

FY16-18 strategic plan

Fiscal Year 2016 – 2018 Strategic Plan provides details surrounding the agency's five and 10 year goals, strategic focus areas and high-level initiatives during a three-year horizon.



This document contains interactive buttons. Click to navigate.





MESSAGE FROM THE CEO

Team Energy Northwest,

We have the strongest team I've ever had the privilege of working with and through your help during the past fiscal year, our agency attained many accomplishments towards achieving and sustaining excellence. Some of those highlights include:

- With approval from our Executive Board and support from the Participants Review Board, we supported extensions of Columbia and Projects 1 & 3 bonds as part of the regional cooperation debt restructuring effort saving ratepayers hundreds of millions of dollars;
- Launched the Work Life Balance strategic initiative;
- Conducted an employee engagement survey identifying strengths as well as opportunities for improvement;
- Identified agencywide mission critical risks and integrated them into the strategic plan;
- Continued our record number of hours worked across the agency without a lost time accident;
- Columbia Generating Station celebrated 30 years of safe, clean and reliable operation;
- Columbia surpassed our calendar year generation record – 9.5 million megawatt-hours; and operated continuously for 683 days, exceeding our previous record of days online;
- Phase IV – Sustaining Excellence launched with focuses on: Long Range Planning and Execution; Risk Management is Core Business; Strong Governance and Oversight; and Cost Effective Operations;
- Packwood Lake Hydroelectric Project celebrated 50 years of operation;
- Packwood and Nine Canyon Wind Project together sent more than 350,000 megawatt hours to the grid;
- The Aggregated Demand Response Pilot Project successfully launched; and
- We've continued our support of small modular reactor development with the Carbon Free Power Project.

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) 2015 was truly a busy and rewarding year!

Because of our performance, specifically the integrity and credibility of our team and the value created through excellent operation of our assets, Energy Northwest is better today than it's been in decades. We're regarded as an emerging influencer within the power community, and greater innovation as we move forward will help us achieve our vision as a regional energy leader.

We enter FY16 just days after safely completing Columbia's 22nd Refueling and Maintenance Outage – our capstone event for the prior fiscal year. We achieved strong results in the safety arena and

accomplished more than 98 percent of the original scope of work. Unfortunately, we exceeded the outage duration schedule by eight days. To address this, we have added an FY16 strategic initiative to improve outage performance.

As we move into another business year we need to look back and closely assess and improve upon our most recent performance while keeping our eyes on the path forward – on sustaining excellence. Our Strategic Plan is one of the primary tools we'll use to keep us aligned on our mission and vision, and, as always, continuous improvement.

Focus during the FY16-18 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 remains consistent – sustain 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.

Similar to last year, minor updates have been made to the FY16-18 Strategic Plan. Please take the time to review the 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 meeting 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



STRATEGIC PLANNING PROCESS



STRATEGIC
PLANNING PROCESS



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

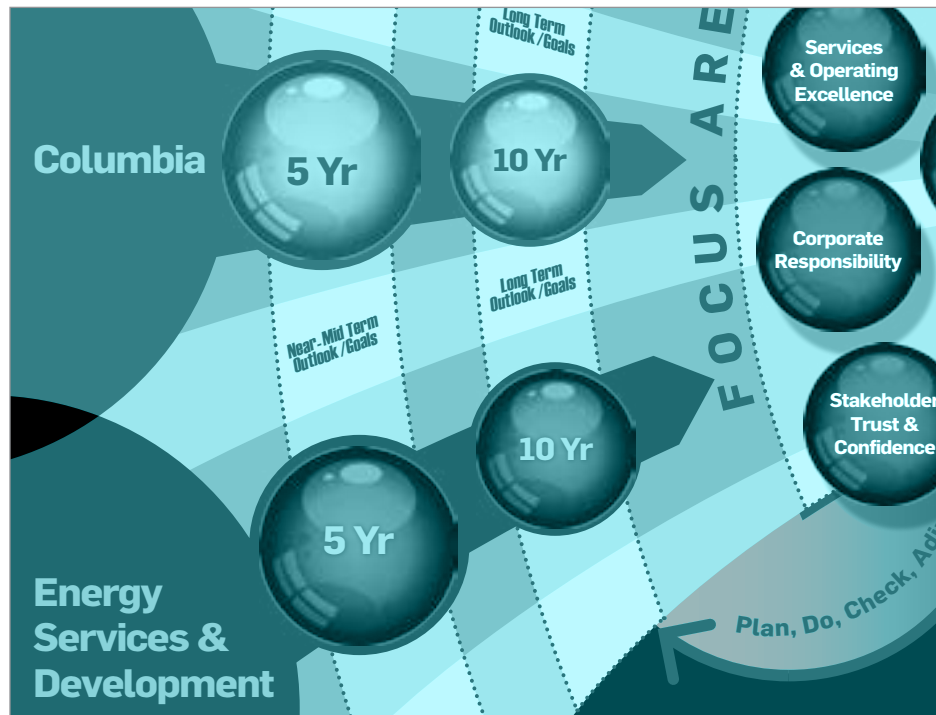
Relentless pursuit of the highest performance expectations through continuous improvement and zero tolerance for deviation from standards, and dedication to fostering an environment of teamwork.

