



MEMORANDUM
EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Roger Gray, General Manager
EWEB Leadership Team
DATE: October 25, 2013
SUBJECT: 2013 Quarter 3 Operating Plan Dashboard Results

Issue

EWEB Management submits the previously modified EWEB Dashboard Report to reflect: 1) a higher level and more comprehensive view of EWEB health, and 2) progress on the annual operating plan. The attached reports provide Q3 results in this format.

Background

EWEB has gone through a challenging couple of years and continues to adjust basic business priorities in accordance with the Board-adopted strategic plan. These include a greater emphasis on financial health, product affordability, and preparation for an increasingly uncertain future. The 2013 operating plan was created to better link organizational goals to the strategic plan and the dashboard was refined through discussion with the Board in prior sessions in order to reflect what we believe is an appropriate level of detail to best understand and gauge the overall health of the utility.

Discussion

Q3 2013 results

Q3 results presented in the attached stoplight dashboard report indicate that of the 30 discrete organizational goals and initiatives identified for 2013, the management team believes we are either doing well or excelling in 25, keeping a cautionary eye (or aiming to do better) on 4, and have concluded that an additional 1 is recognized as being too early to tell (employee engagement). No goals or initiatives are currently causing an elevated concern for significant additional attention. The trend column indicates where we see performance headed for a given metric over the coming quarters. It is important to take all of these individual metrics and to put them in to an overall assessment and context.

As stated above, EWEB has been through some very tough challenges largely due to its financial situation. EWEB Management and Board made very tough decisions to address these challenges and overall we have “righted the ship.” General operation of the electric and water utilities remains solid and previously reported specific challenges in the customer service metrics area have been significantly addressed. Steps were quickly taken to turn those around and the resulting positive outcomes are evident in the metrics.

While recognizing the critical importance that the layoffs, lack of pay increases for some employees, and working harder in general has taken a toll on employee morale, it has been encouraging to report there are currently no employee grievances filed and organizing activity has stalled. In addition, MAPT employees were awarded a performance payment during Q3 to recognize staff’s extraordinary efforts placed upon

attaining challenging organizational goals. While we generally believe that trends are improving the status of this goal remains gray until the scheduled employee survey results are known in Q4.

Highlighted below are both call-out successes and areas of concern, either due to current state or because we believe they may be trending down.



Areas of Notable Success for both Water and Electric:

- Customer Communication & Engagement
- Customer Satisfaction
- Customer Service Operations
- Product Delivery – Conservation, DR & EE
- Explore Sale of Generating Assets
- Financial Metrics – Electric Utility (Reserves, DSC, etc.)
- IS Project Execution
- Workforce Composition



Areas of Notable Concern:

- None currently



Areas to Watch:

- AMI/MDM Projects
- Work Asset Management Project (WAM)
- Carmen Smith Relicensing Project



Areas Recognized as Too Early to Tell:

- Employee Engagement

Customer Communication & Engagement

While it is agreed that statistically valid data to measure these initiatives is sparse, considerable efforts by staff and Executive Management in several arenas has supported a significant investment in communication and customer engagement in Q3. The first meeting of a small Community Research Panel took place to establish current opinion and understanding of EWEB's mission, values, strategy for the future and service delivery models. This was a 90-minute group-style discussion facilitated by *bell+funk*, with a short budget presentation by staff from Public Affairs. Another example of several available is the recent participation by employees in creating video shoots and interviews with Public Affairs to produce new footage that demonstrates EWEB's values in action, bringing together opportunities to increase both customer communication while refilling the "reservoir of goodwill".

Customer Satisfaction

Following the recent successful annual customer survey that took place in September, this metric has been changed from gray to green, having a mean result of 8.0 out of 10, one of the highest scores EWEB has attained. Executive Management believes that the recent mitigation of rate increases (to the proposed 4% electric utility and 3% water utility) supported by the Board of Commissioners has gone a long way to securing positive outcomes of customer satisfaction.

Customer Service Operations

As a result of the hiring and training of additional Customer Service Analysts, lost calls now sit slightly below the 10% target rate, having the added benefit of increase in customer satisfaction. With an industry

benchmark of 6% being recognized nationally, EWEB continues to be well positioned to strive for even greater achievement in this metric, demonstrated by the change from yellow to green in Q3.

Product Delivery – Conservation, DR & EE

October 1, 2013 saw the re-opening of EMS energy efficiency program offerings to customers, with favorable responses from both participants and contractors supporting these measures. In conjunction with this came the launch of EWEB's new energy management database, EnergyInsight, hosting a customer web-based interactive program application system, and in the process realizing some internal resources efficiencies upon which 2012 EDI FTE reductions were predicated upon.

