

Western Area Power Administration

Annual Performance Plan **FY 2003**





FY 03

performance targets at a glance

Key targets

Power delivery: Maintain uninterrupted power delivery.

Power cost: Maintain competitive rates.

Delivery reliability: Maintain uninterrupted transmission service.

Industry support: Maintain active participation and leadership in electric reliability forums.

Treasury repayment: Ensure required payments are made on time.

PRODUCTS AND SERVICES GOAL: FY 03 performance targets

- ⌚ Keep rates within annual targets set for Western's six main rate-setting systems.
- ⌚ Keep program direction costs to \$142 million or less.
- ⌚ Repay Federal investment within required time limits.
- ⌚ Secure adequate resources, both appropriations and customer funding, to carry out Western's strategic plan.
- ⌚ Manage enterprise system project upgrades to meet cost, schedule and performance requirements.
- ⌚ Ensure direct transmission system maintenance labor hours are 60 percent of available labor hours.
- ⌚ Track cost, schedule and performance variances for all Western projects.
- ⌚ Complete 25 percent of environmental corrective actions.
- ⌚ Reduce annual number of security incidents and dollar losses to 20 shot-out insulators or fewer (\$90,000 or less); 12 vandalism incidents or fewer (\$45,000 or less) and 16 or fewer incidents of theft/vandalism.
- ⌚ Complete/update risk analyses for all mission critical systems.
- ⌚ Complete all mission critical system corrective action plans.
- ⌚ Implement centralized intrusion detection system to monitor all IDS sensors.

PEOPLE GOAL: FY 03 performance targets

- 🕒 Reduce recordable injuries to 9 or fewer.
- 🕒 Reduce lost workdays to 227 or fewer.
- 🕒 Reduce motor vehicle accidents to 8 or fewer.
- 🕒 Improve workforce diversity to more than 15 percent of the workforce.
- 🕒 Maintain satisfaction of newly hired workers and supervisors at 4.5 or better on a 5-point scale.
- 🕒 Ensure 65 percent or more of employees have IDPs in place and 70 percent are satisfied with the available tools and training.
- 🕒 Monitor and evaluate employee turnover rates to identify needs.
- 🕒 Enhance relationships with employee unions to improve cooperation in accomplishing Western's mission.
- 🕒 Respond to customer requests for changes in services provided.

INDUSTRY GOAL: FY 03 performance targets

- 🕒 Ensure sanctions received under Western Electricity Coordinating Council's Reliability Management System are less than the average number and dollar value of those incurred by all participants.
- 🕒 Meet or exceed the North American control area averages for load-generation control areas; 100-percent compliance for CPS 1 and 90-percent compliance with CPS 2.
- 🕒 Ensure Western receives no adverse Section 211 rulings.
- 🕒 Encourage customers to use renewable resources and implement energy efficiency measures.
- 🕒 Participate in 100 percent of environmental studies that could affect powerplant operational capacity.
- 🕒 Support four existing customer financing agreements and secure customer funding for prudent project-specific requests.
- 🕒 Participate in all appropriate transmission system studies.
- 🕒 Reduce accountable outages to 21 or fewer.
- 🕒 Ensure 95 percent of unscheduled work is based on reliability issues or industry-driven orders.

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I. Introduction

This is Western Area Power Administration's 2003 performance plan, pursuant to the Government Performance and Results Act. It outlines the key business strategies and results Western will achieve to accomplish its mission in FY 2003. Western delivers electric power from Federal hydrogeneration dams in its service area to a diverse set of customers. Western believes that the GPRA framework offers an opportunity to continuously examine its goals and objectives; define strategies and performance measurements; engage in long-term performance monitoring; and report its goals and results to the public.

Western's Vision and Mission

In 1999, Western revised its vision and mission statements to meet the challenges of the 21st century and the needs of our customers.

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

II. 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. 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. Western's focus is to deliver power available from Federal facilities owned by the generation agencies, principally the U.S. Bureau of Reclamation and the U.S. Army Corps of Engineers.