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.



EXECUTIVE BOARD DIRECTION

Annually, the Energy Northwest Executive Board reviews, assesses and provides the agency strategic direction focusing on the future outlook. This direction is centered around achieving excellence and ongoing achievement of our mission, vision and core values. The outlook includes five- and 10-year goals for Energy Northwest as an agency as well as specific goals for Columbia Generating Station and Energy Services & Development. These goals then feed into the defined strategic Focus Areas followed by strategic initiatives and excellence plans which ultimately will help the agency achieve its vision. The five- and 10-year goals shown on the right, represent the Executive Board's current direction for the agency.



5 Year Goals / Outlook

Energy Northwest	Columbia	Energy Services & Development
Excellent stewardship of generating resources	Top quartile performance	Re-institute Facility Engineering and Construction business lines
Expand Energy Northwest's role in the region	Operating safely and reliably with lower operating costs	Environmental and Calibration labs recognized as a valued regional resource
Energy Northwest as a thought leader on current and future energy technologies	Strong leadership / employee development	Improve Energy Northwest's Joint Operating Agency model
	Evaluate extended power uprate	Prove Demand Response viability
		Develop community-based solar program

10 Year Goals / Outlook

Energy Northwest	Columbia	Energy Services & Development
Top quartile performance	Columbia top quartile performance	Complete early restoration of IDC Site 1 / consider IDC Site for SMR
Valued provider of energy solutions by region	Making needed capital investments	Regional leader in development and operation of new renewable generating resources
Valued thought leader on energy issues	Implement extended power uprate	Initiate the development of a significant generating resource
Operate and maintain the SMR constructed through the Carbon Free Power Project		



AGENCYWIDE STRATEGIC FOCUS AREAS

Strong Safety Culture
Accident Free
Control Dose
Event Free
Stewardship

Safe
Reliable
Predictable
Sustainable

Safe
Reliable
Predictable
Sustainable

Professional
Knowledgeable
Value Added
Engaged

Ethical
Accountable
Transparent
Predictable
Cost Effective

Talented
Trusting
Inspired
Discretionary Effort
Appreciated

Relied On
Credible
Primary Resource
Expanding
Customer Satisfaction
Community



Strategic Focus Area: **SAFETY FIRST**

Owner:
Grover Hettel
Vice President,
Operations

A PICTURE OF EXCELLENCE:

(includes key words that define what excellence is)

Strong Safety Culture • Accident Free • Control Dose • Event Free • Stewardship

B MEASURES OF EXCELLENCE:

(targets to help measure success of reaching and sustaining excellence)

- Nuclear – Columbia’s Reactivity Management index in the industry top quartile
- Radiological – Columbia’s collective radiation exposure performance in the industry top quartile
- Industrial – Agency’s safety accident rate performance in the industry top quartile
- Environmental – Environmental Management System (EMS) performance indicators equal to green

C CHALLENGES TO EXCELLENCE:

(gaps that hinder reaching and sustaining excellence)

1. Columbia has not consistently met the Reactivity Management index 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 needs continual 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 FY16

1 FY16 MEASURE OF EXCELLENCE GOALS:

- Nuclear – Columbia’s Reactivity Management index maintains industry top quartile
- Radiological – Columbia’s collective radiation exposure maintains industry second quartile
- Industrial – Agency’s safety accident rate performance reaches industry top quartile
- Environmental – Environmental Management System performance indicators maintain green status

2 FY16 STRATEGIC INITIATIVES:

1. Columbia nuclear safety:
 - Implement identified Fukushima and Cyber Security requirements on-time and on-budget
 - Implement system vulnerability evaluation actions for equipment impacting reactivity
 - Ensure proper levels of engagement and training to operate new plant equipment

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
 - Initial planning for Residual Heat Removal (RHR) system decontamination
3. Agencywide industrial safety:
 - Improve the effectiveness of Energy Northwest Corporate Safety Committee in driving timely safety hazard corrective actions and safety improvements
 - Conduct a comprehensive assessment of Energy Northwest Industrial Safety Program implementation to identify gaps to excellence
4. Agencywide environmental responsibility:
 - Reduce solid waste generation (all waste types including hazardous and mixed waste)
 - Reduce energy consumption
 - Incorporate sustainability standards in new construction
 - Implement National Pollutant Discharge Elimination System (NPDES) permit compliance requirements
 - Plan for FLEX carbon dioxide offset

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 Reactivity Management index maintains industry top quartile
- Radiological – Columbia’s collective radiation exposure achieves industry top quartile
- Industrial – Agency’s safety accident rate performance maintains industry top quartile
- Environmental – Environmental Management System performance indicators maintain green status

