



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Carlson, Mital, Brown, Helgeson, and Schlossberg
FROM: Frank Lawson, General Manager
DATE: May 29, 2019
SUBJECT: Strategic Plan Opportunities
OBJECTIVE: Discussion/Guidance

Issue:

According to the *Eugene Water & Electric Board Strategic Plan (2017-2020)*, approved August 1, 2017, revised July 10, 2018, EWEB will “review and update the plan annually, or when impactful changes occur.”

Background

The strategic plan provides the basis for the Board to provide guidance through policies, decisions, and recommendations to the organization through executive management. Management recommends that the plan’s annual review be in late spring, prior to the development of the annual Capital Improvement Plan (CIP), Long Term Financial Plan (LTFP), annual budget(s), and pricing recommendations. However, because the Board may wish to explore some issues in more detail, Management is comfortable with using the present strategy to drive immediate planning efforts as Board discussions continue.

Discussion

Since approval in August 2017, the strategic plan has provided guidance for several decisions, including those associated with emergency water sources and advanced metering. Additionally, the plan is helping with updates to customer service policies, and approaches to help build customer confidence through performance, cost controls, simplicity of customer interaction, and transparent community communications.

In 2018, Commissioners directed the General Manager to modify the strategic plan to incorporate the content below.

- The plan should more clearly define EWEB’s role in Climate Change (Board Recommendation)
- “Safety” shall include both physical and emotional safety (Management Recommendation)

Climate Change references were incorporated within our Core Values, as these ideals are used to guide all operational and strategic decisions.

Since the last revision in July 2018, several policy decisions have used the strategic plan to provide useful guidance. And, throughout the past two years, Management has had the opportunity to work with the Board (collectively) and consult with individual Commissioners on various aspects of the strategic plan. Based on those discussions, Management presents the following observations relative to the state and usefulness of the present strategic plan.

Strengths

1. Two big ones are still relevant – not much disparity between Commissioners/Management
2. The “Phases” present a future vision mixed with near-term focus/activities/actions
3. The SAFETY (physical), RELIABILITY, and RESPONSIBILITY (affordability) Values are well defined and measurable
4. The plan is driving measurable (qualitative and/or quantitative) organizational progress

Weaknesses

1. “Emergency Preparedness and Disaster Recovery” is too narrow, and doesn’t include the overall resiliency, specifically financial or workforce, needed to insure future success amidst a multitude of threats.
2. RESPONSIBLE (environmental) Value is not well defined or measurable
3. COMMUNITY Value is not well defined or measurable
4. Strategic “Implementation” needs a tighter link with Core Values (especially Phase I)
5. Phase II activities/actions need more precision as we evolve.

Open Issues

1. How do we monitor progress on “foster customer confidence”?
2. Where are we in our progress through the plan (what evidence)?
3. What’s EWEB’s role (and what drives the level of involvement) in non-mission-driven socialized activities for the general “community good” (e.g. economic development, housing/rental stock improvements, limited-income aid/support, climate change mitigation, education grants)?

Revised Plan

Based on consultations with Commissioners over the past two years, Management has provided a suggested revision to the Strategic Plan based on the Board’s collective knowledge and experience, along with reactions from customers and other sources throughout that time. The new revision does not deviate from the general premises of the current plan, but attempts to address most of the weaknesses/issues identified in the present plan.

Management is seeking guidance on the strategic plan, but recognizes that Commissioners need the opportunity to inquire and assess the progress and issues further. As a starting point, it would be helpful for Management to understand Commissioner initial views of open issues so that Management can research and provide useful information to the Board.

Requested Board Action

Management is requesting Board direction on missing content or information that staff can provide the Board to assist with a strategic assessment.

Attachment(s)

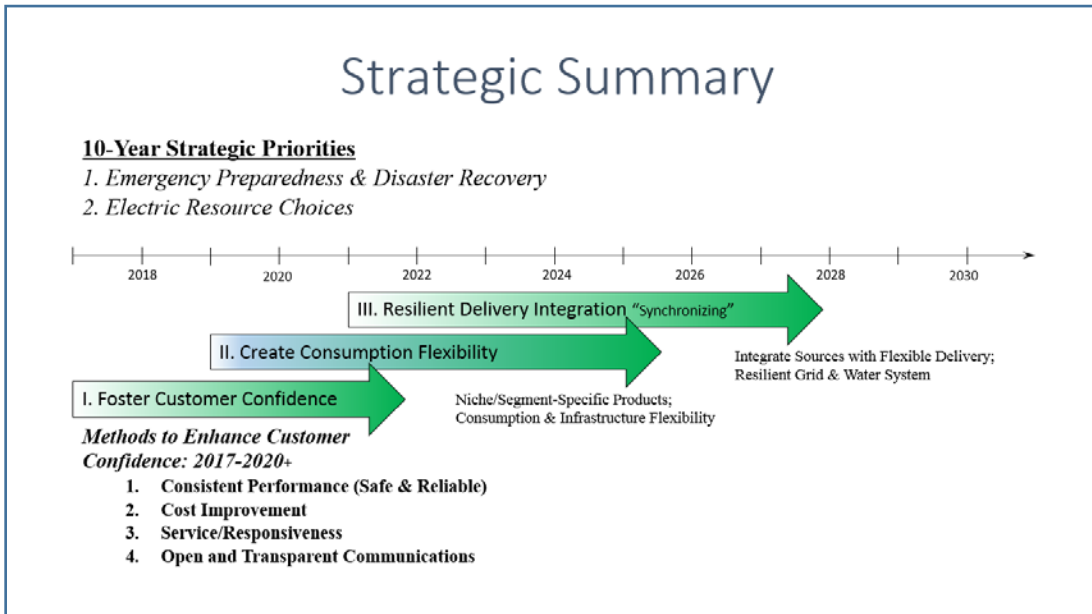
EWEB Strategic Plan (as approved, revised July 10, 2018)

Revised EWEB Strategic Plan (proposed revision for consideration/discussion)

Past Strategic Presentation(s): June 6, 2017

Eugene Water & Electric Board Strategic Plan (2017-2020)

*Adopted by the EWEB Board of Commissioners on August 1, 2017
Approved Revision: July 10, 2018*



Purpose

A strategic plan provides the context and understanding needed to manage policies, establish priorities, and make decisions. The plan should guide and align the organization, inspire action, and motivate us to achieve desired results. We will review and update the plan annually, or when impactful changes occur.

