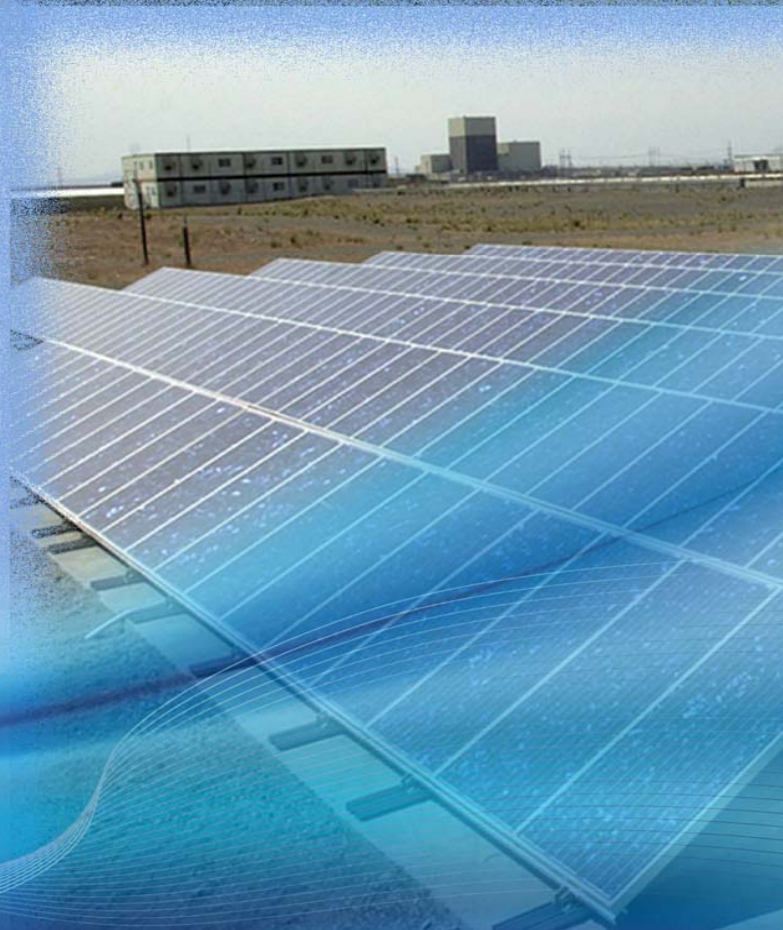
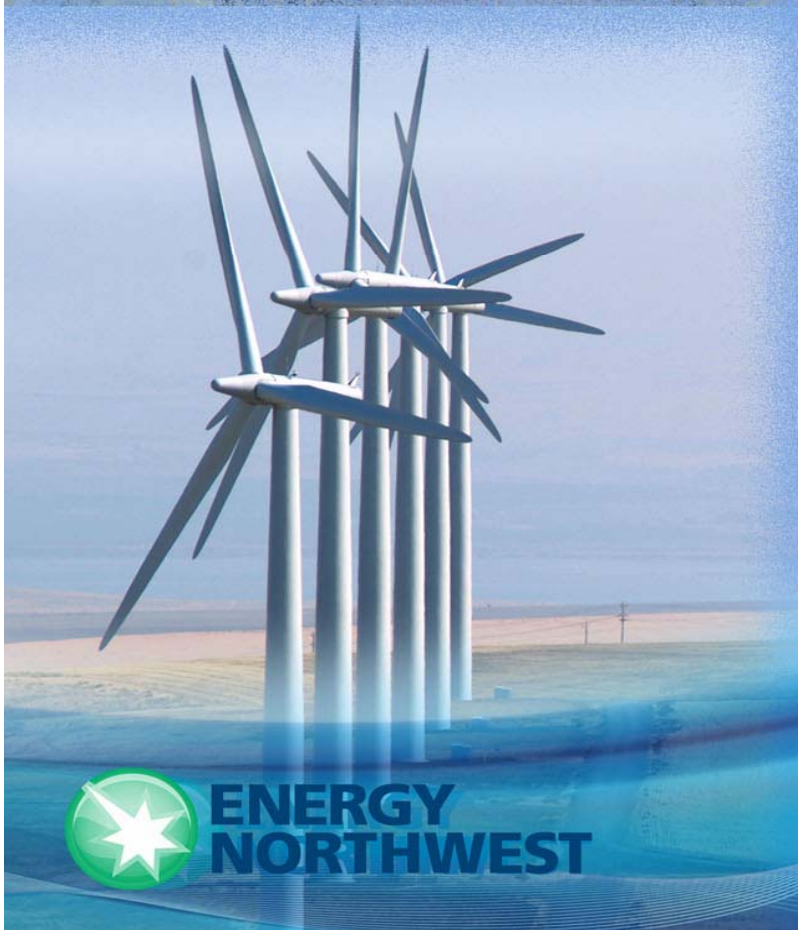


