

# **Strategic Planning – Operational Drivers**

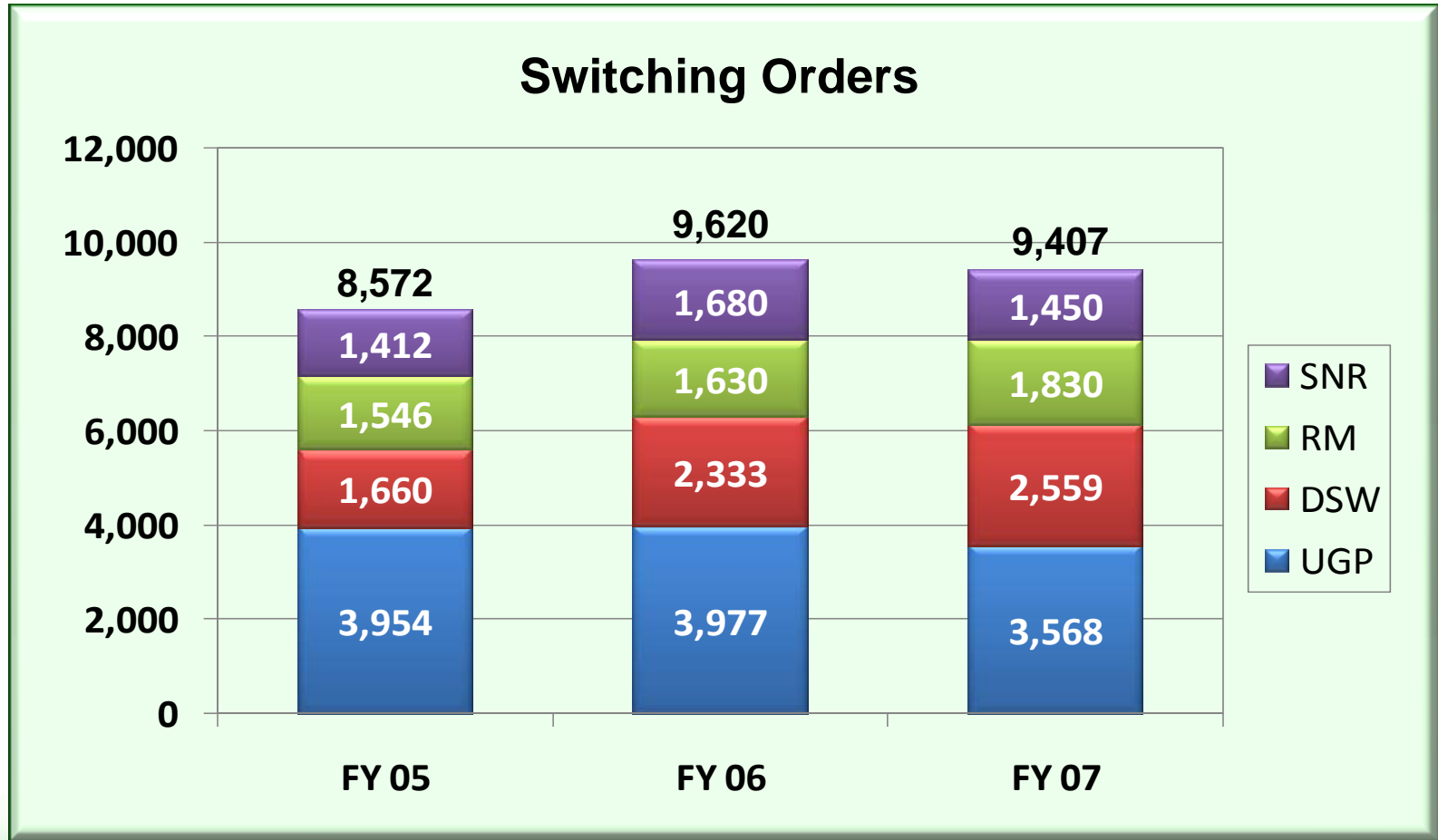
**Customer Meeting**

**April 24, 2008**

**Denver, CO**

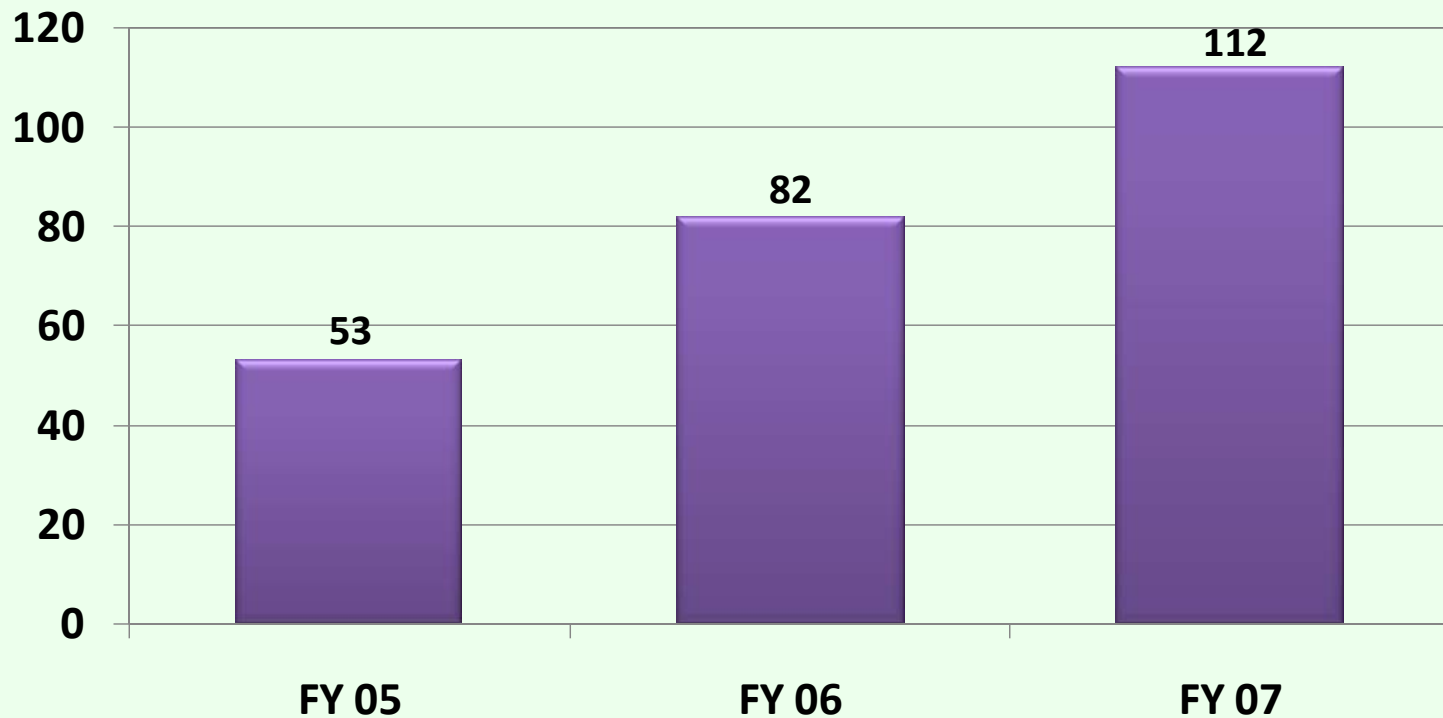


*Between 2005 and 2007, the number of switching orders has increased throughout the system by approximately 10%*



*Between 2005 and 2007, the number of studies for tariff requests has increased by approximately 40% to 50% annually*

