



# State of Western's Assets

# ADMINISTRATOR'S LETTER

Our greatest responsibility is to manage the assets entrusted to us and ensure they are deployed wisely for our nation and for our customers. These assets, some \$4 billion strong, are cared for by the tremendous people who work diligently every day, as they have for 36 years, to keep the power flowing safely and reliably to more than 40 million Americans.

Western's 1,435 employees serve 690 preference power customers and manage more than 17,000 circuit-miles of transmission lines, 328 substations, 177,000 structures, and 26 facilities covering a footprint of more than 1.3 million square miles in 15 states, making us one of the top 10 largest transmission providers in the U.S. We also manage a substantial communications network in support of our systems.

How we manage those assets is at the core of Western's mission. If Western is to continue to provide excellent support for its preference power customers and others, we need to consider the state of our assets and our needs in the future. Our challenge is to balance the need for investment and the needs of our customers against our available capital in a systematic, sensible and cost-effective way. Each region is different, legislatively and operationally, and those differences must be respected and recognized as we make decisions that will guide Western's future.

In this report we document the State of Western's Assets in terms of physical equipment, financial resources, strategic direction, and human capital, both at the organizational and regional levels. We identify the condition of our assets today and share what work we will be doing in these areas in the coming years. Our goal is to ensure we continue to give the regions the data-driven support they need to make informed decisions about our critical infrastructure and provide the exemplary customer support that is our legacy.

As we define our place in the industry, with our Customers and within the Federal Government, the strong relationships our employees and Customers share will continue to be an essential part of Western's mission and activities in this complex environment. We must anticipate what the future may hold to ensure Western's continued success for the next 36 years and beyond.

Sincerely,



Mark A. Gabriel  
Administrator



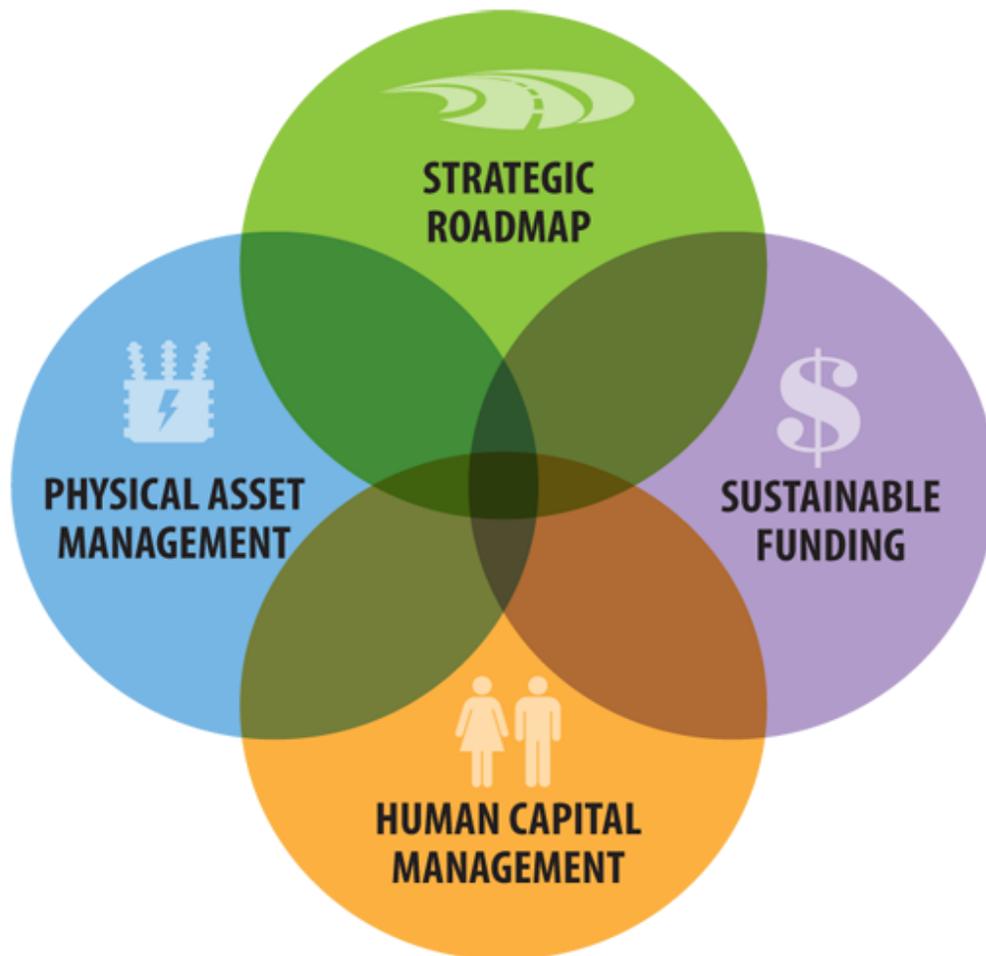
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# STATE OF WESTERN'S ASSETS

Western Area Power Administration (Western), a power marketing administration within the Department of Energy (DOE), markets and transmits more than 40 billion kilowatt-hours of federal hydropower through an integrated 17,000-plus circuit mile transmission system across 15 central and western states. Western's challenge and opportunity as an organization is to prepare for changes in the Energy Frontier.

