



FY 2002
PERFORMANCE
PLAN
SUMMARY



FY 2002

Performance Plan

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FY 2002

Performance Plan

I. Introduction

This is Western Area Power Administration's 2002 performance plan, developed under guidelines of the Government Performance and Results Act. It outlines our key business strategies and the results Western will achieve to accomplish its mission in FY 2002. Western delivers electric power from Federal hydro-generation 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.

II. Western's Vision and Mission

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

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.

Vision

Western will be a premier power marketing and transmission organization.

Mission

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

III. Western's Strategic Plan

Western developed three strategic goals and several objectives under each goal to explicitly define how we intend to accomplish our mission and achieve our vision. These goals are supported by specific strategies and measurements.

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's customers expect exceptional 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.

IV. Key Results

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

Power Delivery – Western markets about 45 billion kilowatt-hours 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. We provide an important, stable component of their energy mix. They rely on it 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. Our 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 most of the western half of the United States. The vast majority of our 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 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, 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 \$8.4 billion of investment costs, of which about \$3.6 billion are associated with non power investment. About \$2.6 billion has been repaid to date. Western is well ahead of the requirement for allowable unpaid investment repayment. This demonstrates that Western's rates are designed appropriately and is a key result for Western.

V. The FY 2002 Performance Plan

This plan describes the link between annual performance goals and Western’s three strategic goals. This connection helps to reinforce accountability

and ensure that in day-to-day activities, we keep in mind the results our organizations and programs are striving to achieve.

1. PRODUCTS AND SERVICES GOAL

Objective 1.1 – Continue to manage our costs.

Strategy 1.1.1: 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.

Rate Management

The volatility and increasing market orientation of the electric utility industry have made competitive rates more critical. In particular, the viability of our 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 Our customers remain competitive while returning annual costs and repayment of investment to the Treasury and (2) expenditures at or below the targeted program direction budget which, in-turn, result in better managed rates.

In November 1997, Western established target firm power rates for its principal rate setting projects. Those targets and the actual rates are shown in Table 1 below.

Table 1: Comparison of Actual Rates to Rate Target¹

Project	5-Year Target	1998	1999	2000	2001	2002 Target
Pick-Sloan Missouri Basin Program	14.54	14.54	14.54	14.54	14.54	14.54
Loveland Area Projects	21.70	21.70	21.70	21.70	21.70	21.7
Salt Lake City Integrated Projects	20.17	17.57	17.57	17.57	17.57	17.57
Parker-Davis Project	5.07 ²	5.04	5.04	7.63	2.97 ³ /5.45 ⁴	2.57 ³ /5.04 ⁴
Boulder Canyon Project	8.82	8.51	9.43	8.89	9.75	10.32
Central Valley Project	20.95	20.95	19.31	19.31	20.085 ⁵	23.83 ⁶

1 All rates are quoted in mills/kilowatt-hour (kWh). All rates are as of Oct. 1 of the fiscal year.

2 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.

3-Firm power rate without firm transmission

4-Firm power rate with firm transmission.

5 CVP rate adjustment became effective April 1, 2001.

6 See CVP rate discussion in performance plan.

FY 2002 Performance Targets – 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 interim approval and the Federal Energy Regulatory Commission for confirmation.

Purchase power costs have affected the Central Valley Project’s ability to meet the established rate target. The foundation of the CVP power resources is the generation from the hydroelectric facilities of the CVP. However, power generation from the CVP powerplants is not sufficient at all times to support the customer load. Therefore, we

supplement CVP generation by power purchased from other resources. The CVP purchase power expenses have increased from previous years’ levels, due to an increase in firm power sales and higher market prices.

FY 2002 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.

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.
- Repayment of some older projects—Historic investment for a few older projects have been completely paid off.
- No distribution expenses—Western is a wholesale power provider.
- No profit motive—Western’s firm power rates are cost-based with no profit or shareholder return motive.

Objective 1.1 – Continue to manage our costs.

Strategy 1.1.2: Establish specific annual cost measurement goals.

Measure: Actual costs relative to cost targets.

Cost Management

FY 2002 Performance Target – For FY 2002, the cost management performance target is \$141,889,968. (5 percent under budget for program direction) Western’s 2000 and 2001 results, and the 2002 cost management target, are shown in Table 2 below.

FY 2002 Cost Management Strategy – 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.

Table 2: Cost Management Results and Target

	2000	2001	2002 Target
Cost Target	\$ 134,070,300	\$ 134,549,025	\$141,889,968
Actual Results	\$ 132,043,421	\$138,370,154	-
% under/over	-1.5%	+2.8%	-

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, travel and related costs. In addition, funds for support services contracts must be included within program direction.

Objective 1.2 – Continue to repay the Federal investment within the time frames established by law and regulations.

Strategy 1.2.1: Manage power delivery costs, establishing rates for each project sufficient to meet repayment/cost recovery requirements.