Explore Sale of Generating Assets

This metric has changed from yellow to green following the continued successful exploration of the Smith Falls asset sale. With the contracted engineering analysis complete with no significant concerns highlighted, staff is switching gears to release and open the RFP process toward the end of 2013.

Financial Metrics – Electric Utility (Reserves, DSC, etc.)

In Q3 the financial metric was upgraded from a yellow to green status in recognition of the Board's approval of changes to the Financial Policies on June 4th which were updated to reflect changes to the financial targets and metrics. The direction was to move the targeted financial rating from AA to A for the Electric Utility and the associated metrics. Board Resolution No. 1308 reflected these changes to the Financial Policies and was approved on July 16, 2013.

IS Project Execution

This metric, in recognition of the completion of 4 significant projects, has moved from yellow to green status, resulting cumulatively in a total of 6 completions through Q3. This leaves IS well positioned to reach their annual target for 2013 of 10 project completions.

Workforce Composition

Continued efforts in diversity hiring has resulted in EWEB's workforce composition to made up of a 15% minority/85% non-minority population, compared to the county composition of 11%/87% respectively, positioning EWEB above the county average. Human resources staff is embarking on additional organizational diversity planning and training to provide continued growth in supporting and embracing inclusion of diversity in the workplace. In addition, as the effects of retirements impacts EWEB, continued opportunity to hire women in to traditional male-focused positions is being explored.

AMI/MDM Projects

Following the approval of AMI project Direction Resolution No. 1322 by the Board on October 1, 2013, this metric has remained as a yellow light in recognition of the reformulation effort being undertaken by staff around the business requirements, due to a shifting landscape with the adjustment of opt-in participation and the resulting effect of customer take-up and supporting *Beyond The Meter* programs requiring development and implementation.

Work Asset Management (WAM)

A shift from a downward trend to a flat-line arrow recognizes that planning is underway and tracking of this performance indicator has commenced in the second quarter. As progress of the project execution moves ahead, ownership of this metric transfers to the WAM Steering Committee leaders (Bloom & Kline).

Carmen Smith Relicensing

Progress continues to be realized following a meeting in July with the Settlement Agreement participants, demonstrated by movement from a downward trending to a flat-line arrow for this metric. Additional progress is now being made on the path forward.

Employee Engagement

Management are in agreement that, until results are available from the scheduled employee survey slated for release in November, this metric should remain gray until statistically viable information is available. That being said, it is noted that currently there are no filed or active staff grievances, organizing activity has stalled, and turnover is down, indicating greater stability and engagement amongst the workforce.

TBL Assessment

No TBL assessment was conducted for the quarterly update.

Recommendation

This report is provided for information only.

Requested Board Action

None at this time.

Eugene Water & Electric Board – 2013 Q3 Organizational Dashboard

Customer & Stakeholder Perspective

Goal or Initiative	Current Status	Trend	Expected Finish	Comments
Affordability – Electric Rate Trends			Ongoing	In relationship to rate pack with comparative northwest peers, sitting at top of public utilities.
Affordability – Water Rate Trends			Ongoing	
Customer Communication & Engagement Initiative			Ongoing	Annual survey shows high customer satisfaction (mean of 8.0 out of 10). More than three dozen “refilling the reservoir of goodwill” tactics accomplished. First quarterly “citizen research panel” successful.
Customer Satisfaction			Ongoing	Annual survey shows high customer satisfaction (mean of 8.0 out of 10).
Customer Service Operations			Ongoing	Monthly lost calls now below 10%, phone tree review has begun.
Environmental Stewardship			Ongoing	Goodpasture boat landing and ROC Wetlands compliance require additional attention, on watch list.
Product Delivery – Conservation, DR, & EE			Ongoing	EnergyInsight is in production and EMS is open for business. Customers & contractors responded favorably.
Product Delivery – Electric Service			Ongoing	SAIFI/SAIDI & budget remain below targets.
Product Delivery - Water			Ongoing	Operation costs under pressure from expensive repairs resulting from water main breaks. Cost saving in other areas should offset.
Water Reliability Initiative (Emergency/Provisional, and <u>Alternative Water Source (AWS)</u> [previously known as Second Source])			Exercise with trailer and regional partners by Q4. Water forum in Q4	Exercise and water forum are being planned.



Red Light = Significant actual or projected miss in cost, scope or schedule. Issue 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.

