



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD



TO: Commissioners McRae, Barofsky, Schlossberg, Brown, and Carlson
FROM: Frank Lawson, CEO and General Manager; Kelly Hoell, Analyst/Advisor – Office of the General Manager
DATE: October 17, 2024 (Board Meeting November 12, 2024)
SUBJECT: Strategic Plan Development – Prerequisite Kickoff
OBJECTIVE: Discussion

Issue

Throughout 2025, Management and Commissioners will develop a new Strategic Plan. Establishing a common understanding of the organization’s mission, beginning with defining EWEB’s role in the community, is a prerequisite of this work. Management requests that Commissioners engage with each other related to why we exist, what we do (i.e. *role in the community*), and boundaries of that role. November’s Commissioner conversation will be summarized and reviewed in January, as a new Commissioner takes office.

Background

The present strategic plan was developed in 2017 and adopted in 2018. Since that time, the Board has periodically reviewed and amended the plan based on emerging conditions, most recently in September 2024 (attached). Inclusive of the most recent review (information linked [HERE](#)), despite feeling comfortable with the organization’s strategic direction, it was recommended that a new plan be developed to ensure alignment and continuity going forward.

Discussion

Although aligned, it is common for organizations to develop strategic plans in support of, albeit separate from and consistent with, the organization’s mission and vision. In other words, a strategic plan “charts the course” necessary to *fulfill* a mission, *pursue* a vision, in ways consistent with a set of values.

Although we may adjust along the way, it is anticipated that our strategic development path will include the following Board activities/milestones as we update our strategy, including our mission, vision, and values throughout 2024 and 2025.

- Nov 2024 Board Session 1: Mission/Vision: What do we do? Why do we exist?
- Jan 2025 Board Session 2: Core & Aspirational Values: How do we behave?
- Mar 2025 Board Session 3: Industry Analysis: What external forces are acting upon us?
- May 2025 Board Session 4: Defining and understanding Tradeoffs: What are the key choices that will define our path forward?
- July 2025 Board Session 5: Define the Strategic Direction: See a first draft of the Strategic Plan
- Sept 2025 Board Session 6: Measuring our Success: identify milestones, goals, and metrics
- Nov 2025 Board Session 7: Adopt the plan

Continued

Recommendation

In preparation for Session 1, Commissioners should prepare to discuss (compare perspectives) on the following questions.

1. What is EWEB's role in the community? (*Why do we exist? What do we do?*) Based on your perspective of our role in the community:
 - a. Are there things we should do more of?
 - b. Are there things we should start doing?
2. What is not EWEB's role in the community? (*What are our limits?*) Based on your perspective of EWEB's role in the community:
 - a. Are there things we should do less of?
 - b. Are there things we should stop doing?

Board Action

No Action will be taken at the November meeting, with minimal presentation other than to “tee up” the conversation between Commissioners. Management's goal is for Commissioners to engage with each other related to why we exist, what we do (i.e. *role in the community*), and boundaries of that role.

Attachment: *Eugene Water & Electric Board 2018-2028 Strategic Plan, 2024 Revision*

***Eugene Water & Electric Board
2018-2028 Strategic Plan
(2024 Update)***

Originally adopted by the EWEB Commissioners on August 1, 2017

Approved Revision: July 10, 2018

Approved Revision: October 5, 2021

Approved Revision: October 6, 2022

Approved Revision: June 6, 2023

Approved Revision: September 3, 2024

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 fulfill our Mission and pursue our Vision 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 both discrete and gradual disruptive events will drive EWEB strategy for the next few decades. With the goal of sustaining the delivery of safe, reliable, affordable, and environmentally responsible drinking water and electricity, 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 priorities.

Water

For reliability and resiliency, EWEB will need to scope and construct a drinking water treatment plant on the Willamette River, while simultaneously conserving 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 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 2026, 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, even as electrification and loads increase 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. Safety & Security – e.g., *psychological safety; protection of life, assets, property; dam safety, cyber/data security*
- b. Delivery – e.g., *water quality, electric and water reliability standards*
- 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)*
- f. Compliance – e.g. *Carbon/RPS, Dam Safety, Carmen-Smith License Fulfillment, PUC, Oregon Health Authority, OSHA, etc.*

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 resilient foundational pieces that facilitate ongoing organizational effectiveness, 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 with EWEB Enterprise Solutions (EES) - Financial & Customer Information System (CIS)*
- c. Integrated Resource Plan – *informs electricity supply contracts, energy services, and EWEB-owned asset decisions, EWEB electric resource management/trading*
- d. Bonneville Power Administration (BPA) – *evaluate and understand the impacts, benefits, costs, and risks of supply contract options with BPA in the context of the Integrated Resource Plan, emerging regional requirements/opportunities (transmission/markets), and business model options.*
- e. Rate Design – *Develop a Five-Year Rate Design Plan that creates pricing agnostic to customer/product choices (prerequisite to new services), consistent with Board Policy SD9 (Rate Setting Policy) and rate making principles*
- f. 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), and enhance local capability to provide emergency power for critical community loads should the grid become inoperable for an extended period.*
- g. Resiliency (Water) – e.g., *watershed conservation, base-level reservoirs and inter-connecting transmission, Willamette water treatment plant design.*
- h. *New Energy Services – Plan and design demand-side energy products, including those that leverage distributed energy resources (DERs), demand response (DR), and efficiency products to optimize cost, reliability, resiliency, and carbon impact.*
- i. *Diversity, Equity, Inclusion: Develop and evolve a Diversity, Equity, and Inclusion (DEI) Board Policy that integrates with our organizational values, providing a fundamental basis for our actions, behaviors, decisions, and results.*
- j. *Resiliency (General) – develop Labor Market and Workforce Assessment Report, including resiliency and depth assessment in mission-critical positions.*

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 – *including those that leverage 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 with EWEB Enterprise Solutions (EES), continued (work, asset, and human resources)*
- c. Negotiate Electricity Supply Contracts – *including potential BPA options/alternatives*
- 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.*
- h. Modernize Contracts – *Enhance potential partnerships consistent with policies, strategic objectives, and values (e.g. International Paper, University of Oregon, Sierra Pine (fmly. Seneca Sustainable Energy), etc.)*

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 in the programs integral to providing sustainable value.*

Mission - *Our mission is to enhance our community's vitality by delivering drinking water and electricity consistent with the values of our Community, including the people with whom we serve, conduct business with, collaborate, influence, or impact in the fulfillment of our mission. 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 safety, physical and psychological wellness, 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 ongoing continuous on-demand delivery of quality 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/CULTURE: *We value a culture of intentional actions and outcomes, continuous improvement, diverse perspectives, that is trustworthy, respectful, equitable, and inclusive to employees and community members. We are dedicated to our public service, professions, local governance, and commitment to serve our community honestly and with integrity.*