

FY15-17 strategic plan

Fiscal Year 15-17 Strategic Plan provides employees with details surrounding the agency's strategic focus areas and high-level initiatives over a three-year planning horizon.



This document contains interactive buttons. Click to navigate.





Message From the CEO

Team Energy Northwest,

During the past fiscal year, our agency achieved major milestones toward excellence. Highlights include Energy Northwest surpassing 12 million hours worked with no lost-time injuries; Columbia Generating Station entering the top quartile for industry performance and moving well into the top quartile for equipment reliability; and we have teamed up with NuScale Power on their small modular reactor development initiative. These milestones could not have been achieved without your hard work and dedication as well as the support and input from our members and stakeholders. Fiscal Year (FY) 2014 was truly a busy and rewarding year!

As we look forward to FY15 and beyond, it is important to not lose the momentum we have gained. To accomplish this we must stay aligned on essential matters. Our Strategic Plan is one of the primary tools used to align on essential matters across the agency. Focus over the FY15-17 strategic planning period includes:

- The overarching imperative at Energy Northwest is to ensure public health and safety is rooted in every action and decision we take. As both our first core value and strategic focus area name state, "Safety First".
- Our focus for Columbia over the next three year period is achieving and sustaining nuclear excellence in safety, reliability, predictability and cost performance.
- Our focus for Energy Services and Development are the members and end users through sustainable excellence in the operation of existing projects and services, as well as growing and expanding innovative energy solutions for the region.
- Our corporate goals focus on reducing and controlling costs across the agency while ensuring we have robust risk management, internal audit and compliance programs. Additionally, corporate goals address stakeholder trust and confidence and employee engagement.

This year minor updates have been made to our mission and vision statements. We aligned on a single agencywide mission statement and made minor clarifications to the individual vision statements. Please take the time to review the FY15-17 Strategic Plan which includes specific measure of excellence targets along with multi-year initiatives to achieve these targets. Please discuss any questions you may have regarding these initiatives and associated targets with your manager or the focus area owner.

Everyone at Energy Northwest plays a key role in achieving our strategic objectives which ultimately tie to achieving and sustaining excellence. Through sustained excellence, the agency's mission and vision will be realized and we will be a stronger agency benefiting our region for decades to come.

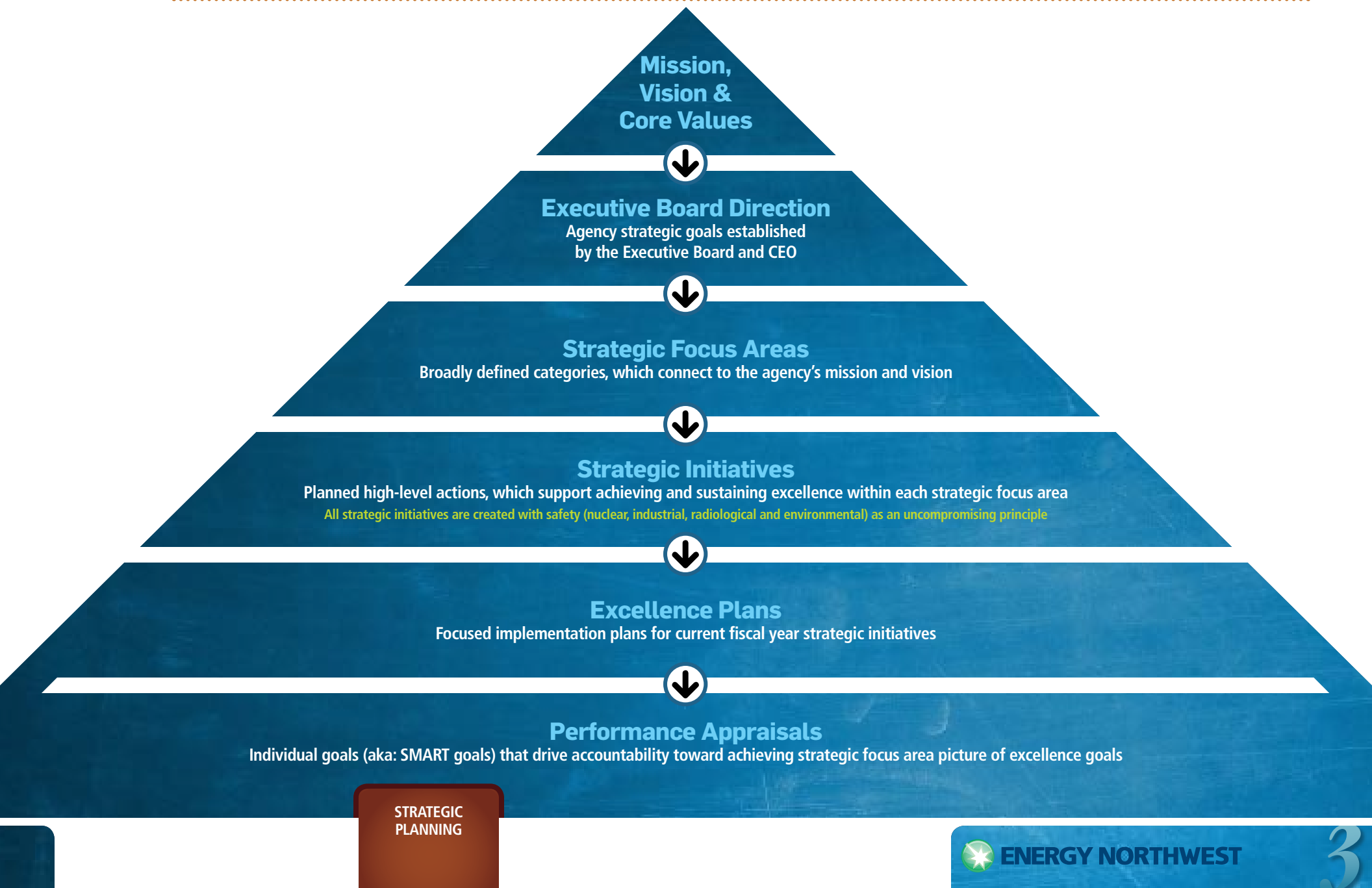
Respectfully,

Mark Reddemann
Chief Executive Officer

FY15-17 strategic plan



Strategic Planning Overview





Mission, Vision & Core Values

Public health and safety is the unwavering commitment for everything we do and is the overarching imperative of our mission, vision and strategic plan.