Introduction

The Eugene Water & Electric Board (EWEB), one of the oldest publicly owned utilities in the Northwest, was founded in 1911. Today, EWEB is Oregon's largest customer-owned utility serving approximately 200,000 people in the greater Eugene and McKenzie Valley areas. Each year, EWEB is responsible for delivering 7.5 billion gallons of drinking water and 4.5 million megawatt-hours of electricity. In accordance with the City of Eugene Charter, a five member Board of Commissioners is elected by the citizens of Eugene for staggered, four-year terms.

EWEB serves a city that is known for its dedication to action and self-sufficiency. The inspiration for creating a publicly-owned utility came from an increasing dissatisfaction with the private water company serving the community. In 1916, the Board purchased the Oregon Power Company's electric system, positioning the utility as the full-service provider it is today. The utility's name changed to Eugene Water & Electric Board in 1949.

Strategic Priorities...the two “Big Ones”

The most significant decisions confronting EWEB in the next decade involve sources of supply, including the renewal, replacement, or termination of major electric generating resource contracts, and decisions involving the diversification of drinking water sources for purposes of community resiliency and disaster recovery.

Prior to 2028, EWEB will need to reassemble a power generation portfolio, including EWEB's contract with Bonneville Power Administration (BPA) and the Carmen-Smith hydro facility relicensing project requiring an additional \$115 million investment. These decisions are worth billions, and will be made in the context of a changing climate, new technology, developing markets, and evolving customer expectations.

Eugene is also the largest community in the Pacific Northwest without a second source of drinking water. Ultimately, another surface water plant on the Willamette will be required to meet demand, and will justify the investment and associated rate increases. However, up until more volume is needed, using partnerships to create emergency water response, independent of the condition of our transmission and distribution pipes, is a more practical and effective approach for an Alternative Water Source (AWS).

Addressing these strategic priorities will require a deeper understanding of product consumption patterns, including the impacts to both wholesale and retail markets, and the value created for our customer-owners. During both normal and disruptive circumstances we will rely on our consumers to help us execute and make decisions, which will require their enhanced trust and confidence in EWEB. Confidence will be enriched through our consistent performance and transparent communications. Ultimately, our strategic priorities can be achieved using a “resilient delivery” utility business model, and require concentration on improving resiliency in the following two areas.

10-Year Strategic Priorities...the two “Big Ones”

- | |
|--|
| <ol style="list-style-type: none"><i>1. Emergency Preparedness & Disaster Recovery</i><i>2. Electric Supply Resources</i> |
|--|

Vision

Our vision describes our future and what we want to achieve, and is stated as follows:

Vision

Our vision is to be a local utility that inspires our customer-owners to invest in and rely on us.

This vision implies that customers will have more utility and consumption choices in the future, and as owners will be integral in investing in that future, both financially and through program participation. We will have to earn their ownership and business.

Mission

Our mission describes how we will achieve our vision, and is stated as follows:

Mission Statement

Our mission is to enhance our community's vitality by delivering drinking water and electric services consistent with the values of our customer-owners.

We exist for the benefit (“enhancement”) of our local community. “Vitality” acknowledges the essential services that we provide, and highlights our vital contribution to the health and welfare of our community. “Consistent with the values” recognizes our owners are Eugene residents and our customers, and stresses the importance of the methods we use to deliver our services.

Values

Our strategic execution cannot sacrifice our “core values”, which provide the fundamental basis for guiding, testing, and/or overruling our policies, actions, behavior, and decisions. These values are unique and sacrosanct; they cannot be compromised for convenience or short-term gain. As proven by our decisions and actions, our core values are the following:

Organizational Core Values

SAFETY: We value the physical and psychological health and safety of our workforce and the public.

RELIABILITY: We value the continuous, on-demand delivery of quality drinking water and electricity.

RESPONSIBILITY: We value the prudent and sustainable stewardship of our customers’ financial and natural resources, including our impact on affordability and role in reducing the greenhouse gases (GHGs) contributing to Climate Change.

COMMUNITY: We value our local governance and obligation to transparently serve our community.

Fundamental Legacy

Our values are supplemented by a set of principles and behavioral expectations, as stated in Board Policy SD1. We care about our community and the environment. We strive to provide affordable products and services, continuously improving our efficiency and effectiveness. We emphasize customer service, defining value through our customers’ eyes. We treat each individual respectfully, and provide a quality work environment for our employees.

Strategic Evolution

Optimizing our resource and resiliency decisions over the next decade will require a *sequence* of strategic efforts and accomplishments. The eventual “resilient delivery” business model will be based on providing critical services more resiliently using a path that begins with the following.

Initial Phase Strategic Summary

Over the next three years, increasing customer value will cultivate the confidence needed for resiliency and long-term resource decisions.

This strategy denotes the impact of near-term performance on our customer relationship, and the role of our customers in pursuing our 10-Year Strategic Priorities. It is expected that our strategy will evolve as we progress through the following phases over the next decade.

Strategic Phases

<u>Phase</u>	<u>Theme</u>	<u>Method</u>
2017-2020+	Foster Customer Confidence	Focused Performance (Cost, Responsiveness)
2018-2022+	Create Consumption Flexibility	Niche/Segment-Specific Products; Delivery & Infrastructure Flexibility
2020-2026+	Resilient Delivery	Integrate Sources with Flexible Consumption; Resilient Grid and Water Network

Phase I – Foster Customer Confidence

Our relationship with our consumers will impact the execution of our water and electric strategies. Both utilities require that customers help us understand and potentially adjust consumption patterns in the future. Widespread customer trust is essential. While this phase is an extension of our previous “*perform while we transform*” strategy, it more clearly focuses “perform” improvements on cost and customer responsiveness through improved efficiency, simplicity, and ease of doing business with us.

