

FY 2001

PERFORMANCE

PLAN

SUMMARY



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I. Introduction

This is the Western Area Power Administration’s second performance plan under the guidelines of the Government Performance and Results Act. Western delivers electric power from Federal hydrogeneration dams in its service area to a diverse set of customers. Western believes that the GPRA framework offers an opportunity to continuously examine its goals and objectives; define strategies and performance measurements; engage in long-term performance monitoring; and report its goals and results to the public.

In 1999, Western reviewed its existing strategic plan and revised it to meet the challenges of the 21st century. After revising its vision and mission statements, Western developed three strategic goals and several objectives under each goal to define explicitly how to accomplish our mission and achieve results to benefit our customers, the electric power industry and the United States Treasury. These goals and objectives are supported by specific strategies and measurements, as well as an annual performance plan. The detailed plan is posted on Western’s internal Web site.

II. Western’s Vision and Mission

Power marketing and transmission stewardship are our core business functions. This vision statement encompasses our intention and philosophy to strive for excellence in core businesses and to deliver value to the public.

Vision

Western will be a premier power marketing and transmission organization.

Mission

Western markets and delivers reliable, cost-based hydroelectric power and related services.

While the vision statement conveys the overall goal for Western’s business environment, the mission statement focuses on activities that define the boundaries and opportunities faced every day.

III. Western's Strategic Plan

Western intends to produce results that benefit the public by serving power customers and the electric utility industry and providing payments for these services to the Treasury. However, Western cannot ignore the critical need to focus on managing resources—physical, financial and human—to achieve those results. Failure to manage those resources will impair results. So Western will address critical elements of the entire cycle.

Products and Services Goal – Use sound business practices to create and deliver high-value products and services to our customers.

Western is a wholesale power marketing organization with an array of products and services that customers purchase. With a strong tradition of customer service, Western's first strategic goal is to remain wholly customer-oriented.

Western has listened to its customers, and it is clear that they expect excellent service and cost-based power rates that will help them remain competitive in the evolving electric utility industry. The objectives under this goal are designed to meet or exceed their expectations; ensure adequate financial resources to meet those expectations; leverage business systems to improve productivity, product and service delivery; control costs and rates; and meet repayment and cost recovery requirements. The results of these activities directly benefit Western's customers by providing reliable, cost-based power. In turn, the U.S. Treasury benefits by the timely return of operating and investment costs.

People Goal – Recruit, develop and retain a safety-focused, highly productive, customer-oriented and diverse work force.

People are the foundation of Western's success. To sustain that success, Western provides a work environment that emphasizes safety, technical improvement, diversity and customer focus. Western expects a great deal from its people, and they deliver. In turn, Western must attract, retain and train people to do work that creates the greatest value for the public, ensures their personal safety and protects the interests of the Federal government.

Industry Goal – Promote competition and reliability in the evolving electric utility industry.

Western owns and operates the third largest high-voltage transmission system in the nation. Western's facilities stretch from the upper Midwest to the West Coast and southwest corner of the United States. Western is a key player in maintaining the reliability and stability of the nation's electrical transmission system. Open access on Western's transmission system supports the transition to a competitive wholesale energy industry. Reliable system operation and maintenance are key to supporting customers. Because Western's power facilities are interconnected with other systems, its activities can directly affect their stability and vice versa. However, Western does not have the responsibility to meet load growth in its service territory, nor to procure long-term generation resources. Western's focus is to deliver power available from Federal facilities owned by the generation agencies, principally the U.S. Bureau of Reclamation and the U.S. Army Corps of Engineers.

IV. Key Results

Western is trying to achieve five overarching results by implementing its strategic plan and annual performance plans.

Power Delivery – Western markets about 45 billion kilowatthours of Federal hydropower annually to more than 600 utility customers, with the majority of energy used for peak hour needs. This power is clean, flexible and represents part of our customers’ diverse resource mix. Many Western customers serve loads in rural settings or areas below the national average income level. This resource is an important, stable component of their energy mix. They rely on this power for residential, commercial, agricultural and municipal uses. Uninterrupted delivery of power is a key result for Western.

Power Cost – Western markets power at the lowest possible rates consistent with sound business practices. Western’s rates are generally below customers’ alternative cost of power. Western provides a “yardstick” to other utilities in the area for comparing power rates. This comparison tends to motivate utilities to moderate power rates to remain competitive.

Western’s cost-based rates recover all costs of providing power service, including principal and interest owed the U.S. Treasury, while providing an efficient, cost-effective source of energy to a sizeable geographic portion of the nation. Continued affordability of this power is a key result for Western.

Delivery Reliability – Western has nearly 17,000 miles of high-voltage transmission lines spanning the nation from the upper Midwest to the Southwest and California. The vast majority of Western’s physical, financial and human resources are focused on maintaining the reliability of this system in an environmentally responsible manner. As a government organization, Western focuses on delivering reliable service to its customers, not profit, as a key result.

Industry Support – Western owns and operates the nation’s third-largest transmission system, plus four control areas, and manages a system security region for the Western Systems Coordinating Council.

Western also holds critical positions on industry reliability councils. Because of the interconnected nature of the Nation’s high-voltage transmission system, events or failures on a non-Western system can adversely affect Western’s delivery and transmission operations. This is particularly important in the current climate of electric industry restructuring and the increased focus on competition.

A key result for Western is supporting and maintaining a reliable transmission system in the western United States through open access to its transmission system, responsible operation of its control and security centers and active participation and leadership in electric reliability forums.

Treasury Repayment – Western must repay the U.S. Treasury approximately \$8.3 billion of investment costs, of which about \$3.6 billion are associated with non-power investment. About \$2.5 billion has been repaid to date. Western is well ahead of the legal schedule for investment repayment. This demonstrates that Western’s rates are designed appropriately and is a key result for Western.

V. Measurement Instruments & Data Quality

Western has developed a number of measurement instruments to track certain performance measures. In many cases, however, suitable instruments have been only recently developed and used to gather data for the annual performance plan and Western’s annual performance report.

Each section of the detailed plan contains an assessment of those instruments, resulting data and any plans to change them or otherwise improve the data quality used to develop the measurement information.

VI. Organizational Support for Achieving Results

Western is a hierarchical agency, with a definitive chain of command. That has not prevented different disciplines from working together to accomplish a particular project or achieve a specific goal. For most day-to-day activities, however, Western’s structure reflects a traditional organization. The key is that all Western employees and support contractors focus on results the whole agency is trying to achieve.

Figure 1 shows the functional “building blocks” that support Western’s achievement of its strategic plan. Each set of building blocks rests on a “platform”; the platforms represent increasingly focused concentrations of resources leading up to the actual delivery of results to the public. Each function and employee has a role and an impact on creating value for the public.

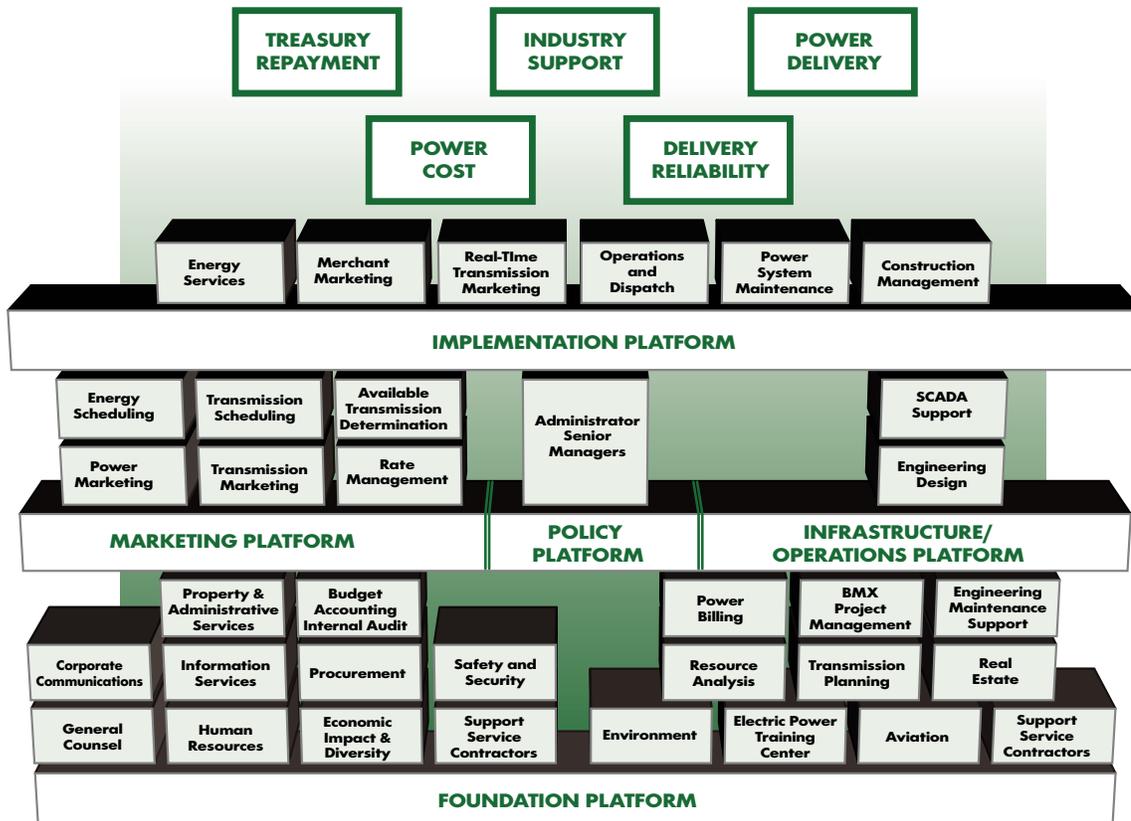


Figure 1 – Functional Building Blocks

VII. The FY 2001 Performance Plan

The Plan describes Western’s goals, objectives, strategies and performance measures. It identifies specific near- and out-year targets where possible. The detailed plan also assesses data quality issues and, where appropriate, plans for improving data quality. Statements on the policy, functional, resources and information technology support give the reader a perspective on organizational support for that strategy. Finally, an organizational alignment perspective defines accountability for results.