Western is currently working on several major initiatives, each of which will greatly affect how it does business today and, more importantly, how it will conduct business in the future. The purpose of this report is to provide a cohesive view on the State of Western's Assets and how the four initiatives— Strategic Roadmap 2024, Asset Management, Sustainable Funding and Human Capital Management— complement and interconnect with each other.



# STRATEGIC ROADMAP 2024

As Western looks to help power the Energy Frontier, it needs to create a clear vision of its role in the industry, with its Customers and within the Federal Government. Since the summer of 2013, Western has actively collaborated with Customers, stakeholders, DOE, and employees to develop a strategic roadmap that will serve as the organization's guide to its mission in a changing industry environment through 2024 and beyond. The roadmap will consider new market designs in the West, increased distributed and intermittent generation resources such as wind and solar, new technologies, and increased compliance regulations. It will also tie together Western's strategy, initiatives, capital budgets, and annual targets to move the agency in one direction, meet its Customers' needs, and provide the best value as an organization.

*"Western is not changing its mission but exploring how that mission is best implemented in a changing world."*  
- Mark A. Gabriel,  
Administrator



The Administrator, regional managers, and other senior leadership, as well as members of the Executive Leadership Development Program, attended a series of roadmap workshops starting in July 2013 where the group considered Western's existing mission and vision in a changing environment and reviewed results of Customer and staff surveys and personal interviews conducted by NewGen, a third-party consultant. From September through mid-December, Western's senior managers conducted numerous formal and informal customer meetings, employee meetings, and internal focus groups to gather as much feedback as possible to ensure that the draft roadmap will continue to move Western in the right direction.

Using information from these workshops and employee and customer input, Western senior leadership developed the critical pathways, initially called destinations, shown in Figure 1. The four pathways are foundational building blocks that support Western in accomplishing its mission. They are:

- **BUSINESS, TECHNOLOGY AND ORGANIZATIONAL EXCELLENCE:** Expanding on organizational excellence by applying knowledge, technology, innovation and engaging internal and external partners to optimize operational effectiveness.



- **MUTUALLY BENEFICIAL PARTNERSHIPS:** Building and sustaining productive relationships that enhance trust, operational effectiveness and business opportunities for all parties.
- **EVOLUTION OF SERVICES:** Evolving Western’s power and transmission services in response to the needs of a diverse Customer base and the demands of a changing industry and technology environment through operational excellence and the application of cost containment and proper cost allocation principles.
- **POWERING THE ENERGY FRONTIER:** Provide premier power and transmission services to our Customers by applying business, technology and organizational excellence; building mutually beneficial partnerships; and enhancing the Nation's economic security and stability.



Figure 1 – Roadmap Critical Pathways

A summary of input received is anticipated to be published in February 2014. Once this occurs, Western plans to conduct another outreach and engagement campaign with Customers and employees to discuss the final draft roadmap and tactical action plan and receive more input.

In addition to the Customer meetings and focus groups, leadership also embarked on a “Stop Doing” exercise to determine if there are processes and activities that may be deferred, eliminated, improved upon, or streamlined to better focus employees’ time and resources on Western’s mission and vision. Hundreds of comments were organized into topical categories and presented to senior leadership for prioritization and assignment. A summary of the comments will be posted in the beginning of 2014, and responses will be added as available.

Western will publish Strategic Roadmap 2024 by the end of May 2014. For more information on Strategic Roadmap 2024, visit <http://go.usa.gov/WXaH>.

## Looking back

Strategic Roadmap 2024 is not the first time Western has taken a hard look at its role within the ever-changing utility industry and taken steps to ensure it continues to be valuable for our Customers and the nation. Western revises its strategic plan every few years to ensure it reflects reality and agency priorities. Additionally, in 1996 Western convened a Competitive Strategy Team (CST) to identify key events and drivers facing Western, such as deregulation and the separation between transmission and marketing functions, and recommend a path forward. The CST Report provided six “Strategies for Success,” which are “strategies and recommendations for Western to stay competitive and to succeed in the changing utility industry.” Remarkably, these are nearly identical to many of the targets and critical pathways identified in the roadmap. This demonstrates Western’s commitment to its Customers and to positioning itself for success within the industry.