Methods to Enhance Customer Confidence: 2017-2020+

1. Consistent Performance (Safe & Reliable Delivery)
2. Cost/Efficiency Improvement (Responsible)
3. Service/Responsiveness – Ease of doing business (Community)
4. Open and Transparent Communications

Other than product value (benefits versus cost), customers evaluate us based on their unique, non-routine service-based experiences (storms, billing questions, rebates/credits, renovations, etc.).

The objective of this phase is to cultivate customer confidence by consistently and transparently improving our performance.

Phase II – Create Consumption Flexibility

Organizational performance and resiliency are aided by agility, whether referring to negotiating contracts, optimizing resources, or responding to emergency or unanticipated events. In some cases, for our customers to “Rely on Us”, we need their help. Electric energy market dynamics are creating acute swings in seasonal, daily, hourly, and within-the-hour prices. The time of power consumption (or conservation) is equally important to how much average energy is consumed, but will require we facilitate flexible consumption programs to take advantage of this market characteristic. Additionally, our ability to be resilient in cases of electric or water disruptive events will require customer involvement.

The objective of this phase is to create products, services, and infrastructure that facilitate consumption flexibility.

Phase III – Resilient Delivery

Changes in technology, regulations, markets, and customer expectations will drive business model choices for utilities, including EWEB, in the future. Our future requires an enhanced agility, including system and customer flexibility in order to resiliently deliver our critical services. Our major decisions involving sources and supply will be influenced by, and will impact our future ability to fulfill our mission. How effectively we make our major resource decisions will depend on our ability to dynamically synchronize these resources with changing customer needs under a variety of future conditions including emergencies and natural disasters. We will need to integrate sources of supply (including new and/or distributed sources), fortified links between sources and critical consumption hubs “resilient spines”, and

flexible distribution (consumption and infrastructure) in order to resiliently deliver our future services. **The goal of this phase is to create a more resilient grid and water network through the complete integration of our sources of supply, resilient spine(s), and flexible distribution and consumption components.**

Future State Business Model

Resilient Delivery Model =	J(Sources of Supply + Resilient Spine(s) + Flexible Distribution & Consumption)
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Strategic Implementation

Our resources belong to our customer-owners and community, including financial (money, assets) and natural (rivers, air, wildlife). Investments are required to improve essential “compulsory” services, as well as achieve strategic objectives. The essential functions listed below are required for the utility to deliver basic service levels. The strategic investments support the improvement of sustainable performance over time, including the evolution of our products and services, and the progression of EWEB toward a “resilient and independent delivery” model.

While all of these investments are important, priorities must be guided by regulations and statutes, Board direction, policy, and our values. Strategic investments will be scaled to align with good financial responsibility, spending at sustainable levels that our customer-owners can afford. Along with strategic initiatives, safety, reliability, and responsible stewardship of our customers’ resources, including money and natural resources, will be the priorities that drive decisions and investments.

Essential Operations

Effectiveness and efficiency improvements target cost and customer responsiveness through simplicity and ease of doing business with us, while maintaining safety and reliability of existing essential services, including the following.

- *Regulatory (financial, NERC, FERC, PUC, ODH, DEQ, etc.)*
- *Continuance of Operations (reliable delivery of drinking water and electricity)*
- *Obligation to Serve (Customer Service, New Connections, etc.)*
- *Chartered (City Billing)*

Over the next three years, we will aspire to the following management levels of our essential functions.

- MAINTAIN our safety, reliability, and delivery performance
- MAINTAIN our regulatory compliance and legality
- IMPROVE our storm and disruptive event response
- IMPROVE our responsiveness to customers; become simpler and easier to transact with
- EMPHASIZE Cyber and Physical Security on protecting personal information and critical operational infrastructure and systems.

Strategic Investments

Strategic investments will focus on the pursuit of our strategic priorities, sequenced with our strategic evolution phases. The following areas will be strategic investments, executed according to our values.

Infrastructure Replenishment & Replacement (Capital) - Water & Electric

- Replenish and replace assets at approximately 1.5-2.0 times annualized depreciation rates, including strategic spending on the Water Reliability Initiative (WRI) and the Carmen-Smith Relicensing Project.
- Emphasize emergency preparedness & disaster recovery, working with local partners to enhance system resiliency.

Power/Energy Resource Planning (beyond supply chain management)

- Develop dynamic, stackable and interactive models of resources, prices and markets, and consumption to optimize resource choices for different scenarios.

Community Leadership and Responsibility (*conservation, efficiency, education*)

- Focus our efforts on maximizing the broadest benefits of our essential services (safe, reliable, responsible/affordable) for all customers.
- Emphasize programs and leverage partnerships with other institutions that support vulnerable members of our community.
- Support local and regional efforts to reduce the emissions of GHGs contributing to Climate Change.

Modernization (*Technology, Customer Information System, Advanced Metering Infrastructure (COM, MDMS, Meters, Intg.), Infrastructure and Control Systems*)

- Arrange the investments to align with the strategic phases starting with “Foster Customer Confidence” (e.g. Customer Information System, operational (safe, reliable, responsible), customer responsiveness), then progressing toward consumption and infrastructure flexibility, followed by the integration of sources, resilient spine, and delivery flexibility.

**Eugene Water & Electric Board Strategic Plan
(2017-2020)**

*Adopted by the EWEB Board of Commissioners on August 1, 2017
Approved Revision: July 10, 2018
Proposed Revision: xxxxx, 2019*

DRAFT ONLY – FOR REVIEW

1.0 Purpose

A strategic plan provides the guidance necessary to effectively manage policies, establish priorities, and inspire the actions that align and focus the organization on desired outcomes.