PRODUCTS AND SERVICES GOAL

Objective 1 – Continue to manage our costs.

Strategies: Establish and meet rate targets for each project that are responsive to customer needs and cost-recovery requirements. Establish specific annual cost management goals.

Measure PM-1: Actual rates relative to rate targets.

Measure PM-2: Actual costs relative to cost targets.

Rate Management

The volatility and increasing market orientation of the electric utility industry have made competitive rates more critical. In particular, the viability of Western’s customers partially depends on the rates they incur for services. Western’s rates are designed to recover annual operating and amortization costs. As a business service supplier, Western must control rates and costs. Western’s **desired results** are (1) rates that ensure Western’s customers remain competitive while returning annual investment costs to the Treasury and (2) expenditures at or below the targeted program direction budget which, in turn, result in better managed rates.

Comparison of Actual Rates to Rate Targets¹

Project	5-Year Target	1998	1999	2000	2001 Target
Pick-Sloan Missouri Basin Program	14.54	14.54	14.54	14.54	14.54
Loveland Area Projects	21.7	21.7	21.7	21.7	21.7
Salt Lake City Integrated Projects	20.17	17.57	17.57	17.57	Various ²
Parker-Davis Project	5.07 ³	5.04	5.16	7.63	2.97 ⁴ /5.45 ⁵
Boulder Canyon Project⁶	8.82	8.51	9.43	8.89	10.08
Central Valley Project	20.95	20.95	19.31	19.31	Various ⁷

¹ All rates are quoted in mills/kWh. All rates are as of Oct. 1 of the fiscal year.

² See SLCA-IP rate discussion in detailed performance plan.

³ Because the rate design for Parker-Davis is based upon the projected yearly expenses and revenues on a year-by-year basis and not an average basis, the target rate was only for FY 1998 and FY 1999.

⁴ Firm power rate without firm transmission.

⁵ Firm power rate with firm transmission.

⁶ The Boulder Canyon Project has only 57 miles of transmission assets. Unlike the other projects in this table, no transmission costs are included in its power rate.

⁷ See CVP rate discussion in detailed performance plan.

In November 1997, Western established target firm power rates for its principal ratesetting projects. Those targets and the actual rates are shown in the table on page 6.

FY 2001 Performance Targets – We will have mixed results in meeting previously established rate targets. For the Central Valley Project and the Salt Lake City Area Integrated Projects, Western has reinitiated public ratesetting processes. The rates target accomplishment is based on comparing the rates established for the specific hydropower project(s) by Western’s management and formal rate actions submitted to the Deputy Secretary for approval and the Federal Energy Regulatory Commission for review.

Rates Management Strategy – Western’s overall rates strategy is to “establish and meet rate targets for each project that are responsive to customer needs and cost recovery requirements.” Each major rate-setting project has its own strategy that reflects revenue and cost expectations, repayment requirements, hydrology and operational conditions and various other factors. Summaries of project-specific rate conditions are outlined in the detailed performance plan.

Factors Contributing to Low Power Rates

Western’s power rates historically have been lower than other power rates in the west. This is due to a number of factors:

- Cost containment by Western.
- No fuel costs – energy is generated by stored water.
- No load growth responsibility – Western does not incur costs associated with adding new generation facilities.
- Full repayment of some older projects – A few older projects have been completely paid off.
- No distribution expenses – Western is a wholesale power provider.
- No profit motive – Western’s rates are cost-based with no profit or shareholder return motive.

A **power repayment study** consists of historical data and future projections of power sales, revenues, expenses and investments. It is used to determine if estimated future revenues will be sufficient to meet all projected costs assigned to power following repayment criteria. The computer program for the PRS goes through each future year sequentially, calculating revenue and interest, subtracting expenses and applying net revenues to repay capital costs. The study schedules the repayment of all investments within the assigned time periods and according to the correct priority of repayment. It then solves for a firm power rate on a mills-per-kWh basis.

Cost Management

Western focuses on managing “program direction costs” that relate primarily to salaries, benefits and related personnel support costs. These costs are in the area where Western has the best opportunity to contain costs that impact power rates.

Western’s 1999 and 2000 results, and the 2001 cost management target, are shown in the table below.

FY 2001 Performance Target – For FY 2001, the cost management performance target is \$134,549,025, or 2.5 percent below the amount budgeted for program direction.

Cost Management Strategy – Western establishes specific, annual cost management goals. Western has a successful history of meeting cost management goals that are set at 2.0 to 2.5 percent below budget. For 2001, Western set a target of 2.5 percent under budget.

Cost Management Results and Target			
	1999	2000	2001 Target
Cost Target	\$131,089,000	\$134,070,300	\$134,549,025
Actual Results	\$123,541,256	\$132,043,421	
% under/over	- 5.8%	-1.5%	

Congress requires that each Department of Energy organization have one **program direction** account for each appropriation to provide funding for all Federal employee salaries, benefits, and related costs. In addition, all support services contracts must be included in the program direction account regardless of whether the contracts support the program mission or Federal FTEs. All funds for object classes Salaries and Benefits, Travel, Support Services and Other Related Expenses must be included within program direction.

Objective 2 - Continue to repay the Federal investment within the time frames established by law and regulations.

Strategy: Manage power delivery costs, establishing rates for each project sufficient to meet repayment/cost recovery requirements.

Measure PM-3: The variance of actual from planned principal payments to the U.S. Department of Treasury.

Measure PM-3a: Unpaid Federal Investment vs. Allowable Unpaid Federal Investment.

Repayment of Federal Investment

Western establishes its rates in accordance with standards set forth in Department of Energy Order RA6120.2. Each year, Western runs a final power repayment study on each ratesetting project. That study compares the anticipated revenues for the next five to 100 years with the anticipated costs.

In that projection, the study estimates the principal payments that will be made to

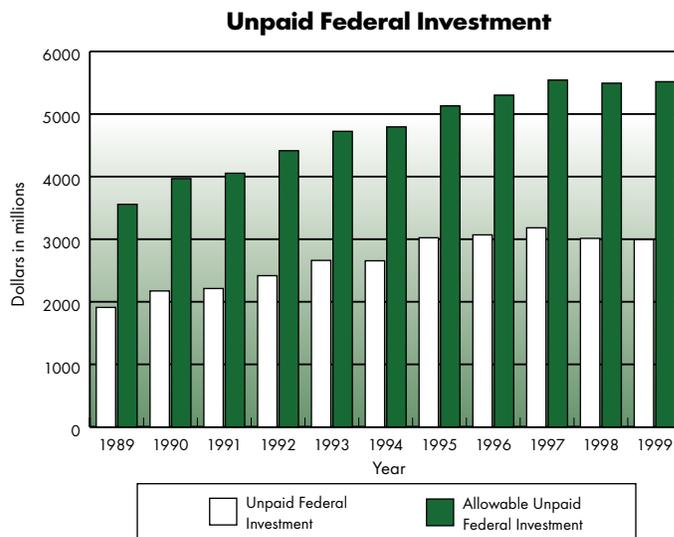
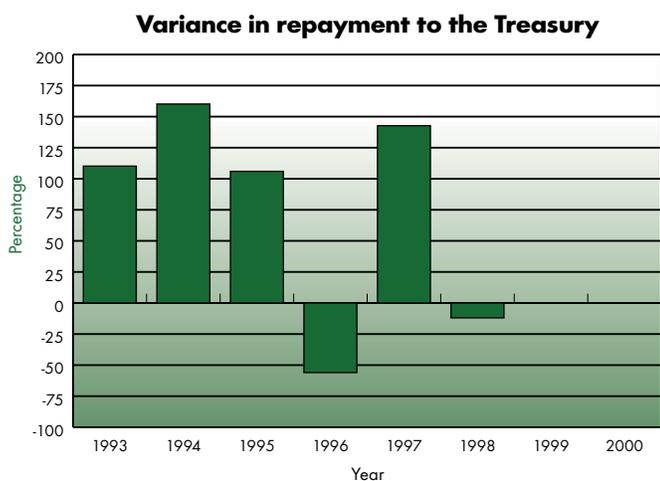
the Treasury for all costs assigned to power. The variance of the actual principal payments from the estimated principal payments is a key measure of whether Western is adequately estimating its revenue available for annual principal payments to the Federal government. The desired result is an annual variance at zero or above; i.e., no underpayment. (See chart below.)

Given that power repayment studies establish rates using long-term projections, repayment is subject to highly variable hydrology and other factors each year. The variance measure only provides a snapshot of annual revenue projections.

For a longer-term perspective, Western has developed a second measure. The PRSs include schedules of “Unpaid Federal Investment” and “Allowable Unpaid Federal Investment.” Allowable Unpaid Federal Investment is an annual schedule of the remaining investment that can remain unpaid according to Reclamation law and RA6120.2. Western’s desired result is to keep the Unpaid Federal Investment less than or equal to the Allowable Unpaid Federal Investment. The chart below tracks both the aggregate and allowable unpaid balances as a means of assessing repayment performance. Western’s actual return of investment is well ahead of the required level of investment repayment. Western is currently obligated to return approximately \$5.8 billion to the Treasury.

