

BPA's Strategic Direction

with Key Agency Targets for Fiscal Year 2009

BPA's mission, vision and core values drive our long-term strategic objectives. We measure our progress toward achieving our strategic objectives through key agency targets and related business unit balanced scorecard targets. These targets also link to the performance contracts of our management team in order to further focus and align our group and individual efforts.

BPA's MISSION

The Bonneville Power Administration's mission as a public service organization is to create and deliver the best value for our customers and constituents as we act in concert with others to assure the Pacific Northwest:

- An adequate, efficient, economical and reliable power supply;
- A transmission system that is adequate to the task of integrating and transmitting power from federal and nonfederal generating units, providing service to BPA's customers, providing interregional interconnections, and maintaining electrical reliability and stability; and
- Mitigation of the Federal Columbia River Power System's impacts on fish and wildlife.

BPA is committed to cost-based rates and public and regional preference in its marketing of power. BPA will set its rates as low as possible consistent with sound business principles and the full recovery of all of its costs, including timely repayment of the federal investment in the system.

BPA's VISION

BPA will be an engine of the Northwest's economic prosperity and environmental sustainability. BPA's actions advance a Northwest power system that is a national leader in providing:

- High reliability;
- Low rates consistent with sound business principles;
- Responsible environmental stewardship; and
- Accountability to the region.

We deliver on these public responsibilities through a commercially successful business.

BPA's VALUES

Trustworthy stewardship: As stewards of the FCRPS, we are entrusted with the responsibility to manage resources of great value for the benefit of others. We are trusted when others believe in and are willing to rely upon our integrity and ability.

Collaborative relationships: Trustworthiness grows out of a collaborative approach to relationships. Internally we must collaborate across organizational lines to maximize the value we bring to the region. Externally we work with many stakeholders who have conflicting needs and interests. Through collaboration we discover and implement the best possible long-term solutions.

Operational excellence: Operational excellence is a cornerstone of delivering on the four pillars of our strategic objectives (system reliability, low rates,

environmental stewardship, regional accountability), and it will place us among the best electric utilities in the nation.



Stakeholder Perspective

System Infrastructure

■ **Transmission System Infrastructure:** BPA's stewardship of the transmission system infrastructure addresses current and future demands by assuring that:

1. At least 80 percent of the start-of-year capital budget is allocated, and at least 80 percent of the allocated funds are spent; and
2. 85 percent of Transmission's high-impact capital projects (including projects for replacements and upgrades) meet key schedule and cost targets.

■ **Commercial Infrastructure:** BPA will continue to make improvements in Transmission Services' commercial infrastructure and policies to deal effectively with its long-term transmission request queue by completing the following in fiscal year 2009:

1. Commercial infrastructure analysis to support the FY 2008 Network Open Season;
2. Commencement of offers for Conditional Firm transmission service;
3. Collaboration with interested parties to scope the parameters for intertie open seasons; and
4. Any necessary revisions and enhancements to BPA's Open Access Tariff to clarify the Network Open Season Model.

■ **Resource Program:** The draft Resource Program document, which guides the type, timing and amount of BPA resource acquisitions through 2019, meets the program objectives and is released for public comment.

■ **Hydro Generation System Infrastructure:** BPA's stewardship of FCRPS hydroelectric generation plants, through replacement and modernization of failed or deteriorating equipment, sustains reliability and performance by assuring that:

1. The capital investment program expenditure rate percentage for the year is at least 80 percent; and
2. The milestone completion rate percentage for the year is 70 percent or more.

■ **Energy Efficiency/Demand Management:** Deliver 52 to 57 average megawatts of new conservation from all of BPA's energy efficiency programs at a cost of \$1.4 million to \$1.5 million per average megawatt, and conclude a public process on the future role of BPA regarding energy efficiency post-2011.

System Performance

■ **Transmission Reliability:** Maintain the reliability of the Federal Columbia River Power System's transmission system by: (1a) no instance of a "high risk factor" violation with a "high" or "severe" violation severity level (level 3 or more); (1b) no line outages caused by a vegetation grow-in contact; (1c) 100 percent of BPA submitted, WECC approved or revised mitigation plan milestones are completed for technical compliance and 95 percent of WECC approved or revised

mitigation plan milestones are completed for documentation; and (2) no involuntary curtailment of firm load due to a reliability violation, transmission system security breach or cascading outage originating on the BPA system.

■ **Transmission Availability:** BPA's most important transmission lines (Category 1 and 2) are available for service at least 98.0 percent of the time.

■ **Generation Reliability:** Maintain the reliability of the Federal Columbia River Power System's generators by: (1a) no "high risk factor" violation with a "high" or "severe" violation severity level (level 3 or more); (1b) 100 percent of BPA-submitted, generation related, WECC approved or revised mitigation plan milestones are completed for technical compliance and 95 percent of WECC approved or revised mitigation plan milestones are completed for documentation; and (2) no involuntary curtailment of firm load due to a reliability violation, inadequate power supply or a power supply system security breach.