# Strategic Plan

*Fiscal Year 2009 Through 2018*



**ENERGY  
NORTHWEST**

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# CEO Message

Thank you for taking time to read and comprehend this strategic plan. Whether you are a member of our Energy Northwest team, or simply interested in where we are headed, I appreciate your interest and welcome your feedback on ways we might better serve our region's ratepayers.

Strategic plans are roadmaps to future success. The best ones clearly communicate the desired course while ensuring flexibility for unanticipated detours. Nowhere is this more true than in the power generation arena.

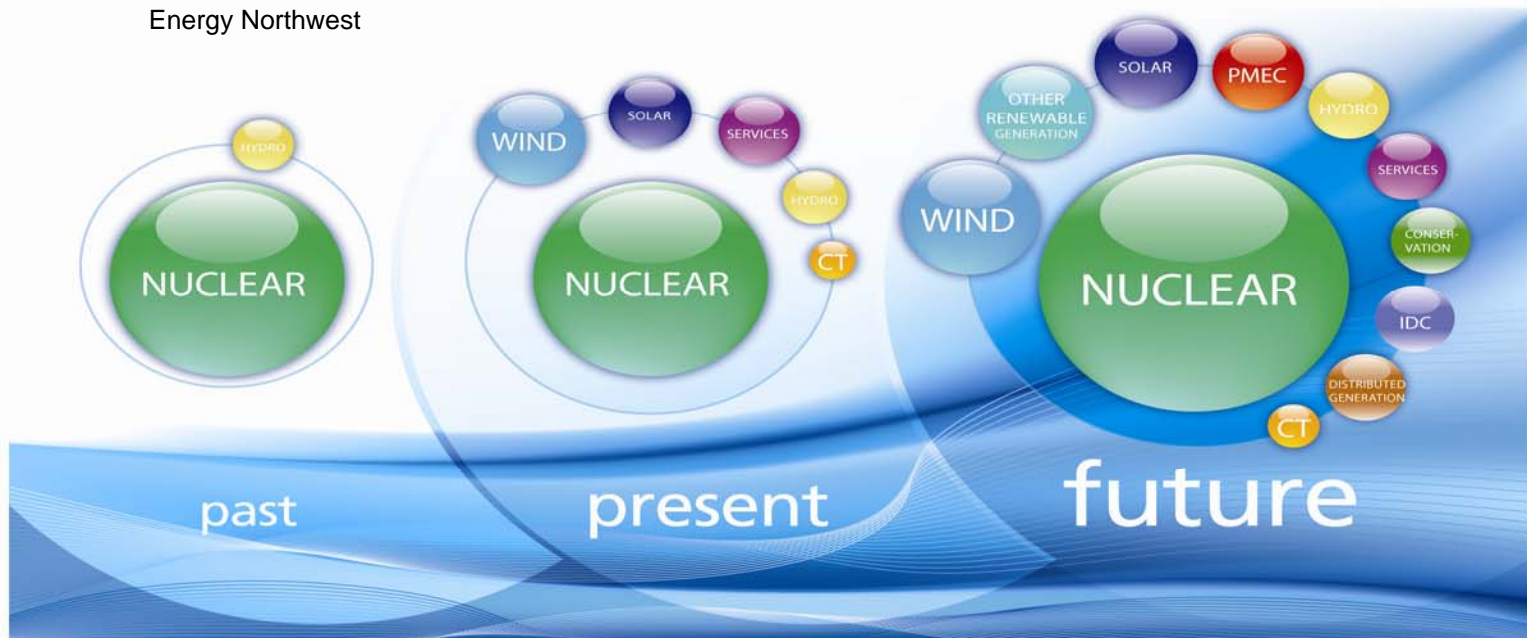
We are entering an era of unprecedented complexity and need in the power arena. Fossil fuel usage is under attack for alleged contributions to climate change, public policy is driving the country to less efficient and more costly power options, and the region's power distribution grid is rapidly becoming outdated and overloaded.