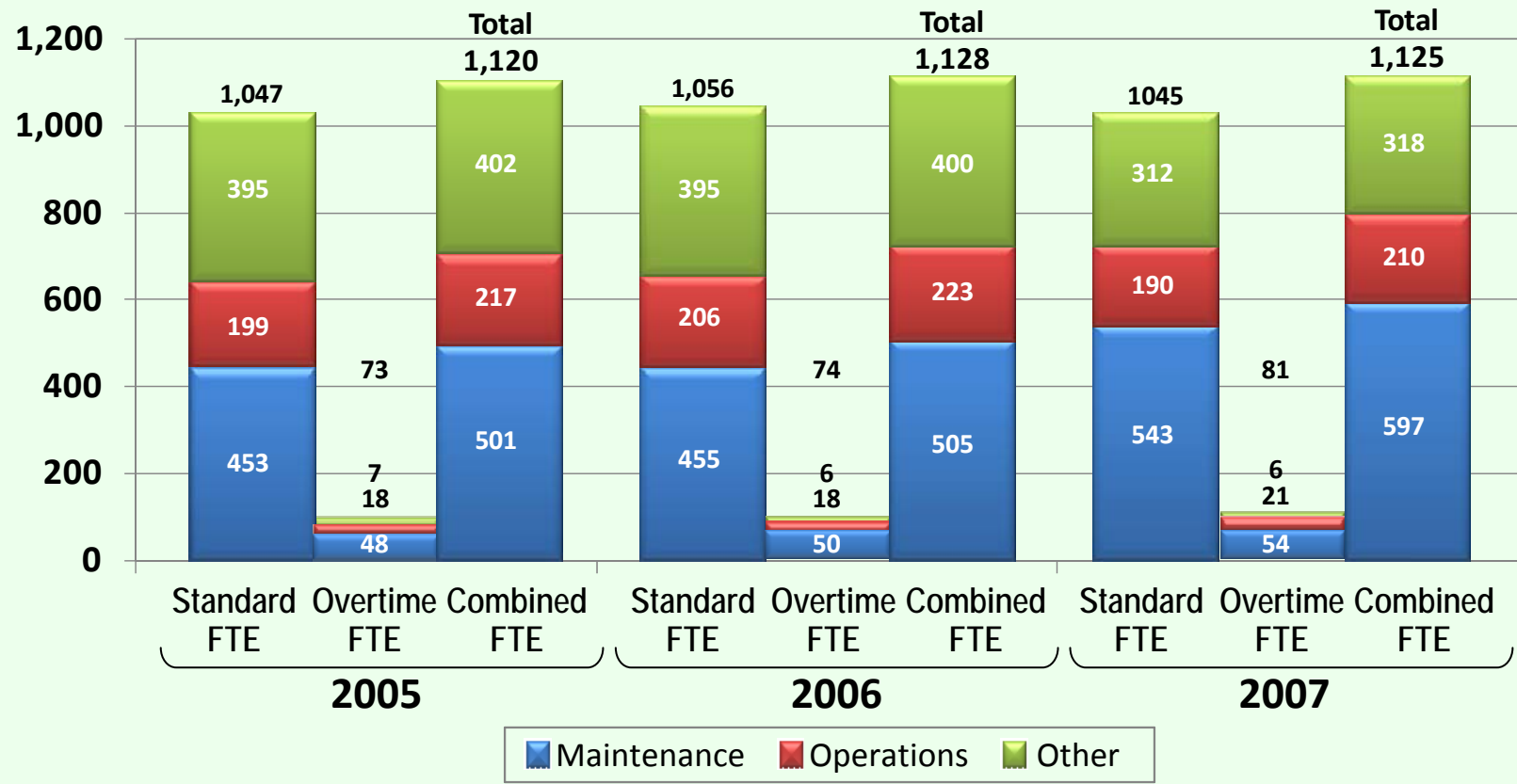
**Number of Studies for Tariff Requests**