■ **Generation Availability:** Hydro generating units achieve 97.5 percent heavy load hour availability.

■ **Columbia Generating Station Performance and Cost:** Columbia Generating Station (CGS) achieves both of the following targets for the 12 months ending in June 2009:

1. The CGS overall performance index indicator is > 85.66 points (aggregate result for CGS operational indices); and
2. The CGS cost of power is between \$49.08 and \$54.28 per megawatt-hour.

Industry Advancement

■ **Regional Dialogue Implementation:** The following tasks are implemented to carry out BPA's Long-Term Regional Dialogue Final Policy:

1. Regional Dialogue and Residential Exchange contracts are signed by BPA and its customers.
2. Regional Dialogue Implementation Plan addressing process, policy, system, staffing and training requirements is completed and approved by the Business Operations Board and end-of-year milestones for implementations are met.
3. BPA Tier II product and service options for the FY 2012–14 commitment period meet the agency's Tier II objectives and are fully developed and communicated to customers.
4. Prototypical contract and procedures for managing delivery of non-federal power to customers served through Transfer Agreements are developed and available to customers.

■ **Wind Integration:** In order to integrate wind in a way that minimizes costs to the region while maintaining reliability and sound operational planning, BPA will address the following actions identified in the 2009 Wind Integration Rate Case Settlement Agreement:

1. Refine estimates of reserve requirements for wind balancing;

2. Assess FCRPS capacity and flexibility to supply wind balancing;
3. Define the criteria and process for procuring generation inputs for wind balancing from non-federal entities; and
4. Clarify accountability and responsibility for wind generation forecasting and scheduling accuracy.

Low-cost Provider

- **Power and Transmission Rate Case:** New wholesale power rates and transmission and ancillary services rates that reflect the lowest cost for service consistent with sound business principles for the FY 2010–2011 rate period will be in effect on Oct. 1, 2009.

Environmental Stewardship

- **ESA Compliance:** BPA meets its implementation requirements for the 2008 FCRPS Biological Opinion and Fish Accords, and subsequent court action results in no “material” change of the 2008 FCRPS Biological Opinion.
- **Climate Change Action Plan:** BPA implements the FY 2009 components of its Climate Change Action Plan and updates that plan to reflect evolving regulatory environments.

Regional Accountability

- **Customer Satisfaction:** Rating of 7.0–7.5
- **Constituent Satisfaction:** Rating of 7.0–7.5
- **Tribal Government Satisfaction:** Rating of 7.0–7.5

Financial Perspective

- **Modified Net Revenue:** Modified Net Revenue is in the range of \$5 million to \$175 million.
- **Treasury Payment:** Treasury payment is made in full for the 26th consecutive year.
- **Bond Rating:** BPA-backed bonds maintain ratings of “AA-” or better from all three rating agencies (Standard & Poor’s, Moody’s, and Fitch).
- **Internal Operating Costs:** Actual internal operating costs are in the range of \$598 million to \$583 million.
- **Access to Capital:** In collaboration with the region, establish an actionable plan to sustain access to capital through 2019 and provide methodologies to sustain access through 2029.

Internal Operations Perspective

- **Transmission Process Improvement Projects:** Transmission Services’ implementation of at least five of the following six significant EPIP-driven IT projects meets schedule and budget targets: Work Planning and Scheduling System,¹ Transmission Asset System,¹ Supplemental Labor Information Management System,¹ Enterprise Geospatial Information System,¹ E-Commerce, and Field Connectivity.

¹ Must meet in order to meet overall target

■ Customer Billing & Contracts System:

Customer Billing and Contracts System milestones are implemented on budget and BPA is using the system to issue customer bills.

■ Business Continuity Program:

BPA will achieve the following major milestones in order to substantially advance a “culture of continuity” throughout the agency:

1. Crisis Management and Incident Management plans are developed and tested that enable effective leadership and decision making during disruptive events.
2. Standardized Occupant Emergency Plans are developed to effectively help protect human health and safety at BPA facilities.
3. Infrastructure Restoration Plans are tested for BPA facilities, supply chain and IT and are improved for transmission.
4. Using BPA’s Business Continuity framework, FY 2008 COOP plans are tested and improvement strategies are identified for future implementation.
5. At least one key internal infrastructure component needed to support BC capabilities is proposed for implementation in FY 2010 (includes an Emergency Operations Center (EOC), an alternate EOC, alternate workspace, and alternate power scheduling capabilities).

People and Culture Perspective

- **Workforce Gap Closure:** 80 to 100 percent of FY 2009 workforce action plans are completed to effectively recruit, retain and develop critical skills and occupations.
- **Employee Understanding of Business Strategy:** Employee understanding of business strategy is high (average of two questions is 70 percent – 80 percent).
- **Safety:** The lost-time accident frequency rate is \leq 1.5. No fatalities occur to BPA employees or contract employees working on BPA facilities.