2.0 Introduction

The Eugene Water & Electric Board (EWEB), one of the oldest publicly owned utilities in the Northwest, was founded in 1911. Today, EWEB is Oregon's largest customer-owned utility serving approximately 200,000 people in the greater Eugene and McKenzie Valley areas. Each year, EWEB is responsible for delivering 8.5 billion gallons of drinking water and 2.5 billion kilowatt-hours of electricity. In accordance with the City of Eugene Charter, a five-member Board of Commissioners is elected by the citizens of Eugene to govern the utility.

3.0 Strategic Priorities

The most significant issues facing EWEB in the next decade involve the sustained delivery of safe, reliable, affordable, and environmentally responsible services in the midst of a changing climate, new technology, developing markets, political and regulatory flux, natural and human threats, and evolving and diverse community expectations.

Prior to 2028, EWEB will need to reassemble an electric supply resource portfolio consistent with our organizational values, potentially including EWEB's contract with Bonneville Power Administration (BPA), and the relicensing and refurbishment of the Carmen-Smith Hydro Project. These decisions are worth billions, and must be optimized for economic, environmental, and social impacts.

Eugene is the largest community in the Pacific Northwest without a second source of drinking water. While ultimately we will need another surface water plant on the Willamette River, using partnerships to diversify our resources, including neighborhood emergency supplies and mobile options that are independent of the condition of our transmission and distribution pipes, will provide the most practical and effective approach.

4.0 Strategy

In order to confront these two priorities, over the next decade EWEB needs more resilient and sustainable infrastructure, finances, people, and processes. This requires improved synchronizing of the changing regional supply (water and electric) with evolving forms of consumption.

10-Year Strategic Priorities...the two "Big Ones"

- 1. Resiliency (Infrastructure, Finances, People, Process)*
- 2. Supply Resources (Electric Portfolio & Alternative Water)*

The result of this strategy will be a refined "synchronized resilient delivery model", which is the integration enhanced consumption flexibility, resilient delivery, and integrated supplies. This strategy denotes the impact of near-term performance and the role of our customers in pursuing our 10-Year strategic priorities. It is expected that our strategy will evolve as we progress through the following phases over the next decade.

4.1 Phase I – Foster Customer Confidence

Our relationship with our customer-owners will impact our strategy, as consumption levels and patterns influence resiliency and our supply choices. While this phase is an extension of our previous "perform while we transform" strategy, it more clearly defines "perform" improvements as the fulfillment of our "compulsory" obligations in ways consistent with the organizational core values (section 5.0). ***The objective of this phase is to cultivate customer confidence using a structured Continuous Improvement approach in the following areas.***

1. Delivery Performance (Safety & Reliability)
 - a. IMPROVE disruptive event response
 - i. Neighborhood Emergency Water
 - ii. Water Source Response (Cyanotoxins, Spills, etc.)
 - iii. Storm Response
2. Cost/Efficiency (Affordability)
 - a. IMPROVE affordability
3. Service/Responsiveness (Community)
 - a. IMPROVE responsiveness, first contact satisfaction
 - b. IMPROVE simplicity, ease of interaction

- c. IMPROVE open and transparent communications
- d. IMPROVE customer facing systems

4.2 Phase II – Consumption Flexibility (Demand Response)

Resiliency and resource decisions will be aided by creating consumption flexibility, including demand response, which will improve our ability to negotiate contracts, meet future demand reliably and economically, integrate clean-energy resources, and respond to emergency or unanticipated events. Electric energy market dynamics are creating acute swings in seasonal, daily, hourly, and within-the-hour prices and environmental impact (e.g. carbon intensity). The time of power consumption (or conservation) will be equally important as to how much average energy is consumed, but will require consumption programs to take advantage of future supply characteristics. **The objective of this phase is to create products, services, and infrastructure that facilitate consumption flexibility, including the following undertakings.**

- Advanced metering & technology upgrades
- Consumption and time-based products & services (water & electric)
- Time-Based energy efficiency and conservation (water & electric)
- Launch water/electric mobility options
- Integrated (electric) Resource Plan (IRP)

4.3 Phase III – Synchronized Resilient Delivery

Our major decisions involving sources and supply will impact our future ability to fulfill our mission. Changes in technology, regulations, markets, and customer expectations will drive business model choices. In the future, resilient delivery of our critical services will require enhanced agility, including system and customer flexibility. The effectiveness of our major resource decisions will depend on our ability to dynamically synchronize future resources with changing customer needs under a variety of conditions including emergencies and natural disasters. The integration of sources of supply (including new and/or distributed sources), fortified links between sources and critical consumption hubs “resilient spines”, and flexible distribution (consumption and infrastructure) is needed for the resilient deliver our future services. **The goal of this phase is to effectively integrate new supply resources, resilient spine(s) and delivery systems, and flexible consumption.**

$$\text{Synchronized Resilient Delivery} = \int (\text{Sources of Supply} + \text{Resilient Spine(s)/Delivery} + \text{Flexible Consumption})$$

5.0 Vision, Mission, and Values

Vision - *Our vision is to be a local utility that inspires our customer-owners to invest in and rely on us.*

EWEB’s vision implies that our customer-owners are integral in our mutual success, both financially and through program participation. We will earn their trust and confidence and thereby investment and participation.

Mission - *Our mission is to enhance our community's vitality by delivering drinking water and electric services consistent with the values of our customer-owners.*

EWEB recognizes that our services are “vital” to the health and welfare of our community, and that our methods are important to our customer-owners.

Organizational Core Values

SAFETY: We value the physical and psychological health and safety of our workforce and the public.

RELIABILITY: We value the continuous on-demand delivery of drinking water and electricity, and the dependability of our response to our customers.

AFFORDABILITY: We value and respect our customer-owners’ financial resources.

RESPONSIBILITY: We value the prudent and sustainable stewardship of natural resources.

COMMUNITY: We value our local governance and obligation to transparently serve our community.

Our execution must reinforce our “core values”, which provide the fundamental basis for our policies, actions, behavior, and decisions. These values are unique and sacrosanct; they cannot be compromised for convenience or short-term gain.

