

## ADMINISTRATOR'S MESSAGE

The Southwestern Power Administration powers the future, all day, every day, as we have for 70 years, through times of abundant water, and through times of drought; despite floods, ice storms, and tornadoes. We have consistently fulfilled our commitment to customers, taxpayers, and the Nation by operating Southwestern's Federal power, transmission, and related assets in accordance with sound business principles and time-tested utility practices.

Our dedicated, cost-conscious work force has empowered Southwestern to deliver clean, efficient, and reliable energy to our region for the benefit of the Nation, defraying tons of environmentally harmful greenhouse emissions and other contaminants throughout our seven decades.

Southwestern continuously endeavors to improve the delivery of Federal power and enhance the reliability of the bulk electric system. We do this by striving to meet the exacting Reliability Standards of the North American Electric Reliability Corporation (NERC) and by keeping our transmission system accessible and reliable.

Proactive planning enables Southwestern to reorganize staff and resources from time to time when such actions support fully-vetted and sound business efficiencies consistent with clearly identified business needs, Federal statute, and Southwestern's corporate business functions. We use student and veteran programs as well as other strategies to promote workforce continuity and capability, assuring the high level of service Southwestern consistently provides to its customers.

Through an innovative Memorandum of Agreement (MOA) our customers sponsor upgrades which modernize hydroelectric generating facilities at U.S. Corps of Engineers dams in our region for performance at peak efficiency, producing clean, green, and renewable energy.

Beyond this, we promote the reliability and serviceability of the bulk transmission grid through our participation in the Southwest Power Pool Regional Transmission Organization and our 2008 agreement with the Tulsa District Corps, which provides for transfer of ownership and maintenance of transmission facilities to Southwestern from the Corps on a switchyard-by-switchyard basis. And we assure that all Southwestern facilities remain available by replacing aging equipment, improving information technology security measures designed to thwart cyber attacks, and engineering innovative facilities protection measures to minimize physical attacks.

This Strategic Plan guides our future, in keeping with the Department of Energy Strategic Plan, Goals, and Management Principles, as Southwestern fulfills its overarching, enduring mission to provide sustainable energy for today and tomorrow.



**Christopher M. Turner,  
Administrator**

# SOUTHWESTERN POWER ADMINISTRATION

## STRATEGIC PLAN

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**An Agency of  
the United States  
Department of Energy**



# DOE GOAL: TRANSFORM OUR ENERGY SYSTEMS

## SOUTHWESTERN PROGRAM GOALS

Southwestern will replace aging equipment and upgrade components to ensure reliability and meet increased power demands on Federal facilities.

Southwestern will reduce fossil fuel usage and demand growth by developing and executing customer funding agreements that will provide up to \$60 million annually in customer funds for capital replacements and upgrades at all U.S. Army Corps of Engineers hydroelectric generating facilities in Southwestern's marketing area, saving 8.9 million barrels of oil, 2.7 million tons of coal or 54.6 feet of gas annual under average water conditions.

Southwestern will continue its participation in the Southwest Power Pool Regional Transmission Organization (SPP RTO) whose transmission expansion activities ensure reliability of the electric grid and facilitate the integration of new generation resources.

Southwestern will control costs to the degree possible to sustain a composite (capacity and energy) firm power energy rate that is below market to assure repayment of the Federal investment.

Southwestern will review, analyze, and model any feasible and scientifically sound climate change scenarios which might improve long term and short term hydropower operations.

Southwestern will maintain its contingency operations planning to support critical processes in the event of the loss of a major Southwestern worksite.

## TARGETED OUTCOMES FOR ENERGY SYSTEM

### TRANSFORMATION

Southwestern will expend at least 80% in capital investment on its transmission system but not more than 100 % of the agency spending plan.

Southwestern will meet at least 80% of in-service milestones for all projects in Southwestern's 10- year construction plan.

Southwestern will prepare contractual instruments to provide a customer funded revenue stream of up to \$60 million annually, in an estimated aggregate amount of at least \$1.3 billion to fund needed capital replacements for all Corps hydroelectric generating facilities in the Southwestern marketing area over the next thirty years.

Southwestern will avoid involuntary curtailments of firm load (exclusive of storm-related or sabotage-related forced outages) that may contribute to a reliability violation, transmission system security breach or cascading outages originating on the Southwestern system.

