management Services Operations					MF		On track with targets. Residential is somewhat consistent throughout the year while commercial projects typically complete later in the year.	Savings goals set by the IERP. 2016 goals are 1.6 average megawatts of savings at a cost of \$26 or less
Environmental Stewardship					SN		Two ramping rate violations for upriver projects. Working closely w/Generation and Operations to mitigate future events. SF6 Gas leak reported; Mitigation efforts being developed. Board approved increased funding for Watershed Protection to include efforts in the Willamette River to support EWEB's entrance into the basin with AWS; Completed the first Property Management Plan for 930 acres of Leaburg Forest (representing 65% of acres EWEB owns) that included the design of the first harvest (thinning & small patch cuts) protective of habitat and water quality potentially generating over \$400,000 for EWEB in early 2017; Sustainability efforts continue to improve with participation in the City/Sanipac "Love Food Not Waste" program, food composting bins have been added at ROC and HQ;	Compliance, spills, Carmen Smith, property management, leveraged funds, waste management, Source Protection, sustainability, GHG emissions

Product Delivery – Electric Service					TS		We continue to see a 6-8 week backlog for customer generated work. We have moved our PUC crews to address the backlog. We are currently trending slightly ahead of our PUC goals for the year. Vegetation Management, SAIFI/SAIDI, and Compliance is 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					BT		Through second quarter some operational goals have been delayed as a result of work on Capital and/or reimbursement work. We expect to see a change in these efforts in Q3 and Q4.	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					BT/MD		Property purchase timelines have been delayed by condemnation process. All other aspects of the metric are trending on target.	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.



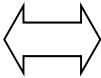


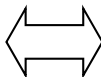
Financial Perspective




	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Comments	Drivers
PERFORM								
Budget Adherence – Electric Utility (Revenue/Expenses)					SF		Revenue side continues to be challenged with reduced loads. Expense side tracking with budget. Reduced capital work through Q2 has resulted in higher O&M costs	Electric Financial Statements, Financial Savings Initiative Work, Budget Monitoring
Budget Adherence – Water Utility (Revenue/Expenses)					SF		Both revenue and expenses are tracking with budget. Summer months drive Water Utility’s overall financial year.	Water Financial Statements, Financial Savings Initiative Work, Budget Monitoring
Financial Metrics – Electric Utility					SF		DSC improving with use of Smith Creek proceeds for debt reduction and 2016 \$150M refunding	Electric Utility Financial Statements Reserves, DSC, etc.
Financial Metrics – Water Utility					SF		Water Utility continues to achieve strong financial metrics. Savings from recent bond refunding provided improved debt service coverage from prior projections	Water Utility Financial Statements Reserves, DSC, etc.
Enterprise Risk Management					SF		Q2: 2016 operational plan developed. Continuing work to identify and deepen understanding of the impacts of various risks. Compliance program developed and monitoring begun. Contract governance program creation and execution underway. Turnover jeopardizes operational plan completion	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	●	●			SN	↔	Environmental and Property departments were recently reorganized to dedicate more resources to property issues.	Benchmark with other utilities % property with mgmt. plan HQ redevelopment progress Property acquisition (AWS) Lease and forest management revenue
AMI/MDM Projects	●	●			EE	↔	AMI network build is complete, and the project is advancing in to field trials at select customer locations. Approximately 1,000 electric meters have been received into stock, are tested and are ready for deployment.	AMI Project Plan Establishing organizational readiness for customer opt in and preparation for delivery of services.
Capital Planning & Execution	●	●			MD	↔	Water Capital is progressing well. Electric capital is underspending due to project delays.	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	↑	Negotiation Team continues to make good progress towards concluding the renegotiations in a manner that meets organizational targets. Substantial completion on a revised agreement and notification of FERC expected in Q3.	Generation Operational Plan: Goal of concluding relicensing in a manner that meets financial, operational and environmental targets