We will review and update the plan annually, or when impactful changes occur.

Eugene Water & Electric Board

Strategic Planning Update

June 6, 2017



Strategic Plan Development

Plan Basis

2014

Annual Updates

June 2016 (Last)

Board Work Session

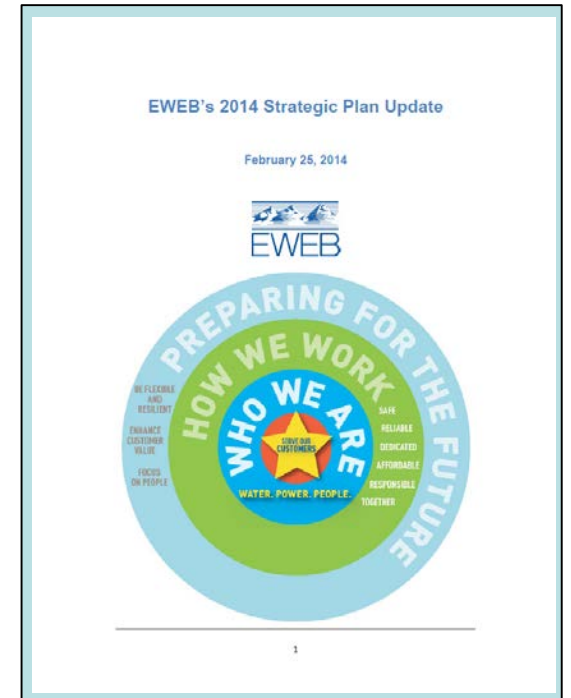
May 16

Revised/New Strategic Plan

June (Update)

Revised/New Strategic Plan

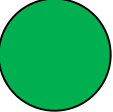
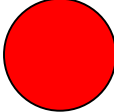
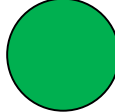
July (Approve)



Strategic Objectives

1. Provide link between Mission and operating plans (tactics)
2. Basis for making decisions / guiding policies
3. Inspire/Align organization toward actions and results

Decision Comparison Tool

Criteria/Options	Option A <i>Title</i>	Option B <i>Title</i>	Option C <i>Title</i>
SOCIAL consider the risks and impact(s) on... <i>Public & Employee Safety</i> <i>System Reliability*</i> (⊕) <i>Resiliency* – Emergency Preparedness</i> (⊕) <i>Workforce Flexibility*</i> (⊕) <i>Customer Service* – Responsiveness & Simplicity* (Ease of Interactions)</i> (⊕) <i>Equity, Privacy, & Rights</i> <i>Community Values</i>			
ENVIRONMENTAL (⊕) consider the risks and impact(s) on... <i>Air & Water Quality</i>			
Values			

OUR Mission
 is to enhance the Eugene community's vitality by providing water and electric products and services consistent with the values of our customer-owners.

OUR Vision
 is to be the best community-owned water and electric utility in the nation.

WE Value

- Providing affordable products and services
- Caring about our community and the environment
- Being flexible, innovative and adaptable to community needs
- Defining value through the customer's eyes
- Creating a high quality work environment

EUGENE WATER & ELECTRIC BOARD


“Core” vs. “Permissional” Values

Present Values	Proposed Values
<ol style="list-style-type: none">1. providing affordable products and services2. caring about our community and the environment3. being flexible, innovative and adaptable to community needs4. defining value through our customer's eyes5. creating a quality work environment	<ol style="list-style-type: none">A. ensuring workforce and public safety (SAFE)B. reliable delivery of quality drinking water and electricity (RELIABLE)C. responsible stewardship of our customers' financial and natural resources (RESPONSIBLE)

OUR Mission
is to enhance the Eugene community's vitality by providing water and electric products and services consistent with the values of our customer-owners.

OUR Vision
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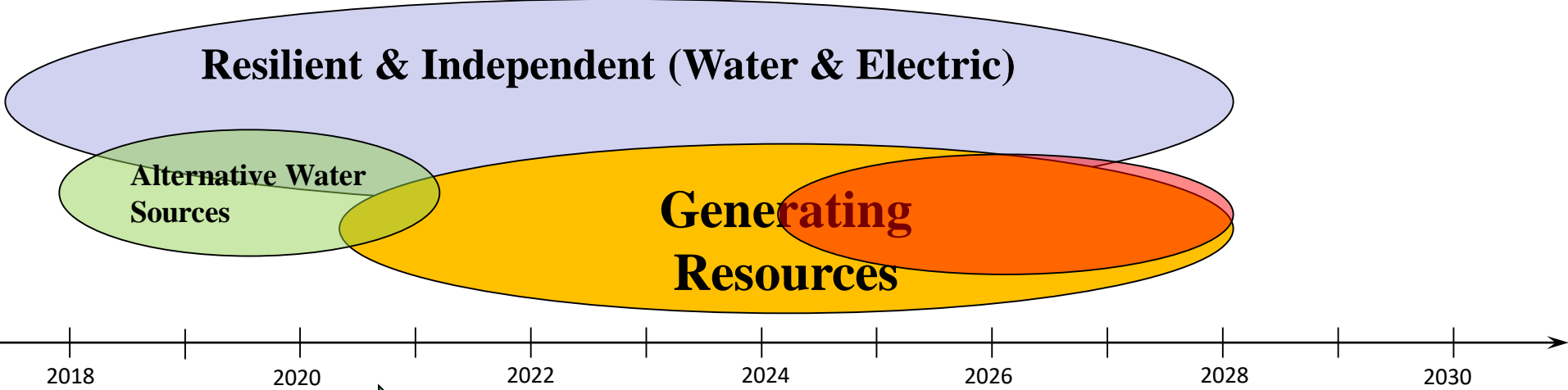
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- Defining value through the customer's eyes
- Creating a high quality work environment

EUGENE WATER & ELECTRIC BOARD



Strategic Phases



I. Foster Customer Confidence

II. Create Consumption Flexibility

II. Resilient & Independent Delivery
“Synchronizing”



Strategic Phases

I. Foster Customer Confidence

Extension of “*perform while we transform*” strategy...more clearly focusses “perform” improvements on cost and customer responsiveness through simplicity and ease of doing business.

