

CRITICAL PATHWAYS

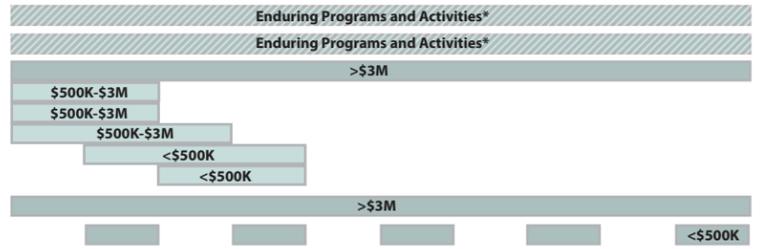
- **POWERING THE ENERGY FRONTIER:** Provide premier power and transmission services to our customers by applying business, technology and organizational excellence; building mutually beneficial partnerships; and enhancing the nation's economic security and stability.
- **EVOLUTION OF SERVICES:** Evolving 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.
- **MUTUALLY BENEFICIAL PARTNERSHIPS:** Building and sustaining productive relationships that enhance trust, operational effectiveness and business opportunities for all parties.
- **BUSINESS, TECHNOLOGY AND ORGANIZATIONAL EXCELLENCE:** Expanding on organizational excellence by applying knowledge, technology, innovation and engaging internal and external partners to optimize operational effectiveness.



STRATEGIC TARGET AREAS WORK SCOPE ESTIMATES

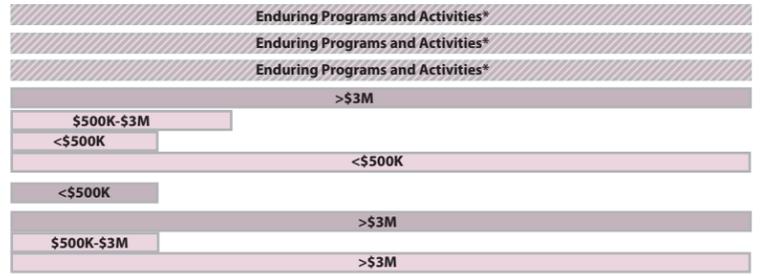
Power and Transmission Related Services - Protect and enhance the value of Western's power and transmission related services. (Pages 6-7)

- Required Remarketing and Rate Activities
- Transmission and OATT Marketing
- **PTS 1** Transmission and Rates Related Process Improvements
 - 1.1 Define and Implement Regulation and Reserve Levels for Balancing Authorities
 - 1.2 Review Transmission and Ancillary Services for Potential Standardizations and Methodology
 - 1.3 OASIS Consolidation
 - 1.4 Standardize and Document Transmission and Large Generator Interconnection Process
 - 1.5 Non-firm Re-directs Western-wide
- **PTS 2** Evaluate Participating in Energy Imbalance and/or Regional Transmission Organization Opportunities
- **PTS 3** Customer Services Development



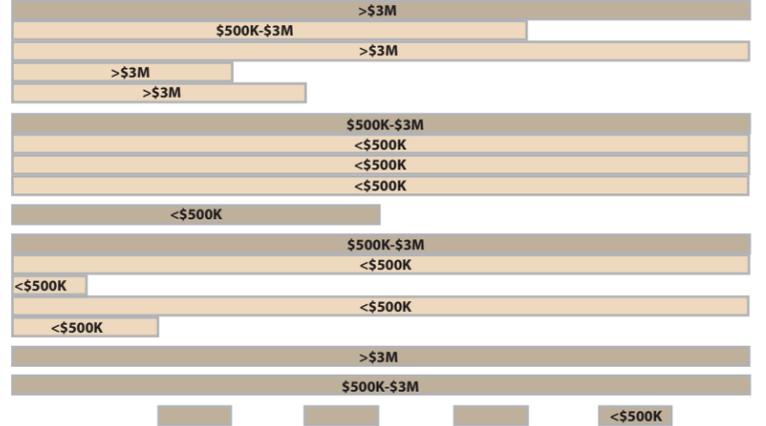
Energy Infrastructure - Provide reliable power and transmission to the customer. Facilitate a more resilient and flexible energy delivery system. (Pages 8-9)

- Existing Infrastructure Operations and Maintenance
- NERC/FERC Compliance
- Regional 10-year Plans - Added-Capacity Infrastructure Projects
- **EI 1** Regulatory and Compliance Optimization
 - 1.1 Critical Infrastructure Protection Version 5
 - 1.2 Develop Reliability Compliance Policy Statement
 - 1.3 Engage in Standards Development
- **EI 2** Transmission System Performance Measures
- **EI 3** New Construction, Equipment and Technology
 - 3.1 Synchrophasor Program
 - 3.2 Physical Security Enhancements



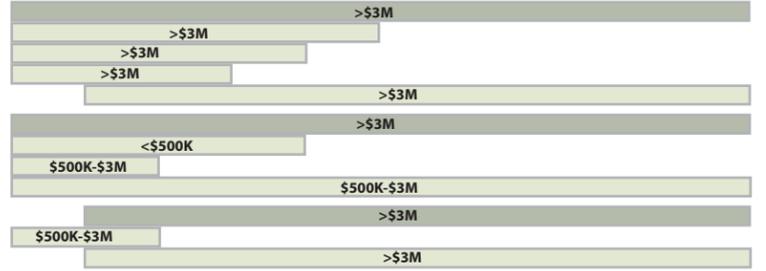
Partnership and Innovation - Leverage technological advances and industry partnerships to advance the energy infrastructure. (Pages 10-14)