Generation Asset Efficacy					MM		Hydro plants, except Smith Creek, exceeded KPI and industry standards for availability in Q2. Wind farms also exceeded KPIs for availability. Co-Gen plants were below availability benchmark for Q2 due to planned maintenance outages. Forced outage factors close to plan. All critical maintenance work completed.	Generation Operational Plan: Based on unit availability, forced outage factors, and completion of critical maintenance.
Power Operations					BD/DC		Trading Floor performance is close to expected level in total. We experienced lower than expected value from standard trades due to a reduction in the variability between day ahead and real-time pricing, but significantly reduced EWEB's anticipated transmission expense by making custom trades in mid-term and day ahead. Custom trades also resulted in renewable energy values (RECs) in excess of our expectations.	Power Operations Operational Plan: Hydro Optimization, Trade Performance, Transmission Savings, Client Service Revenue, Renewable Resource Revenue, Structured Deals
IS Project Execution					MB		Staff turnover poses risk to execution against the current portfolio; mitigating with refined focus on CIS. IS labor is divided 79% O&M / 21% Projects. IS spend is divided 81% O&M / 19% 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		2 ramping rate exceedances from Q4 2015 were determined by FERC to be license violations with no penalties assigned. All 4 compliance "exception" findings have been approved by FERC and closed out. Deadline of 7/1/16 to become compliant with new CIP standards was met.	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		All drivers positive except Working Better Together training delivery has slowed due to summer season – goal of 100% in 2 years is at 60% halfway through year two; EWEB U policy training 82% complete. No legal complaints; new CBA implementation in Q2; two grievances filed but withdrawn following dialogue with supervisor – EWEB grievance rate continues to be very low compared to other utilities (EWEB = 0 YTD against others averaging 20-40 per yr); Voluntary turnover rate improving over 2015; YTD sick leave at 2.25 days on track with the Utility target of 5 days incidental sick leave per year – also very low compared to general employment statistics.	HR Ops Plan Metric Indicators: EWEB University, Working Better Together, Engagement Survey, Workforce Performance, Performance Intervention Legal Complaints, Grievances, Voluntary Turnover
Workforce Development & Workforce Planning					LK		Workforce composition data continues to maintain or improve against census and EWEB last year; Recruitment data maintaining over last year; Workforce planning continues to progress; Phase 1 data collection/analysis re: anticipated retirements complete. Phase 2 of this project was adjusted to afford new GM participation. Regional/EWEB workforce study underway with completion anticipated by Q4; Replacement rate < 1.0 over Q4 2015; Voluntary exits within Year 1 = 1; Pay rates and benefits remain consistent or competitive with market place.	HR Ops Plan Metric Indicators: Workforce composition data, recruitment data, workforce plan milestones, target replacement rate, market competitive salary, benefits data

<p>Employee Safety, Health, & Wellness</p>					<p>LK</p>		<p>Worker's comp claims 13 YTD (avg 20/yr); Rate of OSHA recordable injuries meets or exceeds goal & last year YTD rate. 2016 Experience Modification Rate = .65 representing the top 1% of workers comp claims experience for all of Oregon; EWEB participation in Injured Worker's Program yielded reimbursement of \$14,756 from Preferred Worker's Program (State of Oregon) and \$17,737 from EAIP (SAIF), again demonstrating "top employer" results and coupled with Mod rate is a critical factor in keeping EWEB Worker's Comp Ins. Premiums very low!</p>	<p>HR Ops Plan Metric Indicators: Worker's compensation data, safety incident data, OSHA recordable data, premium cost data, absence management data</p>
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TRANSFORM								
	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Owner	Trend	Comments	Drivers
<p>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.</p>	●	●			LR	↔	Comprehensive Customer Experience project research and planning continues into Q3. Community engagement plan related to “utility future” finalized and outreach is scheduled to begin Q3; Pricing discussion with customers expected to occur in 2017. Customer journey-mapping exercises scheduled to evaluate select customer experiences as they engage with EWEB for product and service initiation. Customer focus groups on new product and service dimensions also planned for Q3.	2016 Strategic Management Directives Board Direction
<p>Change Management Implement a common change management methodology at EWEB and use for Type II, IS project deployment in addition to other major initiatives</p>	●	●			EE/LK/MB	↔	Continued focus on Awareness, Desire and Knowledge aspects of the ADKAR model adopted by management. Two staff members have completed a Train the Trainer program which will enable us to socialize the approach across the organization at minimal expense. There are two training sessions presently planned for Q3. In addition, management plans to conduct a “change readiness” baseline assessment for all EWEB divisions in the Q3-Q4 timeframe. The methodology, which helps to ensure EWEB employees are better prepared for the need to alter internal business processes (resulting from technology changes, efficiency improvements and new program offerings) is presently being used in two Type II IS project deployment efforts.	2016 Strategic Management Directives; I.S. Strategic Plan
<p>Organizational Efficiency & Cost-Control Program Use benchmarking, and a corporate collaborative approach to develop improved processes, especially targeting overhead reductions.</p>	●	●			MD/SF	↔	Divisions have implemented some type of benchmarking, but no corporate approach identified. Two areas have been identified for review – customer loans and customer driven work; efforts are underway.	2016 Strategic Management Directives LTFFP 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.

