



TO: Commissioners Carlson, Barofsky, Brown, McRae and Schlossberg
FROM: Frank Lawson, CEO & General Manager; Rodney Price, Assistant General Manager
DATE: January 3, 2024 (January 9, 2024, Board Meeting)
SUBJECT: 2024 Organizational Goals
OBJECTIVE: Action

Issue

Management is proposing the 2024 organization’s annual goals for the Board’s consideration and approval.

Background

In December, the Board deliberated and provided guidance and feedback to management on a set of proposed annual goals. The background memorandum for that discussion can be found at [LINK-Goals-Memo-Dec 2023](#).

Board Policy provides that the Board has responsibility for establishing its priorities for the coming year and providing that direction to the General Manager, who will draft annual goals. Organizational goals will be established annually that represent the General Manager’s interpretation of the priorities as defined by the Board (Board Policy BL5). Accordingly, the Board shall identify and define those results or conditions that are acceptable and not acceptable to the Board and communicate them in the form of policy, approval of Strategic Plans, Long-Term Financial Plans, Capital Improvement Plans, annual budgets, and annual goals.

Discussion

Annual goals are a mechanism to prioritize and focus the organization’s investments and resources on maintaining critical ongoing “perennial” business fundamentals, addressing discrete gaps or weaknesses, or positioning the utility for strategic success.

At the December 5, 2023, Regular Board Meeting, Commissioners engaged in a conversation related to the proposed 2024 priorities, multi-year themes (groups of cohesive work), opportunities, and goals. In summary, management garnered the following guidance and direction from that conversation.

1. Commissioners generally felt that the presented “themes” represented their understanding of the priorities and strategic initiatives. Many of the goals are a continuation of strategic initiatives that are evolving over a number of years.
2. Specifically recognizing the importance of a challenging labor market (specific workforce challenges), and the potential to discuss the future “business model” of a vertically integrated electric utility were not included in the proposed themes.

2023 Areas of Opportunity

EWEB’s organizational goals are monitored and reported quarterly using defined performance metrics. While EWEB will achieve most 2023 goals, our quarterly reports also include areas of concern, notably workforce capacity in niche areas/skills, and the ever-increasing compliance obligations of the organization.

In 2024, our proposed goals are set to address our gaps as well as ensure we continue to strive to meet our resiliency targets and our goals continue to support alignment of energy supply with consumption. Strategic milestones include preparing for our efficient and transformative adoption of new business systems, improving the ability to understand and use consumption information and the ability to optimally forecast usage and purchase our power.

Definitions and Business Priorities

In support of the 2024 Goals, Management has identified the following important considerations, including definitions and business priorities.

Stated Legacy

Vision (Pursue) - 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 customers' trust, and thereby their investment and participation in the programs integral to providing sustainable value.

Mission (fulfill) - Our mission is to enhance our community's vitality by delivering drinking water and electric services consistent with the values of our customer-owners. This mission supports that 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 customers.

Key Definitions

Community: includes the people with whom we serve, conduct business with, collaborate, influence, or impact in the fulfillment of our mission. (definition per Board Policy SD23)

Products and Services: includes the delivery of drinking water, electricity, information, support, and supplemental programs related to the fulfillment of our mission. (definition per Board Policy SD23)

Type 1 Projects: Type 1 are general purpose rehabilitation and replacement capital projects generally grouped by project category (e.g. main replacements, distribution transformers, fleet, etc.)

Type 2 and 3 Projects: Type 2 are large (>\$ million) discrete infrastructure and Rehabilitation & Expansion projects and Type 3 are significant Strategic Projects. All of which are reported out individually and on a quarterly basis according to Board Policy EL1.

Business Priorities

Compliant with regulations, statutes, policies, and values, EWEB's business priorities are to:

1. ***Maintain/Improve Business Operations*** – achieve and sustain the ongoing efficient and effective delivery of our Products and Services consistent with the values of our Community.
2. ***Optimize Energy Delivery*** - effectively and efficiently synchronize the supply, delivery, and consumption of energy in order to create long-term value for customers.
3. ***Improve Resiliency*** - reduce the likelihood, magnitude, and duration of sudden or gradual disruptive events through risk mitigation, emergency preparedness and response, and recovery strategies on our business operations and on the delivery of our Products and Services.