III. Key Results

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

Power Delivery: Western markets more than 40 billion kilowatthours of Federal hydropower annually to 688 utility customers, with the majority of energy used to meet peak loads. This power is clean, flexible, and represents part of our customers' diverse resource mix. Many Western customers serve loads in rural settings or areas below the national average income level. This hydroelectric resource is an important, stable component of the customers energy mix. They rely on this power for residential, commercial, agricultural, and municipal uses. Uninterrupted delivery of power is a key result for Western.

Power Cost: Western markets power at the lowest possible rates consistent with sound business practices. Western's rates are generally below customers' alternative cost of power. Western provides a "yardstick" to other utilities in the area for comparing power rates. 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 Western's physical, financial, and human resources are focused on maintaining the reliability of this system in an environmentally responsible manner. As a government organization, Western focuses on delivering reliable service to its customers, not profit, as a key result.

Industry Support: Western 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 \$8.9 billion of investment costs, of which about \$3.6 billion are associated with non-power investment. So far, \$2.77 billion has been repaid. 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.

IV. The FY 2003 Performance Plan

This Plan describes the link between annual performance goals and Western’s strategic goals.

1. PRODUCTS AND SERVICES GOAL

1.1 Objective: Continue to manage our costs.

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

Measure: Actual rates relative to rate targets.

Rate Management: Western’s desired results are (1) rates that ensure Western’s 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 October 2002, Western established target firm power rates for its principal rate-setting projects for the next five years. Those targets are evaluated annually and adjusted as appropriate.

FY 2003 Performance Targets: The rate targets in Table 1 are based on several recent rate adjustments, adopted to assure timely repayment to the Treasury.

Table 1: Rate Targets¹

Project	2003 Target	2004 Target	2005 Target	2006 Target	2007 Target
<i>Pick-Sloan Missouri Basin Program (Eastern Division)</i>	14.23	15.11	15.11	15.11	15.11 ²
<i>Loveland Area Projects</i>	21.70	22.71	22.71	22.71	22.71 ²
<i>Salt Lake City Integrated Projects</i>	20.72	20.72	20.72	20.72	20.72 ³
<i>Parker-Davis Project</i>	5.89	5.89	5.89	5.89	5.89
<i>Boulder Canyon Project</i>	11.16	11.37	11.59	11.59	11.41
<i>Central Valley Project</i>	24.63	24.63	⁴	⁴	⁴

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

2- Based on revised FY 2001 rate projections.

3- SLCA/IP rate adjustment effective October 1, 2002.

4- Rates for the 2004 Marketing Plan have not been developed. Rates targets for 2005-2007 will be provided when available.

FY 2003 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.

1.1 Objective: Continue to manage our costs.

1.1.2 Strategy: Establish specific annual cost measurement goals.

Measure: Actual costs relative to cost targets.

FY 2003 Performance Target: For FY 2003, the cost management performance target is \$142,348,470. Western's 2000-2002 results, and the 2003 cost management target, are shown in Table 2.

Table 2: Cost Management Results and Target

	2000	2001	2002	2003 Target
<i>Cost Target</i>	\$134,070,300	\$134,549,025	\$141,889,968	\$142,348,470
<i>Actual Results</i>	\$132,043,421	\$138,370,154	\$146,514,707	-
<i>% under/over</i>	-1.5%	+2.8%	+3.3%	-

Note: 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.

FY 2003 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 expenditures that impact power rates.

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

1.2.1 Strategy: 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. Measurement of the unpaid Federal investment versus the allowable unpaid Federal investment.

Note: In the past, Western has computed variance of actual from planned principal payment to the Treasury annually. This yearly computation only provides a snapshot of annual revenue projections and demonstrates the volatility of repayment in a hydro-based system. Starting in FY 2003, Western will expand the measurement to a 10-year period to help normalize the variable attributable to swings in hydrology and fluctuating market prices.

FY 2003 Performance Targets: Western will compare the planned power repayment with actual repayment for six major projects: Boulder Canyon Project, Central Valley Project, the Fryingpan-Arkansas Project, Parker-Davis Project, Pick-Sloan Missouri Basin Program, and Salt Lake City Area Integrated Projects. Based on the FY 1992 power repayment study, Western planned to repay \$628.29 million for the 10-year time period from 1993 through 2002.