II. Create Consumption Flexibility

Our resource decisions and resiliency will be aided by customer adjustment and involvement. The objective of this phase is to create products, services, and infrastructure that facilitate consumption flexibility.

II. Resilient & Independent Delivery
“Synchronizing”

Our vision is have resilient, localized, more self-reliant [autonomous] systems.



Investment Impact

Improve Efficiency & Effectiveness of Compulsory (Essential) Functions

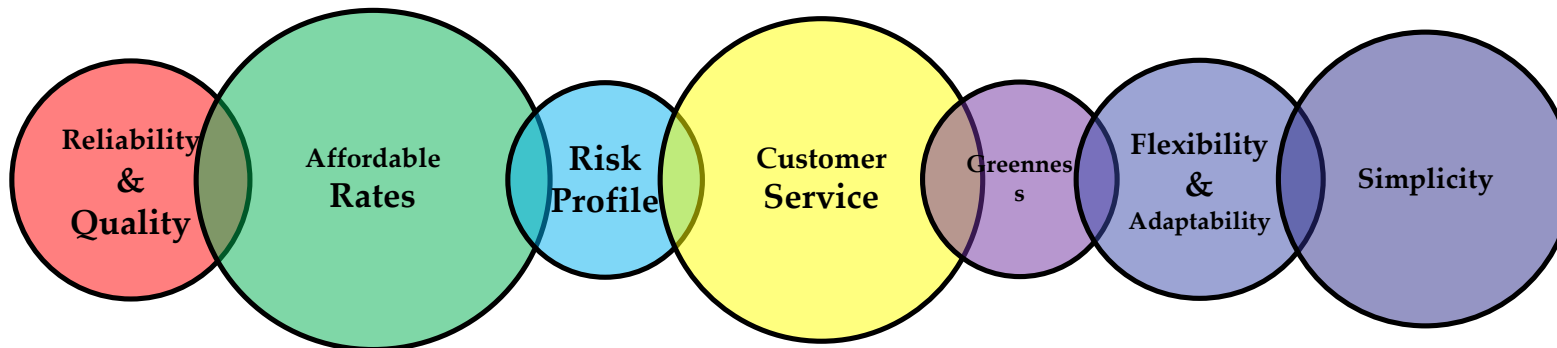
Regulatory (financial, NERC, FERC, PUC, ODH, DEQ, etc.)

Continuance of Operations (reliable delivery of drinking water and electricity)

Obligation to Serve (Customer Service, Connection, etc.)

Chartered (City Billing)

**Emphasizes
“How”**



Investment Impact

Target Strategic Investments to levels that are “Responsible” with Specific Outcomes)

Infrastructure Replenishment & Replacement (Capital) - Water & Electric ...Emergency Preparedness & Disaster Recovery, Water Reliability Initiative (Emergency, Source and/or Facility Disruption), Electric Resiliency & Independence

Long-Term Sizing
(1.5-2.0 times Depreciation)

Cyber and Physical Security (Beyond Compulsory)

Social Programs (Financially Vulnerable (Low Income) Support Programs, Consumption Programs (Energy Efficiency, Electrification, Water Conservation), Education Grants)

**Customer-Driven:
Customer-Benefit**

Drinking Water Source Protection **More Direct Link with Operations**

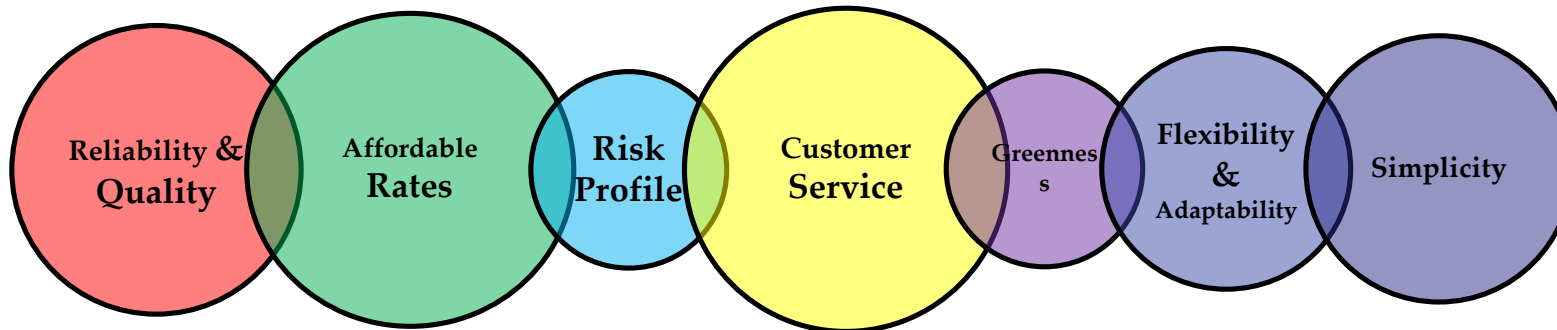
Power/Energy Resource Planning (beyond supply chain management) **Increase Dynamic Modeling**

Modernization (Technology, People, Process)...Enterprise Systems (Customer Information System), Advanced Products