The six strategies were:

- Support Customer Competitiveness
- Be Proactive In the Industry
- Expand Revenue Sources
- Efficiently Manage Costs
- Form Mutually Beneficial Alliances/Partnerships
- Promote Western Outreach
- Continue Strategic Planning

The CST further concluded that “taking a proactive approach to the changes in the utility industry has the best long term benefits,” and “The industry has entered a period of rapid change and Western must be flexible, adaptive, and able to provide a quick response if it is to thrive and be successful. Inflexibility or slow responses may increase costs, decrease our influence, eliminate opportunities and/or increase our vulnerability.”

# HUMAN CAPITAL MANAGEMENT

Western’s goals require a dedicated staff. Western employees are well-trained, highly committed to their work, and more importantly, they are essential for the mission’s success. Like the rest of the industry, Western is increasingly concerned with human capital trends that may interfere with operating a reliable power system.

One of the most important trends is an aging workforce and the growing percentage of employees eligible for retirement, particularly in the mission-critical craft fields that are responsible for transmission system operation and

OUR PEOPLE	FY 12	FY 13
<b>TOTAL</b>	<b>1459</b>	<b>1435</b>
<b>MISSION CRITICAL</b>	<b>368</b>	<b>373</b>
<b>ELIGIBLE TO RETIRE</b>	<b>265</b>	<b>273</b>

maintenance and represent almost 60 percent of Western’s workforce. Currently, 15 percent of all personnel are eligible to retire, and within the mission-critical craft fields under the Wage Board pay plan, which accounts for 25 percent of Western’s total workforce, 12 percent are eligible to retire. Between Fiscal Year (FY) 2005 and 2013, 27 percent of employees in mission-critical occupations retired within a year of their eligibility, while 32 percent retired within one to three years of eligibility, and the remaining 41 percent elected to retire more than three years after they became eligible. Another trend is that the rapidly changing industry requires more technically skilled people that continue to be in high demand in industry and elsewhere.

## Mission-critical career fields<sup>1</sup>

<b>General Schedule</b>	<ul style="list-style-type: none"> <li>• Information Technology Specialist</li> <li>• Electrical Engineer</li> <li>• Electronics Engineer</li> <li>• Public Utilities Specialist</li> </ul>
<b>Administratively Determined</b>	<ul style="list-style-type: none"> <li>• Energy Management and Marketing Specialist</li> <li>• Power System Dispatcher</li> </ul>
<b>Wage Board</b>	<ul style="list-style-type: none"> <li>• Electronic Equipment Craftsman</li> <li>• Meter and Relay Craftsman</li> <li>• Communication and Instrumentation Craftsman</li> <li>• Lineman</li> <li>• Electrician</li> </ul>

Western wants to continue to be a high-performing and results-driven organization, and in order to maintain that level of achievement it needs to invest in its employees. Western will continue to devote time and energy into recruiting and retaining individuals that are required to achieve its mission. By using effective workforce planning and succession planning at every level of the organization, Western will ensure it has the right people in the right places across the agency. Western will look for ways to retain the knowledge of those expected to retire by offering mentoring and rotational programs. In

addition, Western will continue to invest in its employees by offering training programs at all levels. Western recently completed a class of the Executive Leadership Development Program for future senior leaders, and more recently, initiated a new development program targeted at mid-level leaders. Western is also working to develop apprenticeship and new student programs to help develop a pool of interested people and a way to bring them on board to fill critical positions.

<sup>1</sup> Although mission-critical occupations are important, Western recognizes that all of its occupations are vital and necessary for optimal functioning.

# ASSET MANAGEMENT

Asset management is a comprehensive, data-driven program that can help organizations optimize the use of their equipment, facilities, and operations to meet performance standards now and over time. Asset management connects equipment condition data collected by maintenance crews in the field, the impact of equipment failure known especially by the power operations staff, and the relative lifecycle cost to create a measurable, risk-based assessment on any piece of equipment at any time. It is more than a snapshot in time, however; these assessments project equipment deterioration and lifecycle costs over time, helping crews determine maintenance cycles and identifying when the equipment should be replaced and about how much it will cost. Using this information, Western and its preference power customers can plan system investments to ensure the greatest return on investment when comparing needs, risk, reliability, and cost over time.

Currently, Western has two efforts underway to improve asset management. The first is a strategic-level refinement of Western’s capital planning activities to support its investment program. Each of the regionally created and funded 10-year regional plans is rolled up into a Western-wide capital investment plan to provide an accurate record of replacement strategies and sustained costs to support infrastructure needs across the agency.