**Western's FTE have remained flat with overtime equivalent FTE increasing to accomplish the expanding workload**

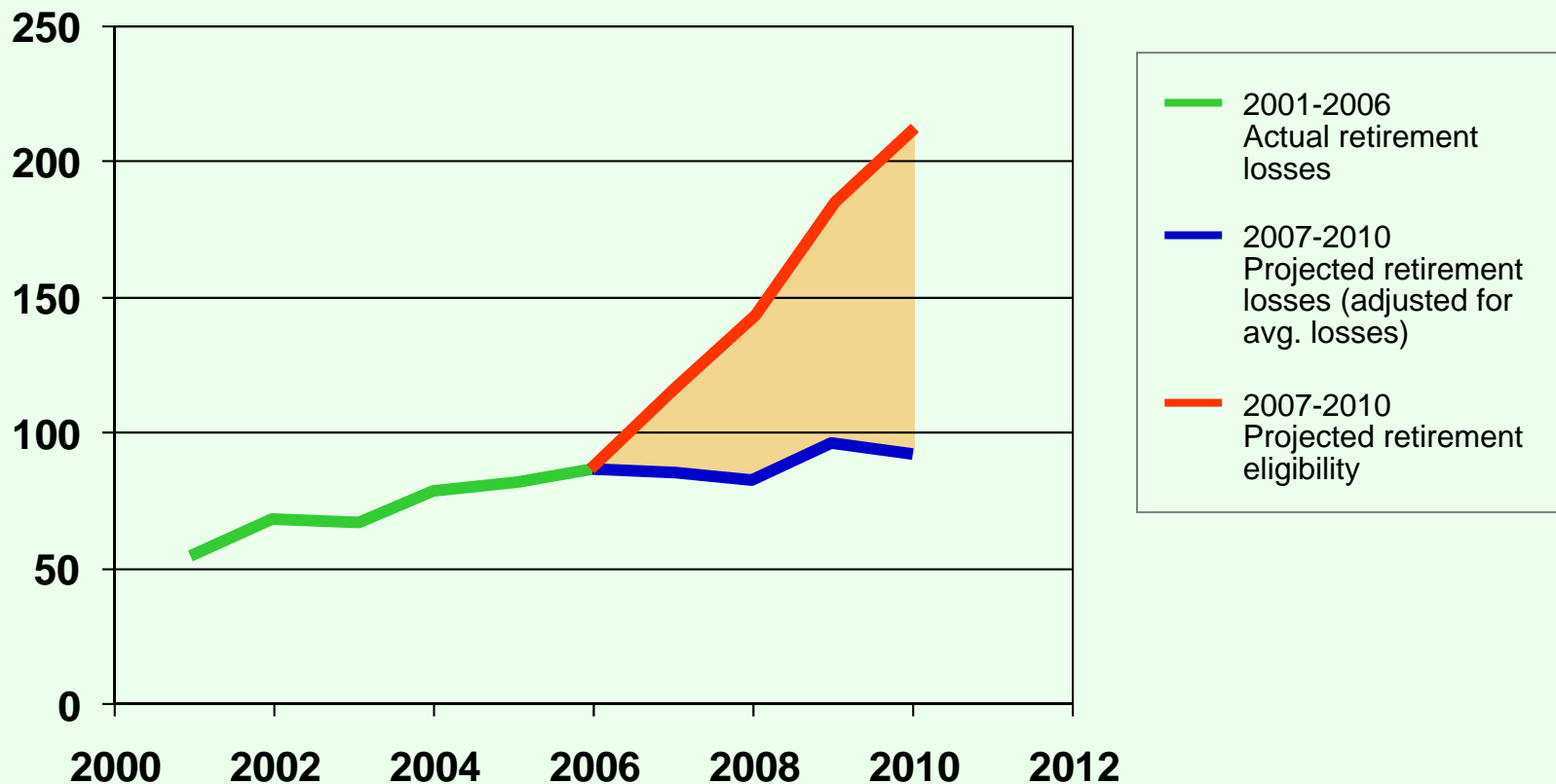


**Western FTE by Functional Category**  
(only includes DSWR, RMR, SNR, UPGR)



# Employee retirements in mission critical functions are continuing to grow at a significant rate

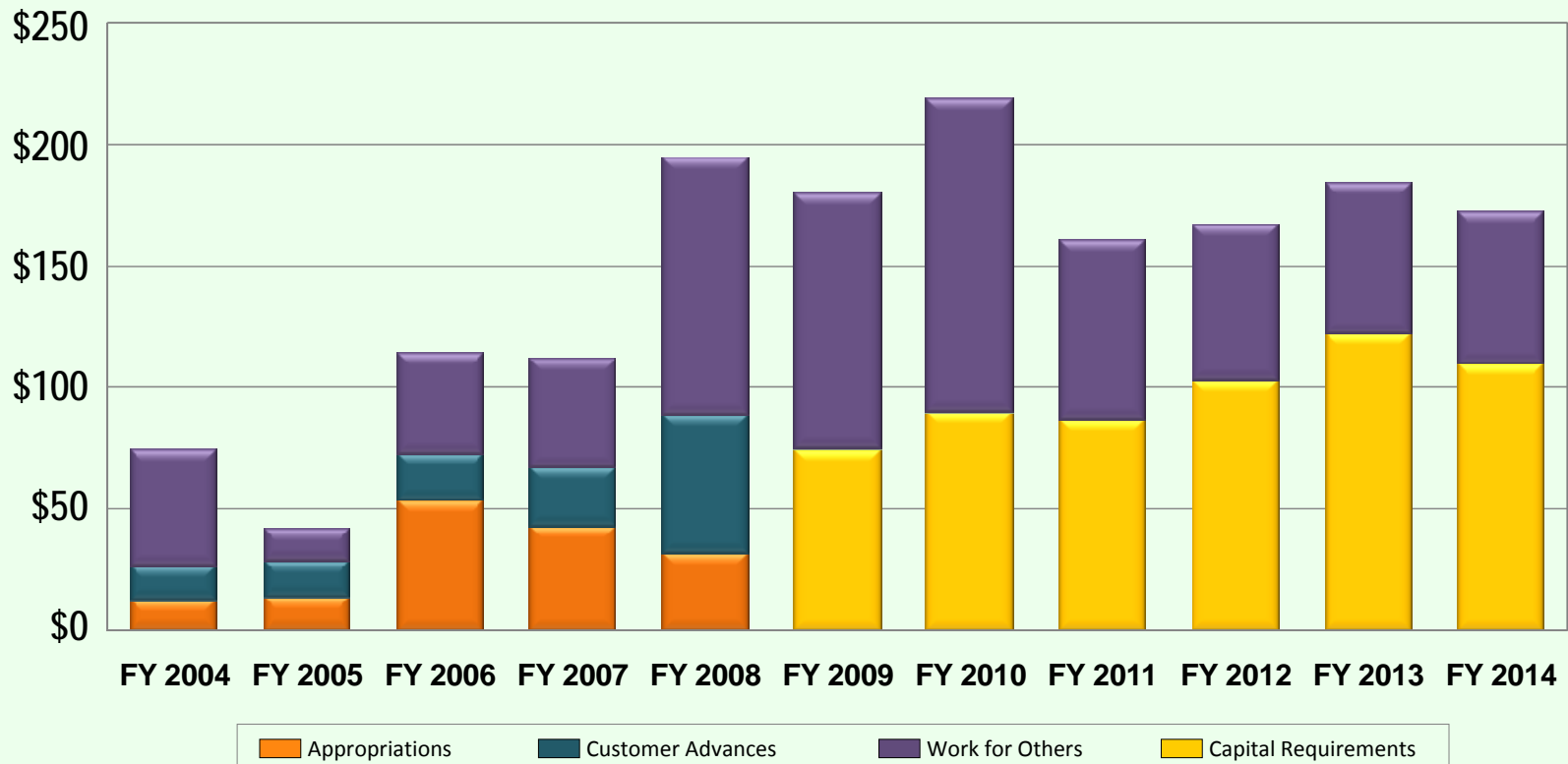
## Mission Critical Retirements



*The demands for Western to meet construction needs in the region are projected to continue in the future*



**Western Capital Construction Program (\$Millions)**



# *Strategies - examples*

Work to protect and maximize the value of the Federal resource. Ensure reliability and availability of Western's transmission system.

- Reduce administrative burdens.
- Increase transmission queue capabilities to support renewable projects.
- Operations consolidation – streamline management, facilities and operational systems.



**Operations/Balancing Authority Consolidation  
Proposal Customer Meeting**

**April 24, 2008  
Denver, CO**





# *Original Proposals*

## •**Maintain Existing Operations**

- Maintain existing operations.
- Maintain existing operations but take into account additional staffing to ensure regulatory compliance (baseline).

## •**Operations Consolidation**

- Consolidation of Rocky Mountain Region (RMR) and Desert Southwest Region (DSW) operations reporting to the RMR Regional Manager.

## •**Balancing Authority Consolidation**

- Consolidate the RMR (WACM), DSW (WALC) and Upper Great Plains West (WAUW) BAs into one BA.

# *What Is The Status Of The Proposals?*

## •Operations Consolidation

- Western proposes to proceed with this option.

## •BA Consolidation

- Western has decided not to pursue this option.
- Industry changes may result in Western revisiting this proposal in the future.

## ***What Does Operations Consolidation Mean?***

- **Operations and transmission services functions of DSW and RMR report to RMR's Regional Manager.**
- **Continue to operate existing BAs.**
- **Reduce number of overall desks from ten to nine (DSW will reduce their number from five to four) .**
- **Eliminate two backup control centers.**
- **No changes to UGP's operational configuration.**

