

Western Area Power Administration FY 2011 Strategic Targets Performance

Mission: Market and deliver clean, renewable, reliable, cost-based Federal hydroelectric power and related services.

Vision: Provide premier power marketing and transmission services.



Theme 1 - Energy Security through Products and Services

Goal 1.1- Maintain Core Mission Focus

Continue to provide cost-based and high-value power marketing services.

Strategic Focus: 1) cost management and control, 2) appropriated resources supplemented by customer financing, 3) delivery at lowest possible cost consistent with sound business practices, 4) protection and maximum value of Federal resources and 5) participation in decision-making processes where the decisions will affect Federal hydropower generation.

Targets:

Customer Service

- Western is engaged in a remarketing effort for the Boulder Canyon Project resources. The current contracts for this project expire in 2017. In 2011 Western will review comments received from the *Federal Register* notice issued in 2010 on this topic, make a final Agency determination on the applicability of the Power Marketing Initiative to the Boulder Canyon resource and publish this determination in a *Federal Register* notice.
- Western is engaged in a remarketing effort for the Pick-Sloan Missouri Basin Program--Eastern Division generation resources. The current contracts expire in 2020. In 2011 Western will complete informal customer meetings and Tribal meetings, develop a formal proposal and publish the proposal in a *Federal Register* notice for the Pick-Sloan Missouri Basin Program-- Eastern Division 2021

Power Marketing Initiative. Western will hold public information and comment forums on the formal proposal and comments will be collected and summarized. Depending on the scope of comments and issues provided through the public process, FY 2011 efforts would also include initiating development of a second *Federal Register* notice to either provide opportunity for further comment on Western's proposal or to finalize the 2021 Power Marketing Initiative.

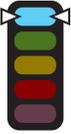
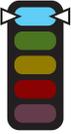
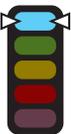
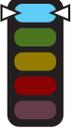
- To ensure rate stability and power deliveries while contributing to DOE's goals for a low-carbon energy future, adopt and publish criteria for how Western's Integrated Resources Planning Principles for Long-Term Power Purchases should be applied in today's utility environment.

Products and Services

- Explore Western-wide transmission service product concepts that would allow for sale of non-firm transmission service across multiple Western Transmission Providers and explore opportunities to offer tariff administration services. Complete a business case to support decisions about time and resource investments to further product development.

Cost Management, Funding and Rates

- Manage appropriations and use of receipts authority to ensure that unexpended obligations are within the DOE established end-of-year targets created to help ensure the effective use of resources. **Note:** review is not complete.

2. Set rates so that revenue is sufficient to maintain system reliability and repay the operation and maintenance costs and the investment in Federal power facilities. 
3. Work with customers to help secure Western's financial stability and maintain system reliability by supplementing Western's appropriated resources with between \$100 million and \$110 million of customer financing. 
4. Initiate customer funding of construction projects within the Desert Southwest Region. Invite customers of the Parker Davis Project and Intertie Projects to the first annual meeting to review the proposed construction project(s) to be funded through the Prepayments for Construction Memorandum of Understanding, and receive a favorable vote from the customers to proceed with the project(s). 
5. Work with the generating agencies and customers to help ensure the reliability of power generation facilities by jointly reviewing work plans and facilitating customer funding for the generating agencies of between \$55 million and \$65 million. 
6. Meet DOE and OMB Federal Data Center Consolidation milestones and meet at least 90 percent of Western's planned FY 2011 Data Center Optimization milestones. 
7. Complete at least 80 percent of the Enterprise Common Power Billing System Phase II, enterprise level technical enhancements and the implementation plan for Western's Desert Southwest Region. 

Goal 1.2 - Maintain Vital Services

Continue to provide transmission and resource management services upon request and at cost.

Strategic Focus: 1) reservation of Federal transmission system capacity for firm electric service and project use power deliveries, 2) response to load and resource management services requests, 3) participa-

tion in industry reliability and industry restructuring initiatives and transmission studies, advocating for customer benefits and 4) continued open access to Western's transmission system for surplus capacity.

Targets:

Transmission Asset Management

1. Define and initiate an agency-wide effort to formalize Western's long-term asset management program in order to measure and demonstrate asset management performance to ensure Western continues to apply financial and human resources in the most prudent manner possible. 