Carmen-Smith Relicensing/Renovation

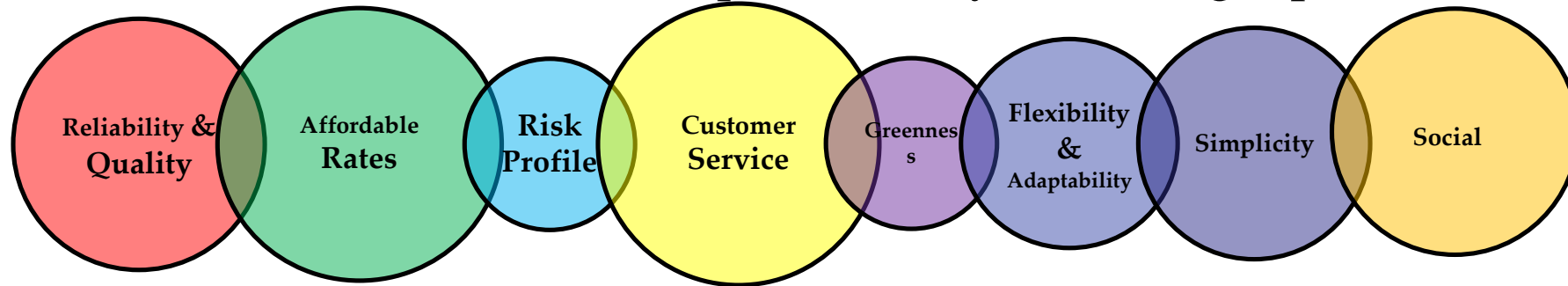
Clarify Intent Driven

**Emphasizes
“What & Level”**



Board Feedback & Questions

1. Do the **three phases** make sense given the vision around a future more resilient & independent delivery model (Phase III)?
2. With the context of strategy helping with policy and governance decisions, does it make sense to **change the Values from “Permission” to “Core”**?
3. How might you prioritize or define “Responsible” in the context of investment decisions?
 - a) What drivers or levels are prudent?
 - b) Do you envision EWEB as more socially and/or environmentally “responsible” or prioritizing social and/or environmental “programs”?
4. What elements (other elements) are required “in” your strategic plan?



Organizational Dials' Priorities?

	Electric Utility	Current	Board Target		Water Utility	Current	Board Target	
Core	Safety				Safety			
	Reliability and Quality	10	7-8		Reliability and Quality	10	8-10	
	Affordable Rates	2	4-6		Affordable Rates	9	6	
External	Customer Service	6	7-9		Customer Service	6	7-8	
	Environmental	9	7-8		Environmental	9	8	
	Social				Social			
Internal	Risk Profile	6	6-7		Risk Profile	2	6-8	
	Flexibility & Adaptability	5	7-8		Flexibility & Adaptability	3	6	
	Simplicity	2	4-7		Simplicity	4	5-7	



Rely on us.



Reference Materials



EWEB Self-Assessment of Both Utilities' Dial Settings

10= Excellent 1=Poor

Electric Utility					Water Utility				
	Current	Target	Board			Current	Target	Board	
Reliability and Quality	10	8	7-8	↓	Reliability and Quality	10	10	8-10	↔
Affordable Rates	2	6	4-6	↑	Affordable Rates	9	6	6	↓
Risk Profile	6	6	6-7	↔	Risk Profile	2	6	6-8	↑
Customer Service	6	7	7-9	↑	Customer Service	6	7	7-8	↑
Greenness	9	8	7-8	↓	Greenness	9	8	8	↔
Flexibility & Adaptability	5	8	7-8	↑	Flexibility & Adaptability	3	6	6	↑
Simplicity	2	6	4-7	↑	Simplicity	4	6	5-7	↑