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

Repayment of Federal Investment

Western establishes its rates based on standards in Department of Energy Order RA6120.2. Each year, Western runs a final **power repayment study** on each ratesetting project. 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 projected costs. 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.

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.

FY 2002 Performance Target – Actual repayment depends on a number of factors, not the least of which is hydrology—that is the “fuel” that drives generation. We are in the process of determining our FY2002 repayment target, giving consideration to current hydrologic conditions.

FY 2002 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 2002.

Objective 1.3: Secure adequate funding to accomplish our mission, goals and objectives.

Strategy 1.3.1: Prepare a well-justified and documented annual budget request.

Measure: Percentage of final congressionally approved program received as compared with Western's original budget submittal to DOE

Funding

FY 2002/FY 2003 Funding Target – To achieve our desired results, we must secure adequate budgetary resources (appropriations and spending authority) to carry out our strategic plan. However, Western is continuously under pressure to reduce our 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. The **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 that are not covered by appropriations or other funding authority (e.g., revolving funds). The importance of this objective cannot be understated since financial resources, as human and physical resources, underpin Western's ability to

deliver results.

Although this performance plan is for FY 2002, the actual outcome of Western's appropriation request was realized in FY 2002 with the passage of the Energy and Water Appropriations Act of 2002. Because of the budget cycle, Western's critical performance during FY 2002 includes preparation of a well justified request to be incorporated in the President's FY 2003 budget and initial formulation of FY 2004 needs.

Results of Western's FY 2002 budget process and the appropriations performance target for FY 2003 budget request are outlined in table 3 below:

FY 2002 Appropriations Strategy – Western will continue to prepare a quality congressional budget request to be incorporated into the President's FY 2003 budget. Western will also respond to budget examiners, fully answer their questions and defend its budget.

Table 3: Results of Western's FY 2002 Budget and Target Budget Request for FY 2003 (all figures in \$000s)

<i>Fund</i>	<i>FY-2000 Request</i>	<i>FY 2002 Enacted</i>	<i>FY2003 Request</i>
<i>Program Direction</i>	\$114,378	\$109,378	\$127,657
<i>O&M</i>	\$37,796	\$37,796	\$42,523
<i>C&R</i>	\$25,548	\$18,764	\$8,820
<i>PP&W</i>	\$84,784	\$186,124	\$215,185
<i>Utah</i>	\$6,092	\$6,000	\$0
<i>Total</i>	\$268,598	\$358,062	\$394,185
<i>Prior year balance use</i>		\$0	-\$ 3,000
<i>Offsetting Collections</i>	-\$84,784	-\$186,124	-\$215,185
<i>Total Budget Authority Request</i>	\$183,814	\$171,938	\$176,000

Objective 1.3: Secure adequate funding to accomplish our mission, goals and objectives.

Strategy 1.3.2: Work with customers and resource agencies to maintain or enhance alternative financing methods.

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

FY 2002 Alternative Financing Performance

Target – We anticipate several categories of alternative financing. Western’s FY 2002 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 2002, Western’s targeted alternative funding mix is displayed in Table 4 below.

Table 4: Alternative Financing Targets for FY 2002

<i>Financing Mechanism</i>	<i>Amount (000)</i>
<i>Net billing, bill crediting and non-Federal reimbursable</i>	<i>\$179,980</i>
<i>Reimbursable, Federal contract loads</i>	<i>\$19,400</i>
<i>Off-setting collections</i>	<i>\$186,124</i>
<i>Total alternative financing</i>	<i>\$385,504</i>

FY 2002 Alternative Financing Strategy

Strategy – Net billing, bill crediting and non-Federal reimbursable financing are dominated by contractual arrangements in the Pick-Sloan Missouri Basin Program and in the Central Valley Project. Net billing is a two-way agreement between Western and a customer whereby both buy and sell power to each other. Monthly sales are netted out and the customer is provided an invoice or a credit on the next power bill. Bill crediting involves a three-way arrangement among Western, a Western customer and a third-party supplier. Western may purchase power from the third-party supplier, deliver it to the customer, and the customer will pay the third party supplier and receive a credit on its bill from

Western. 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.

All of the above target financing figures are derived from analysts’ estimates of power marketing (sales), power purchases (costs) and existing contractual arrangements. Western’s strategy is to use its existing contractual arrangements and appropriation authority to secure alternative financing for its programs.

Objective 1.4: Continuously improve our business systems and follow sound business practices.

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

Strategy 1.4.1: Leverage the capabilities of business systems to achieve functional efficiencies and process improvements.

Measure: 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. 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 maintenance management system. Together, they are called 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.

Designing, configuring, linking and implementing these systems was a time-consuming, stressful experience for Western. During FY 2001, we made great strides in resolving issues that had created difficulties for the staff. Audits for FY 1999 and FY 2000 were completed, and unqualified opinions are expected on both. MAXIMO users documented their business rules and BIDSS users are working on documenting theirs. Customer

surveys helped pinpoint areas of concern and these issues have become integral parts of the upgrade efforts that began in FY 2001 and will continue through FY 2003.