FY 2003 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 2003.

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

FY 2003 Performance Target: The **desired results** are to: (1) secure sufficient budgetary resources, tied to GPRRA 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).

Although this performance plan is for FY 2003, the actual outcome of Western's appropriation request is unknown since the passage of the Energy and Water Appropriations Act has not occurred. Because of the budget cycle, Western's critical performance during FY 2003 includes preparation of a well justified request to be incorporated in the President's FY 2004 budget and initial formulation of FY 2005 needs.

Results of Western's FY 2003 budget process and the appropriations performance target for FY 2004 budget request are outlined in Table 3:

Table 3: Results of Western's FY 2003 Budget and Target Budget Request for FY 2004 (all figures in \$000s)

	FY 2002	FY 2002	FY2003	FY2003	FY2004
<i>Fund</i>	<i>Request</i>	<i>Enacted</i>	<i>Request</i>	<i>Enacted¹</i>	<i>Request²</i>
<i>Program Direction</i>	\$114,378	\$109,378	\$127,657		\$128,192
<i>O&M</i>	\$37,796	\$37,796	\$42,523		\$36,956
<i>C&R</i>	\$25,548	\$18,764	\$8,820		\$34,039
<i>PP&W</i>	\$84,784	\$186,124	\$215,185		\$271,757
<i>Utah</i>	\$6,092	\$6,000	\$0		\$0
Total	\$268,598	\$358,062	\$394,185		\$470,944
<i>Prior year balance use</i>		\$0	-\$ 3,000		\$0
<i>Offsetting Collections</i>	-\$84,784	-\$186,124	-\$215,185		-\$306,963
Total Budget Authority Request	\$183,814	\$171,938	\$176,000		\$163,981

1 The FY 2003 Energy and Water Development Appropriation Act has not yet been enacted.
 2 FY 2004 numbers exclude amounts for the Boulder Canyon Project which is funded directly through receipts from the Colorado River Dam Fund, and amounts for full funding of the costs associated with pension and annuitant health care benefits. These amounts are excluded to provide a comparable picture with FY 2003 amounts.

FY 2003 Appropriations Strategy: Western will prepare a quality congressional budget request to be incorporated into the President's FY 2004 budget. Western will also respond to budget examiners, fully answer their questions, and defend its budget.

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

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

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

FY 2003 Performance Target: For FY 2003, Western's targeted alternative funding mix is displayed in Table 4. We are anticipating that the Energy and Water Development Appropriations Act for FY 2003 will provide additional offsetting collection authority that will lower the targets for other forms of financing.

Table 4: Alternative Financing Targets for FY 2003

Financing Mechanism	Amount (000)
<i>Net Billing, Bill Crediting and non-Federal reimbursable</i>	\$323,870
<i>Reimbursable, Federal contract loads</i>	\$22,500
<i>Off-setting Collections</i>	\$30,000
Total Alternative Financing	\$376,370

FY 2003 Alternative Financing Strategy: Western's strategy is to use its existing contractual arrangements and appropriation authority to secure alternative financing for its programs.

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

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

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

Measure: Planned vs. actual cost, schedule and performance of upgrade projects on Enterprise Systems.

FY 2003 Performance Target: A qualitative assessment of accomplishments will be completed at the end of the fiscal year to determine a baseline for measuring future performance.

FY 2003 Business Systems Strategy: FY 2003 strategy is to measure how well we are staying on schedule, how well we are using sound project management techniques, and how fiscally responsible we are with respect to this major upgrade. This year we will be establishing a baseline to track future performances from year to year.

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

1.4.2 Strategy: Optimize maintenance effectiveness.

Measure1: Ratio of direct-charged work hours to total work hours.

Measure 2: Percentage of repair hours.

Maintenance Effectiveness: 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.

