

**WESTERN'S**

# **STRATEGIC PLAN**



**WESTERN AREA POWER ADMINISTRATION**

## TO WESTERN EMPLOYEES,

**D**uring the last six months, Western's senior managers reviewed our goals and evaluated our approaches to solving business problems. This series of strategic conversations has helped us focus on the key issues we face. We've also engaged mid-level managers in discussions about our strategies. The result of this work is an updated strategic plan that reaffirms our mission, vision and direction.

Our industry remains unsettled, and we must continue our leadership role in it. The continuing changes in the electric utility industry, government and Federal regulatory policy are just three areas we must address to be an effective provider of cost-based hydropower across the western United States. This document provides the broad outline for how we will carry out our mission.

The update of Western's Strategic Plan builds upon our previous plans. We've all learned and accomplished much since developing our original plan in 1994. What you'll see here is an extension of the practical and customer-oriented goals that have served us well as we carry out our mission.

Personal and organizational building blocks, such as our core competencies and decision rules, were highlighted in our earlier plans. These have now become ingrained in our work practices and relationships, defining not only how we do business, but how we treat each other. These building blocks are at the core of our future success. Their essence is summed up by these four tenets:

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

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

The challenges we face are significant. They demand personal commitment, resources, talent, time and sound business decisions from each of us. Working together, we can become a premier power marketing and transmission organization.

*Michael S. HacsKaylo*  
Michael S. HacsKaylo  
Administrator

September 2003

## VISION

Western will be a premier power marketing and transmission organization.

## MISSION

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

## KEY ASSUMPTIONS

Senior managers made several key assumptions in developing Western's Strategic Plan:

- Appropriated funds will not be enough to meet our full program needs. Western will seek customer funding to meet program needs. We will be successful in acquiring enough funds from all sources.
- Staffing levels will remain relatively constant in keeping with program needs.
- Western's mission responsibilities, including the legal framework governing our programs and organization, will not change significantly.
- Our power management responsibilities will not increase or decrease significantly.
- Western's cost of providing power and related services to our customers will not increase significantly as a result of legislation. However, other actions—including industry restructuring activities—may increase our costs.
- Our existing legal authorities provide us with sufficient flexibility to meet the demands of a changing electric utility industry.

Western's Strategic Plan covers FY 2004 through FY 2009. However, we regard an ongoing planning review process as a requirement for success. We will revise the plan to reflect any significant changes as needed.

## STRATEGIC GOALS

Western developed three strategic goals and several specific goals under each one to explicitly define how we will accomplish our mission and eventually achieve our vision. These goals are supported by strategies. Specific metrics for evaluating our success in reaching these goals are detailed in Western's Annual Performance Plan.

### PRODUCTS AND SERVICES STRATEGIC GOAL

Create and deliver high-value products and services to our customers using sound business practices.

**W**estern is a wholesale power marketing organization with an array of products and services that customers purchase. Through a strong tradition of customer service, Western's first strategic goal is to remain wholly customer-oriented. We have listened to our customers, and it is clear that they expect excellent customer service that will reinforce their ability to remain competitive in the evolving electric utility industry. Our specific goals will allow us to meet or exceed their expectations; ensure we have adequate financial resources to meet those expectations; and leverage our business systems to improve productivity, product and service delivery, control our costs and rates, and meet repayment and cost recovery requirements.

### PRODUCTS AND SERVICES STRATEGIES

1. Establish and meet rate targets for each project that are responsive to customer needs and cost-recovery requirements.
2. Establish specific annual cost management goals.
3. Manage power delivery costs.
4. Prepare a well-justified and documented annual budget that meets Western's program requirements.

#### PRODUCTS AND SERVICES GOALS

**COST:** Continue to manage our costs.

**FUNDING:** Secure adequate funding to accomplish our mission, goals and objectives.

**BUSINESS PRACTICES:** Continuously improve our business systems using sound business practices.

**CUSTOMER SERVICE:** Provide exemplary customer service.

5. Continue to partner with customers to implement alternative financing mechanisms that ensure Western's program funding needs are met.
6. Maximize operational efficiencies and reduce costs by using information technology and IT applications.
7. Improve maintenance effectiveness by focusing on planning, execution, reliability centered maintenance principles and by effectively using a comprehensive maintenance database.
8. Rigorously use project management principles and practices throughout Western.
9. Implement best management practices and consider stakeholder input to ensure Western complies with its environmental policy.
10. Ensure work groups establish and meet customer service standards that are appropriate to their functions.