Our role as outlined in this plan will continue our legacy of delivering at-cost, reliable, affordable and environmentally responsible power to the region. Yet that won't be enough.

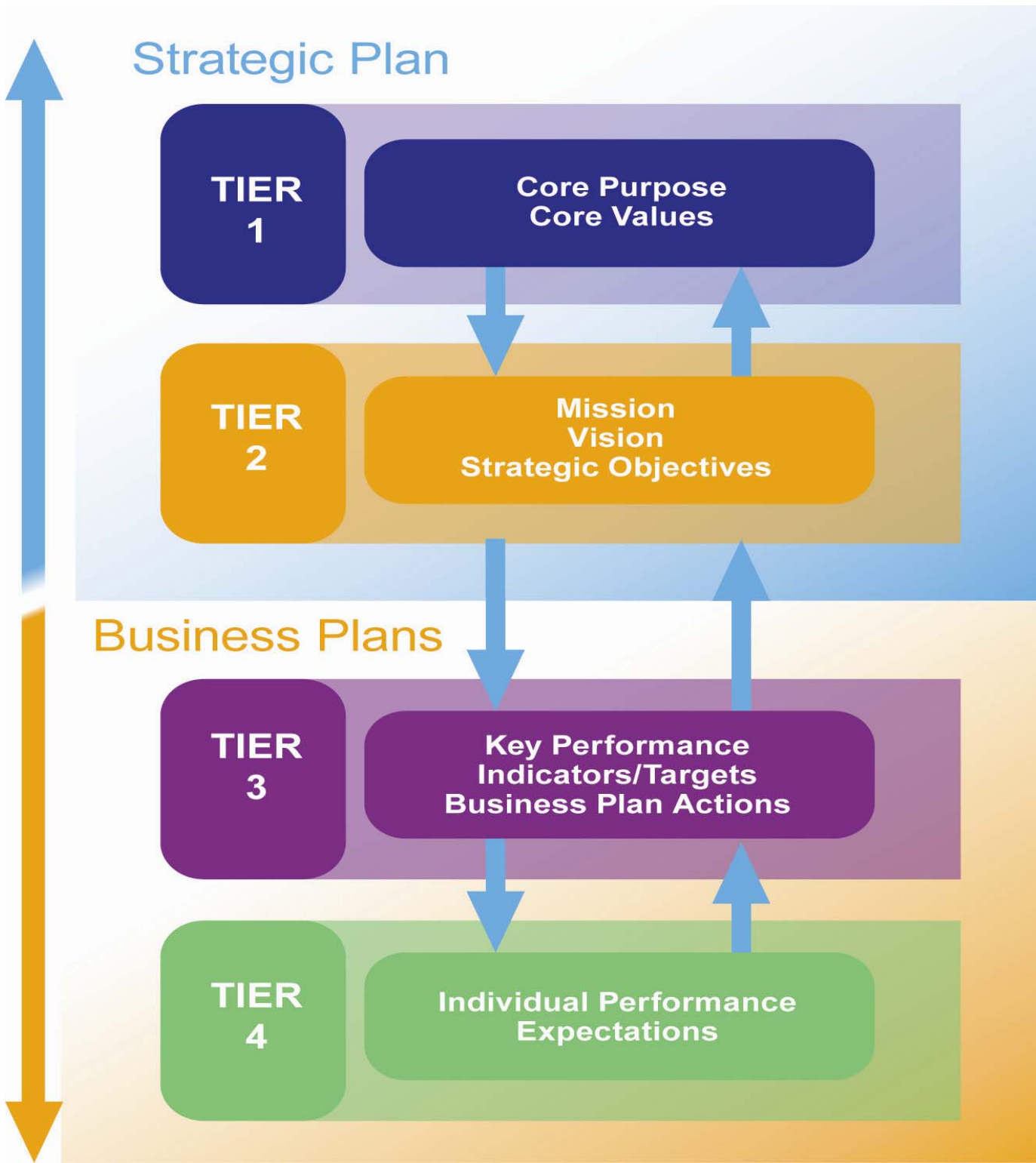
Just as critical will be our role in delivering practical, employable solutions to the region's new power challenges; a daunting task by nearly any measure. The uncertainties surrounding the use of fossil fuels, new nuclear development, and the inherent limitations of intermittent power generation systems will demand all the experience, expertise, creativity and flexibility we can muster.