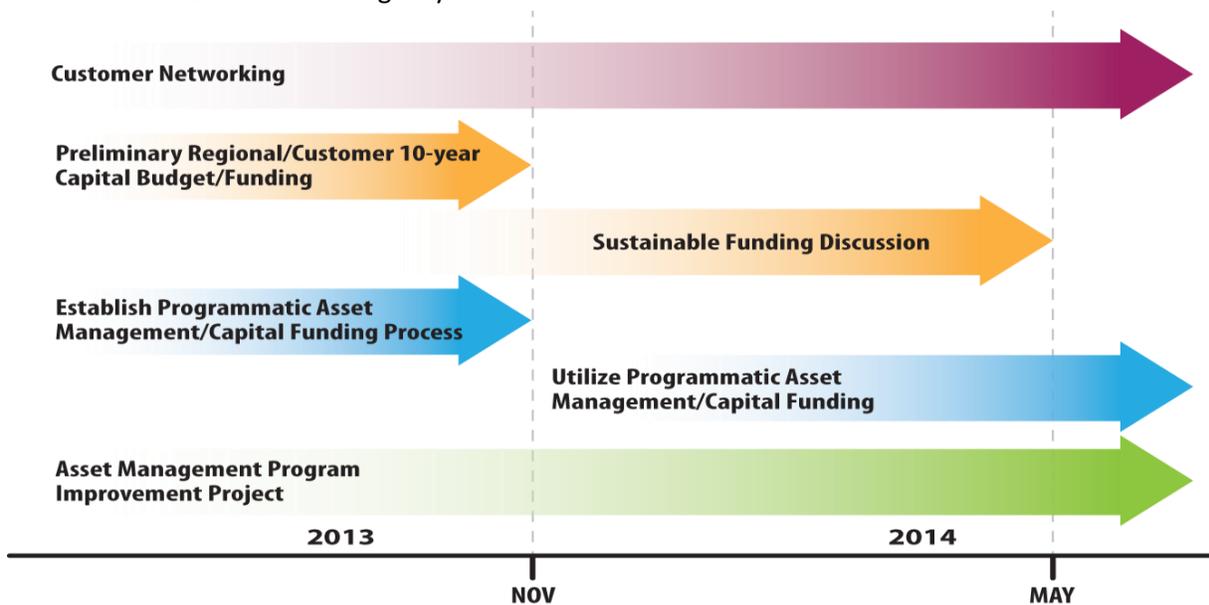


Figure 2 –Asset Management Program and Western-wide Capital Budget initiative timelines

The second effort is the Asset Management Program Improvement Project (AMPIP) whose goal is to formalize and standardize how Western collects and processes asset information. This process includes how employees evaluate and document existing asset condition, calculate probability of failure and consequences, create schedules for optimal maintenance work, and make recommendations for asset

replacement or retirement. By using the industry-accepted asset management guide, Asset Management Institute Publicly Available Specification-55, Western staff will be able to create near real-time asset condition and capital investment recommendations using industry policies, procedures, and best practices. Expected to be completed in by the end of 2014, AMPIP is piloting the new program on three core assets—transmission line segments, power circuit breakers, and power transformers. AMPIP will then be expanded to incorporate other assets over time as the program matures. For more information on the Asset Management program, visit <http://go.usa.gov/WXax>.

Western has other initiatives underway that will complement the future Asset Management program, including:

- The Personal Digital Assistant (PDA) and Transmission Line (T-line) Inspection projects are intended to automate data-collection activities using portable mobile devices to collect asset information and send it to a central database, Maximo, for analysis. Both projects aim to align regional data collection processes and tools.
  - The PDA project, expected to be completed by 2015, will benefit substation and communication site assets by using bar codes to identify and monitor equipment.
  - The T-line Inspection project will enable Western to track and manage its transmission inventory down to the individual components of structures. The project has two parts: creating a common Western-wide geographic information system (GIS) network, which is complete, and implementing a common GIS-driven T-line inspection software tool, which is scheduled for completion in 2016.
- The Maximo 7 Upgrade Project is on track to go live with Maximo version 7.5 in June 2014. Its scope also included an Asset Management Short Term solution, which was implemented in Maximo 6 in November 2013.

## **Enterprise Risk Management**

Western's new Chief Risk Office is implementing Enterprise Risk Management (ERM) at the agency to institutionalize risk-informed decision making. Deliberately and consciously identifying, documenting, evaluating and managing risk through a methodical, routine process leads to better-informed decisions for Western, its employees and its Customers. Critical risks will be identified and managed by the newly formed ERM Committee, an oversight body consisting of five senior managers that operate under the direct, delegated authority of the Administrator.

# SUSTAINABLE FUNDING

Developing a funding strategy that leads to financial sustainability is essential to Western's ability to succeed. Western has been impacted by declining appropriations and discretionary funding cuts as a result it has taken a more disciplined approach to sustainable funding. Sustainable funding means continued access to financing sufficient to meet our capital investment in core mission capital.