FY 2003 Performance Targets: The target for Crew Direct Work percentage in FY 2003 is 60 percent. The target for FY 03 is reduced due to the expectation of less direct work hours due to continued developments of Reliability Center Maintenance studies and increases in training requirements. Additional key performance indicators for maintenance are being investigated to measure the effectiveness of Western’s Reliability Center Maintenance program. The target for FY 2003 as shown in Table 5 is 16 percent, as it was in FY 2002. New key performance indicators will likely replace this indicator in future years.

Year	2000 Actual	2001 Actual	2002 Actual	2003 Target
<i>Crew Direct Work %</i>	65.5	65.7	65.2	60.0
<i>Repair Work %</i>	20.0	18.2	15.0	16.0

FY 2003 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.”

Note: MAXIMO is a work order-based system that integrates maintenance activities directly with finance and warehouse functions.

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

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

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

FY 2003 Performance Target: Western will compile an annual report with a rollup of all Western projects. Western will track performance in managing projects and find areas to improve as data is gathered.

FY 2003 Project Management Strategy: Western’s strategy is to “rigorously use project management principles and practices throughout Western.”

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

1.4.4 Strategy: Develop written Environmental Management System documentation.

Measure: Percentage of Environmental Management System documentation completed.

FY 2003 Performance Targets: Western environmental staff, in cooperation with other affected and contributing offices, will complete no less than 25 percent (26 of 105) of all corrective actions identified during self assessments.

FY 2003 Environmental Management Strategy: Western's 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: at www.wapa.gov/cso/officefun/env/env.htm. Additions and updates to the Web site will be ongoing 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.

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

1.4.5 Strategy: Develop and implement security plans.

Measure: Number of security-related incidents and offenses.

Security Management: Desired results are: (1) maximum protection of our employees from threats and violence; (2) preservation of the integrity of our physical assets; and (3) secure Web-based system that minimizes hacking and other security threats.

FY 2003 Physical Security Performance Target: Western will maintain or lower the number of incidents and dollar losses during FY 2003 as shown in Table 6 below.

Table 6: Year 2003 Security Targets

<i>Shot-out Insulators</i>	<i>20 insulators or fewer \$90,000 or less</i>
<i>Vandalism</i>	<i>12 incidents or fewer \$45,000 or less</i>
<i>Larceny/Theft</i>	<i>16 incidents or fewer \$60,900 or less</i>

FY 2003 Physical Security Strategy: Western established the Crime Watch Program, which will pay rewards up to \$1,000 for information leading to the arrest and conviction of offenses against Western's employees or property. Critical sites and conducted risk assessments have been identified to determine ways to improve or upgrade security at these facilities. Measures will be implemented to improve overall infrastructure protection. Emergency Preparedness Plans and Continuation of Operations Plans will be developed and updated to ensure Western's compliance with DOE Emergency Preparedness Directives.

FY 2003 Cyber Security Targets and Strategies: Three performance targets and strategies have been established to help Western achieve a secure Web-based system and services and minimize hacking and other security threats:

(1) Performance Target: Complete and update risk analyses and security plans for all mission critical Supervisory Control and Data Acquisition Automatic Generation Control systems within Western.

Performance Strategy: Create consistent risk analyses and security plans for all Western SCADA/AGC systems. NIST risk analysis and security plan guidelines will be used as the basis for these projects.

(2) Performance Target: Western will increase the security of its mission-critical systems by completing the Corrective Action Plans developed in response to the Cyber Security Peer Reviews completed during FY 2002.

Performance Strategy: Western will track the correction of items found in Peer Reviews of mission-critical systems at its regions. Progress at completing corrective actions will be tracked through quarterly progress reviews and validation. High-risk cyber security vulnerabilities identified will be corrected in FY 2003.

(3) Performance Target: Western will increase the security of its mission-critical systems by implementing a centralized Intrusion Detection System (IDS).

Performance Strategy: Western will implement a centralized IDS log system to monitor IDS sensors within Western.

2. PEOPLE GOAL

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

2.1.1 Strategy: Establish specific annual safety goals.

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

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

Measure: Annual safety goals accomplishment.