FY 2001 Performance Target – Each year’s performance target for repayment is established through Western’s power repayment studies. For FY 2001, the PRSs calculate that \$136,731,000 should be returned to the Treasury as amortization of past investment costs.

Repayment Strategy – The repayment realized is a function of firm power rates and the actual results for the year. Actual generation and transmission conditions, and Western’s marketing performance, will produce the revenues necessary to meet repayment targets for FY 2001.



Objective 3 - Secure adequate funding to accomplish our mission, goals and objectives.

Strategy: Prepare a well-justified and documented annual budget request.

Strategy: Work with customers and resource agencies to maintain or enhance alternative financing methods.

Measure PM-4: Percentage of final congressionally approved program received as compared with Western’s original budget submittal to DOE.

Measure PM-5: Percentage of Western’s program financed through alternative financing.

Funding

Appropriated Financing Performance Target for FY 2001 – To achieve the desired results, Western must secure adequate budgetary resources (appropriations and spending authority) to carry out its strategic plan. However, Western is continuously under pressure to reduce its dependence on appropriations to finance its programs. Western also has a long tradition of using innovative financing arrangements within its statutory authority to secure adequate funding.

Western’s **desired results** are to: (1) secure sufficient budgetary resources, tied to GPRA goals, to deliver results to firm power customers, the Federal government and the electric power industry; and (2) secure enough alternative financing to properly fund services not covered by appropriations or other funding authority (e.g., revolving funds). The importance of this objective cannot be overstated since financial resources, as well as human and physical resources, underpin Western’s ability to deliver results.

Although this performance plan is for FY 2001, the actual outcome of Western’s appropriation request was decided with the passage of the Energy and Water Appropriations Act of 2001. Because of the budget cycle, Western’s critical performance during FY 2001 starts with the development of the FY 2002 budget.

Results of Western’s FY 2001 budget process and the target FY 2002 budget request are outlined in the table below.

Appropriations Performance Target for FY 2002 – The appropriations performance target for FY 2002 is the total appropriated program as shown in Table 8.

Appropriations Strategy – Western will continue to prepare a quality congressional budget request to be incorporated into the President’s FY 2002 budget. Western will also respond to budget examiners, fully answer their questions and defend its budget.

Alternative Financing Performance Target for FY 2001 – We anticipate several categories of alternative financing. Western’s FY 2001 alternative financing resources are primarily based on contractual agreements with customers and power suppliers. Alternative financing is a function of these contractual agreements, as well as system conditions of supply and demand. For FY 2001, Western’s targeted alternative funding mix is displayed in the table on the next page.

FY 2001 Budget and Target Budget Request for FY 2002

(all figures in \$000s)

Fund	FY 2001 Request	FY 2001 Enacted	FY 2002 Request*
Program Direction	\$106,644	\$106,644	\$114,378
Operation & Maintenance	\$36,104	\$36,104	\$37,796
Construction & Rehabilitation	\$23,115	\$23,115	\$25,548
Purchase Power & Wheeling	\$35,500	\$65,224	\$84,784
Utah Environmental Mitigation	\$5,036	\$5,950	\$6,092
Total	\$206,399	\$237,037	\$268,598
Prior year balance use	-\$5,983	-\$5,983	
Offsetting Collections	-\$35,500	-\$65,224	-\$84,784
Total Budget Authority Request	\$164,916	\$165,830	\$183,814

* Western's budget request to the Department of Energy at the "over target" level.

Alternative Financing Targets for FY 2001

Financing Mechanism	Amount (000)
Net billing, bill crediting and non-Federal reimbursable	\$ 62,646
Reimbursable, Federal contract loads	\$ 18,500
Additional off-budget financing	\$ 17,917
Off-setting collections	\$ 35,500
Total Alternative Financing	\$134,563

Alternative Financing Strategy – Net billing, bill crediting and non-Federal reimbursable financing are two- and three-way contractual financial agreements used most often in the Pick-Sloan Missouri Basin Program and Central Valley Project. Reimbursable costs primarily involve power service to Federal installations such as Department of Energy laboratories. "Offsetting Collections" involve the use of power revenues to offset the purchase power and wheeling costs of Western's program. The "Additional off-budget financing" figure is a speculative amount that Western was required to add to fund a shortfall in its purchase power program, and for which there is no firm, identifiable source. Other than this latter figure, Western's strategy is to use the existing contractual arrangements and appropriation authority to secure alternative financing for its programs.

Objective 4 - Continuously improve our business systems and follow sound business practices.

There are four distinctive strategies and measurements under this objective. Each is discussed separately.

Strategy: Leverage the capabilities of business systems to achieve functional efficiencies and process improvements.

Measure PM-6: Customer feedback on satisfaction with business systems and support.

Business Systems and Practices

The quality, accuracy and ease of use of Western’s business systems directly impacts both the efficiency and effectiveness of Western’s day-to-day business operations. Western has been engaged in implementing an enterprise resource management system for the past three years. A major part of this system is known as BIDSS: the Business Information Decision Support System. The core of this system is a set of Oracle Federal Financial Applications.

Another major part of the system is known as MAXIMO, a PSDI maintenance management system. Together, they are designated as the BMX (BIDSS/MAXIMO) system. These systems collect, track and report relevant financial and maintenance data.

The **desired results** are systems that produce timely information for effective project management, financial reporting, transaction processing and maintenance planning, with employees well-trained and comfortable using them. This will allow Western to support its cost management strategy and produce accurate information for customers, the public and the Federal community.

Design, configuration, linkage and implementation of these systems has been a time-consuming, stressful experience for Western. The systems still had significant post-implementation issues during FY 2000 as well as additional learning requirements. During FY 2000, Western conducted employee surveys to assess the satisfaction and utility of major systems used to support Western’s mission. The latest results of these surveys are summarized in the chart on page 13.

FY 2001 Performance Target – Western evaluated the most critical performance factors as well as the numerical scoring achieved so far. The focus of the FY 2001 efforts is:

- Formulating the constructs and establishing a training curriculum for MAXIMO and Oracle.
- Developing the outline and necessary user manuals/guides.
- Using an effective and structured project management approach to execute upgrade project implementation plans to ensure proper management and user involvement.
- Improving the quality and availability of system help by working with the CIO to establish an effective Call Center/Contact Center (Help Desk) for end-user support.
- Researching and identifying Service Level Management tools to establish system performance metrics.

Business Systems Strategy – Western’s strategy is to leverage the capabilities of business systems to achieve functional efficiencies and process improvements. For FY 2001, this strategy focuses on these activities:

- **Training and Documentation:** The scores indicate users believe training and documentation are not yet adequate. During FY 2001, Western will continue a series of training sessions to share the latest processes and information on the operation of Oracle Financial modules and MAXIMO. Also, Western will continue to develop web-based, “one-stop shopping” documentation of financial and maintenance policy, practices and processes that users can easily reference. Western believes that this will help raise the low scores for “user friendliness.”
- **Reports Development:** Continued education through training and communication among financial and IS staff on the availability and use of reports will raise this score.
- **MAXIMO and BIDSS integration:** Most purchasing requests originate in MAXIMO and flow through an interface to BIDSS. Serious problems have surfaced with changing purchase documents in BIDSS and having that information flow back to MAXIMO. In addition, Western’s maintenance community wants financial information to flow back to MAXIMO. This capability has been very challenging to accomplish. IS resources will focus on continuing to build the links between the two applications.
- **Migration to Upgrade Versions of Oracle and MAXIMO.**

FY 2000 Results of System User Surveys

Performance Factor	Latest BIDSS Rating	Latest MAXIMO Rating
Data Accuracy (accurate and complete info)	3.04	3.73
System Performance (fast and efficient)	2.77	3.60
System Availability (overall little or no downtime)	3.32	3.73
User Friendliness (easy to understand and use)	2.42	3.40
Documentation (accessible and comprehensive)	2.28	3.00
Training (effective and frequent)	2.35	2.92
Reports Capability (useful data easy & quick to get)	2.48	3.07
Integration with MAXIMO	2.82	2.60
Month End Closing (system availability)	3.10	3.25
Support Tool for Trust/Reimbursable Customers	2.83	2.67
Quality/Availability of System Help	3.00	3.00
Value as Business Decision Tool	3.00	3.40
Overall Satisfaction with System	2.79	3.20

Objective 4 - Continuously improve our business systems and follow sound business practices.

Strategy: Fully use MAXIMO for maintenance planning, inventory control and to establish a comprehensive maintenance database for preventive maintenance.

Measure PM-7: Ratio of direct work hours to total work hours.

Maintenance Effectiveness

Western’s mission is to ensure reliable delivery of hydropower to its customers. Western operates and maintains nearly 17,000 miles of high-voltage transmission lines and associated equipment to accomplish this delivery. Western uses the MAXIMO computerized maintenance management system to track costs, equipment maintenance history, inventory management and performance reporting. MAXIMO is a work order-based system that integrates maintenance activities directly with finance and warehouse functions.

MAXIMO is also used to plan work activities, track equipment history, cost, material usage and labor data and provide reports to help management make timely and meaningful business decisions. **Desired results** are maximizing direct (hands-on) work on power system equipment by maintenance personnel while minimizing administrative and indirect time (e.g., training, meetings, shop time, tool and vehicle maintenance, clerical and supervision) to a ratio that optimizes the use of maintenance staff. This also ties directly to the cost management objective.