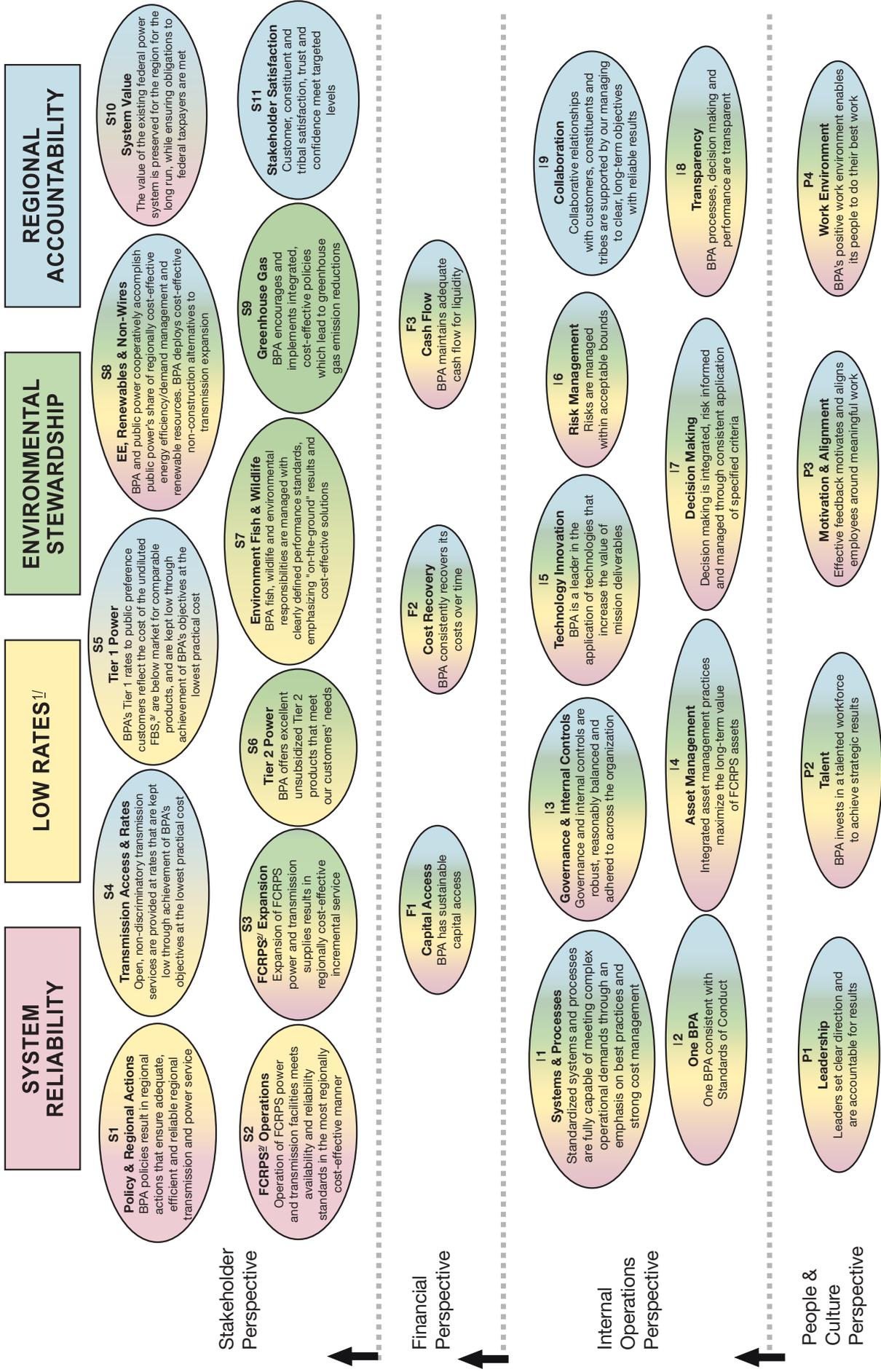
Success Share TARGETS

For FY 2009, payout awards will be based on performance against the Success Share targets. Any payout will be contingent on achieving both the Treasury Payment target and at least \$5 million in Modified Net Revenue.

✓ = Success Share

For more information on BPA key agency targets go to:
<http://internal.bpa.gov/Agency/Performance/Pages/AgencyTargets.aspx>

Agency Strategy Map: 2008-2014



^{1/} Consistent with sound business principles; ^{2/} Federal Columbia River Power System (FCRPS); The transmission system constructed and operated by BPA and the hydroelectric dams constructed and operated by the U.S. Army Corps of Engineers and the Bureau of Reclamation in the Northwest, and non federal generation capability acquired by BPA under long-term arrangement. Each entity is separately managed and financed, but the facilities are operated as an integrated power system. ^{3/} Federal Base System.

BPA's long-term strategic objectives are shown in the ellipses above and define our strategic direction. As the map colors illustrate, each strategic objective helps uphold one or more of the four pillars of BPA's vision: system reliability, low rates, environmental stewardship, and regional accountability. For details on BPA strategic planning, and agency and business unit strategy maps and scorecards, go to <http://internal.bpa.gov/Agency/Strategy/Pages/StrategyPlanning.aspx>.