FY 2002 Performance Target – Western took into consideration customer feedback from the FY 2001 surveys and determined that FY 2002 would focus on efforts outlined below. We discontinued surveys in the last quarter of FY 2001 and redirected efforts toward the upgrade processes. Once we complete the upgrades, we will decide whether the surveys will continue and in what format.

- We developed a MAXIMO training curriculum during FY 2001 and delivered training sessions to users participating in the upgrade. Training for all MAXIMO users was developed during FY 2001 and will be delivered during FY 2002. All training sessions will center on the upgraded MAXIMO application.
- The BIDSS community concentrated on completing major audit efforts during FY 2001. As a result, training sessions were keyed to in-house technical staff through structured knowledge transfer sessions. During FY 2002, training on Oracle Federal Financials 11i will be developed and delivered.
- Both the BIDSS and MAXIMO upgrade efforts in FY 2002 will incorporate more automated configuration management tools. This starts with the implementation of PVCS Dimension in the first quarter of FY 2002, beginning the establishment of a baseline for Service Level Management tools.

FY 2002 Business Systems Strategy –

Western’s strategy is to leverage the capabilities of business systems to achieve functional efficiencies and process improvements. For FY 2002, this strategy focuses on these activities:

- **Migration to Upgrade Versions of Oracle and MAXIMO.** The initial upgrade of MAXIMO began during FY 2001 and will be completed in January 2002. MAXIMO will then be at version 4.0.3. The BIDSS upgrade to version 11i will begin in January 2002 and the upgrade of MAXIMO 5i will begin the last half of FY 2002. Both systems will be upgraded to their respective Internet versions by Oct. 1, 2003.
- **Training and Documentation:** Survey responses indicated users of both major applications believe training and documentation are not yet adequate. As these indicators did not change substantially during the survey period, we decided to make process documentation and training manuals an integral part of each upgrade project. Teams are and will be developed to address these two inter-
- related issues and to serve as part of the upgrades “gap” analysis effort.
- **Reports Development:** A Reports Coordinator was hired during the last quarter of FY 2001. The coordinator is developing a Reports Catalog, which will eventually be available on Western’s internal Web site. This catalog will allow users to find an existing report to help them in their work or to find a report that can be modified to meet new needs. A linkage between the Reports Catalog and MAXIMO “crib sheets” is being incorporated into the basic document. Work is under way for the Catalog to incorporate BIDSS reports and process documentation.
- **MAXIMO and BIDSS Integration:** Several interfaces between these two systems remain issues that require better coordination. As a result, the upgrade effort will take into consideration several business process re-engineering efforts. Two of these efforts are to take a new look at the Purchasing modules interface and the Project Accounting interface.

Objective 1.4: Continuously improve our business systems and follow sound business practices.

Strategy 1.4.2: Fully use MAXIMO for maintenance planning, inventory control and to establish a comprehensive maintenance database for preventive maintenance.

Measure: Ratio of direct work hours to total work hours and repair work percentage.

Maintenance Effectiveness

Western uses the MAXIMO computerized maintenance management system to track costs, equipment maintenance history, inventory management and performance reporting for its high-voltage transmission lines and associated equipment. MAXIMO is a work order-based system that integrates maintenance activities directly with finance and warehouse functions. MAXIMO can help users develop maintenance effectiveness indicators by examining the distribution of labor hours

against various work types.

One desired result of Western’s maintenance program is maximizing the direct (hands-on) work on power system equipment by maintenance personnel while controlling 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 ties directly to the cost management objective.

A second desired result is minimizing unanticipated repair work. Repair work is defined as any labor devoted to emergency work or any other unanticipated equipment failures. Although some emergency work is weather-related and beyond our control, unanticipated repair work is always undesirable and something to be minimized by keeping equipment in good repair. This ties to the reliability objective.

FY 2002 Performance Targets – The average Direct Work ratio for FY 2000 and 2001 was 65.6 percent for the maintenance crews. The target for 2002 is 67 percent. No optimal ratio has been determined yet, but we will use these results and future data to evaluate the drivers behind these ratios and find opportunities to achieve a reasonable balance

between direct and indirect work hours.

The percentage of repair work has decreased over the last two years. We anticipate further reductions as Western fully implements its Reliability Centered Maintenance program. The target for 2002 is 16 percent.

FY 2002 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.

Maintenance direct work hours

Year	2000	2001	2002 Target
Crew Direct Work	65.5	65.7	67
Repair Work	20.0	18.2	16

Objective 1.4: Continuously improve our business systems and follow sound business practices.

Strategy 1.4.3: Rigorously use project management principles and practices throughout Western.

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

Project Management

FY 2002 performance target projects that come in on time, within budget and meet the expectations of the internal or external customers.

FY 2002 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 1.4: Continuously improve our business systems and follow sound business practices.

Strategy 1.4.4: Develop written environmental management system documentation.