The chart on the next page shows the recent history of Wage Board (maintenance crews) and General Schedule (office) employees in Western’s maintenance program.

FY 2001 Performance Target – Since this is the first year we have gathered such data, Western did not set a target for FY 2001. However, we will use these and future data to evaluate the drivers behind these ratios and find opportunities to achieve a reasonable balance between direct and indirect work hours.

Maintenance Strategy – Western’s strategy is to “fully use MAXIMO for maintenance planning, inventory control and to establish a comprehensive maintenance database for preventive maintenance.” Use of MAXIMO is evolving within the maintenance and purchasing communities. By tracking maintenance time, Western expects to find opportunities to reallocate more resources to direct maintenance work.

Objective 4 - Continuously improve our business systems and follow sound business practices.

Strategy: Rigorously use project management principles and practices throughout Western.

Measure PM-8: Planned vs. actual cost, schedule and performance.

Project Management

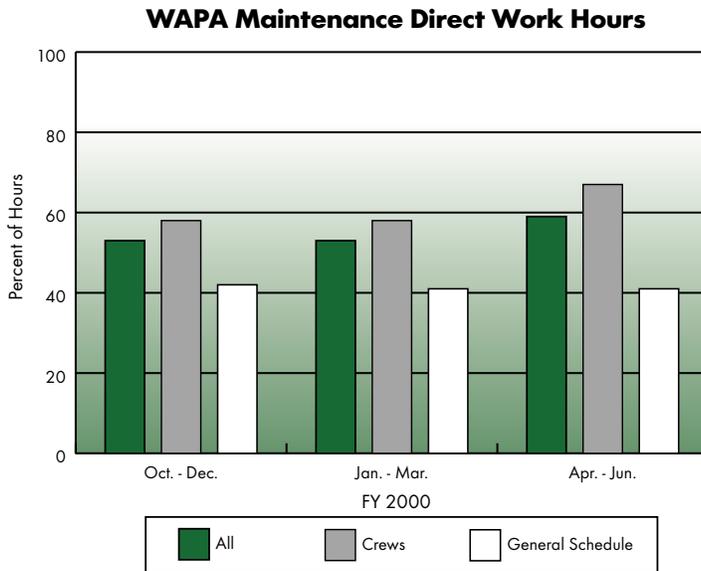
A large part of Western’s business is to maintain and rehabilitate its high-voltage transmission system and perform trust and reimbursable work for customers who interconnect with, or affect, Western’s system. This work almost always constitutes a

“project” with measurable results. **Desired results** are projects that come in on time, within budget and meet the expectations of the internal or external customers.

Project Management

Strategy – Western’s strategy is to “rigorously use project management principles and practices throughout Western.” Western has a long history of project management, particularly in the construction and rehabilitation of transmission facilities. However, comprehensive documentation of performance

– in terms of cost, time and intended results – has just begun. Western will now compile an annual report with a rollup of all Western projects. The rollup will include project name, percent budget execution (total project cost/project budget), percent over or under scheduled completion (actual duration/planned duration) and whether the project was successful. For those rated not successful, a short explanation will be included. Each project will have a single-page summary showing the basis for the summary ratings. Western will track performance in managing construction projects and find areas to improve as data is gathered.



Objective 4 - Continuously improve our business systems and follow sound business practices.

Strategy: Develop and implement a formal, written environmental management system.

Measure PM-9: Percentage of EMS developed and high-priority corrective actions completed.

Environmental Management

Western owns and has rights to significant land resources that house our facilities. When operating, maintaining and rehabilitating its system, Western potentially can impact environmental resources with hazardous material, equipment failures or other events or activities. It is in Western’s best interest to minimize environmental impact through a proactive environmental management program. **Desired results** are to reduce operational and regulatory costs and to protect the environment.

The EMS has kept Western free from violations and fines for more than 10 years. During FY 1999-2000, Western completed self-assessments of two-thirds of the environmental management program and began work on corrective actions. A large portion of the EMS is now available to the public on Western’s external Web site.

FY 2001 Performance Target – Western will complete environmental self-assessments and will complete 30 percent of all corrective actions identified through these audits. We will establish a comprehensive set of goals and performance measures and measure baseline performance.

Environmental Management Strategy – During FY2000, Western made significant progress in developing an Environmental Management System. The EMS is similar to Western’s overall strategic plan process. It identifies goals, objectives, strategies, measurements and targets for environmental management. Although Western’s environmental planning and compliance program has improved greatly over the past several years as evidenced by internal and external assessments, a formal written EMS has not been available until this year.

Western’s environmental practices are designed to comply fully with appropriate law and regulations and to avoid costs or fines for non-compliance. In the environmental planning arena, Western prepares appropriate environmental documentation for its projects, and avoids having to rework them. For FY 2001, the budget and FTE figures reflect the environmental staff and programs in Western’s Corporate Services office and the regional offices. Although maintenance staff has a direct role in executing Western’s environmental compliance program, it is difficult to differentiate between maintenance activities and environmental compliance activities. The environmental staff, however, is fully dedicated to Western’s environmental planning and compliance programs.

EMS highlights are: consistency with ISO 14001, the international standard for environmental management; comprehensive programmatic self assessments conducted by the Western staff responsible for those programs using EPA Phase 2 protocols for Federal facilities; and 100-percent public availability of EMS documentation.

Objective 4 - Continuously improve our business systems and follow sound business practices.

Strategy: Develop and implement security plans.

Measure PM-10: Number of security-related incidents and offenses.

Security Management

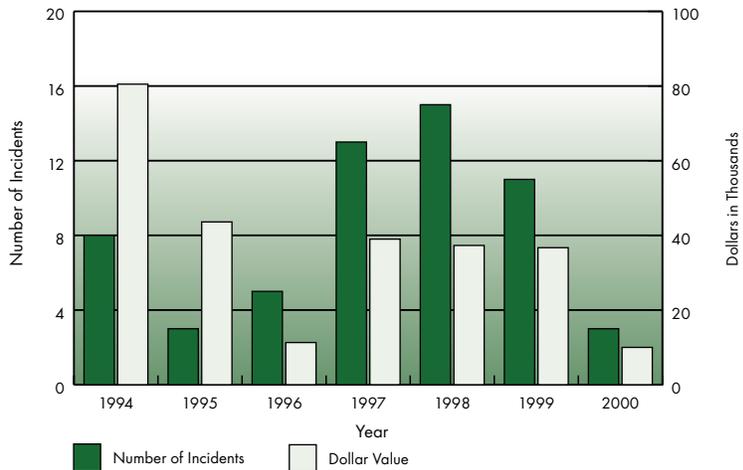
Like all organizations, Western’s human resources, physical assets and information resources are vulnerable to theft, vandalism, violence, hacking and other security threats. Prudent management dictates a proactive program to minimize these events.

Desired results are maximum protection of our employees from threats and violence, and preservation of the integrity of our physical and information assets. Primary security violations are theft, breaking and entering and vandalism, particularly the use of transmission line insulators for “target practice.” The following charts show the number and dollar value of these types of incidents. In late FY 2000, Western installed software that can detect and count computer system intrusion attempts. This software is part of Western’s cybersecurity strategy.

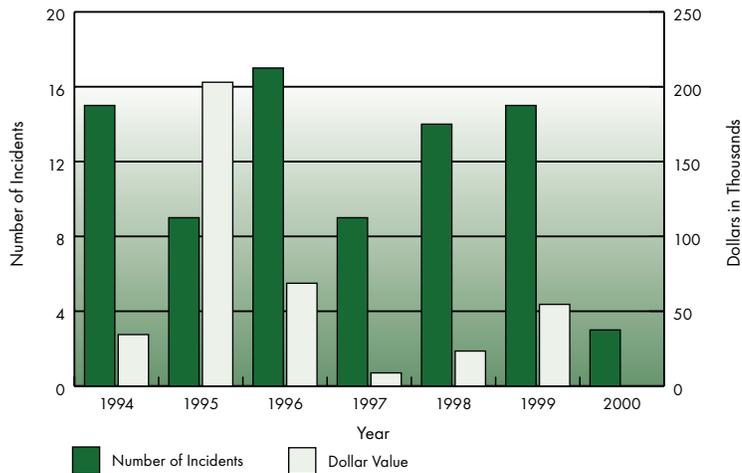
FY 2001 Performance Target – Western will maintain or lower the number of incidents and dollar losses during FY 2001.

Security Strategy – Western’s security strategy is to “develop and implement security plans.” Western has had security plans implemented for many years, primarily to protect physical assets and people. In FY 2000, Western adopted a Cybersecurity Plan to formally focus on protecting its information technology resources. Western will maintain and enhance its security program, particularly in the area of cybersecurity.

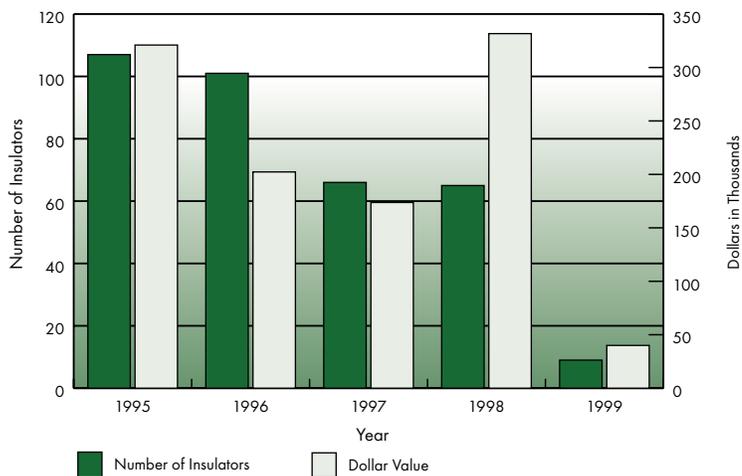
Security Incidents: Vandalism



Security Incidents: Larceny/Theft



Security Incidents: Shot-out Insulators



¹ Data for these years is inordinately low due to problems with uniform coding of data entries into Western’s new MAXIMO maintenance management system.
² Through September 2000.

