

TACOMA PUBLIC UTILITIES

Goals and Measurements 2014

Goal Met
Goal Not Met

Director's Office

<i>BUSINESS UNIT GOALS</i>		<i>MEASUREMENTS/MILESTONES</i>	<i>PERFORMANCE/STATUS</i> <i>4th Quarter 2014</i>
Goal 1:	<u>Management Review:</u> Ensure the 10 year TPU Management review is effectively completed	<ul style="list-style-type: none"> • Work with Steering Committee, selected consultants, and appropriate staff to obtain a final TPU Management Review Report. 	Goal Met: The TPU 10 year Management Review Report was completed with Steering Committee input.
Goal 2:	<u>Budget Approval:</u> Direct the work at TPU to obtain approval of a budget with minimal rate impacts for the 2015-2016 biennium	<ul style="list-style-type: none"> • Work with the TPU Board and staff as well as the City to deliver a preliminary budget by the city appointed deadline which supports continued excellence while minimizing rate impacts to customers. • Obtain Utility Board and City Council approval of the TPU budget before year-end. 	Goal Met: The TPU budget was approved along with the city budget in December 2014 with minimal effects on customer rates.
Goal 3:	<u>Customer Experience:</u> Direct initiatives that will improve the customer experience for TPU services	<ul style="list-style-type: none"> • Direct work designed to improve the customer experience with services provided by TPU. • Develop and improve upon metrics in the Customer Service Division which will indicate a better experience for those calling for assistance. 	Goal Met: The Dept. of Public Utilities moved ahead on several initiatives to improve customer experiences, such as: 1) Adoption of customer service call center metrics which show marked improvement over the course of the year 2) Implementing a plan and executing on several customer focused initiatives by a new Customer Solutions Group. Some of their work included a customer satisfaction survey to focus groups in order to gain insights on where to focus efforts in this area 3) Development of a plan for TPU lobby reconfiguration which will enhance the customer experience for walk-ins 4) Progress toward a more customer-friendly bill redesign

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Goal 4:	<p><u>Green River Filtration Plant</u> Successfully complete the Green River Filtration Facility in 2014</p>	<ul style="list-style-type: none"> • Substantially complete plant at or below its budget. • Complete construction and commissioning to provide filtered water into pipeline 1 by the end of 2014. • Provide regular updates to the Utility Board to ensure awareness of project progress. • Maintain public information sharing via continued updates to the project page on the Tacoma Water website. 	<p>Goal Met: Project declared Substantially Complete (treated water into P1) on Dec. 16, 2014.</p> <p>Current project budget projection is under \$187 million, well below original budget.</p> <p>Delivered quarterly updates to Board and monthly updates to SSP's. Also prepared quarterly updates to loan funding agencies.</p> <p>Provided monthly updates to TW GRFF website.</p>
Goal 5:	<p><u>Tacoma Rail Relationship Management</u> Oversee Rail relationship with the Port of Tacoma to develop a unified operational strategy and in fostering our relationships with Class 1 carriers and Governmental financing and regulatory bodies</p>	<ul style="list-style-type: none"> • Have collaborative meetings with top Union Pacific and BNSF management in 2014. • Collaborate on at least one capital project involving joint Port/Rail/Government financing by 12/31/2014. 	<p>Goal Met: Meetings occurred with BNSF in July and with UP in December.</p> <p>Locomotive repower project involving joint Port/Rail/Government financing has been awarded and approved by the Port Commission and the Public Utility Board.</p>

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Goal 6: <u>Anticipate & Adapt to Changing Wholesale Power Markets</u> Engage in the NWPP Energy Imbalance Market (EIM) Effort	<ul style="list-style-type: none"> • Influence the regional process for EIM design. • Forecast the operational and financial implications for Tacoma Power (both as a participant and as a non-participant) related to EIM. • Investigate strategies to mitigate adverse effects and to take advantage of opportunities associated with the EIM. 	Goal Met: The Director is serving as one of three CEO level co-chairs of this regional effort. When this goal was established, NWPP participants expected that an EIM design would be fully complete by the end of 2014. However, the EIM development is complex and is taking longer than anticipated; several fundamental operational and regulatory decisions are not yet finalized. Understanding and pursuing proper strategies is more important than the timeframe originally anticipated. The work on economic implications has been hampered by these uncertainties such that more analysis is yet to be done in order to gain adequate understanding and determine strategies. Work will continue in this area.

