

STRATEGIC PLAN



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To Western employees

As Western begins its third decade, we face many challenges. We must respond to changes in the electric utility industry, government and Federal regulatory oversight. These are just three areas we must address and act upon to be an effective provider of cost-based hydropower across the western United States.

In charting our course, senior managers developed a plan that outlines how we will carry out our mission while meeting these challenges. This is our Strategic Plan.

As you review Western's FY 2000 Strategic Plan, I encourage each of you to analyze how your work contributes to achieving our goals and objectives. If the connection isn't clear, visit with your supervisor to find out how your work supports our plan. Or better yet, evaluate ways you can better support Western's direction.

We have accomplished much since developing our original plan in 1994. Personal and organizational building blocks, such as our core competencies and decision rules, were highlighted in our earlier plans. These have now become ingrained in our work practices and relationships, defining not only how we do business, but how we treat each other.

These building blocks are the foundation for our future success. Their essence is summed up by these four tenets:

- ◆ Treat each other with respect.
- ◆ Live up to your commitments.
- ◆ Take pride in what you do.
- ◆ Work as a team.

I expect everyone at Western to employ a fundamental business principle—produce quality work that meets customer needs on time and within budget. If we operate in accord with these tenets and follow this principle, we will make wise decisions that are in Western's and our customers' best interests.

The challenges we face are significant. They demand personal commitment, resources, talent, time and sound business decisions from each of us. Working together, we can become the premier power marketing and transmission organization that is my vision for our future.

Michael S. Hacskaylo
Michael S. Hacskaylo
Administrator

Vision

Western will be a premier power marketing and transmission organization.

Mission

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

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Planning Process

Development of Western's Strategic Plan was guided by our desire to maintain competitiveness in a dynamic electric utility industry. The plan gives employees and managers clear goals and strategies to accomplish our mission and fulfill commitments to power customers.

This is Western's third Strategic Plan. Early on, we made a commitment as an organization to develop

the tools to clearly set forth our goals, objectives and strategies. Each plan has helped us examine and refine our strategies for success.

We are confident that the goals and measures laid out in this document will lead to greater program results for the budget dollars expended and provide a basis for evaluating our need for future resources.



Key Assumptions

Several key assumptions were made in developing Western's Strategic Plan:

- ◆ The combination of appropriations and customer funding will adequately meet program funding requirements.
- ◆ Staffing levels will remain relatively constant in keeping with streamlining targets.

- ◆ Western's mission responsibilities, including the legal framework governing management of our programs and organization, will not change significantly.
- ◆ Our power management responsibilities will not increase or decrease significantly.

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- ◆ Western's cost of providing power and related services to our customers will not increase significantly as a result of legislation.
 - ◆ Our existing legal authorities provide us with sufficient flexibility to meet the demands of a changing electric utility industry.

Western's Strategic Plan covers FY 2000 through FY 2004. However, we regard an ongoing planning and review process as a requirement for success. We will revise the plan to reflect any significant changes at least every three years.



Strategic Goals and Objectives

Western developed three strategic goals and several objectives under each goal to explicitly define how we intend to accomplish our mission and eventually achieve our vision. These goals and objectives are supported by specific strategies and measurements, as well as an annual performance plan.

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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. Through a strong tradition of customer service, Western's first strategic goal is to remain wholly customer-oriented. We have listened to our customers and it is clear that they expect excellent service that will reinforce their ability to remain competitive in the evolving electric utility

industry. Our objectives under this goal are designed to meet or exceed their expectations; ensure we have adequate financial resources to meet those expectations; and leverage our business systems to improve productivity, product and service delivery, control our costs and rates, and meet repayment and cost recovery requirements.

Objective 1: Continue to manage our costs.

Strategy: Establish and meet rate targets for each project that are responsive to customer needs and cost-recovery requirements.

Measure: Actual rates relative to rate targets.

Strategy: Establish specific annual cost management goals.

Measure: Actual costs relative to cost targets.

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 that are sufficient to meet repayment and cost recovery requirements.

Measure: Variance of actual from planned principal payments to the U.S. Treasury.

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

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

Measure: Percentage of final congressional appropriations/funding authority received as compared to Western's original budget submittal to DOE.

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

Measure: Percentage of Western's program funded through alternative financing.

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

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

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

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

Measure: Maintenance standby and down time.

