

# STRATEGIC PLAN

*fiscal year* 2011-2020



## Partnering for a powerful future

- Safe and reliable public power generation and service solutions
- At-cost power to fit your needs
- Ownership stake and control



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Our joint operating agency began with a shared vision more than a half-century ago, when Washington's public power utilities banded together to economically and efficiently bring clean, at-cost electricity to the region.

That vision is as strong today as it was in 1957. Today, the Energy Northwest consortium of a record 28 member utilities continues to partner to meet the energy needs of the region. Together we've built and continue to explore a diverse mix of reliable, affordable, environmentally responsible energy solutions.

Moving ahead, we're challenged to improve efficiency at our existing projects while building upon the momentum we've achieved in developing new regional resources. The Energy Northwest Strategic Plan for fiscal years 2011 – 2020, Partnering for a Powerful Future – will help us meet that challenge and keep us true to our founding vision.

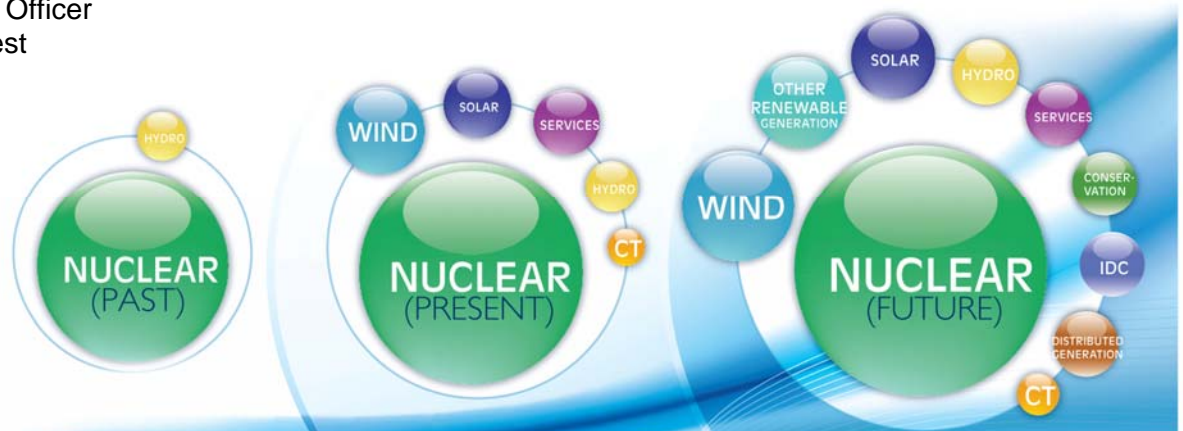
Whether you are a member of the Energy Northwest team, or simply interested in the future of our agency, read this plan to learn about the future direction of regional public power. As always, we appreciate your interest and welcome your feedback on ways Energy Northwest can best serve the Northwest's energy needs.

I also encourage Energy Northwest employees to look at our daily efforts and assess the effectiveness of our individual contributions toward meeting the strategic vision presented in this plan. Each of us plays a key public service role, and together we represent an amazing pool of professional expertise. With such a foundation of purpose and talent, I have no doubt that we will meet past successes with even greater future achievements.