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Goal 7:	<p><u>Provide Reliable Power Service</u> Ensure that metrics indicate a high level of reliability to customers; Enhance outage restoration reporting to customers</p>	<ul style="list-style-type: none"> • Utilize annual outage report to create action plan to address lower performing system areas. • Meet the following electrical reliability measures (based on a running six-year average starting in 2009 and including 2014): $ACO < 150 \sum (\text{no. of customers out}) / \sum (\text{no. of outages})$ $SAIDI < 75 \sum (\text{no. of customers out} \times \text{minutes out}) / \sum (\text{total no. of customers})$ $SAIFI < .95 \sum (\text{no. of customers out}) / \sum (\text{total no. of customers})$ • Make measurable progress on outage restoration reporting 	<p>Goal Met: When comparing like timeframes for the last 6 years, the metrics are as follows (from 12/31/2014 looking back 6 years): ACO = 83.80 SAIDI = 61.98 SAIFI = 0.5721</p> <p>Launched an ongoing initiative to report outage restoration information to customers via the call center and social media. An initial outage map was posted on the TPU website late in 2014.</p>
Goal 8:	<p><u>Power Conservation</u> Acquire conservation target as determined in IRP</p>	<ul style="list-style-type: none"> • Acquire at least 4.05 aMW in 2014 based on savings claimed or contracted. 	<p>Goal Met: As of 12/12/14, Conservation Resource Management projects final 2014 savings of 5.87 aMW, exceeding target significantly.</p>

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Goal 9:	<p><u>Click! Strategy</u> Ensure a sustainable business strategy for Click!</p>	<ul style="list-style-type: none"> • Develop a long-term sustainable business plan for Click! • Clarify Click!'s purpose and role, and update 10-Year Click!'s strategic plan. • Assess and revise the cost allocation model, as appropriate, and prepare and propose a rate policy for PUB consideration. 	<p>Goal Not Met: Click!'s 10-year business plan was updated to reflect the current operating model (Plan B) and the current market and competitive environment. Two presentations were made to TPU Board for their consideration and policy direction. A presentation was also made at the Joint Utility Board Study Session held on March 18. Further Board and Council discussions on Click!'s future strategic direction are planned for early 2015.</p> <p>A new cost allocation model was developed by RPA.</p>




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Goal 1:	<u>Bond Ratings - Power:</u> Sustain Financial Strength (F01) <i>(Power Superintendent Goal 1)</i>	Maintain current credit ratings (double A as appropriate to each rating agency), debt service ratio and cash reserves above financial policy minimums. Explore use of operating ratio as a financial metric. (Operating Expense/Net Sales)	Goal Met. We maintained our credit ratings, maintained coverage and cash reserves above policy minimums. We explored the operating ratio (white paper) and recommended against using it, with our current ratios better representing our business.
Goal 2:	<u>Click! Strategy:</u> Optimize Non-Rate Revenue (F04) <i>(Power Superintendent Goal 3)</i>	Clarify Click!'s purpose and role, and update 10-Year Click!'s strategic plan. Assess and revise the cost allocation model, as appropriate, and prepare and propose a rate policy for PUB consideration.	Goal Met: Recommendations regarding the updated 10-Year Strategic Plan for Click! were presented to TPU Board Members in November. Supplemental information was provided in December per their request. A revised cost allocation model was developed that changed the allocation to Click! to 96%. An exception applies to the timing of completing a proposed rate policy in order to coincide with new strategic direction: Pending updated strategic direction in collaboration with the TPU Board, staff will further develop an appropriate Click! Rate Setting Policy. Staff presented the consultant's recent findings to the PUB to seek their strategic direction during the 4th quarter.