Identified SPP RTO reliability upgrades will be implemented, subject to requisite outage availability and hydroelectric generating system conditions, Federal procurement regulations, materials availability, and budgetary authority.

Southwestern will support the SPP RTO major transmission expansions to facilitate new transmission investment, including the integration of new generation resources.

Southwestern will utilize statutory authorities, such as Section 1222 of EPact 2005, to facilitate transmission improvements that satisfy the requirements of such statutory authorities.



## DOE GOAL: THE SCIENCE AND ENGINEERING ENTERPRISE

### SOUTHWESTERN PROGRAM GOALS

Southwestern will use student and veteran programs, as well as other hiring authorities, to hire and train engineers and power system dispatchers, thus helping maintain science and technical assets for replacement of retiring staff in the electric utility industry.

Southwestern will develop human technical capital to adapt to the increasing complex changes in the electric utility industry.

Southwestern will actively engage in climate change risk management by participating in cross-agency responses to climate change, and exploring new funding mechanisms that do not impact the Federal budget and minimize rate impacts to consumers in order to hedge against droughts.

Southwestern will seek improvement of its overall cyber security posture.

### TARGETED OUTCOMES FOR THE SCIENCE AND ENGINEERING ENTERPRISE

Southwestern will complete a scoping assessment for application and integration of scientifically-sound climate change scenarios into key analysis and decision-making processes, for both long-term planning and short-term operations, including activities such as reservoir planning and operations.

Southwestern will support the nation's need to grow technical human capital resources for the power industry by developing relationships with college administration staffs and utilizing the student and veterans programs to hire and train technical and power dispatching positions.

Southwestern will adopt applicable Cyber Security practices derived from coordination and collaboration with other power marketing administrations (PMAs), DOE, NERC, and the electric utility industry.

## DOE GOAL: MANAGEMENT AND OPERATIONAL EXCELLENCE

### SOUTHWESTERN PROGRAM GOALS

Southwestern will facilitate further development of a highly qualified, capable, and flexible workforce by implementing a series of in-house training sessions in interpersonal communications, Southwestern's business model emphasizing cost containment and efficiency, basic elements of management, and all areas of Equal Employment Opportunity to remove barriers to a cohesive organization.

Southwestern will prepare for succession planning of critical staff by utilizing student, handicapped, and veterans programs as well as other hiring authorities. Southwestern will transform its approach to safety by reducing lost-time accident frequency rates in compliance with the Presidential POWER initiative.

Southwestern will operate in a safe manner utilizing best industry practices.

Southwestern will partner with the other PMAs to share and adopt best practices where applicable.

### TARGETED OUTCOMES FOR MANAGEMENT AND OPERATIONAL EXCELLENCE

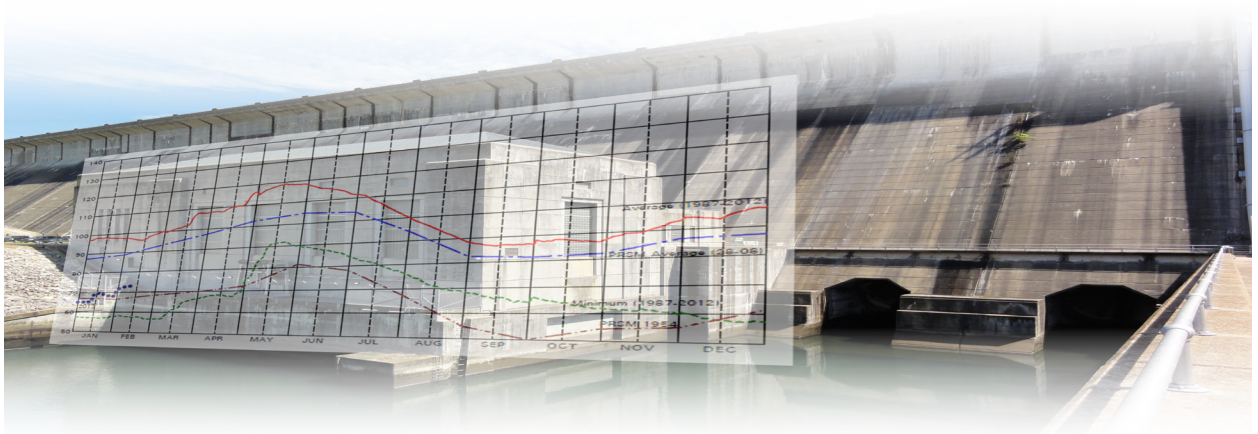
100 percent of targeted vacancies will be filled.