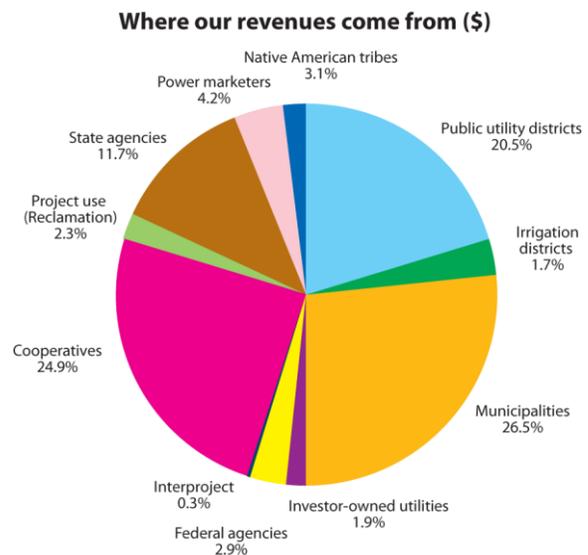
FY 13 FINANCIAL PROFILE	
SALES OF ELECTRIC POWER	\$918 M
TOTAL OPERATING REVENUES	\$1,295 M
TOTAL OPERATING EXPENSES	\$799 M
PPW EXPENSES	\$347 M

Western expanded the sustainable funding initiative to include asset management, and is in the process of developing a corresponding funding strategy based on regional 10-year capital investment plans. The Western-wide 10-year capital investment plan and funding strategy will also provide the basis for regional and organizational sustainable funding discussions with preference power customers looking at anticipated long-term needs. Western will continue to work proactively with its preference power customers in FY 2014 and beyond to ensure Western has sufficient capital funds available in a timely manner to meet core mission needs.

By May 2014, data available from AMPIP, the Western-wide 10-year capital investment plan, and funding strategy will provide the analysis and articulate Western's infrastructure needs for the FY 2016 budget request to DOE and OMB. Also in FY 2014, Western Finance staff and the Maintenance, Design, and Construction Council plan to formalize this 10-year capital plan process so it can be repeated each year to support budget requests and funding discussions with preference power customers, DOE and OMB. For more information on Sustainable Funding, visit <http://go.usa.gov/B8qj>.

## Funding Mix

Appropriations provide about 10 percent of Western's funding mix; the rest comes from Customers under a variety of alternative financing mechanisms. Western rates are set to recover costs, and are the lowest possible cost-based rates consistent with sound business principles. Through its rates, Western recovers its annual expenses from its Customers in the same fiscal year as the expenses, and recovers the original investment in the Projects and capital expenditure plus interest within 50 years (or the service life of the asset). These rates determine the amount of incoming revenue Western is able to use to finance operations under alternative



financing, Net Zero,<sup>2</sup> and access to receipts for purchase power and wheeling.

In addition, Western has no-year appropriations,<sup>3</sup> which allow more flexibility in funding programs during situations such as a lapse in appropriations or a government shutdown. Thanks to the diverse source of funds available to Western, the agency is able to meet its core mission objectives.

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<sup>2</sup> Net Zero is access to receipts to fund annual costs.

<sup>3</sup> Appropriations that are available until expended, as opposed to appropriations that need to be executed during a certain time period (usually between one to three years).

# TRANSMISSION INFRASTRUCTURE PROGRAM



Western's Transmission Infrastructure Program (TIP) has \$3.25 billion in borrowing authority to support the development, construction, financing, and operation of transmission projects that facilitate the delivery of clean, renewable power with at least one terminus in Western's service territory. TIP does not receive annual appropriations and is financially and functionally separate from Western's regions and the hydropower mission. TIP operates with a staff of 10 people and contracts with external vendors for services when needed. Internal and external labor is charged directly to project developers.

Since 2009, TIP has helped finance three transmission infrastructure projects in the western U.S. and is supporting the development of another two projects.

Montana Alberta Tie Ltd., a 214-mile transmission line between Great Falls, Mont., and Lethbridge, Alberta, Canada, was TIP's first project. The project developer repaid Western's loan in 2012 and energized the line in September 2013.

Electrical District 5-to-Palo Verde Hub Project, a 109-mile transmission line across Pinal and Maricopa counties in Arizona, is being undertaken in partnership with Desert Southwest's preference power customers at a cost of \$91 million. When completed in 2015, the line will add up to 410 megawatts of bi-directional capacity between Phoenix and the Palo Verde Hub.

TransWest Express is a proposed 725-mile, 3,000 megawatt line to bring wind energy from south central Wyoming to southern Nevada. TIP is evenly sharing the \$50 million development costs with the project proponent to determine if construction is feasible. A draft environmental impact statement (EIS) was released in July 2013 with the final EIS expected in mid-2014. The EIS is one of many parts of project development that will help TIP determine whether it will continue to support the project in the construction phase.