Industry Participation

1. Remain actively engaged and provide leadership in electric utility industry forums like the North American Electric Reliability Corporation and regional reliability organizations, in order to promote an understanding of Western's unique statutory requirements and influence policy and regulations to protect transmission and hydroelectric assets. 

Climate Change

1. Using non-reimbursable funding, support the Department's requirements under Section 9505 of the Omnibus Public Land Management Act of 2009 which designates DOE as the lead agency for producing an assessment of the effects of global climate change on water availability for hydro generation and marketing from Federal projects. The Department schedule is to have a report complete in FY 2012. 
2. Support the "Colorado River Basin Water Supply and Demand Study", by meeting all of the Bureau of Reclamation's deadlines for review and comment on the study results and conclusions. The study will define current and future imbalances in water supply and demand in the Colorado River Basin and the adjacent areas of the Basin States that receive Colorado River water for approximately the next 

50 years, and will develop and analyze adaptation and mitigation strategies to resolve those imbalances. The Bureau plans to conduct the study between January 2010 and January 2012.

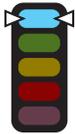
Goal 1.3 – Optimize Scarce Resources

Increase our efficiency and minimize costs while meeting increasing work requirements without sacrificing reliability or power delivery services.

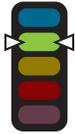
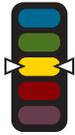
Strategic Focus: 1) consultation with firm electric service customers on plans and priorities, 2) stable funding capability for operations and maintenance and capital projects, 3) consolidated operations and transmission services, 4) engagement to influence industry changes, 5) enterprise risk management and 6) improved technology infrastructure through common approaches and strengthened security measures.

Targets:

Hydro

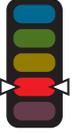
1. Remain actively engaged in and provide leadership on initiatives and issues under discussion in hydro-power forums such as the Missouri River Recovery Implementation Committee, Grand Canyon Adaptive Management Program and Central Valley Project Improvement Act implementation, in order to influence decision-making in the interest of protecting the value of the hydro-power resources. 

Operations and Transmission Services

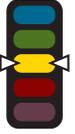
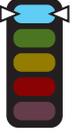
1. Begin reconfiguration of the Colorado River Storage Project into one balancing authority to simplify CRSP operations and to resolve complexities in system scheduling, operations and business practices. Meet at least 90 percent of FY 2011 project milestones and complete the reconfiguration in FY 2012. 
2. The Operations Consolidation Implementation (OCI) will 1) deploy new SCADA systems in Loveland and Phoenix; 2) shutdown back-up data centers in Cheyenne, WY and Coolidge, AZ and 3) procure a new power 

operations scheduling system and start deployment. Completion of OCP is scheduled for FY 2014.

Risk Management and Business Continuity

1. Begin formalizing Western’s enterprise risk management policies, key risk areas and mitigation plans. The program development process is underway and initial program documents drafted within 6 months after Western’s Chief Risk Officer is on-board. 
2. Western will further develop and challenge its Continuity of Operations Plans with tabletop exercises and COOP training for employees. Each Region will complete employee COOP training. Each Region will develop and perform a challenge exercise for its COOP plan during this same time period. 

Technology Infrastructure

1. Complete at least 80 percent of the automation of NERC Critical Infrastructure Project Access Control Release II. 
2. Complete at least 80 percent of the technical development for the Strategic Integrated Procurement Enterprise System (STRIPES) and be prepared for full implementation starting in FY 2012. 

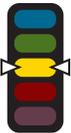
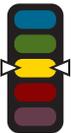
Goal 1.4 - Promote Renewable Resources

Highlight and manage Western’s renewables activities.

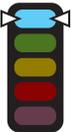
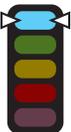
Strategic Focus: 1) renewable resource education programs funded by beneficiaries, 2) communication, 3) exploration of long-term renewable energy purchases to supplement Federal hydropower resources, 4) exploration of increasing Western’s existing renewable resources transmission integration studies, 5) encouragement of voluntary customer use of renewable resources and energy efficiency measures, 6) continued promotion of the environmental benefits and value of Federal hydropower and 7) meeting core mission while implementing the borrowing authority.