Improving, positive trend

No changes or status quo

deteriorating, negative trend

Eugene Water & Electric Board – 2013 Q3 Organizational Dashboard

Financial Perspective

Goal or Initiative	Current Status	Trend	Expected Finish	Comments
Budget Adherence – Electric Utility			12/31/2013	Projections to Board in Q4. Budget adjustments are not causing budget overruns but reflect some moving between project budgets.
Budget Adherence – Water Utility			12/31/2013	
Explore Sale of Generating Assets			Ongoing	Smith Falls Asset Sale - Received draft copy of engineering analysis – no significant concerns, completing material for RFP issuance, anticipate finalizing and opening RFP process near the end of year.
Explore Sale of Real Property Assets (Includes Riverfront Property and Asset Utilization Efforts)			2014	Next phases of work are: Property surplus declaration for HQ property and development of RFQ for a Master Developer.
Financial Contribution of Trading Operations			Ongoing	Ahead of prorated targets for 2013.
Financial Health Recovery Plan Implementation			To Board 10/01/13	Long Term Financial Plan went to Board.
Financial Metrics – Electric Utility (Reserves, DSC, etc.)			Ongoing	Accepted single A rating, but LT aim to return back to AA in future.
Financial Metrics - Water Utility (Reserves, DSC, etc.)			Ongoing	Multiple-year goal to get to reserves level; DSC phenomenal.



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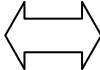







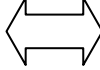

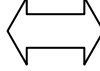

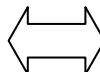

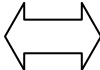


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Internal Operations Perspective

Goal or Initiative	Current Status	Trend	Expected Finish	Comments
AMI/MDM Projects			Delayed	Q3: Board action deferred to Q4 2013. Currently within budget. Stated requirements are being reformulated.
Capital Improvement Program Implementation			12/31/2013	Several IT Capital Projects undergoing Budget Amendments.
Carmen Smith Relicensing Project			Unclear	Met with Settlement Agreement (SA) participants 7/18/13. Progress being made on path forward.
Generation Asset Efficacy			Ongoing	Western Generating Agency (WGA) forced outage event being investigated - independent engineering, legal counsel & insurance company involved. Financial impact approx. \$400k in distributions from WGA to EWEB/yr.
IT Project Execution			Ongoing	Q3: 4 projects completed. (6 total completed for the year, 10 total projected).
Organizational Efficiency, Effectiveness & Flexibility Initiative			Ongoing	Efficiency projects are in process.
Regulatory Compliance and Self Reporting			Ongoing	Responding to Leaburg/Waltherville FERC ramping violation. Biologists working with Generation & Agencies to attain appropriate ramping rate, and with FERC for amendment.
Vehicle Safety and Property Preservation			Ongoing	Q3 trend for vehicle incidents and property claims within acceptable tolerances.
Work Asset Management Project (WAM)			To be determined	WAM planning underway, KPI tracking to begin second half of 2013.




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




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People & Culture Perspective

Goal or Initiative	Current Status	Trend	Expected Finish	Comments
Employee Engagement			Ongoing	Employee survey scheduled for November. Organizing activity stalled. No grievances MAPT or union represented.
Public and Employee Safety			Ongoing	Employee safety stats continue to be strong, with no public safety issues.
Workforce Composition			12/31/2013	Diversity hiring targets achieved. Succession planning in development. Organizational diversity work commencing.





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
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Eugene Water & Electric Board – 2013 Organizational Dashboard Quarterly Recap

Customer/Stakeholder Perspective	Q1	Q2	Q3	Q4	Projected Year End
Affordability – Electric Rate Trends					
Affordability – Water Rate Trends					
Customer Communication & Engagement Initiative					
Customer Satisfaction					
Customer Service Operations					
Environmental Stewardship					
Product Delivery – Conservation, DR, & EE					
Product Delivery – Electric Service					
Product Delivery - Water					
Water Reliability Initiative (Emergency/Provisional and Second Source)					
Financial Perspective	Q1	Q2	Q3	Q4	Projected Year End
Budget Adherence – Electric Utility					
Budget Adherence – Water Utility					
Explore Sale of Generating Assets					
Explore Sale of Real Property Assets (Includes Riverfront Property and Asset Utilization Efforts)					
Financial Contribution of Trading Operations					
Financial Health Recovery Plan Implementation					
Financial Metrics – Electric Utility (Reserves, DSC, etc.)					
Financial Metrics - Water Utility (Reserves, DSC, etc.)					

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AMI/MDM Projects					
Capital Improvement Program Implementation					
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