Agency Mission

Provide our public power members and regional ratepayers with safe, reliable, cost-effective, responsible power generation and energy solutions.

Agency Vision

The region's leader in power generation and energy solutions through sustained excellence in performance and innovation.

Columbia Vision

Sustained nuclear excellence reflected by performance in the top quartile.

Energy Services and Development Vision

A leader in developing innovative, competitive energy solutions for the Northwest.

Core Values

Safety first

A strong safety culture permeates the organization – every employee takes personal responsibility and demonstrates commitment to nuclear, industrial, radiological and environmental safety.

Accountability for our actions

We take ownership and personal responsibility for both individual and team actions and results.

Integrity in all we do

We earn trust by doing what we say we will do, ensuring our actions and words are consistent, honest and ethical. We will help each other succeed through collaboration, mutual respect and trust.

Excellence in performance

Relentless pursuit of the highest performance expectations through continuous improvement and zero tolerance for deviation from standards, and dedication to fostering an environment of teamwork.

Our core values are essential to achieving our mission, vision and strategic initiatives. They guide our daily activities and behaviors and are achieved through open and honest communication.





FY15-17 strategic plan

Agencywide Strategic Focus Areas

Safety Culture
Accident Free
Event Free
Stewardship

Safe
Reliable
Predictable
Sustainable

Safe
Reliable
Predictable
Sustainable

Open
Professional
Knowledgeable
Value Added
Sensible
Proactive

Ethical
Accountable
Transparent
Predictable
Cost Effective

Talented
Trusting
Inspired
Discretionary Effort
Appreciated

Relied On
Credible
Primary Resource
Expanding
Customer Satisfaction
Community

STRATEGIC
FOCUS AREAS



ENERGY NORTHWEST



Strategic Focus Area:

Safety First

Owner:

Grover Hettel
Vice President,
Operations

A Picture of Excellence:

Safety Culture • Accident Free • Event Free • Stewardship

B Measures of Excellence:

- Nuclear – Columbia’s nuclear safety performance indexes are equal to green
- Radiological – Columbia’s collective radiation exposure performance in the top quartile
- Industrial – Agency’s safety accident rate performance in the top quartile
- Environmental – Environmental Management System performance indicators equal to green

C Challenges to Excellence:

1. Columbia’s Probabilistic Risk Assessment (PRA) is not aligned with current industry standards
2. Consistent employee demonstration of safe behaviors needs improvement agencywide
3. Columbia’s collective radiation exposure exceeds industry established goals
4. Employee engagement with the Environmental Management System (EMS) needs improvement agencywide

D Multi-Year Strategic Plan:



(click to access fiscal years)





Strategic Focus Area: **Safety First**

Owner:
Grover Hettel
Vice President,
Operations

SAFETY FIRST FY15

① FY15 Measure of Excellence Goals:

- Nuclear – Columbia’s nuclear safety performance indexes within the industry maintain green status
- Radiological – Columbia’s collective radiation exposure achieves industry 2nd quartile
- Industrial – Agency’s safety accident rate performance maintains top quartile
- Environmental – Environmental Management System performance indicators maintain green status

② FY15 Strategic Initiatives:

1. Columbia nuclear safety:
 - Improve overall Probabilistic Risk Assessment tools to expand safety risk insights in site activities for both daily plant on-line and outage activities
 - Execute implementation of identified Fukushima requirements on-time and on-budget

2. Columbia reduction of radiological source term:
 - Conduct chemical decontamination of the reactor recirculation system and the reactor water cleanup system during the 2015 maintenance and refueling outage (R-22)
 - Replace control rod blades to reduce cobalt in the reactor system (replacing in thirds)
 - Implement on-line dose reductions through improved radiological practices
3. Agencywide industrial safety:
 - Evaluate implementation of Occupational Safety and Health Administration (OSHA) Voluntary Protection Program Star recognition at Columbia, Nine Canyon and Packwood facilities
 - Improve the effectiveness of Energy Northwest Corporate Safety Committee in driving timely hazard corrective actions and safety improvements
 - Reevaluate corporate and Energy Services and Development (ESD) plan to reduce OSHA recordable and first aid occurrences

4. Agencywide environmental responsibility:
 - Reduce solid waste generation per plan (all waste types including hazardous and mixed waste)
 - Reduce energy consumption
 - Enhance stormwater management
 - Conduct EMS process assessments to identify environmental stewardship opportunities

③ Implementing FY15 Excellence Plans:

Columbia Excellence Plan

Environmental and Regulatory Programs Excellence Plan

Energy Services and Development Excellence Plan





Strategic Focus Area: **Safety First**

Owner:
Grover Hettel
Vice President,
Operations

SAFETY FIRST
FY16

① FY16 Measure of Excellence Goals:

- Nuclear – Columbia's nuclear safety performance indexes within the industry maintain green status
- Radiological – Columbia's collective radiation exposure maintains industry 2nd quartile
- Industrial – Agency's safety accident rate performance maintains top quartile
- Environmental – Environmental Management System performance indicators maintain green status

② FY16 Strategic Initiatives:

1. Columbia nuclear safety:
 - Execute implementation of identified Fukushima requirements on-time and on-budget
2. Columbia reduction of radiological source term:
 - Prepare for final replacement of control rod blades during the 2017 maintenance and refueling outage (R-23) to reduce cobalt in the reactor system (replacing in thirds)
 - Implement on-line dose reductions through improving radiological practices
3. Agencywide industrial safety:
 - Improve the effectiveness of Energy Northwest Corporate Safety Committee in driving timely safety hazard corrective actions and safety improvements
 - Review corporate and ESD plan to reduce OSHA recordable and first aid occurrences

4. Agencywide environmental responsibility:
 - Reduce solid waste generation (all waste types including hazardous and mixed waste)
 - Reduce energy consumption
 - Enhance stormwater management
 - Conduct EMS process assessments to identify environmental stewardship opportunities

③ Implementing FY16 Excellence Plans:

Columbia Excellence Plan

Environmental & Regulatory Programs Excellence Plan

Energy Services and Development Excellence Plan





Strategic Focus Area:

Safety First

Owner:

Grover Hettel
Vice President,
Operations

SAFETY FIRST
FY17

① FY17 Measure of Excellence Goals:

- Nuclear – Columbia’s nuclear safety performance indexes within the industry maintain green status
- Radiological – Columbia’s collective radiation exposure achieves industry top quartile
- Industrial – Agency’s safety accident rate performance maintains top quartile
- Environmental – Environmental Management System performance indicators maintain green status

② FY17 Strategic Initiatives:

1. Columbia nuclear safety:
 - Execute implementation of identified Fukushima requirements on-time and on-budget
2. Columbia reduction of radiological source term:
 - Replace control rod blades in R-23 to reduce cobalt in the reactor system (final third)
 - Implement on-line dose reductions through improving radiological practices
3. Agencywide industrial safety:
 - Improve the effectiveness of Energy Northwest Corporate Safety Committee in driving timely safety hazard corrective actions and safety improvements
 - Review corporate and ESD plan to reduce OSHA recordable and first aid occurrences
4. Agencywide environmental responsibility:
 - Reduce solid waste generation (all waste types including hazardous and mixed waste)
 - Reduce energy consumption
 - Enhance stormwater management
 - Conduct EMS process assessments to identify environmental stewardship opportunities

③ Implementing FY17 Excellence Plans:

Columbia Excellence Plan

Environmental & Regulatory Programs Excellence Plan

Energy Services and Development Excellence Plan





Strategic Focus Area:

Nuclear Excellence

Owner:

Brad Sawatzke
Vice President,
Nuclear Generation/
Chief Nuclear Officer

A Picture of Excellence:

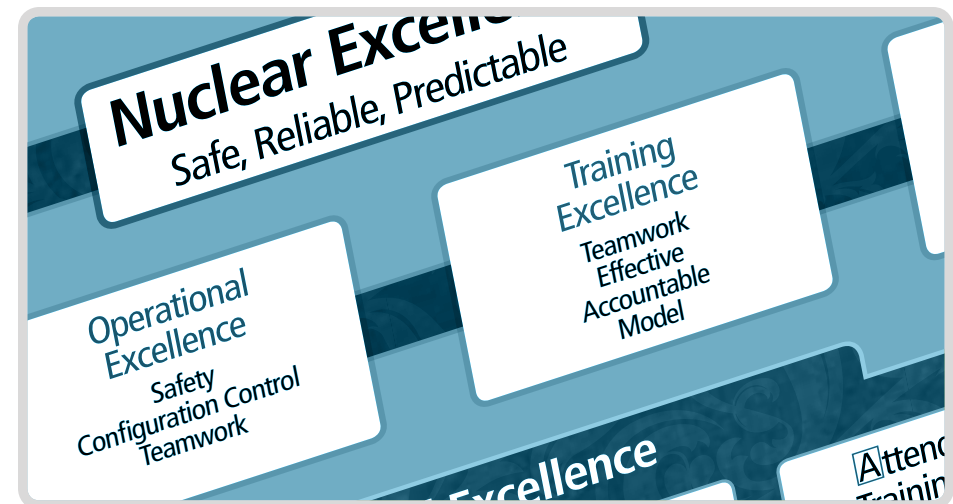
Safe • Reliable • Predictable • Sustainable

B Measures of Excellence:

- Columbia performance index in the top quartile
- Peer evaluation results achieve Excellence
- Columbia cost performance in the top quartile of peer group

C Challenges to Excellence:

1. Improve operational risk management
2. Improve management oversight and leadership intrusiveness
3. Improve outage readiness and execution
4. Cost of power is outside top quartile
5. Potential legacy equipment challenges



D Multi-Year Strategic Plan:



(click to access fiscal years)



ENERGY NORTHWEST



Strategic Focus Area:

Nuclear Excellence

Owner:

Brad Sawatzke
Vice President,
Nuclear Generation/
Chief Nuclear Officer

NUCLEAR
EXCELLENCE
FY15

① FY15 Measure of Excellence Goals:

- Columbia performance index in the top quartile
- Peer evaluation results achieve Excellence
- Columbia cost performance in the third quartile



② FY15 Strategic Initiatives:

1. Supervisor led:
 - Improve management and supervisor intrusiveness
 - Reinforce standards through communication and training
 - Reinforce behavior with additional D-15 topics
 - Develop supervisors
2. Predictable performance:
 - Plant equipment - strengthen equipment reliability plan to continue excellent equipment performance
 - Implement Value Optimization plan to reduce production cost of power
3. Successful outage:
 - Achieve R-22 pre-outage milestones
 - Complete a successful R-22 Refueling Outage (42 Days)

③ Implementing FY15 Excellence Plan:

Columbia Excellence Plan





Strategic Focus Area:

Nuclear Excellence

Owner:

Brad Sawatzke
Vice President,
Nuclear Generation/
Chief Nuclear Officer

NUCLEAR
EXCELLENCE
FY16

① FY16 Measure of Excellence Goals:

- Columbia performance index in the top quartile
- Peer evaluation results achieve Excellence
- Columbia cost performance in the second quartile

② FY16 Strategic Initiatives:

Implement Phase IV of the Excellence Plan:

1. Predictable long-range planning and execution
2. Risk management is core business
3. Strong governance and oversight
4. Cost-effective operation:
 - Implement Value Optimization plan to reduce production cost of power

③ Implementing FY16 Excellence Plan:

Columbia Excellence Plan

Energy Northwest Corporate Excellence Plan





Strategic Focus Area:

Nuclear Excellence

Owner:

Brad Sawatzke
Vice President,
Nuclear Generation/
Chief Nuclear Officer

NUCLEAR
EXCELLENCE
FY17

① FY17 Measure of Excellence Goal:

- Columbia performance index in the top quartile
- Peer evaluation results achieve Excellence
- Columbia cost performance in the second quartile

② FY17 Strategic Initiatives:

Continue to Implement Phase IV of the Excellence Plan:

1. Predictable long-range planning and execution
2. Risk management is core business
3. Strong governance and oversight
4. Cost-effective operation:
 - Implement Value Optimization plan to reduce production cost of power

③ Implementing FY17 Excellence Plan:

Columbia Excellence Plan

Energy Northwest Corporate Excellence Plan





Strategic Focus Area:

Services & Operating Excellence

Owner:

Jim Gaston
General Manager,
Energy Services &
Development

A Picture of Excellence:

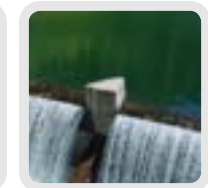
Safe • Reliable • Predictable • Sustainable

B Measures of Excellence:

- Energy Services and Development (ESD) net margin growth by 2 percent annually
- Packwood availability at least 99.5 percent and cost of power within second quartile
- Nine Canyon availability at least 98.5 percent and cost of power in the top quartile
- Project Success Points earned greater than or equal to target

C Challenges to Excellence:

1. Low demand for services
2. No increase in Columbia's FY15 budget guidelines for ESD services
3. Re-license requirements and small size for Packwood cost of electricity
4. High data variability and levelized cost of electricity vs. cost of electricity for both projects and peers
5. Maintaining existing contracts and leasing
6. Member interests not always aligned
7. Annual budget cycle and constraints on staffing options more difficult



D Multi-Year Strategic Plan:



(click to access fiscal years)



Strategic Focus Area:

Services & Operating Excellence

Owner:

Jim Gaston
General Manager,
Energy Services &
Development

SERVICES &
OPERATING
EXCELLENCE
FY15

① FY15 Measure of Excellence Goals:

- Energy Services and Development net margin at least \$460,000
- Packwood availability at least 99.5 percent and cost of power within second quartile
- Nine Canyon availability at least 98.5 percent and cost of power in the top quartile
- Project Success Points earned greater than or equal to 7

② FY15 Strategic Initiatives:

1. Packwood performance:
 - Benchmark Oak Ridge National Laboratory in baseline analysis to establish industry quartile benchmark
 - Benchmark top quartile regional hydro plants to understand industry best practices
2. Nine Canyon performance:
 - Work with Finance to update levelized cost of power
 - Evaluate cost of power by comparison to Wiser et al
 - Review and recommend enhancements for energy-based availability operating procedures
3. Services:
 - Retain two key Operations & Maintenance (O&M) accounts
 - Obtain new/renew O&M/ professional services, business services, facilities contract, agreement or work order for at least \$100,000

- Obtain new/renew O&M/professional services, business services, facilities contract, agreement or work order for at least \$15,000
- Develop electric utility technical discipline within Energy Services and Development
- Member utilization increase initiative - greater than or equal to 50 percent of service hours are utilized or participation in a project

③ Implementing FY15 Excellence Plan:

Energy Services and Development Excellence Plan





Strategic Focus Area:

Services & Operating Excellence

Owner:

Jim Gaston
General Manager,
Energy Services &
Development

SERVICES &
OPERATING
EXCELLENCE
FY16

① FY16 Measure of Excellence Goals:

- ESD net margin at least \$469,000
- Packwood availability at least 99.5 percent and cost of power within second quartile
- Nine Canyon availability at least 98.5 percent and cost of power in the top quartile
- Project Success Points earned greater than or equal to 8

② FY16 Strategic Initiatives:

1. Packwood performance:
 - Develop standard operating procedures reflecting hydro industry best practices to achieve 2nd quartile or better performance
2. Nine Canyon performance:
 - Develop standard operating procedures reflecting wind industry best practices to achieve top quartile performance
3. Services:
 - Retain two key O&M accounts
 - Obtain new/renew O&M/professional services, business services, facilities contract, agreement or work order for at least \$100,000
 - Obtain new/renew O&M/professional services, business services, facilities contract, agreement or work order for at least \$15,000
 - Develop electric utility technical discipline within Energy Services and Development
 - Member utilization increase initiative - greater than or equal to 50 percent of service hours are utilized or participation in a project

③ Implementing FY16 Excellence Plan:

Energy Services and Development Excellence Plan





Strategic Focus Area:

Services & Operating Excellence

Owner:

Jim Gaston
General Manager,
Energy Services &
Development

SERVICES &
OPERATING
EXCELLENCE
FY17

① FY17 Measure of Excellence Goals:

- ESD net margin at least \$478,000
- Packwood availability at least 99.5 percent and cost of power within second quartile
- Nine Canyon availability at least 98.5 percent and cost of power in the top quartile
- Project Success Points earned greater than or equal to 9

② FY17 Strategic Initiatives:

1. Packwood performance:
 - Execute and maintain Packwood standard operating procedures to achieve 2nd quartile or better performance
2. Nine Canyon performance:
 - Execute and maintain Nine Canyon standard operating procedures to achieve top quartile performance
3. Services:
 - Retain two key O&M accounts
 - Obtain new/renew O&M/professional services, business services, facilities contract, agreement or work order for at least \$100,000
 - Obtain new/renew O&M/professional services, business services, facilities contract, agreement or work order for at least \$15,000
 - Develop electric utility technical discipline within Energy Services and Development
 - Member utilization increase initiative - greater than or equal to 50 percent of service hours are utilized or participation in a project

③ Implementing FY17 Excellence Plan:

Energy Services and Development Excellence Plan





Strategic Focus Area:

Innovative Energy Solutions

Owner:

Jim Gaston
General Manager,
Energy Services &
Development

A Picture of Excellence:

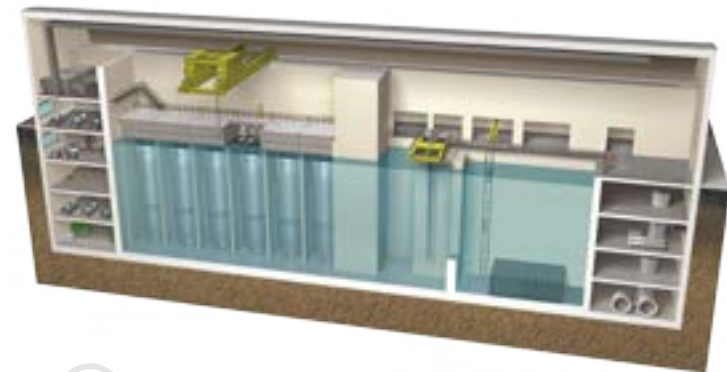
Open • Professional • Knowledgeable • Value Added • Sensible • Proactive