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

Measure: Planned vs. actual cost, schedule and performance.

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

Measure: Percentage of EMS and high priority corrective actions completed.

Strategy: Develop and implement security plans.

Measure: Number of security-related incidents and offenses.

PEOPLE GOAL

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

People are the foundation of our 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, we

must attract, retain and train our people to perform those activities that create the greatest value for our customers, ensure their personal safety and protect the interests of the Federal government.

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

Strategy: Establish specific annual safety goals.

Measure: Annual safety goals accomplishment.

Strategy: Continuously update and implement Western's Safety Action Plan to effectively integrate safety throughout the organization.

Measure: Annual safety goals accomplishment.

Strategy: Keep employees continuously aware of safety goals and practices.

Measure: Annual safety goals accomplishment.

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

Strategy: Use creative and innovative recruitment approaches to attract highly skilled candidates, especially those who add diversity to the work force.

Measure: Annual statistical results on hiring.

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

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

Measure: One-year satisfaction checks from employee and supervisor.

Objective 4: 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.

Measure: Annual feedback from employees as to whether they have the tools and training needed to do their jobs.

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

Measure: Number and total value of awards for process improvement activities.

Strategy: Enhance partnership relationships with Western's unions.

Measure: Periodic labor-management surveys.

Objective 5: Provide exemplary customer service.

Strategy: Ensure work groups establish and meet customer service standards that are appropriate to their functions.

Measure: Customer feedback on products and services.

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INDUSTRY GOAL

Promote competition and reliability in the evolving electric utility industry.

Western is the third largest owner of high-voltage transmission lines in the country. Our facilities stretch from the upper Midwest to the West Coast and southwest corner of the United States.

We are a key player in maintaining the reliability and stability of the nation's electrical transmission system. Open access on our transmission system supports the transition to a competitive

wholesale energy industry. System operation and maintenance are key to supporting our customers. Because we're interconnected to other systems, our activities can directly affect their stability.

Western does not have the responsibility to meet load growth in our service territory, nor to procure long-term generation resources.

Objective 1: Support industry reliability

Strategy: Meet or exceed national and regional operating criteria.

Measure: Number and total dollar value of North American Electric Reliability Organization, Western Systems Coordinating Council and Mid-Continent Area Power Pool compliance sanctions.

Strategy: Meet all national and regional reliability requirements for operations within allotted time.

Measure: Control area performance standards.

Objective 2: Support industry competitiveness

Strategy: Provide open access to our transmission system.

Measure: Number of adverse Section 211 decisions from the Federal Energy Regulatory Commission.

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

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

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

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

Measure: Operational capacity available each year.

Strategy: Help the Bureau of Reclamation and the U.S. Army Corps of Engineers secure alternative funding for power facility operations and maintenance and rehabilitation.

Measure: Total dollar value of alternative financing furnished to Reclamation and Corps annually, compared to their total power program financial requirements.

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

Strategy: Participate in national and regional transmission studies.

Measure: Self-evaluation of the impact Western has on the results of those industry committees that conduct studies on transmission proposals that could impact Western's power system.

Strategy: Reduce accountable outages.

Measure: Annual reliability bonus goal accomplishment.

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

Measure: Work program accomplishment as compared to the Maintenance Design and Construction Council's annual plan.

Plan Goals and Annual Performance

The three goals in this Strategic Plan set the framework for developing our Annual Performance Plan. Annual performance goals indicate progress toward achieving Strategic Plan goals. By relating budget requests to annual performance goals, Western can fully demonstrate to Congress how we intend to turn our resources into results. In the Annual Performance Plan, Western develops performance goals for the funds we are requesting and shows how reaching those goals will help us attain long-term results.

As such, Western's Annual Performance Plan describes the link between annual performance goals and the mission statement and strategic goals, day-to-day activities and budget programs. This connection

between performance goals and program offices helps to reinforce accountability and to ensure that, in day-to-day activities, we keep in mind the results our organizations and programs are striving to achieve.

Western's Annual Performance Plan identifies those areas/agencies where efforts should be closely coordinated, consolidated or streamlined, as appropriate, to ensure goals are consistent and program efforts are mutually reinforcing.

Western's performance plan identifies the coordination required to operate the Federal power program, defining performance goals that maximize the effectiveness and efficiency of agencies/activities involved.

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