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Goal 3:	Technology & Project Management: Leverage and Enhance Utility Technology (IP03) <i>(Power Superintendent Goal 7)</i>	Establish a PMO office and implement tools & templates to support the 2015-2016 Capital Budgeting processes (si19) Provide PMO oversight and support to key 2013 IT Technology projects (si19)	Goal Met. The Project Management Office was established and is functioning well, providing oversight to key IT projects. It successfully worked with RPA to develop a revised Business Case Analysis (BCA) template to incorporate cost and benefit requirements needed to support the 2015-16 capital budget requests for technology projects. The Capital Budget calendar has also been amended to incorporate the new approval path for technology projects using the newly chartered TPU governance committees supporting the PMO.
Goal 4:	Water Filtration Plant: We deliver high quality water. Effectively manage ongoing construction of the Green River Filtration Facility. <i>(Water Superintendent goal 1)</i>	Assure cost and schedule constraints are maintained through progression of the project in accordance with the 2013 work plan.	Goal Met. All major vertical concrete work is complete. Project is under budget (recently reduced total project cost of \$185 M) and slightly ahead of schedule. Startup and commissioning plans are well developed. Development of electronic O&M is underway with Guidance Document issued. GRFF maintenance management plan is underway with a decision made regarding platform it will reside (SAP).
Goal 5:	Port of Tacoma Operating Agreement: BUSINESS STRUCTURE -- Negotiate and implement new operating agreement with the Port of Tacoma <i>(Rail Superintendent Goal 11)</i>	Agreement in place and functioning by July 31, 2013	Goal Met. New agreement negotiated and approved by Port Commission and TPU Board on June 26, 2013.

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Goal 6:	<p><u>Customer Service Improvements:</u> Improve the service to our external customers. <i>(Customer Service Admin Goal 2)</i></p>	<p><u>Consultant Assessment</u> In the 1st quarter, complete a contract with identified consultant (e.g. CCIS) for services to assess Customer Service processes.</p> <p>Engage consultant to assess call center and back office operations. Develop best practice Customer Service KPI's. Provide progress reports to executive team during 2nd and 3rd quarters and act upon related feedback.</p> <p>By 4th quarter, propose and obtain agreement from executive team on next steps of a plan (actions and timelines) to implement recommended changes including any applicable staff training.</p>	<p>Goal Met. A contract was completed with CCIS for consulting services during the first quarter.</p> <p>CS Leadership has been fully engaged in CCIS's work efforts and participated in CCIS's July 29th and August 27th progress reports. Goal was completed during the third quarter.</p> <p>CCIS and the Executive Team met on November 12 and agreed on actions for 2014.</p>
Goal 7:	<p><u>Financial Results:</u> Oversee positive financial results of the Operating Divisions</p>	<p>Ensure the financial results of each operating division are within budget and contribute positive net income for 2013.</p>	<p>Goal Met. The divisions are operating within budget. 2013 revenues less expenditures are positive and better than plan for each of the 3 divisions. Rail obtained a budget adjustment to account for the higher than anticipated rail volumes (add'l revenues and expenses) which have contributed to positive performance overall.</p>

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Goal 8:	<u>Customer Solutions Initiative:</u> Execute Customer Solutions strategy	<p>Establish and staff the new Customer Solutions function.</p> <p>Ensure smooth working relationships within the operating divisions and CMS.</p> <p>Complete preliminary marketing plans for Click! and CRM.</p>	<p>Goal Not Met. Technically speaking, this goal was met in that Customer Solutions has been established and staffed and provides regular updates to the executive team. CS, CMS, and the divisions are working together on strategies and preliminary marketing plans have been developed for Click! and CRM.</p> <p>However, the overall Customer Solutions initiative has not developed as rapidly as and is not yet functioning at the level envisioned. Therefore, the Director has deemed this goal Not Met for purposes of reporting on this performance goal.</p>