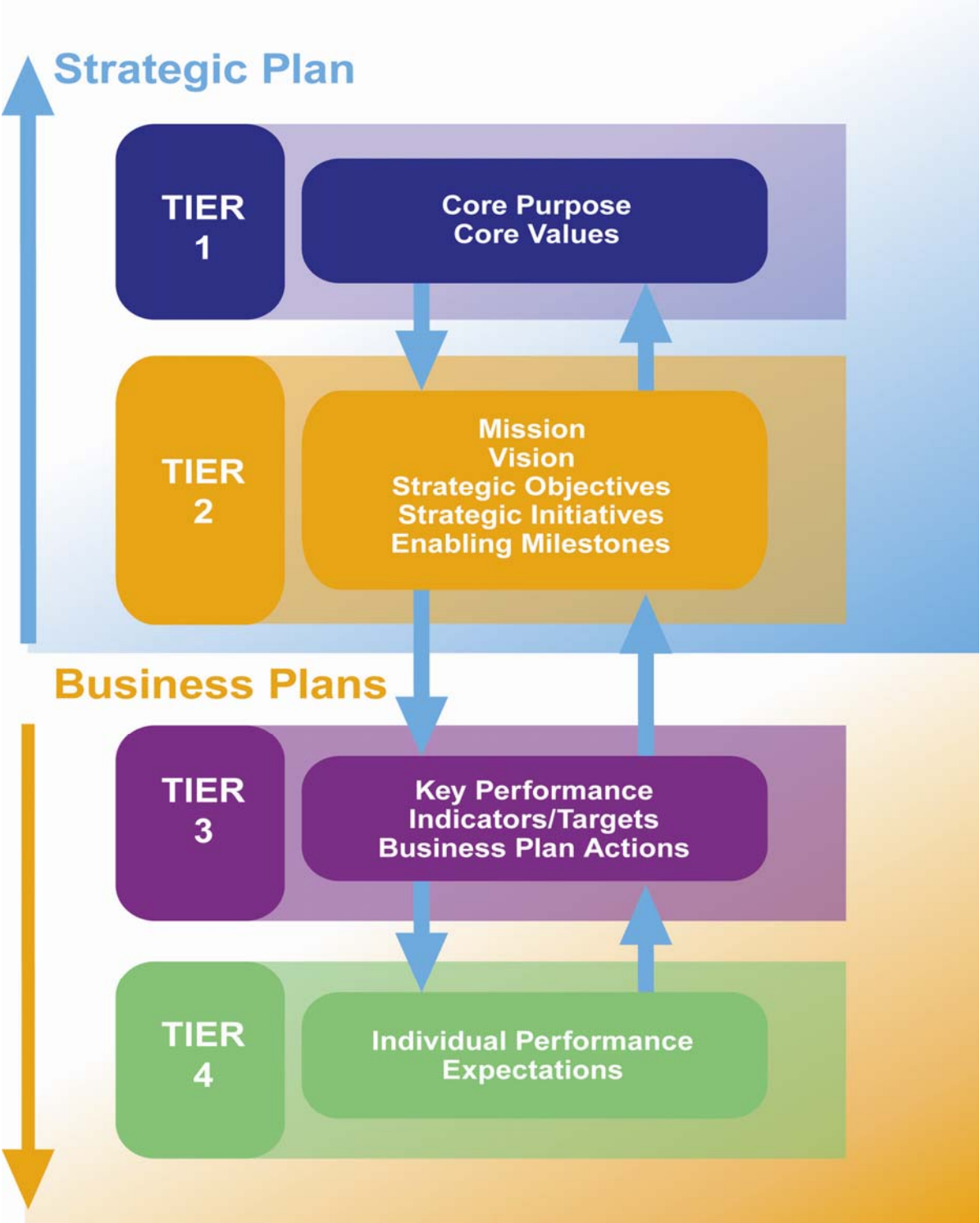
With support from all of our stakeholders and our continued, daily commitment to excellence, we will ensure Energy Northwest is positioned to be the region's premier source for powerful solutions.

Respectfully,

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 10 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. In addition this year, our Board of Directors and Executive Board developed **strategic initiatives and enabling milestones** to address underlying issues or trends. Enabling milestones represent specific tasks by fiscal year.

**Key performance indicators, targets and actions/initiatives** make up the third tier. Key performance indicators measure progress within an objective. 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 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.

# Strategic Initiatives, Enabling Milestones and Key Performance Indicators

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Energy Northwest Members provided extensive input to this year's strategic plan. Using that input, the Board of Directors, Executive Board and the Senior Staff developed the strategic initiatives and enabling milestones to address the important emerging and underlying issues facing Energy Northwest.

This year there are 3 strategic initiatives for FY11 and beyond. They are:

- **Maximize Current Resources**
- **Public Power Leadership through Communication/Education**
- **Provide Power Supply Solutions**

The specific enabling milestones (specific actions and performance indicators) along with senior management sponsors are detailed on the following page.