In 2012, Western and DOE created the TIP Optimization Team to evaluate TIP processes and procedures and identify areas for improvement. Proposed program revisions created by the Optimization Team were published in the *Federal Register* in September 2013. Western will finalize and implement these revisions in early 2014 and issue another solicitation for project applications.

# STATE OF THE REGIONS

Western is a wholesale power provider that delivers bulk wholesale transmission to local utilities and others, including cities and towns, rural electric cooperatives, public utility and irrigation districts, federal and state agencies, investor-owned utilities, and power marketers. These preference power customers, in turn, provide service to more than 40 million retail consumers in 15 central and Western states. Western’s power marketing and related services are provided by Western’s four regions and one management center, each of which has unique legislation and regulations that guide their operations but all strive for the same goal.

## Regions at a Glance

Regions	Power Plants	Substations	T-Lines	Bldgs.	Comm Sites	Xfmrs	Circuit Breakers	Miles of Wood Poles	Miles of Steel Structures
CRSP MC	14	36	2,325	72	69	35	210	501	1,823
DSW	4	75	2,548	74	82	43	315	628	1,920
RM	19.5	76	3,353	191	110	73	378	2,741	612
SN	12	22	949	39	19	21	133	48	901
UGP	7.5	119	7,886	185	205	126	668	4,016	3,870
<b>TOTAL</b>	<b>57</b>	<b>328</b>	<b>17,061</b>	<b>561</b>	<b>485</b>	<b>298</b>	<b>1,704</b>	<b>7,934</b>	<b>9,127</b>

## COLORADO RIVER STORAGE PROJECT MANAGEMENT CENTER

The main resources of the Colorado River Storage Project Management Center (CRSP MC) are the 11 power plants that are consolidated into a single power rate known as the Salt Lake City Area Integrated Projects (SLIP), which includes Glen Canyon Dam near Page, Arizona. That single powerplant provides 76 percent of the generated energy provided to CRSP MC’s 150 preference customers, a third of which are Native American tribes. CRSP MC’s wholesale preference customers distribute the clean, renewable hydropower to approximately five million retail consumers across a seven-state area, including Nevada, Wyoming, Utah, Arizona, New Mexico, Colorado, and Nebraska. CRSP MC owns 2,325 miles of transmission lines, 210 breakers, and 35 transformers.



CRSP MC’s primary funding source is the Basin Fund, a revolving fund legislatively established under the CRSP Act. The cash generated from power revenues and deposited into the Basin Fund are used to maintain both generation and transmission assets, return principal investment and interest to the U.S. Treasury, and support non-reimbursable environmental programs within the CRSP



MC marketing territory. CRSP MC also receives about \$7 million in appropriations per year to support the Falcon-Amistad Project.

In FY 2013 CRSP MC's power marketing team completed an analysis of the impacts a cost re-allocation study mandated by the Grand Canyon Protection Act of 1992 on the Power Repayment Study (PRS). Part of the Grand Canyon Projection Act of 1992 was designed to identify cost impacts from new environmental restrictions that limited dam operations. The Bureau of Reclamation study, completed in April 2013, identified \$25.7 million of capital construction costs and \$10 million of operations and maintenance expenses that should be credited to CRSP MC preference customers along with a reduction in the annual percentage of operations, maintenance, and rehabilitation allocated to power. When applied to the Power Repayment Study, the credit reduced the accumulated interest expense by \$137 million, which may impact the Project rate for the next few years.

Finally, CRSP MC staff provided significant support to the Long-Term Experimental and Management Plan EIS, which is being developed by the Bureau of Reclamation and National Park Service to determine impacts, if any, to Glen Canyon Dam operations for the next 20 years. The last such EIS in 1996 resulted in a loss of about one third of the dam's generating capacity. CRSP MC's objectives over the next few years are to keep power interests involved in the process; educate other stakeholders of the importance of hydropower to the area; and maintain or improve hydropower value at Glen Canyon Dam while developing a balanced approach to meeting other resource goals for recreation, cultural resources, endangered species, and the blue-ribbon trout fishery at Lees Ferry, Arizona.

## DESERT SOUTHWEST

Desert Southwest (DSW) markets hydroelectric power to nearly 70 municipalities, cooperatives, federal and state agencies, and irrigation districts in California, Arizona, and Nevada from powerplants operated at Hoover, Parker, and Davis dams. Power is also marketed from hydroelectric projects in the Bureau's Upper Colorado Region and the federal portion of power generated at Navajo Generating Station near Page, Arizona. DSW maintains more than 70 substations, 315 breakers, and 2,300 miles of transmission lines to keep the system running reliably.