- **P&I 1** Technology Roadmap (IT Strategic Plan)
 - 1.1 Enterprise Data Architecture
 - 1.2 Operational Technology
 - 1.3 System Improvements
 - 1.4 Value Creating Technologies
- **P&I 2** Partnership Structures
 - 2.1 Expand Existing Partnership Funding
 - 2.2 Partnership Structures and Options
 - 2.3 Functional Council Think Tank/Identify and Implement Operational Best Practices
- **P&I 3** Complete Operations Consolidation Implementation
- **P&I 4** Transmission Infrastructure Program Improvements
 - 4.1 Related Operating Funds, Collections and Reporting
 - 4.2 TIP Optimization (Infrastructure and Services to Customers)
 - 4.3 Construction/Program Management for Transmission Infrastructure Program
 - 4.4 Electrical District No. 5 — Palo Verde Hub Project
- **P&I 5** TIP Projects
- **P&I 6** Partnering to Test Emerging Technologies/DOE
- **P&I 7** Roadmap Refresh



Asset Management - Apply risk-based asset management practices to develop capital investment program needs while improving performance. Utilize Enterprise Risk Management principles to guide risk-based decision making. (Pages 15-17)

- **AM 1** Asset Management for Physical Assets
 - 1.1 AMPIP Data Population/Analysis/Reports
 - 1.2 Implement New Processes and Procedures
 - 1.3 Transmission Line and Substation Inspection Solution Projects
 - 1.4 Expand AM Program Categories
- **AM 2** Integrated Asset Management and Capital Budgeting
 - 2.1 Sustainable Funding Strategy
 - 2.2 Budget Formulation and Execution Process Improvement
 - 2.3 Cost Containment Review/Implementation
- **AM 3** Enterprise Risk Management
 - 3.1 Initial ERM Program Execution Process
 - 3.2 Mature ERM Process Through All Levels of Western



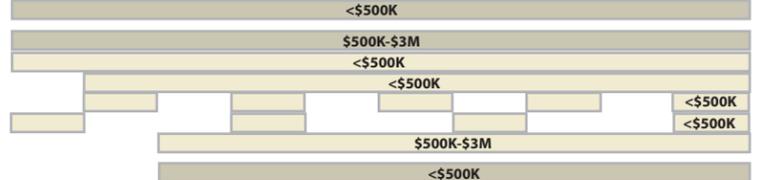
Safety and Security - Every employee demonstrates, through core values and personal responsibility, a commitment to safely perform their jobs and ensure workplace security. (Pages 18-19)

- **S&S 1** Continuous Improvement in Safety and Occupational Health
- **S&S 2** Zero Incident Program Evaluation
- **S&S 3** Cyber and Physical Security
 - 3.1 Cyber Security Assessment, Evaluation and Best Practice Implementation
 - 3.2 Physical Security Improvements, Transition and Roadmap
- **S&S 4** Emergency Management Program Review/Development



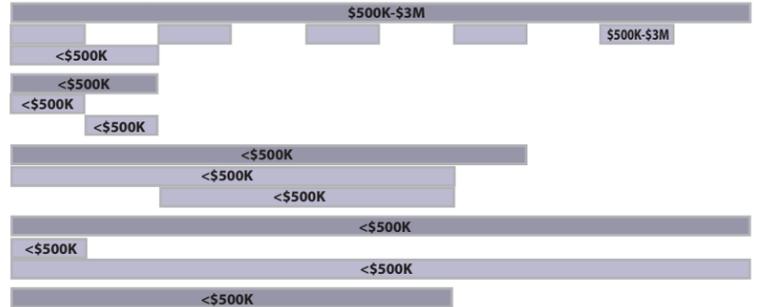
Communication - Engage internal and external stakeholders through purposeful exchange of ideas. (Pages 20-22)

- **CM 1** Communication Philosophy, Strategy and Framework
- **CM 2** Comprehensive Stakeholder Engagement and Communication Plan
 - 2.1 Contact Database
 - 2.2 Inventory (new & existing) and Prioritize Participation in Key Industry Organizations
 - 2.3 Periodic Market/Customer Research
 - 2.4 Research and Evaluate Enhanced Online Communication Tools
 - 2.5 Evaluate Additional Collaborative Groups
- **CM 3** Evaluate Customer Representative Approach



Human Capital Management and Organization Structure - Recruit, develop, and retain a diverse high-performing workforce. (Pages 23-25)

- **HCM 1** Organization/Structural Assessment and Enhancement (Includes Workforce Plan)
 - 1.1 Stop Doing Activity
 - 1.2 Western-wide Organizational Assessment and Governance Review/Optimization
- **HCM 2** Attracting Top Talent and Retaining Staff
 - 2.1 Leverage Flexibility/Alternative Incentives for Recruiting and Retention
 - 2.2 Integrate Diversity and Inclusion Plan with HCM
- **HCM 3** Workforce Training, Development and Succession Planning
 - 3.1 Employee Training and Development
 - 3.2 Organizational Development
- **HCM 4** Strategic Workforce Planning
 - 4.1 Workforce Plan
 - 4.2 Leadership Councils
- **HCM 5** Knowledge Management Systems and Tools Upgrade



Work scope range estimates

- <\$500K
- \$500K - \$3M
- >\$3M

* Costs included in annual budget requests