PEOPLE GOAL

Objective 1 – Ensure everyone at Western is aware of, committed to, and has the tools to work safely.

Strategies:

- Establish specific annual safety goals.
- Continuously update and implement Western's Safety Action Plan to effectively integrate safety throughout the organization.
- Keep employees continuously aware of safety goals and practices.

Measure PM-11: Annual safety goals' accomplishment.

Safety Management

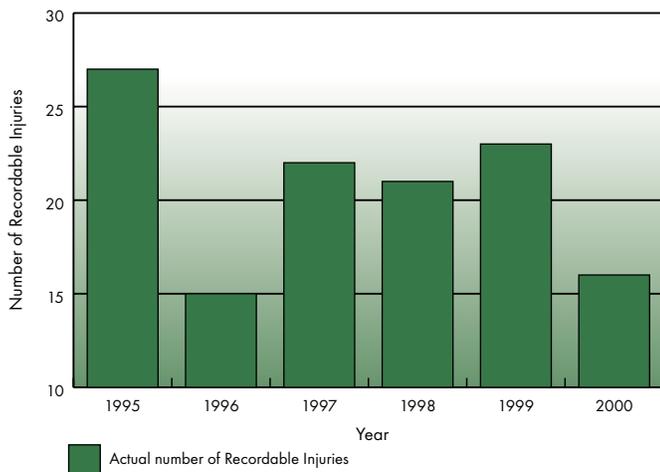
Personal safety and a safe work environment are key management objectives for Western. The **desired result** is no personal injury or death with a secondary result of minimal vehicle damage.

Western tracks recordable injuries, lost or restricted workdays and recordable motor vehicle accidents. The charts on this and the next page show the last five years of safety data.

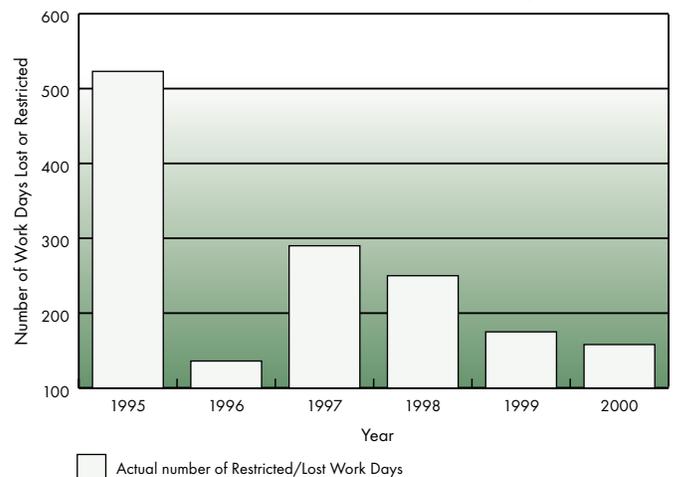
Western measures the total number of recordable injuries as a performance measure. Western informally track the recordable injury rate, which is a measure published by the Bureau of Labor Statistics (Standard Industry Code (SIC) 491 - Electric Services of the Transportation and Utilities).

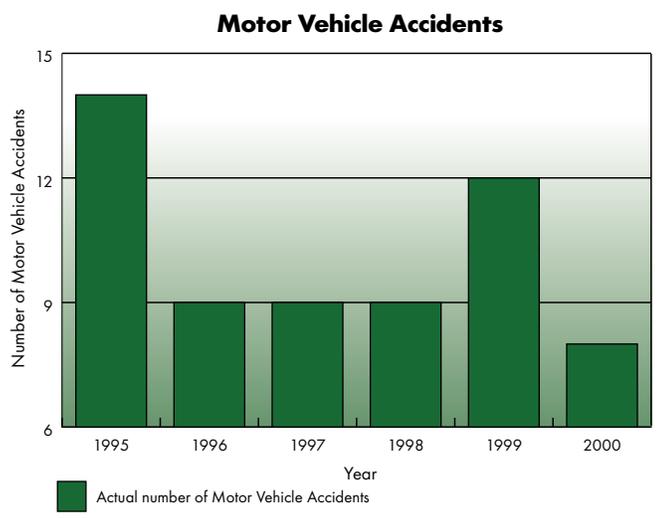
Recordable Injury Rates					
Year	1995	1996	1997	1998	1999
Industry Rate	5.7	5.1	5.7	5.1	Not Available
Western Rate	2.1	13	1.9	1.7	2.4

Recordable Injuries



Lost or Restricted Work Days





Year 2001 Safety Targets	
Recordable Injuries	16 or fewer
Lost or Restricted Workdays	225 or fewer
Motor Vehicle Accidents	8 or fewer

FY 2001 Performance Targets – The safety targets are shown in the table above.

FY 2001 Safety Strategies – Western will employ the strategies identified above and will actively promote safety consciousness within the workplace during FY 2001.

Objective 2 – Attract a diverse, well-qualified pool of applicants.

Strategy: Use creative and innovative recruitment approaches that will enable us to attract highly skilled candidates, especially those that add diversity to the workforce.

Measure PM-12: Annual statistical results on hiring.

Hiring and Diversity

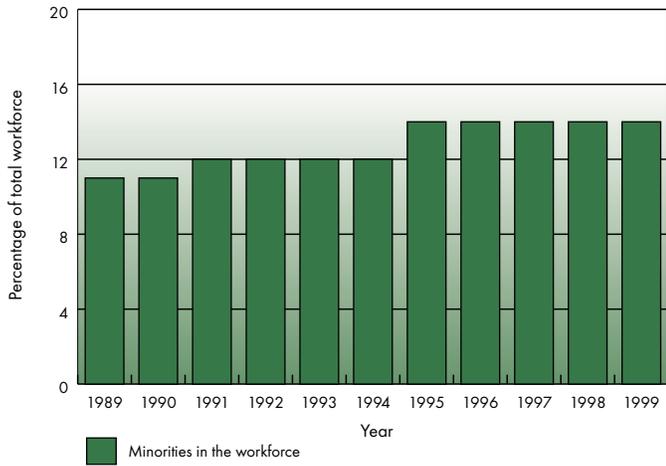
The quality and diversity of Western’s employees add value to the services we provide to our customers. In keeping with the Department of Energy’s Workforce 21 initiative, and recognizing the dramatic demographics of the workplace, Western seeks to attract a well-qualified pool of applicants for its vacant positions. The **desired result** is a strong pool of applicants from which to select employees whose skills match the position and who can add to our diversity.

The charts on page 20 show the 10-year trend for Western’s diversity employment.

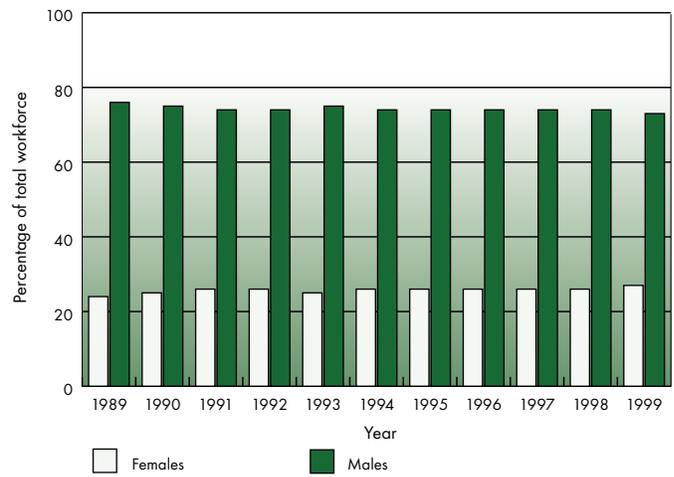
FY 2001 Performance Target – The table on page 20 shows Western’s diversity mix in FY 2000. Minorities make up about 14 percent of the workforce. Western anticipates that its FY 2001 total workforce will not increase, but there will be opportunities to hire diverse applicants. Western’s target is to maintain or increase its diversity employment profile during FY 2001.

Hiring and Diversity Strategy – Western’s overall strategy is to “use creative and innovative recruitment approaches that will enable us to attract highly skilled can-

Workforce Diversity Trend



Workforce Diversity Trend



Hiring and Diversity Status

	AAM	AAF	AIM	AIF	BM	BF	HM	HF	Total Minorities				Total Employees
									Male	Female	NMM	NMF	
FY 2000 Base	27	17	23	4	13	12	53	39	116	72	825	285	1298
Percent of total workforce	2.1	1.3	1.8	.3	1.0	.9	4.1	3.0	8.9	5.6	63.6	22.0	100

Key: AAM – Asian-American Male BM – Black Male NMM – Non-minority male
 AAF – Asian-American Female BF – Black Female NMF – Non-minority female
 AIM – American Indian Male HM – Hispanic Male
 AIF – American Indian Female HF – Hispanic Female

didates, especially those who add diversity to the workforce.” More specific information on this strategy is included in *Section XI, Strategic Response to Internal Factors, Human Capital Development* of the detailed plan.

Objective 3: Select individuals whose technical abilities, competencies and personal goals best match the job and organizational objectives.

