



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD



TO: Commissioners Brown, Carlson, Barofsky, McRae and Schlossberg
FROM: Frank Lawson, CEO and General Manager
DATE: April 25, 2022 (Board Meeting May 3, 2022)
SUBJECT: Strategic Plan Review
OBJECTIVE: Discussion/Direction

Issue

It has been recent practice for the Board to review the relevance of the strategic plan approximately annually, typically before the commencement of the annual capital and financial planning process.

Background

In 2021, with two new Board members and a third who had not participated in the original development of the strategic plan, Management and the Board agreed to evaluate and explore strategic updates and/or enhancements and included revising the plan in the annual goals. In October 2021, after several work sessions and discussions, the Board approved revisions to the 2018-2028 EWEB Strategic Plan (attached).

The background memorandum for the September 21, 2021, Work Session highlighted the history, potential opportunities, and proposed revisions to the strategic plan. The background memo can be referenced at [Link - 09-21-2021 Memo](#), along with the video of the discussion at [Link - 09-21-2021 Work Session Video](#).

Discussion

Since October, few factors have substantially changed that would influence the strategy. However, regional interest in organized approaches to electricity markets and transmission (e.g. Regional Transmission Operator) continue to increase. Several organizations, with EWEB, have initiated communications with the Bonneville Power Administration regarding contract concepts, structure, and products to replace the regional dialog contract that expires in 2028. Based on these factors, it may be appropriate to specifically reference BPA in Section 4.2 and 4.3 and identify potential market development impacts in Section 4.3.

EWEB management continues to strive to lead the organization within the values as established by the Board. However, there are two areas for consideration. First, management requests the Board consider reviewing revisions to the "SAFE" value, due to the lack of clarity associated with the scope of the term psychological safety. Correspondingly, the cultural expectations associated with building the environments supporting psychological and emotional wellbeing can be further expounded in the "COMMUNITY" value. By stating the conduct and attributes of healthy environments and acknowledging that EWEB operates within several "communities" (workplace, customer-owners, etc.), the value statement can identify the characteristics that facilitate the desired community culture in a way consistent with future DEI policy work.

Recommendation/ Requested Board Action

No Board Action is requested at this time. Management recommends the Board provide feedback on the applicability of the present plan and identify any gaps or suggested revisions for discussion and potential incorporation.

Attachment(s)

2018-2028 EWEB Strategic Plan, October 5, 2021, Revision (clean copy)

*Eugene Water & Electric Board
2018-2028 Strategic Plan
(2021 Update)*

*Originally adopted by the EWEB Commissioners on August 1, 2017
Approved Revision: July 10, 2018
Approved Revision: October 5, 2021 (proposed)*

1.0 Purpose

This strategic plan provides guidance to effectively develop and manage policies, establish priorities, and inspire the actions necessary to position the organization to achieve desired outcomes including the setting of annual operational and strategic goals, milestones, and measurement metrics consistent with Board Policy BL4 and BL5.

2.0 Introduction

The Eugene Water & Electric Board (EWEB), founded in 1911, is Oregon's largest customer-owned utility presently serving approximately 200,000 people in Eugene and part of the McKenzie Valley. Each year, EWEB is responsible for delivering approximately 8.5 billion gallons of drinking water and 2.4 billion kilowatt-hours of electricity. EWEB is governed by a five-member Board of Commissioners elected by the citizens of Eugene.

3.0 Strategic Priorities

Drinking water and electricity are essential commodities that are becoming more precious. Managing forecasted volatility and scarcity, climate impacts, and the increasing occurrence and threats of disruptive events will drive EWEB strategy for the next few decades. With the goal of sustaining safe, reliable, affordable, and environmentally responsible drinking water and electricity services, the most immediate challenge facing EWEB is effectively planning and operating in a turbulent environment, including a changing climate, new technology, developing markets, political and regulatory flux, natural and human threats, and evolving diverse community expectations.

4.0 Strategy

Over the next decade, EWEB will need more resilient and sustainable infrastructure, finances, people, and processes, requiring customer participation in new programs designed to mitigate supply volatility and scarcity, improve resiliency to disruptive events, optimize infrastructure investments, and aid in water and electricity supply decisions. Although the community expectations for drinking water and electricity delivery occur in the same dynamic environment, each utility's situation is unique and requires distinct strategic elements.

Water

For reliability and resiliency, EWEB will need to scope and construct a drinking water treatment plant on the Willamette River, while simultaneously restoring the McKenzie watershed. By taking a comprehensive "source to tap" approach to water quality and reliability and given that significant investments have been made over the past decade at the Hayden Bridge Treatment Plant, EWEB's priority now shifts to strengthening base-level water storage, in-town transmission infrastructure, and the design and construction of the Willamette drinking water treatment plant.

Electric

Prior to 2028, EWEB will need to reassemble an electric supply portfolio for the long-term economic, environmental, and social benefit of our community. These electricity supply decisions can be improved by effectively aligning time-of-use consumption, distributed generation, demand response, and efficiency programs with the increasingly dynamic future clean energy resources and evolving storage technologies.