FY 2003 Safety Performance Targets: The safety targets are shown in Table 7.

Table 7: Year 2003 Safety Targets

<i>Recordable Injuries</i>	<i>9 or fewer</i>
<i>Lost Workdays</i>	<i>227 or fewer</i>
<i>Motor Vehicle Accidents</i>	<i>8 or fewer</i>

FY 2003 Safety Strategy: We will continue emphasizing safety as an agency value and have established annual safety targets. The objective will be accomplished by:

- (1) effectively implementing and continuously updating Western's Safety Action Plan to integrate safety in every work process;
- (2) delivering appropriate and timely safety training;
- (3) ensuring all employees are knowledgeable of their safety rights and responsibilities; and
- (4) maintaining a high level of safety awareness throughout the organization.

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

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

Measure: Annual statistical results on hiring.

FY 2003 Performance Target: FY 2002 workforce statistics show that minorities make up 15.2 percent of the total Western workforce (permanent employees), up slightly from 15 percent in FY 2001. Western anticipates continuing its positive trend in increasing diversity in the workforce through recruiting and selecting applicants from a more diverse pool of applicants. The goal is to improve the representation of the diversity employment profile for underrepresented groups.

FY 2003 Diversity Strategy: Western's overall strategy is to use creative and innovative recruitment strategies/approaches (e.g., use of an automated on-line application process such as QuickHire) that will enable us to attract highly skilled candidates that add diversity to the workforce. Using QuickHire, Western distributes vacancy announcements to a list of colleges, universities, and organizations that target underrepresented populations.

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

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

Measure: One-year satisfaction checks from employee and supervisor to determine effectiveness of hiring techniques.

FY 2003 Performance Target: Western will survey newly hired employees and the pertinent selecting official on a range of topics to ascertain if newly hired employees are satisfied with the job and if the selecting officials are satisfied with the selections. The goal is to maintain an overall average of 4.5 (on a scale of 5, with 1 being worst and 5 being best), as 4.5 is the average overall score on both the selecting official and the employee surveys from previous surveys.

FY 2003 Hiring Strategy: Within 90 days of the fiscal year end, Western will survey new employees and selecting officials to determine effectiveness of the hiring process. If responses to survey questions deviate by more than 20 percent in a negative direction from previous years' cumulative average, follow-up with the appropriate parties will occur to determine the reason for the negative trend and to determine a corrective course of action. If there is a gradual negative trend (3 years or more) on any of the questions or on the overall average, follow-up with the appropriate parties will also occur.

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

2.4.1 Strategy: Create developmental training delivery options, which align with Individual Development Plans, and focus on appropriate skill development and knowledge enhancement for all employees.

Measure: Annual feedback from employees as to whether they have Individual Development Plans in place and if they have the training and tools to do their work.

FY 2003 Performance Target: Western will conduct an annual employee survey to determine IDP usage rates and measure the level of employee satisfaction with the training and tools available to do their work. If the Fiscal Year 2003 survey results show that less than 65 percent of employees have an IDP, appropriate follow-up action will occur. Additionally, if the employee satisfaction rate is less than 70 percent, appropriate follow-up action will occur. The percentage of employees with current Individual Development Plans is expected to increase each year until a 90 percent usage rate is achieved. The percentage of employees satisfied with the training and tools available to do their work is expected to increase each year until 90 percent satisfaction is achieved.

FY 2003 Performance Employee Development Strategy: Within 90 days after the end of the fiscal year, an employee survey will be conducted to measure IDP usage rates and employee satisfaction with training and tools. An initial baseline will be established in Fiscal Year 2003. In future years, survey results will be measured against the baseline data to determine trends and if follow-up action is required.

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

2.4.2 Strategy: Evaluate employee turnover to monitor trends for Western in retention of employees.

Measure: Annual analysis of turnover in the 10 most populous occupations, which comprise approximately 60 percent of Western's employee population. Turnover rates will be monitored for trends. In addition, turnover rates which exceed the Federal government average, as reported by the Bureau of Labor Statistics, will be evaluated further.