Strategy: Selecting officials use such tools as panel interviews, background checks and other effective hiring techniques.

Measurement PM –13: One-year satisfaction checks from employee and supervisor.

Job Match

Once a hiring decision has been made, Western needs to follow up to see if the employee and supervisor are satisfied with their decisions. The desired result is a good match between employee and position so as to maximize employee productivity.

FY 2000 Employee Job Satisfaction Survey Results

Question	FY 2000 Survey Results
Employee has sufficient information, tools and direction to adequately assume his/her duties . . . .	.4.4
Employee's position description accurately describes his/her duties . . . . .	.4.3
Employee's supervisor has discussed the elements and standards of the position and has given the employee a copy of the performance plan . . . . .	.4.5
Employee feels personal qualifications (i.e., technical abilities, competencies, skills, education) match well with the knowledge, skills and abilities required to perform the job . . . . .	.4.6
Developmental activities and knowledge enhancements outlined in employee's Individual Development Plan adequately address needs . . . . .	.4.4
Employee has been able to participate in formal training and developmental activities to enhance job performance . . . . .	.4.7
Employee believes actual experience on the job compares favorably with his/her expectations before entering into the position with Western . . . . .	.4.4
Employee is satisfied with position at Western and would choose to accept the position again if given the opportunity . . . . .	.4.6

FY 2000 Supervisor Satisfaction Survey Results

Question	FY 2000 Survey Results
When I hired this employee, I felt that I had a good selection of candidates for the position . . . . .	.3.9
The employee's job performance compares favorably with my expectations . . . . .	.4.8
The employee's personal qualifications (i.e., technical abilities, competencies, skills, education) match up well with the knowledge, skills, and abilities which are required to perform his/her job. . .	.4.5
I have included developmental activities and/or knowledge enhancements in the employee's Individual Development Plan . . . . .	.4.3
The employee has been able to participate in formal training and developmental activities since assuming the duties of his/her position to enhance his/her job performance . . . . .	.4.7
In general, I am satisfied with the employee's performance and would still choose to hire the employee if I had it to do over again . . . . .	.4.6

FY 2001 Performance Target – The tables on page 21 show the results of the first job match survey Western has conducted.

FY 2001 Job Match Strategy – Western’s strategy is for “Selecting officials to use such tools as panel interviews, background checks and other effective hiring techniques.” In the early 1990s, Western undertook a focused effort entitled “Hiring for the Future” to improve hiring practices and ensure we employ the best candidates for open positions. Western will continue to use effective hiring techniques to match employees with positions.

Objective 3: Develop and retain a highly skilled, motivated, customer-focused work force.

Strategy: Execute Individual Development Plans that focus on developing appropriate skills and increasing knowledge of all employees.

Measurement PM – 14: Annual feedback from employees as to whether they have the tools and training to do their work.

Workforce Development

Availability and quality of training for Western employees directly impacts our ability to deliver services. The desired result is adequate tools and training for Western’s employees to be successful in their jobs.

FY 2001 Performance Target – The following table shows the results of Western’s first employee development survey. Since there is only one set of data, Western will not set a specific performance target until history and trend information are built up.

Employee Survey on Training and Development	
Question	FY 2000 Survey Results
Employee has a current Individual Development Plan on file that was agreed upon by both employee and supervisor. . . . .	.67%
The developmental activities and knowledge enhancements outlined in the IDP adequately address the employee’s needs. . . . .	.64%
Employee believes personal qualifications (i.e., technical abilities, competencies, skills, and education) match well with the knowledge, skills and abilities required to successfully perform the job. . . . .	.84%
Employee thinks additional formal training would enhance job performance. . . . .	.76%
Employee is interested in pursuing more complex or challenging assignments . . . . .	.56%
Employee supervisor is supportive of adequate, job-related training that correlates between personal developmental needs and goals and those of Western . . . . .	.74%

Workforce Development Strategy – Western focuses on developing and executing quality individual development plans. We believe this tool, used as intended, will adequately serve the objective of work force development. In addition, see Section XII of the detailed plan, *Strategic Response to Internal Factors, Human Capital Development*.

Objective 4: Develop and retain a highly skilled, motivated, customer-focused workforce.

Strategy: Provide incentives to employees for evaluating and improving their work processes.

Measurement PM – 15: Number of and total value of monetary achievement/suggestion awards for process improvement activities.

Process Improvement

Improved work processes are key to cost containment and progressive efficiency in delivering services to our customers. The ideal measurement would be cost savings or delivery improvements resulting from these ideas. However, measuring these results would be time consuming and not cost effective. Therefore, we intend to measure the number of SOAR and other awards for process improvement ideas. We'll also track the monetary value which can serve as a surrogate for some measure of value from the process improvement idea. The **desired result** is to encourage employees to submit process improvement initiatives that increase our cost competitiveness and delivery of services.

FY 2001 Performance Target – As this is a new measurement, Western has not established a performance target yet.

Process Improvement Strategy – Western will inform employees that awards are available for process improvement ideas and that Western will supplement existing award criteria with streamlined procedures for submitting, reviewing and adopting process improvements.

Objective 4: Develop and retain a highly skilled, motivated, customer-focused work force.

Strategy: Enhance partnership relationships with Western unions.

Measurement PM – 16: The strategic plan calls for periodic labor-management surveys. However, the AFGE-Western Partnership Council decided that it did not want to engage in another AFGE-Western survey. Therefore, the revised measurement is to document a qualitative assessment of the end-of-year relationships between the unions and Western.

Union Relationships

The American Federation of Government Employees and the International Brotherhood of Electrical Workers represent a substantial portion of Western's employee population. Western and union officials attempt to negotiate agreements and adopt

practices that enhance Western’s business performance and provide for positive employee working arrangements. The **desired result** is a positive working relationship between Western and its bargaining unit employees that promotes employee morale and productivity.

Union Relationships Strategy

For AFGE:

- Continue to participate with AFGE in regional partnership councils throughout Western.
- Publicize achievements by the Partnership Council in the *Closed Circuit*.
- Send issues to AFGE for pre-decisional input.
- Continue activities that support the DOE-wide Partnership Council.
- Refine procedures for AFGE to have pre-decisional input into management decisions.

For IBEW:

- Hold twice-yearly meetings with IBEW.
- Send issues to IBEW for pre-decisional input.
- Hold quarterly shop steward meetings in the regions.
- Support IBEW participation in the DOE-wide Partnership Council.

FY 2001 Performance Target – In a November 2, 2000, memo, the Secretary of Energy set the tone for the DOE-wide management-union partnership council and for bargaining over numbers, types and grades. Based on the Secretarial directive, Western will enhance our working relationship with AFGE and IBEW by:

- Developing bargaining procedures over 5 U.S.C. 7106(b)(1) issues (numbers, types, and grades) and informally or formally negotiating them with AFGE.
- Holding joint Administrative Dispute Resolution training with AFGE.
- Designating three Western management representatives for the DOE-wide Partnership Council.
- Consulting with IBEW on the same topics.

Objective 5: Provide exemplary customer service.

Strategy: Establish and meet customer service standards appropriate to functions.

Measurement PM –17: Customer feedback on products and services.

Customer Service

Western’s mission is to deliver reliable, cost-effective hydroelectric power to our customers. The **desired result** is to understand and meet our customers’ needs, and to search for opportunities to improve our service. Western did not perform a customer satisfaction survey during FY 2000. A survey is planned for FY 2001.

FY 2001 Performance Target – None established.

Customer Service Strategy – All Western offices have established customer service standards as a result of the last customer survey conducted in 1998. In general, customer satisfaction seems to be good, although FY 2001’s survey will provide focused data on customer attitudes and concerns with Western. During FY 2001, Western’s triennial customer survey will be designed and administered.

INDUSTRY GOAL

With the advent of transmission system reregulation by FERC and opening high-voltage transmission systems to market forces, the electric utility industry has had to reinvent itself in terms of assuring reliability of service.

Objective 1: Support industry reliability.

Strategy: Meet or exceed national and regional operating criteria.

Measurement PM –18: Number and total dollar value of WSCC and MAPP compliance sanctions.

Operating Criteria Compliance

The Western Systems Coordinating Council adopted a Reliability Management System to which its members are subscribing. The RMS provides for control area operating criteria (Western operates three control areas in WSCC) and sanctions for non-compliance. Violation of these standards is an indicator of an operations quality problem and can result in a WSCC sanction. Establishment of baseline data on the number of annual WSCC sanctions imposed on Western is a direct measure of Western’s **desired results** (i.e., zero sanctions).

Once the Mid-Continent Area Power Pool (or a successor regional transmission organization) reliability sanctions are defined and Western is subject to them, similar measurement criteria will be adopted.

FY 2001 Performance Target – The FY 2001 performance target is for sanctions, both number and dollar value, to be less than the average number and value for the 10 largest WSCC control areas.

FY 2001 Operating Criteria Compliance Strategy – Western’s strategy consists of:

- High operating availability of SCADA/EMS systems in Western control centers;
- All operating shifts staffed by NERC- and WSCC-certified dispatchers;
- Review of any operating violations and implementation of corrective actions.

Objective 1: Support industry reliability.
Strategy: Meet all national and regional reporting requirements for operations within allotted time.
Measurement PM –19: Control area performance standards.

Control Area Compliance

The North American Electric Reliability Council establishes real-time control area standards for member organizations. Those criteria are:

- Control Performance Standard 1 –a statistical measure of Area Control Error variability and its relationship to frequency error. The minimum level of compliance is 100 percent and the maximum is 200 percent.
- Control Performance Standard 2 –a statistical measure designed to limit unacceptably large net unscheduled power flows. The minimum level of compliance is 90 percent and the maximum is 100 percent.