Measure: Percentage of Environmental Management System documentation completed.

Environmental Management

Western owns and has rights to significant land resources on which its facilities are located. In the course of 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 program has kept Western free from violations and fines for more than 10 years.

FY 2002 Performance Targets – Western environmental staff, in cooperation with other affected and contributing offices, will demonstrate completion of no less than 25 percent (26 of 105) of all corrective actions identified during self assessments.

Additionally, comprehensive goals for implementation, adequacy and effectiveness of

Western's environmental program are built into its performance measures phase. Western will develop a baseline in FY 2002 for its accomplishments in four target areas:

- a) Protect the environment
- b) Achieve and maintain compliance
- c) Protect the generation resource
- d) Use sound business practices

FY 2002 Environmental Management

Strategy – Western's recently developed performance measures will be reported annually beginning November 2002. The EMS and several of its components are now available on Western's external Web site:

<http://www.wapa.gov/cso/officefun/env/env.htm>. The Web site will be updated and enhanced to ensure current information is available to employees and the public.

Western will also work on corrective actions identified in the recently completed environmental program self assessments.

Objective 1.4: Continuously improve our business systems and follow sound business practices.

Strategy 1.4.5 Develop and implement security plans.

Measure: 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.

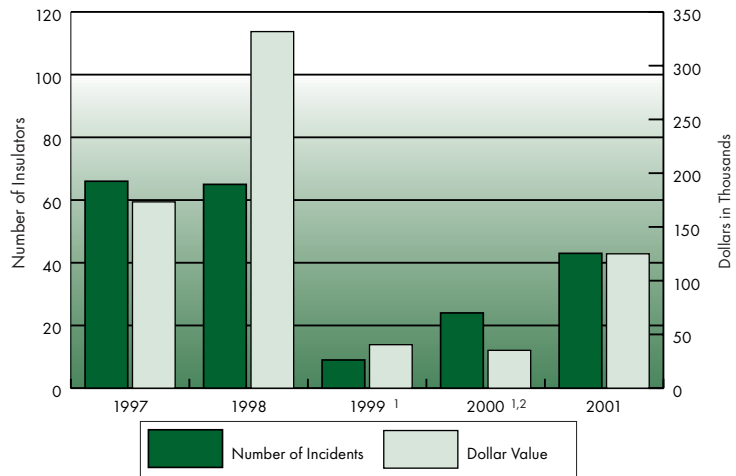
Physical Security – Desired results are maximum protection of our employees from threats and violence, and preservation of the integrity of our physical assets.

Primary security violations are theft, breaking and entering and vandalism, particularly the use of transmission line insulators for "target practice." Figures 1-3 show the number and dollar value of these types of incidents.

FY 2002 Performance

Target – Western will maintain or lower the number of incidents and dollar losses during FY 2002.

Figure 1–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.

Figure 2–Security Incidents: Vandalism

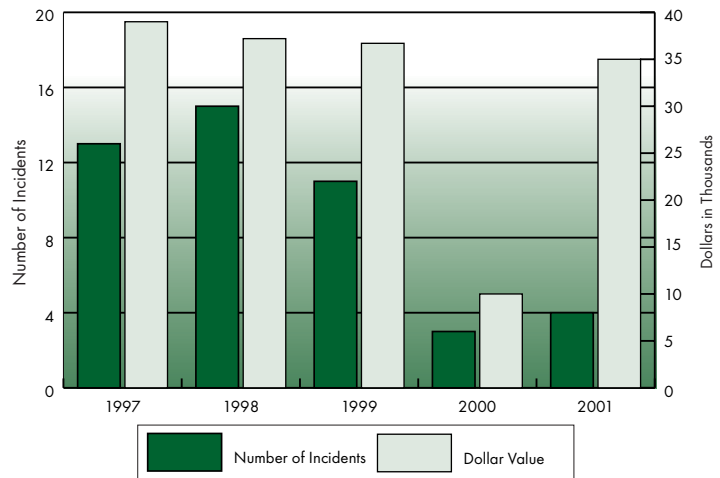
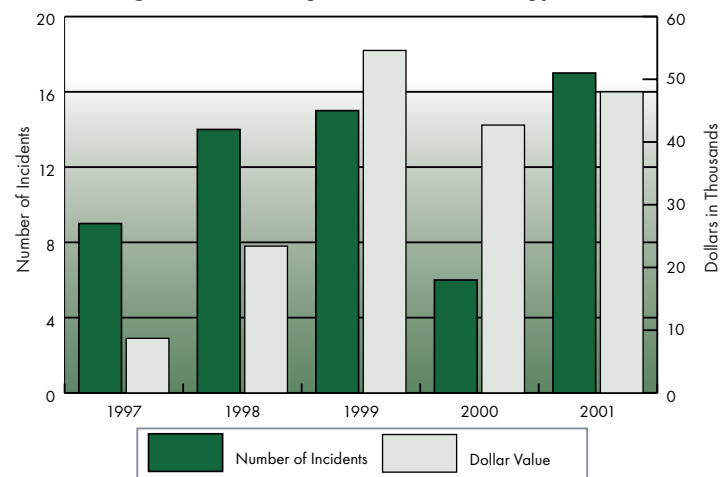