FY 2003 Performance Target: Identify those occupations where sudden increases in turnover rates indicate problems, or where Western's turnover rate exceeds the Federal government average for a comparable time period.

FY 2003 Turnover Analysis Strategy: An annual Westernwide analysis will monitor turnover rates in the top 10 most populous occupations and identify and evaluate those occupations that exceed the Federal government average. Corrective actions to reduce turnover will be implemented as appropriate.

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

2.4.3 Strategy: Enhance partnership relationships with Western unions.

Measure: Perform an annual qualitative assessment of the relationships between the unions and management.

FY 2003 Performance Target: Western will annually survey supervisors and managers who interact with the union on various key issues to obtain a qualitative assessment as to the success or lack of success in partnering with the unions to accomplish the mission of the agency. The responses will be evaluated to determine the relationship with Western's two unions.

FY 2003 Labor Relations Strategy: Western will use tools, such as training, team building, and mediation, to improve the relationships throughout the year. At the end of this period, Western will survey supervisors and managers to evaluate progress toward cooperative relationships with Western unions. Negative trends will be evaluated to determine alternatives for a corrective course of action.

For American Federation of Government Employees:

- Continue to participate with AFGFE in the Westernwide Partnership Council as well as regional partnership councils throughout Western.
- Publicize achievements of the Western Partnership Council in the *Closed Circuit*.
- Work together to refine procedures for AFGFE to have predecisional input into management decisions.
- Continue mutually agreed to activities that support the DOE-wide partnership efforts.

For International Brotherhood of Electrical Workers:

- Hold periodic meetings with IBEW to improve communications and resolve issues.
- Refine procedures for IBEW to have pre-decisional input into management decisions.
- Hold quarterly shop steward meetings in the regions to resolve local issues.
- Keep IBEW involved in DOE-wide partnership efforts.

2.5 Objective: Provide exemplary customer service.

2.5.1 Strategy: Ensure work groups establish and meet customer service standards appropriate to functions.

Measure: Customer feedback on products and services.

FY 2003 Performance Target: Implement changes in service based on results of 2001 customer satisfaction survey.

FY 2003 Customer Service Strategy: During FY 2003, Western will continue to implement appropriate corrective action that was initiated to correct any deficiencies disclosed in the FY 2001 Customer Survey.

3. INDUSTRY GOAL

3.1 Objective: Support industry reliability.

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

Measure: Number and total dollar value of Western Electricity Coordination Council and Mid-continent Area Power Pool compliance sanctions.

FY 2003 Performance Target: Sanctions, both in number and dollar value, will be less than the average number and value for the signatory participants in the WECC Reliability Management System.

FY 2003 Operating Criteria Compliance Strategy:

- High operating availability of Supervisory Control and Data Acquisition/Energy Management System (SCADA/EMS) systems in Western control centers.
- All operating shifts are staffed by North American Electric Reliability Council- and WECC-certified dispatchers.
- Review of any operating violations and immediately implement corrective actions.

3.1 Objective: Support industry reliability.

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

Measure: Control area performance standards.

FY 2003 Performance Target: Meet or exceed the North American control area averages for load-generation control areas, or a 100-percent level of compliance for CPS1 and 90 percent level of compliance for CPS2, whichever is greater.

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

- Control Performance Standard 1—a statistical measure of Area Control Error variability and its relationship to frequency error. The minimum level of compliance is 100 percent and the maximum is 200 percent, although under some circumstances a score greater than 200 percent can be achieved.
- 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.

FY 2003 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 WECC-certified dispatchers;
- Review of any operating violations and implement corrective actions.

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

3.2 Objective: Support industry competitiveness.

3.2.1 Strategy: 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 Management: 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 2003 Performance Target: No Section 211 adverse rulings.

FY 2003 Section 211 Performance Strategy: Western's strategy is to fully comply with its published Open Access Transmission Service Tariff. Western will defend any challenges brought before FERC alleging noncompliance with its published tariff.