In FY 2013 DSW made major strides in transmission system reliability and sustainability with twenty-three separate construction projects. DSW is currently managing an annual construction program of about \$40 million. These activities are critically important in ensuring the proper investments are made today to keep the system reliable in the future.



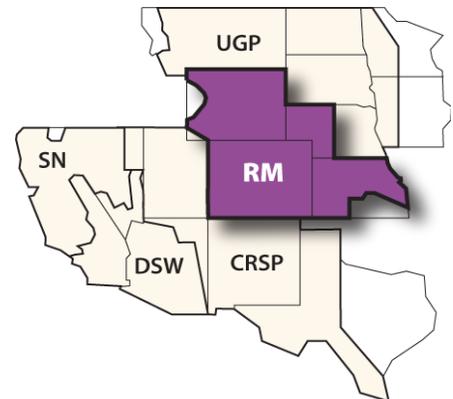
On June 1, 2013 DSW added a capacitor bank at the Kofa substation in Arizona, enhancing transmission system reliability along the Colorado River. Low voltages in this area of the power grid were found to be a contributing factor to the September 8, 2011 southwest power outage. It was important to get this capacitor bank in service prior to the summer season of 2013, and DSW worked with Arizona Public Service to quickly install the capacitor bank.

DSW has an excellent safety record and as of November 2013, DSW exceeded 1,100 consecutive work days, or three consecutive years, with no lost time work accidents. This represents more than 1.8 million hours worked by DSW employees without a lost time work accident. This is truly an accomplishment that every employee in DSW should be proud of because each employee is ultimately accountable for their own safety and has contributed to this amazing record.

## ROCKY MOUNTAIN

Rocky Mountain (RM) serves about 40 preference customers in Colorado, Wyoming, Nebraska, and Kansas. It sells more than 2.3 million megawatt-hours of power generated at 19 hydroelectric plants in the Loveland Area Projects, which combines the Fryingpan-Arkansas Project and the Pick-Sloan Missouri Basin Program—Western Division.

RM reliably delivers federal and non-federal power through 3,353 miles of transmission lines, 378 breakers, and 76 substations. The system includes the 200-megawatt Virginia Smith AC-DC converter station near Sidney, Nebraska, that transfers power between the eastern and western power grids. Because reliability is essential to superior customer service, RM dedicates more than half of its workforce to system maintenance.

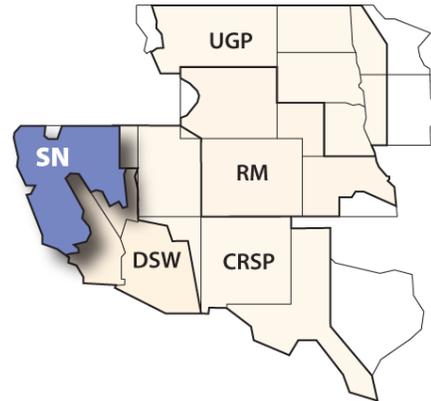


During FY 2013 RM substantially completed Phase 2 of the Lovell-to-Yellowtail 115-kilovolt (kV) transmission line rebuild, which involved reconstructing the portions of the two Lovell-Yellowtail 115-kV wood H-frame transmission lines located on private lands. The transmission line segments located on National Park Service lands were rebuilt in Phase 1, and the segments located on Crow Tribe lands will be completed in Phase 3. The project addresses the deteriorated condition of the lines and increases their capacity to allow each line to transfer the entire output of Yellowtail Power Plant, improving redundancy and reliability in the area.

RM also worked to improve communication in the region by installing fiber optic overhead ground wires on the Beaver Creek-Sandy 115-kV line (66 miles), Boyd-Valley 115-kV line (2 miles), and Craig-Hayden 230-kV line (27 miles). Finally, RM completed the replacement and upgrade of its office complex.

## SIERRA NEVADA

Sierra Nevada (SN) markets surplus hydroelectric power generated from the Bureau of Reclamation's Central Valley Project to 76 preference power customers in California including municipal public power utilities, irrigation districts, federal and state entities, Native American tribes, and rural electric cooperatives. In addition, power generated on a seasonal basis is marketed from Stampede Dam of the Washoe Project. SN operates and maintains a safe and reliable transmission system of 26 substations, 133 circuit breakers, and 949 miles of transmission line, including the 94-circuit-mile Malin-to-Round Mountain 500-kV transmission line, which is an integral part of the California-Oregon Intertie, and an interest in 84 circuit miles of the 500-kV Path 15 upgrade transmission line. In addition, Western is the operating agent for, and has an ownership interest in, the 350-circuit-mile, 500-kV California-Oregon Transmission Project. SN operates a sub-balancing area which is hosted by the Balancing Area of Northern California.