Targets:

Renewable Transmission

1. Implement the Transmission Infrastructure Program (TIP) Capital Asset Acquisition and Management Process. 
2. Implement at least 90 percent of Western’s TIP Action Plan developed in response to Bonneville Power Administration’s September 2010 Peer Review. 
3. Funded under Western’s Renewable Resources Program, conduct three renewable transmission pre-feasibility studies for Western Federal customers and Tribes. 

Renewable Resource Technology Transfer

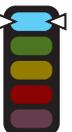
1. Coordinate and manage a full range of partnership activities with Western’s Regional Offices, DOE EERE, APPA, NRECA and industry groups to advance the use of renewable resources. Provide travel scholarships for Western utility customers, APPA and others for attendance at key renewable industry events to facilitate technology transfer. Complete at least 80 percent of planned activities. 
2. Pursue \$200K in non-reimbursable funding from DOE EERE to continue renewable technology transfer to Western preference power customers and Tribes. Use at least 70 percent of available funding. 

Variable Energy Resource Integration

1. Conduct the following activities on the proposed 400 MW South Slope Pumped Storage Project to determine if the project meets TIP participation criteria or related Western objectives: 
 - a. Establish a Non-Disclosure Agreement, Memorandum of Understanding, and Non-Binding Term Sheet with the project developer.
 - b. Conduct a pre-feasibility study to identify potential impacts of Interconnection & Transmission Service to Midway and to Four Corners.

- c. Conduct a preliminary market analysis to identify potential demand (Customers) and indicative pricing for South Slope products/ services.
 - d. Present the results of the above efforts for Senior Management go/ no go decision on pursuing a project development funding agreement.
2. Participate in the Western Electric Coordinating Council (WECC) Efficient Dispatch Toolkit cost benefit analysis, per WECC’s schedule, to facilitate energy imbalance markets that will support variable energy integration in a manner consistent with Western’s statutory requirements. 
3. Jointly develop formula rate methodologies for ancillary services to be used in the Desert Southwest and the Rocky Mountain Regions. These formula rates will be updated in conformance with Western’s recently approved 890 Open Access Transmission Tariff, and shall contain provisions to account for variable energy resources within the Balancing Areas. Formal public processes shall be conducted to make determinations on these formula rates. 

Renewable Services

1. Assist Federal agencies with development of onsite renewable energy generation using Western’s purchase power authority. Conduct the annual Renewable Energy Credit (REC) aggregation effort for any Federal agencies interested in RECs to meet EPCAct 2005 and Executive Order requirements. Meet 100 percent of Western’s REC requirement. 
2. Implement and market the Loveland Area Projects Hydro REC Program. Allocate hydro RECs to customers, totaling their allocated energy received for FY 2010. 
3. Conduct market research to determine customer satisfaction and interest in Wind Integration workshop services and Western’s Renewable Resources for Federal Agencies Program. Assess results and develop and implement actions to implement any 

program or service changes in FY 2012. Meet 100 percent of planned activities.

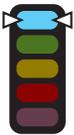
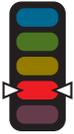
Smart Grid

1. Actively support development, networking, and deployment of synchrophasor systems to enhance the reliability of the North American transmission grid. Sign agreements to become a participant of the WECC Western Interconnection Synchrophasor project and deploy equipment to meet project milestones. Participate in the Mid-West Independent System Operator (MISO) synchrophasor project to deploy a data concentrator integrating real-time Upper Great Plains data with the MISO repository.



elements of the Bulk Electric System within equipment and electric system limits in order to prevent uncontrolled separation or major cascading failures of the Bulk Electric System.

3. Western-wide Accountable Outages are 20 or less.
4. Strive for no reportable violations of reliability standards and take prompt action to develop mitigation plans if violations are identified.
5. Target Western-wide craft workforce maintenance goals on a one year moving average of higher than 60 percent of Direct work (hands-on), lower than 16 percent of Repair work (corrective and emergency maintenance), and lower than 17 percent Administrative work (non-production based work).



Theme 2 - Energy Infrastructure

Goal 2.1 - Resource and Maintenance Productivity

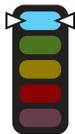
Meet the increasing demands on resource and maintenance staff from transmission growth and compliance requirements.