Nevertheless, the future is bright. The shining silver lining in all these challenges is the women and men of Energy Northwest whose commitment and persistence contribute to excellence every single day. Their efforts, guided by this strategic plan, gives me great confidence that Energy Northwest will continue to be the region's undisputed choice for powerful solutions to the challenges that lie ahead.

Vic Parrish  
Chief Executive Officer  
Energy Northwest



# Tiered Planning Structure



# Introduction

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As depicted on the previous page, Energy Northwest uses a tiered planning structure.

The first tier includes **core purpose** and **core values**. The core purpose describes why Energy Northwest exists as an organization. Core values are the fundamental beliefs by which we, as an organization and as employees, live. All of our plans and work must be derived from, or be in accordance with, our core purpose and values.

The second tier consists of our **vision**, **mission**, and **strategic objectives**. The vision describes Energy Northwest five to ten years in the future. Our mission describes what we do, how we do it, and for whom we do it. Strategic objectives refer to broad categories which are essential performance areas in order to achieve our vision.

**Key performance indicators**, **targets** and **actions/initiatives** make up the third tier. Key performance indicators measure progress within an objective and targets are the performance goals. Business plan actions/initiatives describe the most important projects and programs being undertaken by Energy Northwest to achieve our vision. Business plan actions are detailed actions that support the vision and are specific to individual business units. Detailed business plan actions, key performance indicators and targets can be found in each Energy Northwest Project's business plan.

The fourth tier includes **individual performance expectations**. Expectations define the work each employee does that will allow us to meet our objectives through our business plan actions. At Energy Northwest, we recognize that high-level objectives are only achieved through the actions and superior performance of our employees.

# Our Core Purpose

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To make the lives of those we serve better tomorrow than they are today.

We meet our core purpose by providing energy solutions in a manner beneficial to the Northwest. To best serve the Northwest ratepayers, we strive to provide reliable power at least cost to the region, while protecting the environment and ensuring the safety of our employees and the public.

# Our Core Values

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- ✦ Teamwork
- ✦ Excellence
- ✦ Accountability
- ✦ Mutual respect and trust
- ✦ Safety

*Achieved through open, honest communication*

Core values are the beliefs that guide our daily activities and frame our behaviors. We believe that application of these values is essential to achieving our strategic objectives and our vision.

# Our Vision

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Energy Northwest:  
The region's premier source for public power energy solutions.

## Vivid Description of the Vision Statement

To be the region's premier source of energy solutions, we will do the following:

- ✦ Conduct our activities with the highest regard for nuclear, industrial, and environmental safety.
- ✦ Be a "Can do" organization.
- ✦ Listen to our members and become a champion for their causes.
- ✦ Continue to enhance the reputation and credibility of Energy Northwest through sustained excellence of our operating facilities.
- ✦ Create additional value for our members by seeking new and innovative ways to support them.
- ✦ Create a customer focused organization that results in the following:
  - ◆ Excited and expanded membership.
  - ◆ Broad public power participation in projects.
  - ◆ Opportunities for project ownership to public power.
  - ◆ Solutions through aggregation for the benefit of public power.
- ✦ Acquire and/or develop electricity generating and/or transmission facilities.
- ✦ Be an "Employer of Choice".
- ✦ Maximize the value of generating resources for the benefit of the entire Northwest.
- ✦ Bring value to our members through partnering with public and private entities.

# Our Mission

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Provide responsible and cost-effective energy solutions for the region's ratepayers.

First and foremost, our members and employees are our primary stakeholders. We serve the ratepayers of the Pacific Northwest through our members and project participants. To best serve the ratepayers, we strive to provide reliable power and other energy services to the region at the least cost, while protecting the environment and ensuring the safety of our employees and the public.

# Strategic Objectives

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*Energy Northwest has identified five strategic objectives to provide broad direction to our employees and set the framework for developing supporting business plan actions. The following provides additional descriptive statements for each of the strategic objectives.*

## Safety and Wellness

- Instill and promote a strong nuclear safety culture – nuclear safety is our first priority.
- Create a safe work environment emphasizing safe work behaviors and individual accountability.
- Promote overall workforce health.
- Educate employees and families on personal safety and wellness.

## Maximizing Value for Members, Participants, Customers and Employees

- Develop and enhance relationships with members, potential members and participants.
- Create additional value for members, participants, customers and employees.
- Maximize the value of our generating resources.