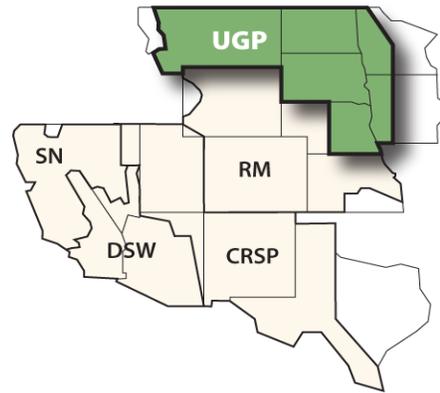
During FY 2013, SN and Headquarters legal and Power Marketing staff, working with their counterparts at DOE and the California Air Resources Board, successfully implemented cap and trade procedures according to California law for the region's purchase power program. According to the law, utilities importing power into California had to secure (either through purchase or an assignment) emission credits to be permitted to deliver the power into the state.

SN successfully deployed long-line maintenance technique to complete Cottonwood-to-Roseville transmission line maintenance activities. This maintenance technique, relatively new to Western, uses helicopters to move field crews, supplies, and equipment rapidly so that the transmission system can continue to be operated safely and reliably at comparatively lower cost than traditional methods, and with minimal environmental impact. Also, SN initiated the CVP Easement Improvement Program to ensure the continued safe and reliable operation of SN's transmission lines, particularly for lines crossing orchards. SN is upgrading easements and removing orchard trees within Western's transmission line rights of way.

Finally, SN awarded a \$4.5 million contract to initiate environmental impact studies for the proposed San Luis Transmission Project, which seeks to keep transmission costs low for Bureau of Reclamation water customers after a transmission contract with an existing transmission provider expires in early 2016.

## UPPER GREAT PLAINS

Upper Great Plains (UGP) markets more than 9 million megawatt-hours generated at eight dams and powerplants in the Pick-Sloan Missouri Basin Program—Eastern Division (Pick-Sloan) to more than 360 preference customers in Montana, North Dakota, South Dakota, Nebraska, Iowa, and Minnesota. This power is enough to serve more than 3 million households. UGP delivers this hydropower through more than 100 substations and across 7,800 miles of federal power lines in its 378,000 square-mile service territory. UGP’s preference customers include rural electric cooperatives, cities and towns, public utility districts, irrigation districts, state and federal agencies, and Native American tribes.



During FY 2013, UGP safely maintained and operated the system with no cascading outages and posted a total recordable case rate for safety incidents of 3.3, which is 11 percent below the industry average. UGP had a 0.9 lost time injury rate, which is 10 percent below the industry average.

Most importantly, this past year each and every evening all UGP employees have been able to go home to their families and friends as everyone came to work at the beginning of the day.

Following completion of the Pick-Sloan 2021 Power Marketing Initiative, UGP staff met with firm power customers and negotiated the framework for new contracts. As of November 15, 2013, UGP offered 162 Firm Electric Service contracts to preference customers with 140 of those contracts executed. In addition, UGP has completed 28 Interconnection Agreements and three Consolidated Facilities Arrangement contracts. These contracts serve as the template for about 40 remaining preference customers that require these agreements. Once completed, these contracts ensure power delivery to Pick-Sloan customers for the next 30 years, providing preference customers long-term stability.

Finally, on November 1, 2013, UGP announced a recommendation to enter negotiations to join Southwest Power Pool in the *Federal Register*. The notice also opened an informal comment period until December 16, 2013 to seek input from Western’s Customers, tribes, stakeholders, and the public on the recommendation, and UGP held a webinar and three public meetings in November to provide more information. About 108 individuals attended those meetings, and Western received written comments and questions from more than 200 entities and individuals. The majority of the comments were supportive of UGP’s recommendation, and Western decided to pursue negotiations to join SPP.

# CONCLUSION

For more than 36 years, Western employees have been dedicated to public service and the promotion of environmental stewardship, energy efficiency and renewable energy, as well as implementing new technologies to ensure the transmission system continues to be ready and available to meet the needs of those we serve.

As we look toward the future, Western wants to ensure the continued success of this historic legacy for a new generation of Americans. There is much change impacting Western and its Customers, and Western strives to maneuver itself through these changes for the benefit of Customers and employees through comprehensive and deliberate planning. By looking at strategic planning, asset management, sustainable funding, and human capital management, Western creates a big picture of critical assets that need to make the journey to the future together to ensure the success of Western. Western looks

forward to making this journey with its Customers and employees as we power the energy frontier for generations to come.



*“In order for Western to continue to provide premier power marketing and transmission services it will need to continue to invest in its employees and engage its Customers and stakeholders through mutually beneficial partnerships. Work in all these areas will contribute to strengthening Western’s ability to provide service to its Customers, ensure economic stability and security and participate in the new energy frontier.”—Mark Gabriel, Administrator, Intelligent Utility magazine, October 2013.*