Strategic Focus: 1) craft workforce time; 2) reliability and 3) availability of Western’s transmission system and 4) internal and external benchmarking.

Targets:

Transmission Reliability and Maintenance

1. Through the Western-Wide Reliability Centered Maintenance (RCM) Program Consolidation Project, Regional maintenance practices will be reviewed and modified to gain a target of 95 percent consistency and optimal compliance with NERC/FERC reliability standards. The modified RCM Program will put Western in position to be better prepared for compliance agency audits and increase business efficiencies in the area of training and cross-regional resource use.
2. Pursuant to Section 1211 of EPAAct 2005 and NERC reliability standards, operate the



Goal 2.2 - Transmission Construction

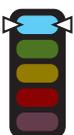
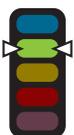
Ensure Western has the capability to construct critical reliability transmission projects that are paid for by beneficiaries.

Strategic Focus: 1) evaluation of resources and capabilities to support projects and project prioritization, 2) workload projections associated with likely needs, 3) business case analysis to evaluate participation and 4) transmission projects under authority granted to Western in the Energy Policy Act of 2005 and the American Recovery and Reinvestment Act of 2009.

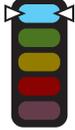
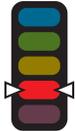
Targets:

Project/Construction Management

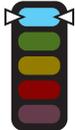
1. Meet established scope, schedule and cost milestones agreed to with stakeholders to at least the 90 percent success level.
2. Apply Earned Value Management System (EVMS) to 100 percent of construction projects with Total Estimated Cost of \$20M (appropriated) or more. For projects less than \$20M, apply EVMS on high risk projects as determined by the Senior Sponsor.



Transmission Infrastructure Program

1. Complete the Power Marketing Administration peer review and Western's processing of the ED5-PV Hub Project TIP application and issue Treasury funds. 
2. Complete the Power Marketing Administration peer review and Western's processing of the Trans-West Express Project TIP applications in second quarter. 
3. Continue project management of the Montana Alberta Tie-Limited TIP project resulting in 75 percent overall completion. Transmission line construction in Alberta targeted to be 90 percent complete and all lands right-of-way attained. 

Capital Investments

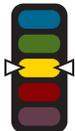
1. Capital investment program obligations for the year are at least 95 percent and not more than 100 percent of the Start of Year direct capital appropriated budget. 

Goal 2.3 - Planning Productivity

Meet the increasing demands on transmission service staff due to increasing transmission requirements and regulatory compliance requirements.

Strategic Focus: 1) compliance with evolving transmission and regulatory requirements and 2) management of Western's transmission queues.

Targets:

1. Western will continue its Queue Reform Initiatives, participate in industry Queue reform discussions, evaluate work flow issues, and make appreciable decreases in the relative size of its Generation and Transmission Service Request Queues. At the same time, Western will make all efforts to provide an interconnection and some level of transmission service to all requesters by the time they are ready to receive energy or deliver energy to a customer or market. 

Theme 3 – Customer Partnerships/ Funding

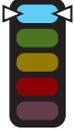
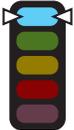
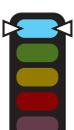
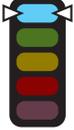
Goal 3.1 - Resources

Continue to work with customers to establish mechanisms to provide future financial stability.

Strategic Focus: 1) work with customers on financial and political implications of large purchase power and wheeling expenses, 2) lowest cost rates consistent with sound business principles responsive to needs and cost-recovery requirements, 3) adequate funding for the mission, 4) annual cost management, 5) well-justified and documented annual budgets that meet program requirements and 6) work with customers to implement alternative financing mechanisms that ensure core program funding needs are met.

Targets:

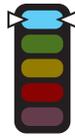
Budget, Financial and Cash Management

1. Execute not less than 95 percent of the budget and FTE within +/- 5 percent of the program plan for activities within Western's control. 
2. Meet the OMB financial performance metrics for funds management, accounts receivable, accounts payable, and travel and purchase cards at least 95 percent of the time. 
3. Achieve an unqualified opinion on Western's FY 2010 combined power financial statements. 
4. Manage cash to ensure there are sufficient receipts to cover all cash requirements, including Purchase Power and Wheeling, Net Zero, alternative financing and cash transfers. 