3.2 Objective: Support industry competitiveness.

3.2.2 Strategy: 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.

FY 2003 Performance Target: Customer comments are monitored by area representatives and programs are tailored to meet customer needs. This measurement is in a baseline development mode, and performance targets will be established by considering the issues and by evaluating past performances. The numbers established this year will be used to establish specific measurable targets for subsequent years.

FY 2003 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.
- Producing the online *Energy Services Bulletin* newsletter.
- Providing Western's Energy Services Web site.
- Providing Western's Equipment Loan Program.

3.3 Objective: Works to protect and maximize the value of the Federal resource.

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

Measure: Identify decision-making processes participated in during the year and prepare a short (1 or 2 paragraphs) report. The report should include two elements: (1) Identification of ways that Western participated in the process and influenced the outcome: (2) Identification of changes in marketable or operational capacity resulting from current year actions taken in decision-making process.

FY 2003 Performance Target: Participation in 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 that have the potential to affect operational capacity. Western will demonstrate involvement in 100 percent of the associated environmental actions.

FY 2003 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 species decline and power generation losses.

3.3 Objective: Works to protect and maximize the value of the Federal resource.

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

Measure: Number of project-specific alternative financing requests by the generating agencies that receive support, as compared to the total number of generating agency requests for funding support.

FY 2003 Performance Target: Support the four existing arrangements between Western, Reclamation, and the customers for financing routine operation and maintenance requirements. In addition, to the extent that efforts to obtain appropriations are attempted and are unsuccessful, Western's target is to secure customer funding for prudent project-specific requests.

FY 2003 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. Western will work to strengthen existing arrangements with the Bureau of Reclamation and the system's customers.

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

3.4.1 Strategy: 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.

FY 2003 Performance Target: Table 8 outlines Western's participation in transmission system studies, which remains at a very high level. Our goal for 2003 is to maintain or exceed the 2002 participation level.

Table 8: Transmission System Studies with Western Participation as of October 1, 2002

Study Focus	Western Participation Level		
	High	Medium	Low
<i>System Impact</i>	12		
<i>Regional</i>	28	5	
<i>Local</i>	3		2
<i>Interconnection</i>	21	3	1
<i>Generator Interconnection</i>	16		
<i>Capacity Upgrade</i>	1		
<i>Capacity Determination</i>	1		
<i>Power Quality</i>	1		
<i>WECC Support</i>	8		
<i>Transmission Upgrade</i>	5		
<i>Transmission Sales</i>	2		
<i>Transmission Maintenance</i>	Numerous		
<i>Transmission Planning</i>	2		
<i>Project Support</i>	4		
<i>Reliability</i>	3		

FY 2003 Transmission Studies Strategy: Western will continue to participate in transmission expansion and generation interconnection studies that potentially impact its system.

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

3.4.2 Strategy: Reduce accountable outages.

Measure: Annual reliability goal accomplishment.

FY 2003 Performance Target: 21 or fewer accountable outages.

FY 2003 Accountable Outage Strategy: For FY 2003, detailed records and assessments will be kept on the causes of accountable outages and appropriate corrective action implemented to minimize future outages.

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

3.4.3 Strategy: 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 the Federal Energy Regulatory Commission.

Measure: All deviations in the scheduled construction and rehabilitation work listed in the Maintenance, Design and Construction Council's Annual Review Plan result from unscheduled events that impact system reliability or require compliance with industry-driven orders, such as those established by the Federal Energy Regulatory Commission.

FY 2003 Performance Target: 95 percent of unscheduled work will be based on reliability issues or industry-driven orders.

FY 2003 Construction and Rehabilitation Program Strategy: Western's Maintenance, Design and Construction Council has developed an Annual Review Plan to identify and track programs on construction and rehabilitation work. This strategy is tied closely to the project management strategy.

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

Western's approach to linking long-term goals with day-to-day activities is accomplished through the use of the two internal strategies:

1) Several years ago, Western established a strategic all-employee bonus goals program tied 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 2002, Western achieved 100-percent payout level of the Lost and Restricted Work Days, Recordable Motor Vehicle Accidents, and Reliability bonus goals. The FY 2003 goals are listed in Table 9.