# Updated Cost Summary

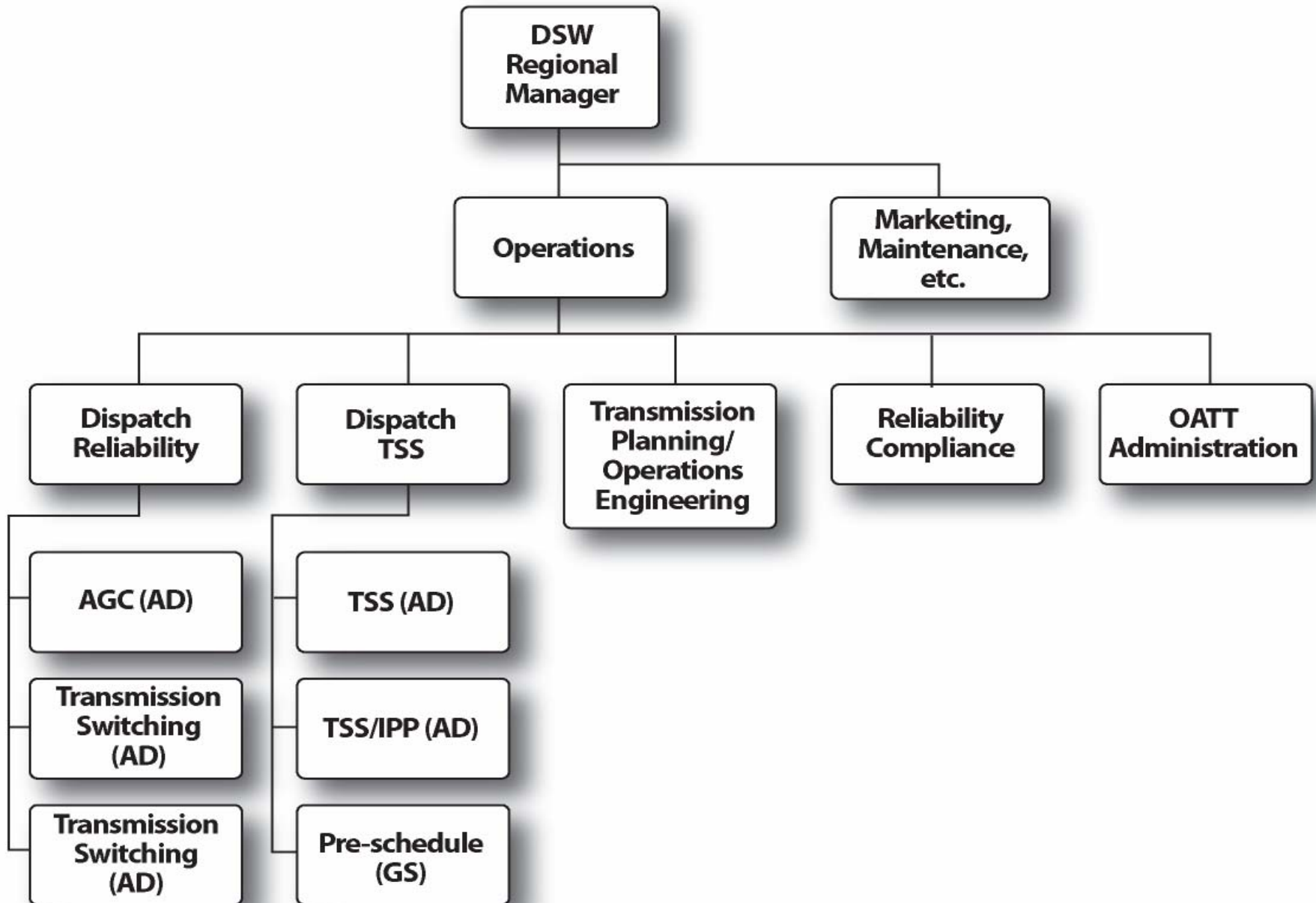
Options	Assumptions	FTE*	Total of Annualized Cost Changes Compared to Option B (in millions)
<b>Option A:</b> Existing Structure	3- BAs, 5-Desks DSW, 5-Desks RMR	148.1	-\$1.8
	FTE delta from Option B	-14.0	
<b>Option B:</b> Existing Plus Regulatory Staff	3-BAs, 5-Desks DSW, 5-Desks RMR, (additional FTE for regulatory compliance)	162.1	\$0.0
	FTE baseline	0.0	
<b>Option C:</b> RMR, DSW Back Each Other Up (Operations Consolidation)	3-BAs, 4-Desks DSW, 5-Desks RMR, Common Tools, Common SCADA, Settlements remains in FPP, Operations Reorganization under a single senior manager	158.5	-\$2.1
	FTE delta from Option B	-3.6	
<b>Option D:</b> RMR and DSW Consolidated (BA Consolidation)	1-BA, 4-Desks DSW, 5-Desks RMR, Settlements moves to Operations, Operations Reorganization under a single senior manager.	154	-\$2.5
	FTE delta from Option B	-8.1	

\*Note: FTE is an acronym for Full-time equivalent.