B Measures of Excellence:

- Project Success Points earned greater than or equal to target
- Project development activities are completed on time and on budget
- Requests by state and regional forums to engage in energy policy solutions grows

C Challenges to Excellence:

1. Low demand for energy solutions
2. Member interests not always aligned
3. Energy Services and Development has not fully developed an internal team with sufficient bench strength skills/expertise in energy management and electric utility technical disciplines
4. Annual budget cycle and constraints on staffing options more difficult
5. If projects initiate quickly, Energy Services and Development lacks sufficient capacity
6. Members lack financial commitment and leadership for initiatives (i.e., member construct)



(click to access fiscal years)

D Multi-Year Strategic Plan:



Strategic Focus Area:

Innovative Energy Solutions

Owner:

Jim Gaston
General Manager,
Energy Services &
Development

INNOVATIVE
ENERGY
SOLUTIONS
FY15

1 FY15 Measure of Excellence Goals:

- Project Success Points earned greater than or equal to 7
- Project development activities completed on time and on budget
- Establish baseline for state and regional requests to engage in energy policy solutions

2 FY15 Strategic Initiatives:

1. Energy Northwest is sought out to:
 - Provide project and service information updates to members
 - Establish a quantifiable baseline level of member support
 - Establish a baseline count of energy policy solutions and forums activities
 - Develop electric utility technical discipline within Energy Services and Development

2. Development – services:

- Obtain new/renew O&M/professional services, business services, facilities contract, agreement or work order for at least \$100,000
- Obtain new/renew O&M/professional services, business services, facilities contract, agreement or work order for at least \$15,000

3. Development – power management:

- In addition to base 10 megawatts (MW), recruit additional 5 MW of fast increase demand response assets from Energy Northwest member utilities
- Work with Bonneville Power Administration Power Trading Group to establish demand/need for hour ahead and /or day ahead products
- Complete Energy Storage final report

4. Development – new nuclear:

- Western Initiative for Nuclear (WIN) teaming agreement
- Small Modular Reactor (SMR) study group update
- Washington state nuclear task force support
- Tri-Cities Development Council (TRIDEC) nuclear study support

3 Implementing FY15 Excellence Plan:

Energy Services and Development Excellence Plan



ENERGY NORTHWEST



Strategic Focus Area:

Innovative Energy Solutions

Owner:

Jim Gaston
General Manager,
Energy Services &
Development

INNOVATIVE
ENERGY
SOLUTIONS
FY16

① FY16 Measure of Excellence Goals:

- Project Success Points earned greater than or equal to 8
- Project development activities are completed on time and on budget
- Requests by state and regional forums to engage in energy policy solutions growth meets target

② FY16 Strategic Initiatives:

1. Energy Northwest is sought out to:
 - Provide project and service information updates to members
 - Develop electric utility technical discipline within Energy Services and Development
2. Development – services:
 - Obtain new / renew O&M/professional services, business services, facilities contract, agreement or work order for at least \$100,000
 - Obtain new/renew O&M/professional services, business services, facilities contract, agreement or work order for at least \$15,000
3. Development – power management:
 - Recruit 15 MW of additional demand response products
 - Market / recruit additional 20 MW of demand response assets from EN member utilities for commercialization
 - Develop Distributed Energy Storage participants agreements

4. Development – new nuclear:

- Western Initiative for Nuclear (WIN) project milestones are met
- Small Modular Reactor (SMR) study group update

③ Implementing FY16 Excellence Plan:

Energy Services and Development Excellence Plan





Strategic Focus Area:

Innovative Energy Solutions

Owner:

Jim Gaston
General Manager,
Energy Services &
Development

INNOVATIVE
ENERGY
SOLUTIONS
FY17

① FY17 Measure of Excellence Goals:

- Project Success Points earned greater than or equal to 9
- Project development activities are completed on time and on budget
- Requests by state and regional forums to engage in energy policy solutions growth meets target

② FY17 Strategic Initiatives:

1. Energy Northwest is sought out to:
 - Provide project and service information updates to members
 - Grow member support
 - Increase number of energy policy solutions and forums activities
 - Develop electric utility technical discipline within Energy Services and Development
2. Development – services:
 - Obtain new/renew O&M/professional services, business services, facilities contract, agreement or work order for at least \$100,000
 - Obtain new/renew O&M/professional services, business services, facilities contract, agreement or work order for at least \$15,000
3. Development – power management:
 - Transition pilot project to commercial business line
 - Continue marketing / recruiting demand response assets
 - Deploy Energy Storage assets and communication system

4. Development – new nuclear:

- Western Initiative for Nuclear (WIN) project milestones are met
- Small Modular Reactor (SMR) study group update

③ Implementing FY17 Excellence Plan:

Energy Services and Development Excellence Plan





Strategic Focus Area:

Corporate Responsibility

Owner:

Brent Ridge
Vice President,
Corporate Services and
Chief Financial/Risk Officer

A Picture of Excellence:

Ethical • Accountable • Transparent • Predictable • Cost Effective

B Measures of Excellence:

- Columbia budget performance indicators are equal to green (O&M, capital and staffing)
- Columbia long-range plan stability performance indicator equals green
- Columbia cost performance in the top quartile of peer group
- Energy Services and Development (ESD) net margin to grow 2 percent annually
- ESD business development fund reserve level meets EN's risk tolerance requirement

C Challenges to Excellence:

1. Columbia's costs are third quartile (capital/O&M) in comparison to peer group
 - High staffing levels (direct employees) in comparison to peers
 - Reliance on long-term contractors is expensive
2. Columbia's system life-cycle management plans require improvement
3. Columbia's competitive position to peers is not well understood by staff
4. Continuous focus on agency business risk management and internal controls needed
5. Some ESD revenue business lines' operating margins are shrinking, impacting the development fund
6. ESD business development fund may not sustain multiple years of negative net margin
7. Energy Northwest does not have a consolidated compliance program