## PEOPLE STRATEGIC GOAL

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

**P**eople are the foundation of our success. To sustain that success, Western provides a work environment that emphasizes safety, technical improvement, diversity and customer focus. Western expects a great deal from its people, and they deliver. In turn, we must attract, retain and train our people to perform those activities that create the greatest value for our customers, ensure their personal safety and protect the interests of the Federal government.

### PEOPLE STRATEGIES

1. Establish, communicate and monitor specific annual safety and security goals.
2. Continuously update and implement Western's Safety and Security Action Plan to keep employees focused on safety and security goals and practices.

### PEOPLE GOALS

#### SAFETY AND SECURITY:

Ensure everyone at Western is aware of and committed to personal safety; each person has a secure work environment and has the tools and knowledge to work in a safe and secure environment.

**STAFFING:** Attract, select and retain a diverse, well-qualified, high-performing workforce.

3. Effectively integrate safety and security practices throughout Western.
4. Appropriately respond to any reported safety or security incidents.
5. Develop and implement regional and a Westernwide employee recruitment plan/program that identifies PATCOB (professional, administrative, technical, clerical, other and blue-collar) under-representation and incorporates specific strategies to recruit in the areas of under-representation.
6. Select individuals whose technical abilities, competencies and personal goals best match job and organizational objectives.
7. Continually develop and enhance employee skills, knowledge and abilities.
8. Develop and implement an effective nonsupervisory leadership program.

## INDUSTRY GOALS

Promote competition and reliability in the evolving electric utility industry.

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

We are a key player in maintaining the reliability and stability of the nation's electrical transmission system. Open access on our transmission system supports the transition to a competitive wholesale energy industry. System operation and maintenance are key to supporting our customers. Because we're interconnected to other systems, our activities can directly affect their stability.

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

### INDUSTRY GOALS

**INDUSTRY:** Support industry reliability.

**RESTRUCTURING:** Support the Administration's electric utility restructuring initiatives.

**RESOURCES:** Work to protect and maximize the value of the Federal resource.

**TRANSMISSION SYSTEM:** Ensure reliability and availability of Western's transmission system.

**BUSINESS PRACTICES:** Employ sound business methods to protect property and information.

## **INDUSTRY STRATEGIES**

- 1.** Meet or exceed national and regional operating criteria.
- 2.** Meet all national and regional reliability requirements for operations.
- 3.** Provide open access to our transmission system.
- 4.** Encourage voluntary use of renewable resources and energy-efficiency measures.
- 5.** Actively participate in Federal, state and industry restructuring forums.
- 6.** Support consumer benefits through advocacy of the Administration's electric utility restructuring initiatives.
- 7.** Participate in decisionmaking processes with natural resource agencies and others whose decisions affect hydropower generation.
- 8.** Work with the Bureau of Reclamation and the U.S. Army Corps of Engineers to secure alternative funding for power facility operations and maintenance and rehabilitation.
- 9.** Participate in national and regional reliability/transmission organizations and transmission studies.
- 10.** Reduce accountable outages.
- 11.** Identify and accomplish high-priority construction and rehabilitation projects for the year.
- 12.** Perform periodic safeguards and security inspections to promote a safe and secure work environment.
- 13.** Identify physical and cyber threats, attempts, breaches and vulnerabilities and implement protective measures to reduce or eliminate those threats and vulnerabilities.
- 14.** Ensure Western's cyber security procedures and controls are documented, communicated and employees are educated.

## PLAN GOALS AND ANNUAL PERFORMANCE

The three goals in the Strategic Plan set the framework for developing our Annual Performance Plan. Annual performance goals indicate progress toward achieving Strategic Plan goals. By relating budget requests to annual performance goals in our budget submission and in the Program Assessment Rating Tool, Western can fully demonstrate to the public, the Department, the Office of Management and Budget and Congress how we intend to turn our resources into results:

Western's Annual Performance Plan describes the link between annual performance goals, the mission statement and strategic goals, day-to-day activities and budget programs. This connection between performance goals and program offices helps to reinforce accountability and to ensure that, in day-to-day activities, we keep in mind the results our organizations and programs are striving to achieve.

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