Figure 3–Security Incidents: Larceny/Theft



FY 2002 Strategy – Western has been granted the authority to pay rewards for information concerning crimes against government property. Western will join Bonneville Power Administration, the Bureau of Reclamation, and the Army Corps of Engineers in their existing Crime Witness Program. This program is an aggressive, neighborhood watch-type crime deterrence effort. Anyone who witnesses or suspects that a crime has been committed against Western’s property can call a toll-free hot line. Cash rewards will be offered for information leading to the arrest and conviction of perpetrators. Since the inception of the program, more than \$3 million has been recovered in restitution.

Western is taking a critical look at its infrastructure in the context of security, emergency preparedness and vulnerabilities. Emergency Preparedness Plans will be reviewed to ensure they include measures for continuation of transmission system operations. The effort will be coordinated among all key business units.

Cyber Security:

FY 2002 Performance Target – Western will implement a Cyber Security and Network Infrastructure Architecture and update its Cyber Security Program Plan to improve Cyber Security and increase network reliability and performance.

Strategy – Western will establish an “As-Built” inventory of its Cyber Security and Network Infrastructure. We will then use a risk assessment and best industry practices to develop a target Cyber Security and Network Infrastructure architecture. An implementation plan will be developed and executed to move Western’s technical and control infrastructure from the current “As-Built” state toward the architectural goal.

FY 2002 Performance Target – Western will increase the security of its mission-critical SCADA/AGC systems by completing both Cyber Security Internal and Peer Reviews of the systems and correcting any vulnerabilities identified.

Strategy – Western will follow the highly successful Peer Review methodology that was utilized last year on the GISRA review of Rocky Mountain Region’s SCADA/AGC system to perform Peer Reviews of SCADA/AGC systems at its other three Regions. Any Cyber Security vulnerabilities identified will be tracked and corrected through the use of Corrective Action Plans. Prior to each Peer Review, each Region will conduct a Cyber Security Self-Assessment of their SCADA/AGC systems utilizing NIST 800-26 guidance. Self-Assessments will be completed on an annual basis in the future, allowing measurement of Cyber Security improvements utilizing the NIST Cyber Security Maturity Model.

2. PEOPLE GOAL

Objective 2.1: Ensure everyone at Western is aware of, committed to, and has the tools to work safely.

Strategies:

2.1.1 Establish specific annual safety goals.

2.1.2 Continuously update and implement Western’s Safety Action Plan to effectively integrate safety throughout the organization.

2.1.3 Keep employees continuously aware of safety goals and practices.

Measure: 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 the total number of recordable injuries, number of lost workdays, and number of recordable motor vehicle accidents as performance measures. See figures 4-6 for the past 5 years of safety data.

Western also measures itself against the Bureau of Labor statistics recordable injury rates. See table 5 below:

Figure 4—Recordable Injuries

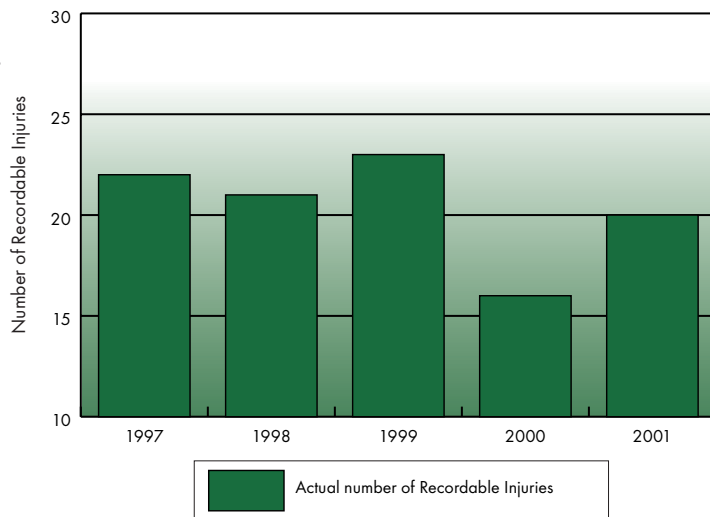


Figure 5—Lost or Restricted Work Days



Figure 6—Motor Vehicle Accidents

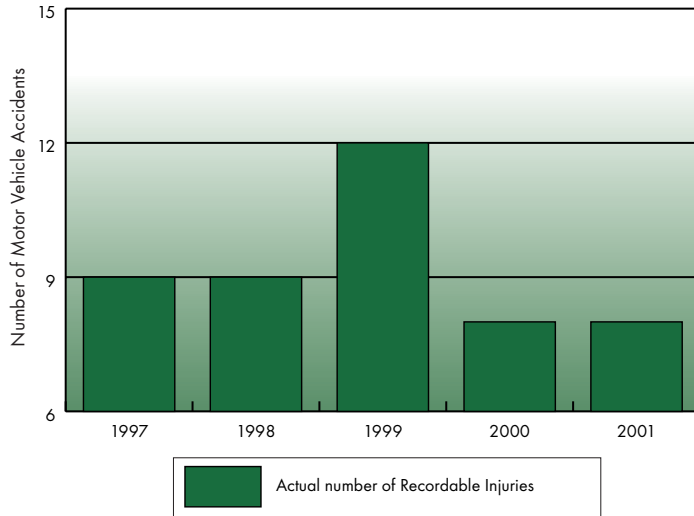


Table 5: Recordable Injury Rates

Year	1997	1998	1999	2000	2001
Industry Rate	5.7	5.1	4.9	4.8	N/A
Western Rate	1.9	1.7	2.4	1.9	1.7

Table 6: Year 2002 Safety Targets

Recordable Injuries	16 or fewer
Lost Workdays	160 or fewer
Motor Vehicle Accidents	8 or fewer

FY 2002 Performance Targets – The safety targets are shown in Table 6 above.

FY 2002 Safety Strategies – Western will

employ the strategies identified above and will actively promote safety consciousness within the workplace during FY 2002.

Objective 2.2: Attract a diverse, well-qualified pool of applicants.

Strategy 2.2.1: Use creative and innovative recruitment approaches that will enable us to attract highly skilled candidates, especially those that add diversity to the workforce.

Measure: Annual statistical results on hiring.

Hiring and Diversity

FY 2002 Performance Target – Table 7 below shows Western’s diversity mix in FY 2000 and 2001. Minorities make up almost 15 percent of the workforce. Western anticipates increased opportunities to recruit and select applicants from a more diverse pool of candidates. The goal is to increase the representation of the diversity employment profile for underrepresented groups.

FY 2002 Hiring and Diversity Strategy –

Western’s overall strategy is to “use creative and innovative recruitment approaches that will enable us to attract highly skilled candidates that add diversity to the workforce.” We are participating in a pilot program that uses the automated recruitment software “Quick Hire.” Using this system, Western distributes vacancy announcements to a list of colleges, universities and organizations that target underrepresented populations.

Table 7: Hiring and Diversity Status

									Total Minorities		Total Employees		
	AAM	AAF	AIM	AIF	BM	BF	HM	HF	Male	Female	NMM	NMF	
<i>FY 2000</i>													
<i>Base</i>	27	17	23	4	13	12	53	39	116	72	825	285	1298
<i>Percent of total workforce</i>	2.1	1.3	1.8	.3	1.0	.9	4.0	3.0	8.9	5.5	63.6	22.0	
<i>FY 2001</i>													
<i>Base</i>	24	16	25	5	13	13	60	38	122	72	836	279	1309
<i>Percent of total workforce</i>	1.8	1.2	1.9	.4	1.0	1.0	4.6	2.9	9.3	5.5	63.9	21.3	

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

Objective 2.3: Select individuals whose technical abilities, competencies and personal goals best match the job and organizational objectives.

Strategy 2.3.1: Selecting officials use such tools as panel interviews, background checks and other effective hiring techniques.

Measure: Annual satisfaction checks from employee and supervisor.

Job Match

FY 2002 Performance Target – Western will assess and improve the effectiveness of the hiring/selection process presently used in Western.

FY 2002 Workplace Strategy – Western will

conduct a survey that measures the effectiveness of the hiring process. Workgroups of employees and managers will analyze the survey data and develop appropriate improvements in the workplace environment.

Objective 2.4: Develop and retain a highly skilled, motivated, customer-focused workforce.

Strategy 2.4.1: 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 to do their work.

Workforce Development

FY 2002 Performance Target – Western will conduct a Westernwide employee survey that will include questions on opportunities to grow and learn in Western.

FY 2002 Workforce Development Strategy – Workgroups will be established as appropriate to review the survey data and develop action plans to improve learning opportunities in Western.

Objective 2.4: Develop and retain a highly skilled, motivated, customer-focused workforce.

Strategy 2.4.2: Provide incentives to employees for evaluating and improving their work processes.

Measure: Number of and total value of monetary achievement/suggestion awards for process improvement activities.

Employee incentives

FY 2002 Performance Target – Increase by 10 percent over 2001 the number and total amount of awards to employees for process improvement.

FY 2002 Process Improvement Strategy –

Western will inform employees that awards are available for process improvement ideas. Existing award program will be revised with streamlined procedures for submitting, reviewing and adopting process improvements.

Objective 2.4: Develop and retain a highly skilled, motivated, customer-focused workforce.

Strategy 2.4.3: Enhance partnership relationships with Western unions.

Measure: Qualitative assessment indicates an increase in issues resolved informally through partnership or other informal processes.

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 management and union officials negotiate agreements and collaborate on policies and 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.