D Multi-Year Strategic Plan:



(click to access fiscal years)





Strategic Focus Area:

Corporate Responsibility

Owner:

Brent Ridge
Vice President,
Corporate Services and
Chief Financial/Risk Officer

FISCAL
RESPONSIBILITY
FY15

① FY15 Measure of Excellence Goals:

- Columbia budget performance indicators are equal to green (O&M, capital and staffing)
- Columbia long-range plan stability performance indicator equals green
- Columbia cost performance in the third quartile
- ESD net margin at least \$460,000
- ESD business development fund reserve level meets EN's risk tolerance requirement

② FY15 Strategic Initiatives:

1. Establish FY16 Columbia budget to meet the goals of the Value Optimization plan
2. Verify and validate top quartile target for the Value Optimization plan:
 - Analyze Electric Utility Cost Group (EUCG) cost performance for the prior two year period
 - Benchmark peer group forward looking cost data

3. Implement Columbia Five-Year staffing plan (includes contractors) to achieve approved staffing levels for FY16
4. Assess Columbia's long range plan through completion of a self-assessment utilizing external expertise and benchmarking
5. ESD cost control: Reduce overall ESD cost budgets by a minimum of 5 percent
6. Improve business risk management:
 - Assess, monitor and report on mission critical risks per the plan approved by the Risk Committee
 - Formalize Energy Northwest's risk boundaries (risk appetite and risk tolerance)
 - Improve integration of management decision framework
7. Improve internal controls:
 - Conduct internal control assessments per plan
 - Increase process owners' understanding of effective internal controls
8. Improve compliance program:
 - Complete implementation and change management activities

- Benchmark and develop performance metrics to measure the effectiveness of a compliance and ethics program
- Establish a measure of excellence for FY16 forward which addresses ethical, accountable and transparent

9. Staffing level study to verify staffing goals:
 - Validate the staffing goals for the end of FY17 using external industry data
10. Regional Debt Cooperation Plan – obtain Executive Board alignment

③ Implementing FY15 Excellence Plans:

Columbia Excellence Plan

Asset Management Excellence Plan

Business Strategy and Risk Excellence Plan

Legal Services Excellence Plan

Energy Services and Development Excellence Plan

Human Resources Excellence Plan





Strategic Focus Area:

Corporate Responsibility

Owner:

Brent Ridge
Vice President,
Corporate Services and
Chief Financial/Risk Officer

CORPORATE
RESPONSIBILITY
FY16

① FY16 Measure of Excellence Goals:

- Columbia budget performance indicators are equal to green (O&M, capital and staffing)
- Columbia long-range plan stability performance indicator equals green
- Columbia cost performance in the second quartile
- ESD net margin at least \$469,000
- ESD business development fund reserve level meets EN's risk tolerance requirement

② FY16 Strategic Initiatives:

1. Establish FY17 Columbia budget to meet the goals established in the Value Optimization plan
2. Verify and validate top quartile target for the Value Optimization plan:
 - Analyze Electric Utility Cost Group (EUCG) cost performance for the prior two year period
 - Benchmark peer group forward looking cost data
3. Implement Columbia Five-Year staffing plan (includes contractors) to achieve approved staffing levels for FY17
4. Implement FY15 self-assessment actions to increase the predictability of the Columbia long-range plan
5. ESD cost control: assess overhead targets based on business conditions
6. Improve business risk management:
 - Assess, monitor and report on mission critical risks per the plan approved by the Risk Committee
 - Improve communication and understanding of Energy Northwest's risk boundaries
 - Improve integration of management decision framework

7. Improve internal controls:

- Conduct internal control assessments per plan
- Increase process owners' understanding of effective internal controls

8. Improve compliance program:

- Implement performance metrics and standards which measure the effectiveness of the compliance and ethics program

9. Regional Debt Cooperation Plan – implementation per Executive Board direction

③ Implementing FY16 Excellence Plans:

Columbia Excellence Plan

Asset Management Excellence Plan

Business Strategy and Risk Excellence Plan

Energy Services and Development Excellence Plan

Human Resources Excellence Plan





Strategic Focus Area:

Corporate Responsibility

Owner:

Brent Ridge
Vice President,
Corporate Services and
Chief Financial/Risk Officer

CORPORATE RESPONSIBILITY FY17

① FY17 Measure of Excellence Goals:

- Columbia budget performance indicators are equal to green (O&M, capital and staffing)
- Columbia long-range plan stability performance indicator equals green
- Columbia cost performance in the second quartile
- ESD net margin at least \$478,000
- ESD business development fund reserve level meets EN's risk tolerance requirement

② FY17 Strategic Initiatives:

1. Establish FY18 Columbia budget to meet the goals established in the Value Optimization plan
2. Verify and validate top quartile target for the Value Optimization plan:
 - Analyze Electric Utility Cost Group (EUCG) cost performance for the prior two year period
 - Benchmark peer group forward looking cost data
3. Implement Columbia Five-Year staffing plan (includes contractors) to achieve approved staffing levels for FY18
4. Implement FY15 self-assessment actions to increase the predictability of the Columbia long-range plan
5. ESD cost control: assess overhead targets based on business conditions
6. Improve business risk management:
 - Assess, monitor and report on mission critical risks per the plan approved by the Risk Committee
 - Assess business risk management effectiveness across all categories
 - Improve utilization of key risk indicators (predictive)

7. Improve internal controls:

- Conduct internal control assessments per plan
- Increase process owners' understanding of effective internal controls

8. Improve compliance program:

- Assess and revise as needed the performance metrics and standard to measure the effectiveness of the compliance and ethics program

9. Regional Debt Cooperation Plan – review effectiveness

③ Implementing FY17 Excellence Plans:

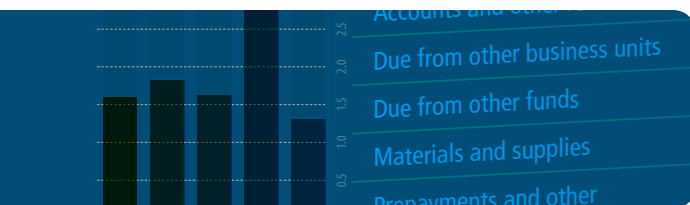
Columbia Excellence Plan

Asset Management Excellence Plan

Business Strategy and Risk Excellence Plan

Energy Services and Development Excellence Plan

Human Resources Excellence Plan





Strategic Focus Area:

Employee Engagement

Owner:

Brent Ridge
Vice President,
Corporate Services and
Chief Financial/Risk Officer

A Picture of Excellence:

Talented • Trusting • Inspired • Discretionary Effort • Appreciated

B Measures of Excellence:

- Voluntary turnover in the Electric Utility Human Resources (EUHR) metrics in the top quartile
- Employee engagement index in the top quartile
- Agency's critical leadership positions with a ready now succession candidate or emergency replacement candidate identified performance indicator equal to green
- Leadership* positions filled internally is equal to 70-80 percent
- Leadership* positions filled "successfully" is equal to 90 percent or greater

* Leadership includes Supervisors, Managers and the Executive Team

C Challenges to Excellence:

1. New employee selection process requires improvement ("The Right People")
2. Succession planning process at Energy Northwest is not achieving internal replacement and "successful" goals
3. Workforce planning at Energy Northwest requires improvement to anticipate individual contributor needs
4. Onboarding of new employees requires improvement to ensure employees are prepared to "hit the ground running"
5. There is a need to address work-life balance based upon employee survey
6. Employee engagement is not measured at Energy Northwest
7. Voluntary turnover is currently second quartile in the EUHR metrics

D Multi-Year Strategic Plan:



(click to access fiscal years)





Strategic Focus Area:

Employee Engagement

Owner:

Brent Ridge
Vice President,
Corporate Services and
Chief Financial/Risk Officer

EMPLOYEE
ENGAGEMENT
FY15

① FY15 Measure of Excellence Goals:

- Voluntary turnover in the Electric Utility Human Resources (EUHR) metrics in the top quartile
- Employee engagement index baseline is established
- Agency's critical leadership positions with a ready now succession candidate or emergency replacement candidate identified performance indicator equal to green
- Leadership positions filled internally is equal to 70-80 percent
- Leadership positions filled "successfully" is equal to 90 percent or greater

② FY15 Strategic Initiatives:

1. Employee engagement survey for Energy Northwest:
 - Conduct the employee engagement survey and provide departments with results
2. Hiring selection improvement:
 - Interview and hiring panels
3. Workforce planning implementation
4. Succession plan candidate development
5. Work life balance initiative defined

③ Implementing FY15 Excellence Plan:

Human Resources Excellence Plan





Strategic Focus Area:

Employee Engagement

Owner:

Brent Ridge
Vice President,
Corporate Services and
Chief Financial/Risk Officer

EMPLOYEE
ENGAGEMENT
FY16

① FY16 Measure of Excellence Goals:

- Voluntary turnover in the Electric Utility Human Resources (EUHR) metrics in the top quartile
- Employee engagement index in the top quartile
- Agency's critical leadership positions with a ready now succession candidate or emergency replacement candidate identified performance indicator equal to green
- Leadership positions filled internally is equal to 70-80 percent
- Leadership positions filled "successfully" is equal to 90 percent or greater

② FY16 Strategic Initiatives:

1. Employee engagement survey for Energy Northwest:
 - Prepare action plans and implement based on survey results to improve engagement compared to industry
2. Hiring selection improvement:
 - Interview and hiring panels
3. Workforce planning implementation
4. Succession plan candidate development
5. Work life balance actions implemented

③ Implementing FY16 Excellence Plan:

Human Resources Excellence Plan





Strategic Focus Area:

Employee Engagement

Owner:

Brent Ridge
Vice President,
Corporate Services and
Chief Financial/Risk Officer

EMPLOYEE
ENGAGEMENT
FY17

① FY17 Measure of Excellence Goals:

- Voluntary turnover in the Electric Utility Human Resources (EUHR) metrics in the top quartile
- Employee engagement index in the top quartile
- Agency's critical leadership positions with a ready now succession candidate or emergency replacement candidate identified performance indicator equal to green
- Leadership positions filled internally is equal to 70-80 percent
- Leadership positions filled "successfully" is equal to 90 percent or greater

② FY17 Strategic Initiative:

1. Employee engagement survey for Energy Northwest:
 - Prepare action plans based on survey results to improve engagement compared to industry
2. Hiring selection improvement:
 - Interview and hiring panels
3. Workforce planning implementation
4. Succession plan candidate development
5. Work life balance actions implemented and assessed

③ Implementing FY17 Excellence Plan:

Human Resources Excellence Plan





Strategic Focus Area:

Stakeholder Trust And Confidence

Owner:

Brent Ridge
Vice President,
Corporate Services and
Chief Financial/Risk Officer

A Picture of Excellence:

Relied On • Credible • Primary Resource • Expanding
• Customer Satisfaction • Community

B Measures of Excellence:

- Favorable Energy Northwest rating by member general managers and board commissioners of at least 80 percent
- Energy Northwest favorable rating of at least 75 percent by state legislators who have been in their position for more than 2 years
- Sustain favorable support for nuclear energy by at least 50 percent of statewide public and 65 percent of Mid-Columbia public
- Energy Northwest Optimal Content Score (media coverage) of at least 4 on the industry standard scale of -10 to 10

C Challenges to Excellence:

1. Building stakeholder awareness of energy issues
2. Sustaining consistent relationships with key stakeholders
3. Strengthening Energy Northwest awareness and understanding of member issues
4. Communicating Energy Northwest value to members
5. Building confidence in Energy Northwest's generation development and member services capability

D Multi-Year Strategic Plan:



(click to access fiscal years)





Strategic Focus Area:

Stakeholder Trust And Confidence

Owner:

Brent Ridge
Vice President,
Corporate Services and
Chief Financial/Risk Officer

STAKEHOLDER
TRUST &
CONFIDENCE
FY15



① FY15 Measure of Excellence Goals:

- Favorable Energy Northwest rating by member general managers and board commissioners of at least 80 percent
- Energy Northwest favorable rating of at least 75 percent by state legislators who have been in their position for more than 2 years
- Sustain favorable support for nuclear energy by at least 50 percent of statewide public and 65 percent of Mid-Columbia public
- Energy Northwest Optimal Content Score (media coverage) of at least 4 on the industry standard scale