Repayment and Cost-Recovery

1. Ensure timely repayment of the Federal investment in accordance with DOE Order RA 6120.2 by maintaining unpaid investment equal to or less than the allowable unpaid investment. 

2. Meet all TIP treasury repayment requirements in accordance with Western’s Treasury MOU.

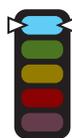
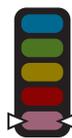


Goal 3.2 - Tribal Partnerships

Increase the opportunities to explore partnerships with Native American tribal customers in order to provide tribes the same service levels as provided to our other firm electric service customers.

Strategic Focus: 1) when requested by tribes, explore opportunities to provide power marketing and resource management services and 2) explore opportunities to partner with tribes in transmission expansion projects and tribal renewable energy development.

Targets:

1. Actively invest time and resources in at least one TIP project proposal with a promising Tribal component such as the Mohave Sun Hualapai Valley Project proposal. 
2. Strive to renew the Salt River Pima Maricopa Indian Community easement. 
3. Meet 100 percent of the requirements to conduct Government to Government consultation with Tribes for Western policies, allocations, crediting, projects and other applicable items as outlined in DOE Order 144.1 American Indian Tribal Government Policy, EO 13175 Consultation and Coordination with Indian Tribal Governments, and Presidential Memorandum dated November 5, 2009, concerning Tribal Consultation, NEPA, NHPA and other applicable laws and regulations. 

Theme 4 - Organizational Excellence through People

Goal 4.1 - Integrated Management

Ensure Western has the organizational capabilities and people to meet growing demands.

Strategic Focus: 1) collaboration with customers to

strengthen organizational structure and capabilities, 2) specific annual organizational goals, 3) effective integration of safety and security practices throughout Western and 4) appropriate response to all reported safety or security concerns.

Targets:

Safety

1. Ensure lost workday case rate and total recordable case rate are at least 10 percent below comparable industry average for NAIAS 22112 (electric power transmission, control, and distribution) from October 2010 to September 2011. Develop and implement timely action plans to address/correct program deficiencies. While Western’s focus on safety is never complete we achieved the following in FY11: 
 - 1.6 TRCR (total recordable case rate)
 - 0.5 LTCR (lost time case rate)

Both measures were at least 10 percent below industry standard.

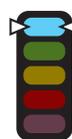
Goal 4.2 - Human Capital

Attract, recruit, develop and retain a safety- and reliability-focused, highly productive, customer-oriented and diverse workforce.

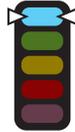
Strategic Focus: 1) open-ended, Western-wide recruitment process for engineers, 2) streamlined recruitment programs and processes, 3) exploration of additional direct hire authority, 4) selections that meet/ match organizational and personal goals, 5) apprentice and trainee programs, 6) training and development, 7) as needed, additional staff for Trust and Reimbursable projects and 8) additional 50 full-time equivalent positions for trainee positions through FY 2012.

Targets:

Diversity

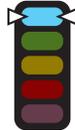
1. Increase the diversity at Western through hires in student programs and the use of special appointment authorities. 

- Increase the diversity in Western’s applicant pools by reaching out to resources representing qualified, diverse potential applicants with vacancy announcements and information about Western as an Employer of Choice.



Human Resources

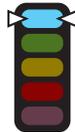
- Implement Hiring Reform. Using new hiring reform requirements, achieve an average hiring time of less than 100 days.



- Fully implement DOE’s new performance management system.



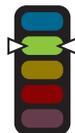
- Revise or update Western’s workforce planning process and develop a new Western Workforce Plan.



- Achieve DOE’s goal that 21.4 percent of all new hires are Veterans (all categories) and 6.6 percent of all new hires are disabled Veterans.



- Continue to use the 52 FTE under the 50/5/5 Program as a succession planning tool to ensure workforce capabilities in critical positions beyond 2012.



Employee Engagement

- Continue to offer opportunities for employee engagement through Western-wide and Regional all-employee meetings, *Closed Circuit* articles, employee associations and 360-degree managerial and supervisory feedback processes.