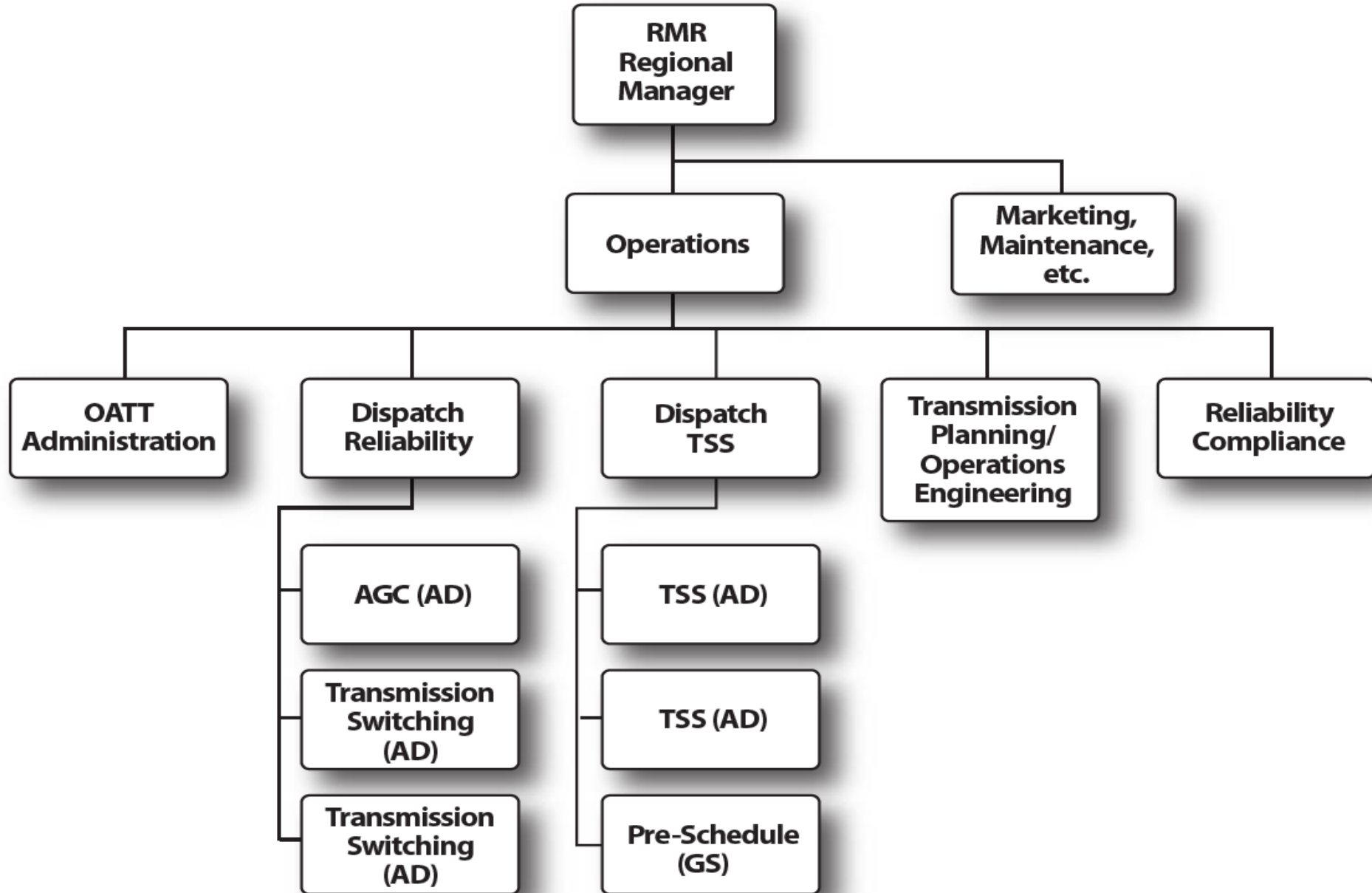
# Staffing Comparisons Option Matrix

Option	A	B	C	D
	Existing Structure	Existing plus regulatory staff	RMR, DSW back each other up	RMR & DSW Consolidated
Communications (additional only)			2	2
SCADA	18	18	16	16
IT	12.6	12.6	14	14
Operations	81	89	84	84
<b>RMR Dispatch Desks</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>DSW Dispatch Desks</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>4</b>
Transmission Services	36.5	42.5	42.5	38
<b>Total</b>	<b>148.1</b>	<b>162.1</b>	<b>158.5</b>	<b>154</b>
<b>Difference from A</b>	<b>Base</b>	<b>14</b>	<b>10.4</b>	<b>5.9</b>
<b>Difference from B</b>	<b>-14</b>	<b>Base</b>	<b>-3.6</b>	<b>-8.1</b>