② FY15 Strategic Initiatives:

Member relations:

1. Strengthen and re-assess awareness and understanding of varied member utility issues
2. Further increase member utility positive perception and support for Energy Northwest

Stakeholder relations (Legislative; civic leaders; energy/policy groups; regional opinion leaders; general public):

1. Re-assess key stakeholder perceptions
2. Further increase stakeholder positive perception and support
3. Grow third-party subject matter expert network
4. Increase support for nuclear energy among key stakeholders

③ Implementing FY15 Excellence Plans:

Public Affairs Excellence Plan

Energy Services and Development Excellence Plan



ENERGY NORTHWEST



Strategic Focus Area:

Stakeholder Trust And Confidence

Owner:

Brent Ridge
Vice President,
Corporate Services and
Chief Financial/Risk Officer

STAKEHOLDER
TRUST &
CONFIDENCE
FY16

① FY16 Measure of Excellence Goals:

- Favorable Energy Northwest rating by member general managers and board commissioners of at least 80 percent
- Sustain Energy Northwest favorable rating of at least 75 percent by state legislators who have been in their position for more than two years
- Sustain favorable support for nuclear energy by at least 50 percent of statewide public and 65 percent of Mid-Columbia public
- Sustain Energy Northwest Optimal Content Score (media coverage) of at least 4 on the industry standard scale

② FY16 Strategic Initiatives:

Member relations:

1. Strengthen and re-assess awareness and understanding of varied member utility issues
2. Further strengthen and leverage member utility positive perception and support

Stakeholder relations (Legislative; civic leaders; energy/policy groups; regional opinion leaders; general public):

1. Re-assess key stakeholder perceptions
2. Further increase stakeholder positive perception and support
3. Sustain third-party subject matter expert network
4. Continue to increase support for nuclear energy among key stakeholders

③ Implementing FY16 Excellence Plans:

Public Affairs Excellence Plan

Energy Services and Development Excellence Plan





Strategic Focus Area:

Stakeholder Trust And Confidence

Owner:

Brent Ridge
Vice President,
Corporate Services and
Chief Financial/Risk Officer

STAKEHOLDER
TRUST &
CONFIDENCE
FY17

① FY17 Measure of Excellence Goals:

- Favorable Energy Northwest rating by member general managers and board commissioners of at least 80 percent
- Sustain Energy Northwest favorable rating of at least 75 percent by state legislators who have been in their position for more than 2 years
- Sustain favorable support for nuclear energy by at least 50 percent of statewide public and 65 percent of Mid-Columbia public
- Sustain Energy Northwest Optimal Content Score (media coverage) of at least 4 on the industry standard scale

② FY17 Strategic Initiatives:

Member relations:

1. Strengthen and re-assess awareness and understanding of varied member utility issues
2. Further strengthen and leverage member utility positive perception and support

Stakeholder relations (Legislative; civic leaders; energy/policy groups; regional opinion leaders; general public):

1. Re-assess key stakeholder perceptions
2. Further increase stakeholder positive perception and support
3. Sustain third-party subject matter expert network
4. Continue to increase support for nuclear energy among key stakeholders

③ Implementing FY17 Excellence Plans:

Public Affairs Excellence Plan

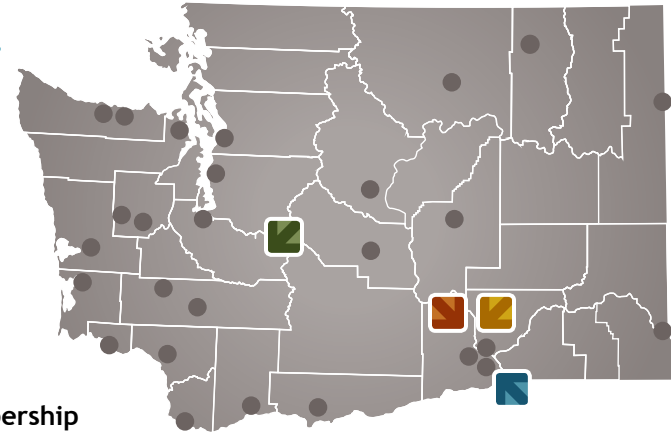
Energy Services and Development Excellence Plan





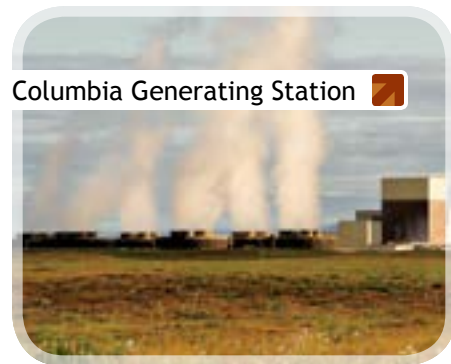
About Energy Northwest

In the early 1950s, many public utility district 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 agency was renamed Energy Northwest.



Membership

Energy Northwest membership currently includes 22 PUDs and five municipalities.



Columbia Generating Station



Nine Canyon Wind Project



Packwood Lake Hydroelectric Project



White Bluffs Solar Station

- | | |
|----------------------------|----------------------------|
| 1 Asotin County PUD | 15 Kittitas County PUD |
| 2 Benton County PUD | 16 Klickitat County PUD |
| 3 Chelan County PUD | 17 Lewis County PUD |
| 4 Centralia City Light | 18 Mason County PUD 1 |
| 5 City of Port Angeles | 19 Mason County PUD 3 |
| 6 City of Richland | 20 Okanogan County PUD |
| 7 Clallam County PUD | 21 Pacific County PUD |
| 8 Clark Public Utilities | 22 Pend Oreille County PUD |
| 9 Cowlitz County PUD | 23 Seattle City Light |
| 10 Ferry County PUD | 24 Skamania County PUD |
| 11 Franklin County PUD | 25 Snohomish County PUD |
| 12 Grant County PUD | 26 Tacoma Public Utilities |
| 13 Grays Harbor County PUD | 27 Wahkiakum County PUD |
| 14 Jefferson County PUD | |