



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Carlson, Barofsky, McRae and Schlossberg
FROM: Frank Lawson, CEO and General Manager
DATE: August 29, 2022 (Board Meeting September 6, 2022)
SUBJECT: Strategic Plan Revision Proposal
OBJECTIVE: Guidance

Issue

Based on feedback received from the Board in May, several edits to the EWEB's Strategic Plan are being suggested for consideration.

Background

On May 6, 2022, EWEB management and Board discussed potential revisions and/or amendments to the strategic plan. While it was agreed that no substantial change in strategic direction was necessary, Management agreed to develop revisions in several specific areas, and propose those to the Board at an upcoming meeting. The background memo can be referenced at [StrategicPlanMemoLink-May2022](#), along with the video of the discussion at [BoardMeetingVideoLink-May2022](#).

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. The background memorandum for the September 21, 2021, Work Session highlighted the history, potential opportunities, and proposed revisions to the strategic plan and 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

Based on the discussion at the meeting of the EWEB Board in May 2022, the following proposed edits are recommended for consideration.

EWEB Enterprise Solutions (EES) Program – As EWEB progresses through the strategy, the specific actions and outcomes within the phases will become more clearly defined. In the Mid-Game Phase (20xx – 20xx), a key ingredient to building organizational, operational, and strategic flexibility will be the modernization of EWEB's information systems. This work has commenced, is included in capital and operational budgets, and is now captured as the EWEB Enterprise Solutions (EES) Program. **It is recommended to recognize this development with consistent program naming by including “modernize legacy systems with EWEB Enterprise Solutions (EES)”.**

Bonneville Power Administration (BPA) – Since October, and as discussed with Commissioners in May, few factors have substantially changed that would influence the strategy overall. However, several organizations, including EWEB, have initiated communications with the Bonneville Power Administration regarding contract concepts, structure, and product options to replace the regional dialog contract that expires in 2028. Additionally, regional interest in organized approaches to electricity markets and transmission (e.g. Regional Transmission Operator) continue to increase. EWEB will likely be presented with a BPA contract, including product options and electives, in 2025. This major decision warrants further analysis and specific inclusion in the “Mid-Game” phase. **Between now and 2025, it is recommended that EWEB “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.”

EWEB Organizational Values

EWEB management continues to strive to lead the organization within the values as established by the Board. These Values drive “how” we do things, and provide the fundamental basis for our policies, actions, behavior, and decisions. Proposed revisions to the organizational values are as follows.

Safe – in order to provide clarity between safety and health and the programs presently in place (e.g. EWEB Wellness Program), it is **recommended to individually and distinctly call out safety, physical, and psychological wellness** in the stated value.

Reliable – as a provider of essential services, the requirement for continuous on-demand services will not end. EWEB’s Reliability value is demonstrated in both our responsiveness, and our long-term planning and proactive performance. Therefore, **it is recommended that EWEB recognize the perpetual nature of the reliability requirement by adding “ongoing” as a condition of the value.**

Community – By stating the conduct and attributes of a healthy environment and acknowledging that EWEB operates within several “communities” (workplace, customer-owners, regional, etc.), the organization can identify the characteristics that enable the desired culture. **It is recommended that the value be re-written to describe the cultural components that will facilitate the organizations fulfillment of its mission and achievement of its vision and strategy.** The proposed amended value is stated as follows:

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.

Recommendation/ Requested Board Action

Management recommends that the Board review the proposed revisions to the 2021 update of the *Eugene Water & Electric Board, 2018-2028 Strategic Plan*, attached, and incorporate the corresponding changes to the values listed in Board Policy SD1, via Resolution 2223, during the October 6, 2022, meeting Consent Calendar.

Attachment(s)

- A. 2018-2028 EWEB Strategic Plan, September 6, 2022, Revision (clean copy)
- B. 2018-2028 EWEB Strategic Plan, September 6, 2022, Revision (markup 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

Approved Revision: October 6, 2022 (As 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 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 –*pricing agnostic to customer/product choices (prerequisite to new services), 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)*
- g. 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 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

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 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 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 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.*

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