Proposed 2024 Organizational Goals

Consistent with Board direction, policies, business priorities, and organizational values, and to advance our strategic plan, the following goals are offered for Board consideration.

1. Ongoing Operational Efficiency & Effectiveness

As a prerequisite to our strategic initiatives and in support of our business priorities, EWEB will maintain/improve the ongoing operational efficiency and effectiveness of the organization while maintaining/improving compliance with regulations, statutes, policies, and values, as demonstrated through established key performance indicators (KPIs), metrics, key milestones for Type 2 and 3 projects (e.g. AMI, Base-Level Water Storage, Alternative Water Source, etc....), and including incorporating selective aspects of the 2023-adopted Board Policies SD22 (Resiliency) and SD23 (Diversity, Equity, and Inclusion).

2. Compliance Adherence

In order to maintain/improve business operations, EWEB will improve our compliance adherence by making continuous progress on a) EWEB's Owner's Dam Safety Program (ODSP) and b) Carmen-Smith Relicensing milestones, c) completing an on-site NERC audit and address all findings with timely approved mitigating actions, d) fulfilling the annual Oregon Public Utilities Commission (OPUC) inspection/correction milestones, e) completing the service line inventory required by the Lead and Copper Rule Revisions, and f) completing the analysis supporting the 2025 Water Master Plan in 2024.

3. Evolving Workforce Needs

In order to maintain/improve business continuity, optimize energy delivery, and improve resiliency, EWEB will work towards effectively recruiting and retaining a workforce that meets the organization's evolving requirements by a) completing a Workforce and Labor Market Assessment in early 2024, b) using the Assessment and other resources like the results of the 2024 Employee Engagement survey to develop a set of short and long term action items by end of quarter 3, and c) begin implementing a defined set of recommended action items from the assessment.

4. SAP Finance and Customer Systems "Go-Live" (EES, EWEB Enterprise Solutions)

In order to maintain/improve business continuity, optimize energy delivery, and improve resiliency, EWEB will develop and cultivate an information system, along with the processes and culture, that will enable the continuous modernization and improvement of financial, human, asset, work, and relationship management and support the evolving customer services needed to optimize product delivery by successfully "going live" with a new cloud-based Financial and Customer Information System in 2024.

5. Rate Design Plan

In order to improve customer choice and business operations and to further optimize energy delivery, EWEB will develop a 5-year rate design plan for Board review and input in 2024. The rate design plan will include timelines for key initiatives required to enact said plan for the mutual benefit of the community, the environment, and the product/program participants. Key plan requirements are expected to include a) Cost of Service analysis (COSA) updates for both water & electric utilities to better reflect cost-causation principles and rate recommendations to enact the results, b) customer and internal stakeholder engagement, c) assessments of current and required systems to enable advanced rates, and d) optional rate and payment choices to match customer preference and support beneficial behavior such as smart electrification.

6. 2023 Integrated Resource Plan “Actions”

Supporting EWEB’s priority to optimize energy delivery, EWEB will begin completing the “Actions” identified in the 2023 Integrated Resource Plan including a) leveraging the BPA “Provider of Choice” process to influence product design and inform a decision in 2025 that best serves EWEB’s customers, b) completing a Demand-Side Management Potential Assessment, c) engaging with major, local, customer-owned generators to determine future plans for these facilities and potential partnership opportunities, and d) completing the Market Evolution Impact Analysis.

7. Alternative Funding Opportunity

In response to an external opportunity/condition, explore and leverage alternative financial resources (i.e., grants) that align with our business priorities and strategic initiatives by developing and launching a formal internal exploration, evaluation, and review process in 2024.

Monitoring and Reporting

Following the approval of the annual goals, Management will work with Staff to determine the best tactical milestones, or key performance indicators (KPIs) needed to gauge progress and/or determine success. These defined measurement metrics will be developed and the progress toward achievement of these goals will be reported quarterly to the Board and public beginning in May (Q1 Report).

Recommendation

Management recommends the Board deliberate and approve the 2024 Organizational Goals, inclusively stated herein.

Requested Board Action

Approval of the 2024 Organizational Goals.