FY 2002 Performance Target – A 20-percent decrease in the use of third-party processes, such as institutional grievances or unfair labor practices charges.

FY 2002 Union Relationships Strategy

For AFGE:

- Continue to participate with AFGE in the

Westernwide Partnership Council and regional partnership councils throughout Western.

- Publicize achievements of the Western Partnership Council in the Closed Circuit.
- Refine procedures for AFGE to have pre-decisional input into management decisions.
- Continue activities that support the DOE-wide partnership efforts.

For IBEW:

- Hold bi-annual meetings with IBEW.
- Refine procedures for IBEW to have for pre-decisional input into management decisions.
- Hold quarterly shop steward meetings in the regions.
- Keep IBEW involved in DOE-wide partnership efforts.

Objective 2.5: Develop and retain a highly skilled, motivated, customer-focused workforce.

Strategy: 2.5.1 Establish and meet customer service standards appropriate to functions.

Measure: Customer feedback on products and services.

Customer Service

FY 2002 Performance Target – Implement changes in service based on results of 2001 customer satisfaction survey.

FY 2002 Customer Service Strategy – During FY 2002, Western’s triennial customer survey data will be reviewed and appropriate action initiated to correct any deficiencies.

3. INDUSTRY GOAL

Objective 3.1: Support industry reliability.

Strategy 3.1.1: Meet or exceed national and regional operating criteria.

Measure: 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 noncompliance. 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 2002 Performance Target – The FY 2002 performance target is for sanctions, both number and dollar value, to be less than the average number and value for the signatory participants of the WSCC Reliability Management System.

FY 2002 Operating Criteria Compliance Strategy:

- Maintain high level of operating availability of Supervisory Control and Data Acquisition/Energy Management System (SCADA/EMS) systems in Western control centers.
- Insure that all operating shifts are staffed by North American Electric Reliability Council- and WSCC-certified dispatchers.
- Review operating violations and immediately implement corrective actions.

Objective 3.1: Support industry reliability.

Strategy 3.1.2: Meet all national and regional reporting requirements for operations within allotted time.

Measure: Control area performance standards.

Control Area Compliance

NERC establishes real-time control area standards for member organizations. Those criteria are:

- Control Performance Standard I -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 2002 Performance Target – The FY 2002 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 2002 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.

Objective 3.2: Support industry competitiveness.

Strategy 3.2.1: Provide open access to Western’s transmission system.

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

Open Access Transmission

Under the Federal Power Act, as amended, the FERC has authority to order utilities to provide nondiscriminatory 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 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 of the Federal Power Act. 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 2002 Performance Target – The performance target for FY 2002 is zero Section 211 adverse rulings.

FY 2002 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 3.2: Support industry competitiveness.

Strategy 3.2.2: Encourage 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.

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 2002 Performance Target – This measurement is in a baseline development mode and performance targets will be established during FY 2002.

FY 2002 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.

Objective 3.3: Support industry competitiveness.

Strategy 3.3.1: Participate in decision-making processes with natural resource agencies and others whose decisions affect hydropower generation.

Measure: 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 hydrogenera-

tion capacity is curtailed. The desired result is to preserve operational capacity to benefit Western’s customers and the environment.

FY 2002 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 3.3: Support industry competitiveness.

Strategy 3.3.2: Help Reclamation and the Corps secure alternative funding for power facility operation and maintenance and rehabilitation.

Measure: 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 2002 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 3.4: Ensure long-term transmission system reliability and availability.

Strategy 3.4.1: Participate in national and regional reliability/transmission organizations and transmission studies.

Measure: 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**

Due to the interconnected nature of 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 to 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 2002 Performance Target: Table 8 below outlines Western's participation in transmission system studies which remains at a very high level.

Table 8: Transmission System Studies with Western Participation as of Oct. 1, 2001

<i>Study Focus</i>	<i>Western Participation Level</i>		
	<i>High</i>	<i>Medium</i>	<i>Low</i>
<i>System Impact</i>	12	1	
<i>Regional</i>	26	5	
<i>Local</i>	4		2
<i>Interconnection</i>	19	3	
<i>Generator Interconnection</i>	22		
<i>Capacity Upgrade</i>	1		
<i>Capacity Determination</i>	1		
<i>Power Quality</i>	1		
<i>WSCC Support</i>	8		
<i>Transmission Upgrade</i>	4		
<i>Transmission Sales</i>	1		
<i>Transmission Maintenance</i>	Numerous		
<i>Transmission Planning</i>	2		
<i>Project Support</i>	4		
<i>Reliability</i>	3		

FY 2002 Transmission Studies Strategy:

Reliability of the interconnected systems became a significant issue following the New York blackout of 1965 and resulted in the establishment of NERC 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 in the future and reflect a

wider range of industry participants.

Western is very active at NERC, WSCC and the Mid-Continent Area Power Pool 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 on study committees will increase.

Objective 3.4: Ensure long-term transmission system reliability and availability.

Strategy 3.4.2: Reduce accountable outages.