These are nationwide standard performance criteria for control area operators. Western’s **desired result** is cost-effective compliance with these reliability standards.

FY 2001 Performance Target – The FY 2001 performance standards are to meet or exceed the North American control area averages, or a 100-percent level of compliance for CPS1 and 90 percent level of compliance for CPS2, whichever is greater.

FY 2001 Control Area Performance Strategy – Western’s strategy here is identical for achieving the operating criteria compliance strategy:

- High operating availability of SCADA/EMS systems in Western control centers;
- All operating shifts manned by NERC- and WSCC-certified dispatchers;
- Review of any operating violations and implement corrective actions.

Western is a long-standing member of NERC and has complied with its past operating criteria. NERC recently implemented new control area operating criteria measurements that Western tracks and reports. In turn, NERC develops a consolidated report for its members.

Objective 2: Support industry competitiveness.
Strategy: Provide open access to Western’s transmission system.
Measurement PM –20: Number of adverse Section 211 decisions from FERC.

Open Access Transmission

Under the Federal Power Act, as amended, the Federal Energy Regulatory Commission has authority to order utilities to provide non-discriminatory transmission

access. Western is a transmitting utility subject to Section 211 of the Federal Power Act as amended by the Energy Policy Act of 1992.

The Department of Energy has issued a Power Marketing Administration Open Access Transmission Policy that supports the intent of FERC’s open-access rulemaking. Western issued an Open Access Transmission System Tariff that complies with the spirit and intent of the Tariff required by FERC. In Western’s tariff, a requesting entity can ultimately file for access to Western’s system under Section 211. The **desired result** by Western is to support industry competitiveness and open access. An adverse ruling (against Western) by FERC would indicate that Western is perhaps not adequately supporting industry competitiveness and open access to its transmission system.

FY 2001 Performance Target – The performance target for FY 2001 is zero Section 211 adverse rulings.

FY 2001 Section 211 Performance Strategy – Western’s strategy is to fully comply with its published Open Access Transmission System Tariff. Western will defend any challenges brought before FERC alleging non-compliance with its published tariff.

Objective 2: Support industry competitiveness.

Strategy: Encourage voluntary use of renewable resources and energy efficiency measures by our customers.

Measurement PM –21: Number of energy services partnerships, workshops and other activities with public power organizations that Western organizes, sponsors or facilitates.

Energy Services

Western’s energy services program strives to offer the best energy resource information, technology transfer, and technical assistance services to sharpen customers’ competitive edge in light of the changing electric utility industry. Western offers technical assistance and services that enable our customers to perform integrated resource planning and remain competitive. This also supports the Department of Energy’s strategic goals and objectives in the area of energy security for the Nation. The **desired result** is adoption of effective energy strategies by Western’s customers to conserve or optimize the use of limited energy supplies.

FY 2001 Performance Target – This measurement is in a baseline development mode and performance targets will be established during FY 2001.

FY 2001 Energy Services Strategy – Western’s strategy is to “encourage the voluntary use of renewable resources and energy efficiency measures by our customers.” Western will continue its present energy services program initiatives by:

- Developing and sustaining partnership activities that include meetings, consultations and other direct communication with firm power customers related to energy services and renewables.

- Sponsoring and/or participating in workshops. This includes full and partial financial or other sponsorship of workshops, conferences, seminars, etc., attended by or that benefit firm power customers.
- Providing Western’s “Power Line” telephone service to answer customer questions on energy services.
- Providing Western’s Energy Services Web site.
- Providing Western’s Equipment Loan Program.
- Supporting Department of Energy’s “Green Tags” program designed to make available the benefits of renewable resources to Federal agencies.

Objective 3: Work to protect and maximize the value of the Federal resource.

Strategy: Participate in decision-making processes with natural resource agencies and others whose decisions affect hydropower generation.

Measurement PM –22: Operational capacity available each year.

Operational Capacity

Western’s fundamental mission is to “market and deliver reliable, cost-based hydroelectric power and related services.” The availability of operational capacity from Bureau of Reclamation, U.S. Army Corps of Engineers and International Boundary and Water Commission hydrogeneration facilities is critical to Western’s mission. Increasingly, there are conflicting demands on these facilities. Environmental, recreational, flood control and other benefits can restrict the availability of electrical capacity. Western’s intent is to ensure tradeoffs to power generation are well understood and supported by scientific and economic analyses before hydrogeneration capacity is curtailed. The **desired result** is to preserve operational capacity to the benefit of Western’s customers and the environment.

FY 2001 Operational Capacity Strategy – Western will continue to engage in formal proceedings on environmental assessments and impact statements undertaken by the Bureau of Reclamation, U.S. Army Corps of Engineers and Section 7 consultations with the U.S. Fish and Wildlife Service. Western will make others aware of potential impacts on power generation and advocate the use of good science to assess ecosystem and species conditions, as well as to develop viable alternatives to stop or decrease specie decline and power generation losses.

Objective 3: Work to protect and maximize the value of the Federal resource.

Strategy: Help Reclamation and the Corps secure alternative funding for power facility O&M and rehabilitation.

Measurement PM –23: Total dollar value of alternative financing furnished to Reclamation and the Corps, annually, compared with their total power program financial requirements.

Alternative Financing for Generation Agencies

Like most Federal agencies, the Bureau of Reclamation and the Army Corps of Engineers face challenges in securing adequate funding to maintain and rehabilitate generation facilities. As a strategy, in particular by Reclamation, power customers are being asked to contribute up-front funding for needed work. Power customers are increasingly willing to fund work necessary to ensure the reliability of Reclamation and Corps generation facilities.

Since Western’s mission is to market and deliver such power, the **desired result** is adequate maintenance and rehabilitation of Reclamation and Corps facilities to maximize generation and minimize forced outages. Concern about generation maintenance waxes and wanes. Even though there haven’t been any significant failures recently, and Reclamation is much more open to allowing work program review, adequate funding is still a concern. Western intends to lend support when warranted. We developed this surrogate measure to represent Western’s efforts to promote and realize adequate maintenance and rehabilitation funding for the generating agencies.

FY 2001 Generation Agency Alternative Financing Strategy –

Western will actively work with the generation agencies and firm power customers to ensure adequate funding of operation and maintenance activities. These activities are normally project-specific, with particular project rehabilitation or additional work targeted for customer financing.

Objective 4: Ensure long-term transmission system reliability and availability.

Strategy: Participate in national and regional reliability/transmission organizations and transmission studies.

Measurement PM –24: Self evaluation of the impact Western has (1) on decisions by national and regional reliability organizations and (2) in those industry forums that are organizing and administering regional transmission organizations, independent system operators or like organizations.

Reliability Organizations and Transmission Studies

Western operates and maintains the third largest high-voltage transmission system in the nation—nearly 17,000 miles. The system is interconnected with other utility transmission systems. Power-related incidents happening thousands of miles away can and do affect Western’s system. Existing national and regional reliability councils are

attempting to reinforce the reliability requirements of the systems and preclude the possibility of legislative and regulatory intervention by the Congress, FERC or state public utility commissions.

Desired results are (1) voluntary self-regulation of transmission system reliability standards; and (2) addition or modification of the systems (be it Western’s or someone else’s) in ways that do not adversely impact the reliability or delivery capability of Western’s system.

Western must participate in regional and national reliability councils and in transmission studies to protect its interests and use its expertise to benefit the whole industry. Since these processes have many participants, it is rarely possible to quantify Western’s role in bringing about the desired result. However, Western will make a qualitative self-assessment on its impact.

FY 2001 Performance Target – There is no target performance level for FY 2001. As this is the first year that Western has made a formal assessment of its participation in these studies and in reliability forums, measurement criteria and baselines must be established.

FY 2001 Transmission Studies Strategy – Reliability of the interconnected systems became a significant issue following the New York blackout of 1965 and resulted in the electric utilities forming the North American Electric Reliability Council in 1968. Regional reliability councils, consisting predominantly of traditional investor-owned utility companies and public organizations, have voluntarily established and maintained reliability criteria. However, additional market participants want a voice in electric system reliability. Western expects NERC will evolve into the North American Electric Reliability Organization in the future and reflect a wider range of industry participants.

Western is very active at NERC, WSCC and MAPP and has personnel working on nearly every level and initiative to maintain and improve reliability. Western will continue to participate in transmission expansion and generation interconnection studies that potentially impact its system. We expect that as transmission systems age and pressure builds to bring new transmission and generation on-line, Western’s participation rate on study committees will increase.

Objective 4: Ensure long-term transmission system reliability and availability.

Strategy: Reduce accountable outages.

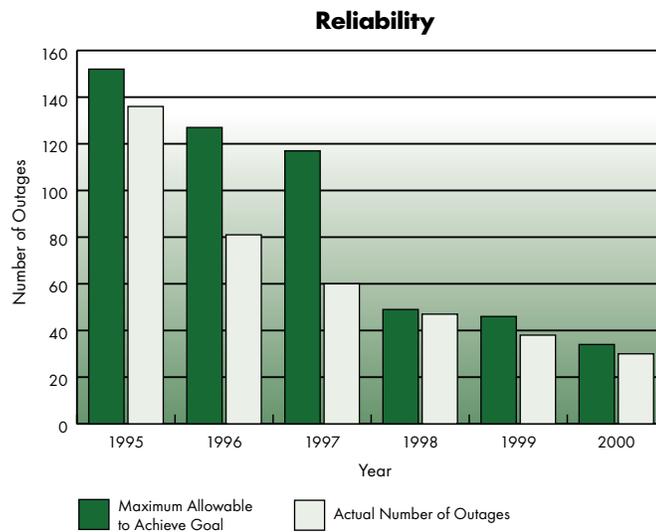
Measurement PM –25: Annual reliability goal accomplishment.