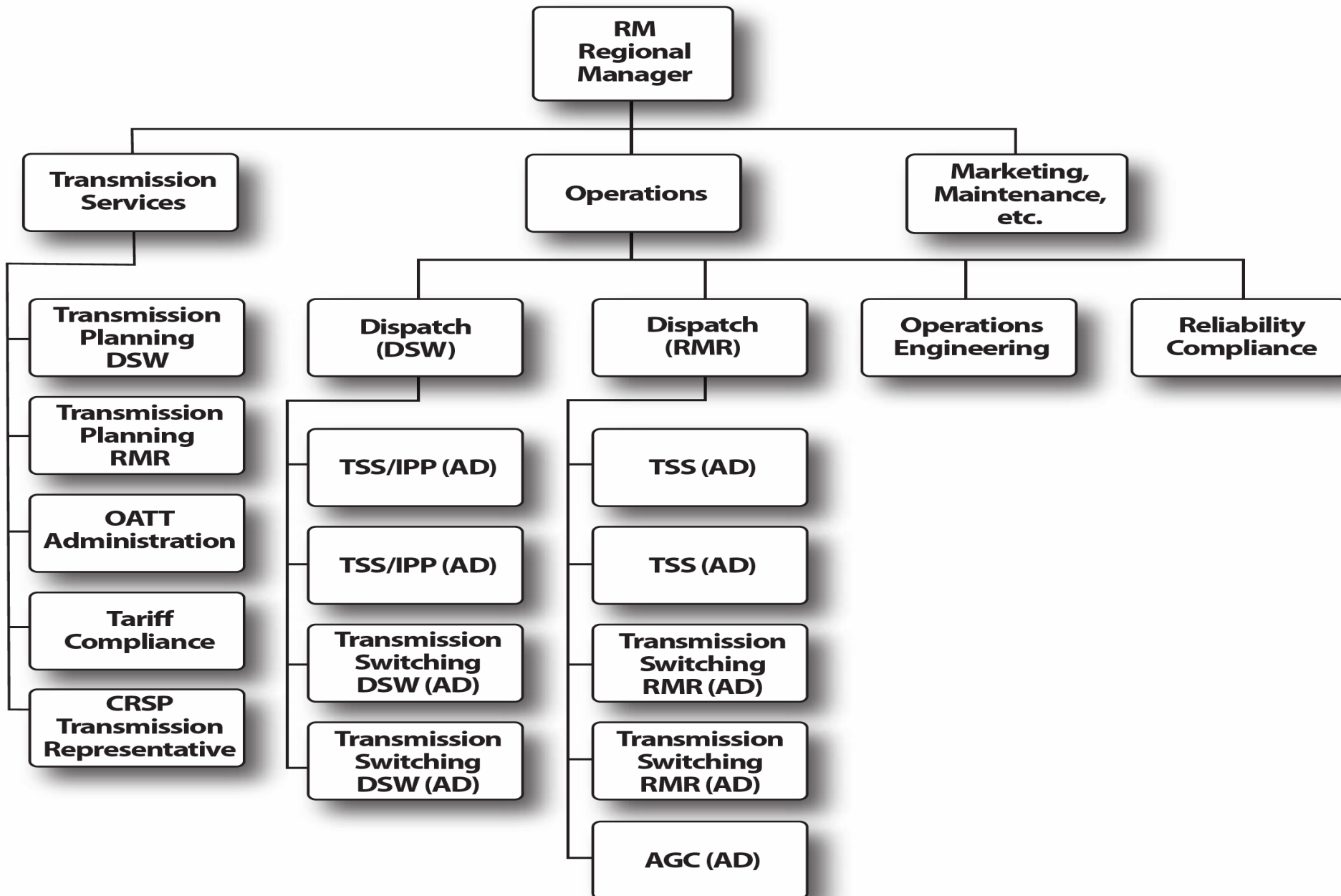
# Existing DSW Organizational Structure



# Existing RMR Organizational Structure



# Proposed Consolidated Organizational Structure (includes DSW and RMR)





# Next Steps

- **Get additional feedback from customers**
  - Additional comments due by May 9, 2008.
- **Western will evaluate additional comments**
  - Expect a decision in late May or June 2008.
- **If Western decides to proceed with operations consolidation:**
  - Develop re-organization paperwork;
  - Union negotiations;
  - Obtain approvals;
  - Begin implementation Oct 2008.

## ***Send Comments To Your Regional Manager***

- Brad Warren, CRSP Manager, [Warren@wapa.gov](mailto:Warren@wapa.gov), 801-524-6372
- Tyler Carlson, DSW Regional Manager, [Carlson@wapa.gov](mailto:Carlson@wapa.gov), 602-605-2453
- Jim Keselburg, RMR Regional Manager, [Keselbrg@wapa.gov](mailto:Keselbrg@wapa.gov), 970-461-7201
- Tom Boyko, SNR Regional Manager, [Boyko@wapa.gov](mailto:Boyko@wapa.gov), 916-353-4418
- Bob Harris, UGP Regional Manager, [RHarris@wapa.gov](mailto:RHarris@wapa.gov), 406-247-7405