## Performance Excellence

- Improve the safe, reliable, and cost-effective operation of all Energy Northwest operating facilities.
- Optimize employee performance through process improvements, diverse assignments, increased responsibilities and training.
- Improve productivity by leveraging Information Technology.
- Promote shared responsibility for communication.
- Promote a culture of continuous improvement.
- Prepare future public power workers and leaders.

# Strategic Objectives (Cont'd)

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## Business Development

- Aggregate resources, services and loads for public power.
- Be a strong developer of “environmentally friendly” electric generating projects.
- Provide Energy/Business Services at competitive costs.
- Develop business lines that provide the proper balance between public purpose, reserves for future growth, and customer value.

## Public Confidence, Trust & Stewardship

- Manage our assets using best business practices.
- Ensure our customers and the public know who we are and what we are doing through proactive strategic communications.
- Conduct all of our activities in a manner demonstrating environmental stewardship.
- Demonstrate stewardship to the region by providing reliable, at cost and environmentally responsible electric generation.

# Energy Northwest

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## Background

In the early 1950s, many Public Utility District (PUD) commissioners envisioned a time when the federal hydroelectric resources would be inadequate to meet the growing needs of their customers. Since many of the PUDs were not large enough to build a generating facility of their own, they sought legislation that would allow them to pool their resources to build power plants. In 1953 the Washington State Legislature passed a Joint Operating Agency law that allowed PUDs and municipalities with electrical systems to form a single agency to build and operate generating facilities. In 1957, 17 PUDs availed themselves of the law to form the Washington Public Power Supply System. On June 2, 1999, the Washington Public Power Supply System was renamed Energy Northwest.

## Membership

Energy Northwest membership has changed since its beginning. Currently, our membership includes 19 PUDs and three municipalities.

Asotin County PUD No. 1  
Benton PUD  
Chelan County PUD  
City of Richland  
Clallam County PUD  
Cowlitz County PUD  
Ferry County PUD  
Franklin County PUD  
Grant County PUD  
Grays Harbor County PUD  
Kittitas County PUD  
Klickitat County PUD  
Mason County PUD No. 1  
Mason County PUD No. 3  
Okanogan County PUD  
Pacific County PUD No. 2  
Seattle City Light  
Skamania County PUD  
Snohomish County PUD  
Tacoma Public Utilities  
Wahkiakum County PUD  
Whatcom County PUD

## Boards

An 11 member Executive Board is Energy Northwest's policy-making body. The Chief Executive Officer executes the programs and policies approved by the Executive Board. A Board of Directors, composed of one representative from each Energy Northwest member utility, has authority to initiate, terminate, or decommission projects and elects five of its members and three outside individuals to serve on the Executive Board. The Participant's Review Board (PRB) is comprised of nine members elected from the participants of Columbia Generating Station (CGS). They review the budget, the fuel plan, and the major purchases. Additionally, every other Energy Northwest project has its own Participants Board to oversee project operations.

## Energy Northwest Projects

The Packwood Lake Hydroelectric Project was Energy Northwest's first generating project. It began commercial operation in 1964 and is still in operation today, generating a maximum 27.5 megawatts of electricity. As of January 1, 2007, the Packwood Station has generated 3.96 billion kilowatt-hours gross of electricity.

Columbia Generating Station is an operating nuclear power plant, which began commercial operation in 1984. Columbia Generating Station's nameplate capacity is 1,199 megawatts gross (1,150 MW net), and as of January 1, 2007, the station has generated 149.42 billion kilowatt-hours of electricity since commercial operation began.

The Project 1 and 4 sites are being restored and evaluated for future use.

The Business Development Fund was created in 1997 to promote new business opportunities in the energy field. Energy Northwest has ongoing development efforts in the areas of generation, professional services, general services, and facilities management.

The White Bluffs Solar Project began commercial operation in May 2002 with a maximum generating capacity of 38.7 kilowatts. As of January 1, 2007, White Bluffs has generated 229.7 thousand kilowatt-hours gross of renewable electricity.

The Nine Canyon Wind Project began commercial operation in September 2002 with a generating capacity of 48.1 megawatts. A 15.6 megawatt addition to the project reached commercial operation in December 2003. A third phase of 32.2 megawatts has been added. As of January 1, 2007, the Nine Canyon Wind Project is one of the largest publicly owned wind projects in the United States and has generated over 638.7 million kilowatt-hours of renewable electricity.