## Strategic Initiatives

| Actions  | Enabling Milestones/Key Performance Indicators  |  |   | Senior Sponsor |
|--|---|--|---|----------------|
|  | FY10  | FY11   | FY12  |                |
| <b>Strategic Initiative: Maximize Current Resources</b>                              |   |  |   |                |
| <b>Columbia</b>  |   |  |   |                |
| Nuclear Oversight Board (NOC)  | Revise focus of Operations and Construction committees to only CGS (rename NOS)   | Continue NOS   | Continue NOS  | Scott Oxenford |
| CGS Performance Index (composite rolling 24 month average) as of June 30 of each FY  | 52.71   | 55.7   | 79.73   | Scott Oxenford |
| Radiation Exposure (annual person-rems)  | 40  | 281  | 42  | Scott Oxenford |
| Refuel Outage Duration (days)  | 0   | 78   | 0   | Scott Oxenford |
| Net Generation (GWh)   | 8,213   | 7,395  | 9,383   | Scott Oxenford |
| Cost of Power Targets (\$/MWh incl esc) O&M/Fuel costs only                          | \$30.93   | \$42.12  | \$27.74   | Scott Oxenford |
| Industrial Safety Rate (accidents/200K hours worked)                                 | 0.15  | 0.15   | 0.15  | Scott Oxenford |
| <b>Packwood</b>  |   |  |   |                |
| Cost of Power Targets (\$/MWh incl esc) O&M costs only                               | \$19.82   | \$21.42  | \$22.50   | Jack Baker     |
| Industrial Safety - Recordable injuries  | 0   | 0  | 0   | Jack Baker     |
| <b>Nine Canyon Wind</b>  |   |  |   |                |
| Cost of Power Targets (\$/MWh incl esc) O&M costs only                               | \$22.31   | \$19.61  | \$24.00   | Jack Baker     |
| Industrial Safety - Recordable injuries  | 0   | 0  | 0   | Jack Baker     |
| <b>Strategic Initiative: Public Power Leadership through Communication/Education</b> |   |  |   |                |
| <b>Industry Knowledge and Communication Plan</b>                                     |   |  |   |                |
| Implement Communication Plan   | Implement FY10 actions and develop FY11 action plans.   | Implement FY11 actions and develop FY12 action plans.                            | Implement FY12 actions and develop FY13 action plans.                       | Rochelle Olson |
| <b>Member engagement</b>   |   |  |   |                |
| Member Site Visits (CEO & Senior Staff Attend Member Utility Meetings) *             | Identify engagement schedule and appropriate management.  | Create calendar and coordinate visits. Conduct surveys to measure effectiveness. | Continue visits. Make adjustments as necessary.                             | Rochelle Olson |
| <b>Political Initiatives</b>   |   |  |   |                |
| Conduct Legislator Visits  | Conduct regular visits with state/federal legislators throughout the year.  | Continue regular visits with state/federal legislators throughout the year.      | Continue regular visits with state/federal legislators throughout the year. | Rochelle Olson |
| Increase EN Regional Input   | Work to get a public power representative on the Gov's Energy Task Force. Identify additional opportunities for regional interface. | Identify additional opportunities for regional interface and engage              | Identify additional opportunities for regional interface and engage         | Rochelle Olson |
| <b>Strategic Initiative: Provide Power Supply Solutions</b>                          |   |  |   |                |
| <b>Provide Power Supply Solutions</b>  |   |  |   |                |
| Renewable Generation   | Continue permitting for Radar Ridge   | Complete permitting and develop construction plan                                | Complete financing and begin construction                                   | Jack Baker     |
|  | Monitor and respond to Member requests and monitor Member needs   | Continue to monitor  | Continue to monitor   | Jack Baker     |
| Baseload Generation  | Modular Nuclear: Form a participants committee; decision to proceed with COL  | If decision to proceed, execute project planning                                 |   | Jack Baker     |
|  | Monitor and preserve Member natural gas options   | Continue to monitor  | Continue to monitor   | Jack Baker     |
| Conservation   | Respond to Member requests for conservation services  | Respond to Member requests for services for conservation                         | Respond to Member requests for services for conservation                    | Jack Baker     |

\*Plans are being developed and when measurable targets are established this plan will be revised.

# 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 23 PUDs and five municipalities.

- Asotin County PUD No. 1
- Benton PUD
- Chelan County PUD
- City of Centralia
- City of Port Angeles
- City of Richland
- Clallam County PUD
- Clark Public Utilities
- Cowlitz County PUD
- Ferry County PUD
- Franklin County PUD
- Grant County PUD
- Grays Harbor County PUD
- Jefferson County PUD
- Kittitas County PUD
- Klickitat County PUD
- Lewis County PUD
- Mason County PUD No. 1
- Mason County PUD No. 3
- Okanogan County PUD
- Pacific County PUD No. 2
- Pend Oreille PUD
- 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. 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 July 1, 2009, the Packwood Station has generated 4.2 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 July 1, 2009, the plant has generated 177.4 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 July 1, 2009, White Bluffs has generated 340.4 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 July 1, 2009, the Nine Canyon Wind Project is one of the largest publicly owned wind projects in the United States and has generated over 1,178.4 million kilowatt-hours of renewable electricity.