With significant electricity delivery infrastructure commissioned in the 1960s and 1970s, EWEB will need to attenuate and manage the "ballooning" need to replace this concurrently aging equipment while increasing resiliency to potentially disruptive events. Electricity investments will be managed by prioritizing high-customer-impact assets and those systems that increase resiliency to community-critical locations.

It is expected that the strategy will evolve and progress in the following tenants and phases over the next few years.

4.1 The “Opening”: Foster Customer Confidence (Ongoing)

Our relationship with customer-owners will influence their eventual voluntary participation in future water and electricity programs that optimize consumption levels and timing, impacting resiliency, infrastructure investments, and supply choices. Customer confidence is cultivated by good “performance”, which is the fulfillment of our compulsory obligations in ways consistent with our organizational values. *The objective of this facet of the strategy is to cultivate customer confidence by continuously improving our performance in the following areas:*

- a. Delivery – e.g., *water quality, electric and water reliability standards*
- b. Safety & Security – e.g., *psychological safety; protection of life, assets, property; dam safety, cyber/data security*
- c. Cost/Efficiency (Affordability) – e.g., *rate escalation consistent with societal levels of inflation,*
- d. Service/Responsiveness (Community) – e.g., *ease of interactions, turnaround times, transparent communication, disruptive event response, Board Policy SD3 (Customer Service Policy)*
- e. Environmental Responsibility – e.g. *watershed recovery/protection, Board Policy SD15 (Climate Change Policy)*

4.2 The “Mid-Game”: Positioning for Flexibility (2021-2024)

Creating operational and consumption flexibility tools, including demand response capabilities, will improve our ability to negotiate and manage supply contracts, integrate clean-energy resources, develop backup and emergency systems, and respond to unanticipated events. *The objective of this phase is to build the foundational pieces that facilitate future consumption and operational flexibility, including the following elements:*

- a. Advanced Metering & Analytics – e.g., *Meter Data Management (MDM) System, Customer Experience Systems*
- b. Information Technology & Systems – e.g. *modernize legacy systems - Financial & Customer Information System (CIS)*
- c. Integrated (Electric) Resource Plan – *informs electricity supply contracts, energy services, and EWEB-owned asset decisions, EWEB electric resource management/trading*
- d. Rate Design –*pricing agnostic to customer/product choices (prerequisite to new services), Board Policy SD9 (Rate Setting Policy) and rate making principles*
- e. Resiliency (Electric) – e.g., *disruptive-event mitigation plans, fortify/automate system controls (including telecommunications), replace aging high-impact underground conductors, prioritize links between local generation and essential services (resilient spine)*
- f. Resiliency (Water) – e.g., *watershed recovery, base-level reservoirs and inter-connecting transmission, Willamette water treatment plant design*

4.3 The “End Game”: Resilient Delivery (2024-2028)

How effectively EWEB synchronizes customer consumption with the future’s increasingly volatile and scarce water and electric supply resources will determine our success at delivering safe, reliable, affordable, environmentally responsible, and equitable services to our community, including during the occurrence and threat of disruptive events. This synchronization will require the integration of water and electricity supplies (including new and/or distributed sources), fortified links between supplies and critical consumption hubs (“resilient spines”), and customer participation in programs that optimize consumption levels and timing. *The objective of this phase is to effectively integrate new supply resources, resilient delivery systems (i.e., spines), and flexible customer consumption and includes the following elements:*

- a. Launch New Energy Services – *distributed energy resources (DERs), demand response (DR), and efficiency products to optimize cost, reliability, and carbon impact*
- b. Information Technology & Systems – e.g. *modernize legacy systems, continued (work, asset, and human resources)*
- c. Negotiate Electricity Supply Contracts
- d. Determine Investment, Divestment, and/or Disposition of EWEB-Owned Generation Assets
- e. Water Master Plan (2025)
- f. Resiliency (Electric) – e.g., *replace aging high-impact underground conductors, prioritize links between local generation and essential services (resilient spine)*
- g. Resiliency (Water) – e.g., *expand watershed protection to Willamette, base-level reservoirs and inter-connecting transmission, Willamette water treatment plant completion*

5.0 Vision, Mission, and Values

Vision, Mission, and Values statements create the framework to align the organization's efforts in pursuit of its strategy.

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 we will earn our customer-owners' trust, and thereby their investment and participation the programs integral to providing sustainable value.

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 two primary services are "vital" to the health and welfare of our community, and that our methods are important to our customer-owners.

Organizational Values

Values drive "how" we do things, and provide the fundamental basis for our policies, actions, behavior, and decisions. These values are sacrosanct; they cannot be compromised for convenience, short-term gain, or strategic progress.

SAFE: *We value the physical and psychological health and safety of our workforce and the public, the security and integrity of cyber assets and data, and the protection of our customers' assets.*

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

AFFORDABLE: *We value and respect our customer-owners' financial resources by making wise investments and controlling costs and rates*

ENVIRONMENTAL: *We value the prudent and sustainable stewardship of the environment and natural resources, including preserving our watershed, and our role in reducing the greenhouse gases (GHGs) contributing to Climate Change.*

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