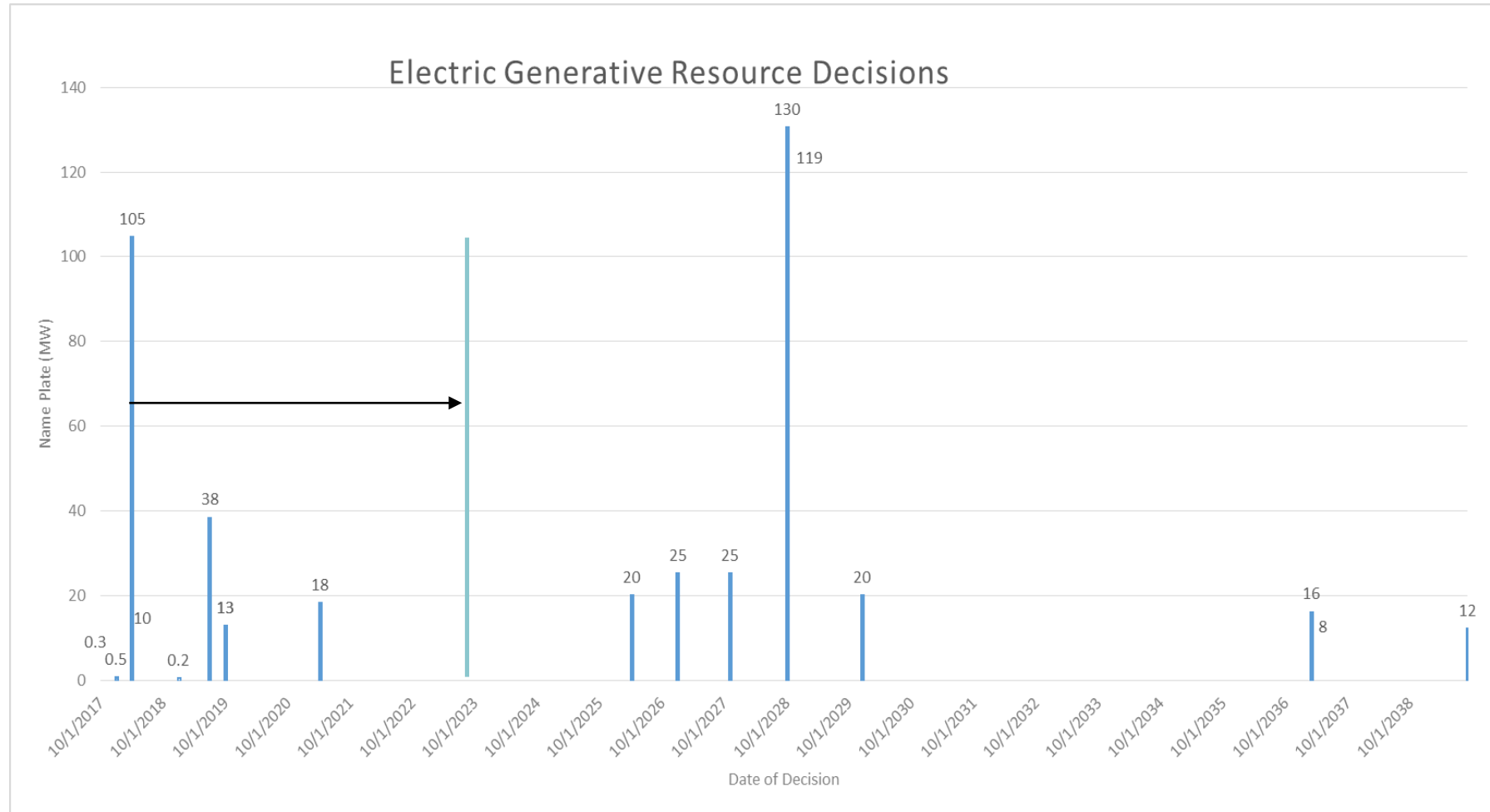
Most Impactful Decisions

Resiliency & Emergency Preparedness

Electric Resource Portfolio Mix

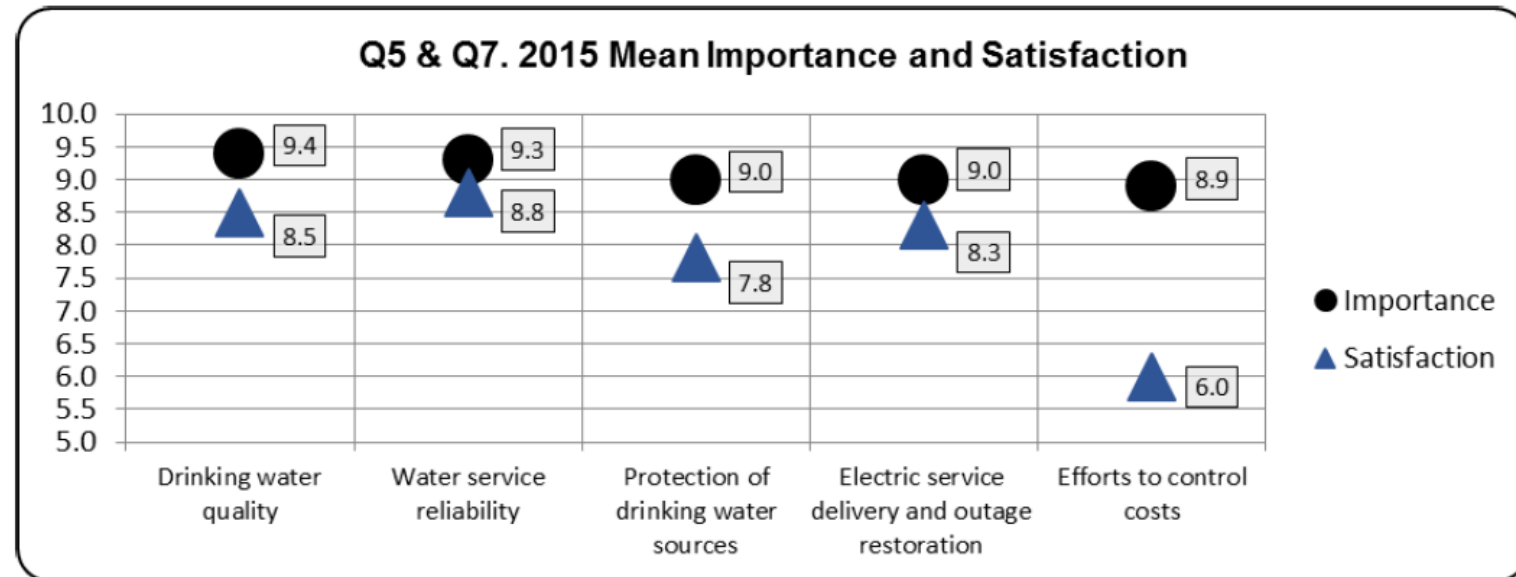


Electric Resources



Phase I - Creating Confidence by Showing Progress (Performance)

1. **Credibility & Trust: Results & Improvement Matter**
2. **Sustainably Delivering Value**










Qualitative Feedback

- **Reliable electricity and water and disaster preparedness is a clear and distinct top priority “*This is their mandate*”**
- **Infrastructure investment is “*just prudent management*”**
- **“*Quasi-Governmental*” EWEB is seen as bureaucracy that is “fluffy” or “bloated”.**
- **EWEB has organizational policies/processes that create an “*attitude of inflexibility*” and disregard for commercial customers’ needs.**
- **Conservation is viewed as win-win-win: lowering costs for rate payers, deferring need for new infrastructure, and mitigating climate change**
- **It is not EWEB’s role to lead social need support for low-income residents, many hold EWEB accountable for keeping rates as low as possible and prefer a structure that minimizes “hurt to people on lower end of the economic scale”.**
- **Also mixed views on EWEB’s role in economic development.**



Decision Comparison Tool

Criteria/Options	Option A <i>Title</i>	Option B <i>Title</i>	Option C <i>Title</i>
<p>SOCIAL consider the risks and impact(s) on...</p> <p>Public & Employee Safety</p> <p>System Reliability* </p> <p>Resiliency* – Emergency Preparedness </p> <p>Workforce Flexibility* </p> <p>Customer Service* – Responsiveness & Simplicity* (Ease of Interactions) </p> <p>Equity, Privacy, & Rights</p> <p>Community Values</p>			
<p>ENVIRONMENTAL </p> <p>consider the risks and impact(s) on...</p> <p>Air & Water Quality</p> <p>Climate Change</p> <p>Plants & Animals</p> <p>Workplace/Environment</p>			
<p>ECONOMIC</p> <p>consider the risks and impact(s) on...</p> <p>Budget/Affordable Rates* </p> <p>Debt, Long Term Burden</p> <p>Financial Resiliency* </p> <p>Economic Development</p>			