Accountable Outages

Reliable power delivery is the cornerstone of Western’s mission. Customers depend on uninterrupted power supply. Interruptions (outages) occur for a number of reasons; e.g., weather, other utilities’ operations/events, sunspots, etc. Accountable outages occur because Western failed to install or maintain equipment with known problems, or Western personnel misoperated equipment.

Western established a reliability bonus goal to improve the reliability of Western’s transmission service and customer deliveries. The **desired result** for bonus year 2000 was to reduce the three-year rolling average (1997-1999) of 48.3 accountable outages by 30 percent to 34 or fewer accountable outages. The actual FY 2000 results were a total of 30 accountable outages.

For FY 2000, Western estimates that one-third of accountable outages were due to switching errors; one-third were due to commissioning/wiring errors; and one-third were due to maintenance or equipment failure.



FY 2001 Performance Target – The FY 2001 target is 26 or fewer accountable outages.

FY 2001 Accountable Outage Strategy – Western’s general strategy is underpinned by quality maintenance and operation practices. For FY 2001, more detailed records and assessments will be kept on the causes of accountable outages.

Objective 4: Ensure long-term transmission system reliability and availability.

Strategy: Accomplish all scheduled construction and rehabilitation work for the year.

Measurement PM –26: Work program accomplishment as compared with the MDCC’s Annual Review Team Plan.

Construction and Rehabilitation

Over the last six years, Western has moved away from large-dollar transmission and substation construction projects toward a concentration on reliability-based replacement and rehabilitation of its existing system. Every budget cycle, and before the beginning of the fiscal year, Western assesses its critical needs and develops its construction and rehabilitation program to meet those needs. The **desired result** is to reduce the risk of equipment failure and/or safety-related incidents, which is also reflected in the performance measures for *Accountable Outages and Safety*.

The Maintenance Design Construction Council work program directly reflects the highest-risk equipment and safety problems identified at the beginning of the fiscal year.

FY 2001 Performance Target – At this time, there is no specific performance target. Performance targets will be established during FY 2001.

Construction and Rehabilitation Program Strategy – Western’s Maintenance Design and Construction Council has developed an Annual Review Team program to identify and track process on construction and rehabilitation work. This strategy is tied closely to the project management strategy.

VIII. Linking Long-term Goals with Day-to-Day Activities

Western’s approach to linking long-term goals with day-to-day activities continues to evolve. Several years ago, Western identified three critical performance areas in an all-employee bonus goals program. This approach was a success, as the organization has met most of each year’s bonus goals targets in safety, operations and cost control. In FY 2000, Western achieved all its bonus goals for the first time in the program’s history.

At the highest level of the organization, the Administrator has performance agreements with each senior manager. These agreements set forth generically and specifically the actions and results the senior manager is accountable for each year. In turn, the senior managers either have performance agreements or performance plans with their direct reports. This process cascades through Western.

IX. Strategic Response to External Challenges

The restructuring of the electric utility industry is presenting the greatest external opportunities and challenges for utilities and transmission operators, including Western. FERC initiatives, uncertain Federal legislation, unbundling and asset sales, soaring energy costs, market limitations and difficult issues with the formation of regional transmission organizations and independent transmission organizations are a few issues affecting the industry and, in turn, Western’s position within it. The detailed performance plan contains an extensive discussion of these challenges and Western’s responses.

X. Strategic Response to Internal Challenges

Development of Human Capital

Western has several assessment and development strategies under its People Goal. These key programs are tied to the results Western wishes to achieve and are discussed extensively in the detailed annual plan.

Training Program Infrastructure and Overview

Training at Western is directed and administered collaboratively through an Administrative Training Board consisting of each Region's Administrative Officer and an Employee Development Specialist from Western's Corporate Services Office.

Various methods are used to deliver training such as traditional classroom instruction, video and audiotape, multimedia (i.e., CD-ROM), and self-study. Western also has ventured into the technology-supported learning arena using interactive video to provide just-in-time training to our widely dispersed workforce. During 2001, Western will work with the Department of Energy to develop a Web-based version of Western's "Hiring for the Future" training. This will be the prototype for all future on-line courses for DOE.

A discussion of Western's major training programs is found in the detailed performance plan.

Workforce 21 Program – The **People Goal** sets the framework for Western's support of the Department of Energy's Workforce-21 initiative to resolve workforce skill gaps and address minority group under-representation. In early 1999, Western's WF-21 plan outlined the need to recruit more balanced, technically skilled and diverse group of employees in the aftermath of a major organizational transformation that resulted in staffing and skills gaps in certain occupations and surpluses in others.

Information Technology Support for Achieving Results

During FY 2000, Western created and filled the position of Chief Information Officer. Western also restructured the various information technology offices to meet the CIO's vision of effective IT support for Western.

Western employs numerous software programs and systems to support its operations. The five major systems are the Supervisory Control and Data Acquisition/Energy Management Systems ; the Business Information Decision Support System; the MAXIMO maintenance management system; the power billing systems; the Relational Time and Attendance System; and specialized hardware and software systems to support engineering and engineering support functions.

Western has a "backbone" infrastructure composed of multiple Local Area Network sites connected via a Wide Area Network using TCP/IP protocol.

- **Relationship to strategic goals** – These hardware and software applications provide the "backbone" IS infrastructure for all of Western. This infrastructure supports the efficiency of Western to achieve all goals, objectives and results.

SCADA/EMS – Western uses SCADA/EMS systems in its four main operations units in Loveland, Colo.; Watertown, S.D.; Phoenix; and Folsom, Calif. These systems gather and display information about electrical system conditions that exist in Western’s control area or, in the case of the Folsom office, conditions on Western’s transmission system; and control transmission system devices such as circuit breakers.

SCADA/EMS systems are computer-based, supported by an extensive communications system that conveys data to and from remote terminal units and the central operations office. The SCADA/EMS systems primarily support achievement of the objectives under Western’s “Industry Goal.” These systems are the critical control infrastructure for Western’s transmission system.

BIDSS – BIDSS is the financial management system that Western purchased and installed beginning in 1997. BIDSS primarily supports Western’s “Products and Services Goal.” Accurate and timely financial data is critical for Western to support its power cost and power reliability results.

MAXIMO – Simultaneously with the implementation of BIDSS, Western purchased and implemented a new maintenance management system. MAXIMO provides document management capabilities that streamline maintenance and sophisticated workflow capabilities that help Western synchronize its maintenance operations.

RITA – Western’s time and attendance system was purchased from the Bureau of Reclamation in 1996 and modified to meet Western’s requirements. RITA is working quite well, but will be replaced when the Department of Energy selects and implements a Departmentwide time and attendance system.

Engineering Systems – AutoCAD is a quasi-industry standard for Computer Aided Drafting software running on PC workstations. Western employees can locate and retrieve any electronic archived drawing for Western’s system through a web browser. The engineering information systems primarily support Western’s Industry Goal. These systems provide the design capability for Western’s construction, rehabilitation and upgrade activities on its transmission system.

Real Estate – The **Real Estate Information System** is a client/server data entry system developed with PowerBuilder and Windows on PCs as the client and an Oracle database as the server. **ArcInfo** is the development/ delivery software in Western’s geographic information system. The real estate systems primarily support Western’s Industry Goal. Western has extensive rights-of-way and ownership associated with its 17,000-mile transmission system. That amount of real property necessitates support by sophisticated information systems.

Environment – The environmental community uses MOSES-MP (**Mineral Oil Spill Evaluation System - Multi- Phase**), developed by Tetra Tech for EPRI. The program software is used to calculate the probability of an oil spill reaching a navigable water source. The program helps CSO and regional environment employees determine if a substation site needs secondary oil containment. It can also be used to evaluate the efficiency of existing secondary oil containment systems at a substation.

Appendix A

List of Acronyms and Abbreviations

ART	Annual Review Team
BIDSS	Business Information Decision Support System
BMX	BIDSS/MAXIMO
C&R	Construction and Rehabilitation
COTP	California-Oregon Transmission Project
CSO	Corporate Services Office
CRSP	Colorado River Storage Project
CVP	Central Valley Project
DOE	Department of Energy
DSW	Desert Southwest Region
EPRI	Electric Power Research Institute, now formally designated EPRI
FERC	Federal Energy Regulatory Commission
FTR	Firm Transmission Right
GAO	General Accounting Office
GPRA	Government Performance and Results Act
ISO	Independent System Operator
KWh	Kilowatthour
MAPP	Mid-Continent Area Power Pool
MDCC	Maintenance, Design and Construction Council
MOSES-MP	Mineral Oil Spill Evaluation System - Multi- Phase
MWh	Megawatthour
NAERO	North American Electric Reliability Organization
NERC	North American Electric Reliability Council
NPR	National Performance Review
OASIS	Open Access, Same-Time Information System
OMB	Office of Management and Budget
RM	Rocky Mountain Region
RMS	Reliability Management System
RTO	Regional Transmission Organization
RTU	Remote Terminal Unit
SCADA/EMS	Supervisory Control and Data Acquisition/Energy Management System
SN	Sierra Nevada Region
UGP	Upper Great Plains Region
WSCC	Western Systems Coordinating Council



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