	<i>Goal for 100% payout FY 2003</i>	<i>Goal for 50% payout FY 2003</i>
Safety		
<i>Injuries</i>	<i>9 or fewer</i>	<i>12 or fewer</i>
<i>Lost Work Day</i>	<i>227 or fewer</i>	<i>320 or fewer</i>
<i>Motor Vehicle Accidents</i>	<i>8 or fewer</i>	<i>10 or fewer</i>
Cost Containment		
<i>Program Direction Cost</i>	<i>\$142.3 million or less</i>	<i>\$144.5 million or less</i>
Reliability		
<i>Accountable Outages</i>	<i>21 or fewer</i>	<i>23 or fewer</i>

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

VI. 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 that 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 seek creative funding mechanisms.

VII. Strategic Response to Internal Challenges

A strong sense of community within Western is what senior managers hope to preserve with a new Human Capital Management Plan. This initiative will help ensure that Western retains qualified employees well into the future, despite an aging work force. Many potential retirements, combined with a low number of younger employees, have led to concerns about retaining employees' technical skills.

As of Dec. 31, 2001, the average age of Western Federal employees was 47. Only 9 percent of the work force is under 35. As of Jan. 1, 2003, 37 percent of Western's work force will be eligible for voluntary or early retirement. This will increase to 54 percent by January 2007.

Attracting younger workers will be particularly challenging since the new generation of high technology employees now has more employment options and different career expectations. Surveys of young adults entering the work force indicate that fewer are interested in working for the government. Western is already finding it difficult to compete with utility companies' salaries and benefits for engineers, dispatchers, computer specialists, and other highly skilled workers. This trend is expected to worsen as the baby boomer generation of workers, which now make up the largest segment of the work force, reaches retirement age.

To address these issues, Energy Secretary Spencer Abraham held a Human Capital Summit in July 2002, for all Department of Energy agencies. During the summit he asked senior executives to develop a Human Capital Management Plan to rebuild the work force. Such initiatives comply with the Government Performance Results Act of 1993, which requires Federal agencies to adopt strategic plans, set goals, and collect performance information to measure program effectiveness.

Western's senior managers have approved a Human Capital strategic plan for FY2003-2010 with the following initiatives that will address Western's critical human capital challenges:

1) **Develop and implement a strategic work force-planning program.** This tool would improve Western's ability to:

- Link strategic goals and competencies directly to individual employees.
- Determine knowledge capital needs for strategic business planning.
- Forecast hiring needs and strategies.
- Assess the competencies of the work force and use these to "model" the future work force.
- Assess the gap between the current work force and future needs.

2) **Establish a succession planning program.** The purpose of the succession-planning program in Western is to ensure a supply of talent for key positions at all times and help employees develop their potential so that they are prepared and qualified to assume positions in line with individual career goals and organizational requirements. Approximately 60 percent of Western's supervisors/managers will become eligible for retirement by 2010. If Western is to achieve its goals and mission, it needs to have employees who are prepared for leadership roles and are committed to Western's vision.

3) **Conduct employee surveys to obtain workplace data.** This will provide Western managers with employee feedback on the issues that motivate and engage employees in their work. This will enable Western to foster a work environment that will attract and retain employees.

4) **Establish a Westernwide coordinated recruitment program for entrance level-professional hiring.** As the baby-boomer generation retires and fewer employees become available for jobs, competition for the best talent will become intense. An effective recruitment program requires delivering a compelling message to the target audience and managing the process as effectively as possible. Western currently lacks a coordinating body to help focus recruitment efforts and minimize duplication of efforts.

5) **Develop human capital training program for managers and supervisors.** Western managers and supervisors need to understand their role and responsibilities in human capital management. They must be committed to valuing and investing in employees by providing them with the tools to do their best and focusing their performance on mission accomplishment. Among other things, this training would enable managers to better use current pay and retention flexibilities to attract and retain high quality employees.

6) **Develop compensation options to improve the link between pay and performance.** This effort will study the link between pay and performance in Western and explore options for providing managers with much greater flexibility to set salaries and link pay increases and awards to performance.