Southwestern's safety incident frequency rate will be less than or equal to industry average and there will be zero fatalities.

Alternative workspace capacity will be in place to support critical processes in the event of a loss of a major Southwestern worksite.

Multi-year information technology (IT) Disaster Recovery plans will be put in place to improve recovery capabilities for key IT systems.

Cost containment and operational efficiency goals will be jointly established by Southwestern leadership that maximize business operations and accountability are understood by all organizational elements.





# DOE ENERGY MISSION: ENERGY SECURITY AND PROSPERITY

## SOUTHWESTERN MISSION

Southwestern Power Administration's mission is to market and reliably deliver Federal hydroelectric power with preference to public bodies and cooperatives. This is accomplished by maximizing the use of Federal assets to repay the Federal investment and participating with other water resource users in an effort to balance their diverse interests with power needs within broad parameters set by the U.S. Army Corps of Engineers, and implementing public policy.

## VISION

Southwestern has an open and trusting partnership with its customers in meeting their business expectations for operation of the Federal hydropower system, and with the American public in meeting our financial obligations while providing good stewardship of regional water resources. The Southwestern work force is cost-conscious, team-based, and empowered to meet customer expectations.

## PROGRAM EVALUATION

Southwestern regularly conducts internal reviews of its operations to measure overall effectiveness as part of an ongoing strategic planning process. Southwestern emphasizes customer service, reliability, goal-oriented and proven corporate efficiencies, and accountability in meeting our financial obligations. We track our progress quarterly to assure our continued success.

Repayment of the Federal investment is an important measure of how well we are meeting our responsibilities to the American taxpayer. Each year, we conduct a thorough analysis to assure our rates will provide sufficient revenues to cover costs. These repayment studies are subject to customer, DOE, and Federal Energy Regulatory Commission review. Additionally, we gauge the quality of our service through periodic customer meetings, which provide valuable feedback that we use to improve performance. We also take part in audits and peer reviews of critical infrastructure systems to keep our assets secure.

Our dispatching and transmission operations are regularly reviewed by NERC and the Regional Reliability Organization to assure that regional operational standards are met. Additional reviews are conducted by the DOE Inspector General, the Government Accountability Office, the Office of Personnel Management, DOE Administrative Staff, and independent auditors of Southwestern's financial system.

Southwestern routinely monitors and adjusts operational performance using internal and external measures designed to enhance and improve our operations and assure that Southwestern fulfills public and business responsibilities.

## ASSUMPTIONS

Many factors in the technically complex and competitive utility industry – particularly with the hydropower system in Southwestern's region – can be unknown. Varying amounts of rainfall, statutory and regulatory actions that may affect operations, potential reallocations of the water resources within the region, fluctuations in costs associated with hydropower project operations and maintenance expenses, and delays or reductions in the availability of adequate funding to run an effective and efficient program are variables that Southwestern must deal with annually. However, regardless of any external factors that may affect its performance, Southwestern remains committed to meeting its public responsibilities by marketing and delivering sustainable, reliable, affordable, and environmentally clean hydropower.

## CORPORATE VALUES

- We believe our employees are our most important resource.
- We maintain a safe and productive work environment.
- We meet our financial obligations to the American public.
- We give customers' power needs top priority.
- We provide the American public responsible stewardship of the Nation's water resources and environment.
- We treat everyone with courtesy, respect, and honesty, while recognizing individual needs.
- We meet expectations for quality, service, costs, and schedules, using good business practices.
- We help each other develop professionally.
- We comply with NERC Reliability Standards.

## STAKEHOLDERS

- Our Customers
- The Department of Energy
- The U.S. Army Corps of Engineers
- Federal and contract employees
- Congress and the American public
- The utility industry
- Water resource interest groups
- The Office of Management and Budget
- Other Federal and State agencies