Measure: 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 2001 was to reduce the three-year rolling average (1998-2000) of 38.3 accountable outages by 30 percent to 27 or fewer accountable outages to achieve the 100 percent payout level for the bonus. The actual FY 2001 results were a total

of 28 accountable outages. Thus, we didn’t quite achieve the 100-percent payout level. We did meet the goal for the 50-percent payout.

For FY 2001, Western observed an increase in errors involving commissioning of new facilities. This is due in part to the numerous system improvements being made to accommodate interconnection of new merchant generating plants brought by industry deregulation.

FY 2002 Performance Target: The FY 2002 target is 26 or fewer accountable outages.

FY 2002 Accountable Outage Strategy:

Western’s general strategy is underpinned by quality maintenance and operation practices. For FY 2002, detailed records and assessments will be kept on the causes of accountable outages.

Objective 3.4: Ensure long-term transmission system reliability and availability.

Strategy 3.4.3: Accomplish all scheduled construction and rehabilitation work for the year, after responding to unscheduled events that impact system reliability or require compliance with industry-driven orders, such as those established by FERC.

Measure: All deviations in the scheduled construction and rehabilitation work listed in the MDCC Annual Review Team Plan result from unscheduled events that impact system reliability or require compliance with industry-driven orders, such as those established by FERC.

Construction and Rehabilitation

Over the past 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.

FY 2002 Performance Target – 95 percent of unscheduled work will be based on reliability issues or industry-driven orders.

FY 2002 Construction and Rehabilitation Program Strategy

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

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

Western approaches linking long-term goals with day-to-day activities through the use of two internal strategies: 1) Several years ago, Western established a strategic all-employee bonus goals program tie to three of Western’s critical performance goals. 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 2001, Western achieved 100 percent payout level of the Recordable Motor Vehicle Accident portion of the Safety goal and the 50 percent payment level for the Reliability goal. In FY 2002, the goals are listed in Table 9.

Table 9: FY 2002 Bonus Goals

	Goal for 100% payout FY 2002	Goal for 50% payout FY 2002
<i>Recordable Injuries</i>		
<i>Injuries</i>	16 or fewer	19 or fewer
<i>Lost Work Day</i>	160 or fewer	225 or fewer
<i>Motor Vehicle Accidents</i>	8 or fewer	10 or fewer
<i>Cost Containment</i>		
<i>Program Direction Cost</i>	\$141.9 million or less	\$144.9 million or less
<i>Reliability</i>		
<i>Accountable Outages</i>	26 or fewer	29 or fewer

2) 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 sen-

ior manager is accountable for each year. In turn, the senior managers have performance agreements with their direct reports. This process cascades through Western.

VII. 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.

As the owner and operator of the nation’s third largest high voltage transmission system, Western is a significant player in the West’s electric energy grid. Through our three control areas, we influence not only transmission but also power scheduling and marketing. Our ability to work with our customers to reduce or reschedule their loads during peak periods is of critical importance.

In 2001 the turmoil in the marketplace resulted in soaring wholesale power costs which impacted our entire service area. Collectively our purchase power and wheeling programs costs were significantly

impacted. To meet this challenge, Western will be working with the DOE and OMB staff and our customers to seeking creative funding mechanisms.

VIII. Strategic Response to Internal Challenges

Employee Development

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.

Western also owns and operates the Electric Power Training Center (EPTC). The EPTC offers a variety of training courses, both technical and non-technical, on all aspects of power system operations. As a result, existing as well as new administrative employees are gaining a better understanding of the electric utility business and issues facing Western. Technical employees such as technicians, engineers and power system dispatchers are given the opportunity to hone their skills. Wage-board employees (craft workers) are enhancing their knowledge and abilities to safely and effectively perform their maintenance responsibilities.

Management Succession

In January 2000, the Western Area Power Administration implemented a Management Succession Program (MSP) to ensure organizational continuity and to provide maximum effectiveness and productivity in support of mission accomplish-

ment within the Western Area Power Administration. The need for succession planning in general, and this type of program in particular, has been evidenced and reinforced in the last few years as a result of Federal downsizing and in the exodus of institutional knowledge and expertise. This situation becomes even more critical with an aging workforce and the potential for more retirements.

Western's MSP participants are comprised of current Managers, Supervisors and Team Leads. The focus of this 3-year program is the development of well qualified and competent employees ready to successfully compete for key managerial and executive level positions. Participation in the Management Succession Program is voluntary. Western expects employees volunteering to participate in the MSP to be committed to the philosophy of excellence in management and leadership to Western and its mission, vision, and strategic goals and objectives.

Human Capital Initiatives

At the direction of the Deputy Secretary, Western launched a Human Capital Management Initiative to focus on identifying, understanding and addressing the Federal workforce management challenges facing the organization. The goals of this effort are to make Western an employer of choice, enable Western to compete in recruiting, developing and retaining top talent and make Western responsive to the changing climate of a more competitive, deregulated electric utility industry.