2 FY17 STRATEGIC INITIATIVES:

1. Columbia nuclear safety:
 - Execute implementation of identified Fukushima and Cyber Security requirements on-time and on-budget
 - Implement system vulnerability evaluation actions for equipment impacting reactivity
 - Ensure proper levels of engagement and training to operate new plant equipment
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
 - Prepare for RHR system decontamination
3. Agencywide industrial safety:
 - Improve the effectiveness of Energy Northwest Corporate Safety Committee in driving timely safety hazard corrective actions and safety improvements
 - Conduct a snap shot assessment of Energy Northwest Industrial Safety Program implementation to identify gaps to excellence

4. Agencywide environmental responsibility:
 - Reduce solid waste generation (all waste types including hazardous and mixed waste)
 - Reduce energy consumption
 - Certify to ISO 14001-2015 standard
 - Implement opportunities to off-set growth in carbon dioxide emissions (e.g. FLEX implementation)
 - Incorporate sustainability standards in new construction

3 IMPLEMENTING FY17 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 FY18

1 FY18 MEASURE OF EXCELLENCE GOALS:

- Nuclear – Columbia’s Reactivity Management index maintains industry top quartile
- Radiological – Columbia’s collective radiation exposure maintains industry top quartile
- Industrial – Agency’s safety accident rate performance maintains industry top quartile
- Environmental – Environmental Management System performance indicators maintain green status

2 FY18 STRATEGIC INITIATIVES:

1. Columbia nuclear safety:
 - Implement system vulnerability evaluation actions for equipment impacting reactivity
 - Ensure proper levels of engagement and training to operate new plant equipment
2. Columbia reduction of radiological source term:
 - Implement on-line dose reductions through improving radiological practices
 - Implement RHR system decontamination
3. Agencywide industrial safety:
 - Improve the effectiveness of Energy Northwest Corporate Safety Committee in driving timely safety hazard corrective actions and safety improvements
 - Conduct a snap shot assessment of Energy Northwest Industrial Safety Program implementation to identify gaps to excellence

4. Agencywide environmental responsibility:
 - Reduce solid waste generation (all waste types including hazardous and mixed waste)
 - Reduce energy consumption
 - Implement material life cycle practices per ISO 14001-2015

3 IMPLEMENTING FY18 EXCELLENCE PLANS:

Columbia Excellence Plan

Environmental & Regulatory Programs Excellence Plan

Energy Services and Development Excellence Plan



Strategic Focus Area: **NUCLEAR EXCELLENCE**

Owner:
Brad Sawatzke
Chief Operating Officer/
Chief Nuclear Officer

A PICTURE OF EXCELLENCE:

(includes key words that define what excellence is)

Safe • Reliable • Predictable • Sustainable

B MEASURES OF EXCELLENCE:

(targets to help measure success of reaching and sustaining excellence)

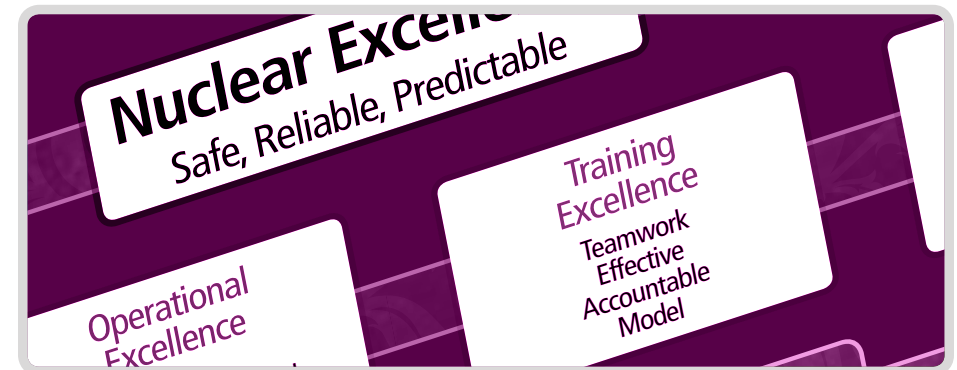
- Columbia performance index in the industry top quartile
- Peer recognition of Excellence performance
- Columbia cost performance in the top quartile
- NRC performance is in Column 1 – Licensee Response

C CHALLENGES TO EXCELLENCE:

(gaps that hinder reaching and sustaining 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 and design basis challenges
6. Calculation and drawing backlog updates

D MULTI-YEAR STRATEGIC PLAN:



(click to access fiscal years)



Strategic Focus Area: **NUCLEAR EXCELLENCE**

Owner:
Brad Sawatzke
Chief Operating Officer/
Chief Nuclear Officer

NUCLEAR EXCELLENCE FY16

1 FY16 MEASURE OF EXCELLENCE GOALS:

- Columbia performance index in the industry top quartile
- Peer recognition of Exemplary performance
- Columbia cost performance in the second quartile
- NRC performance is in Column 1 – Licensee Response



2 FY16 STRATEGIC INITIATIVES:

Implement Phase IV of the Excellence Plan

1. Predictable long-range planning and execution:
 - Identify and address equipment obsolescence issues
 - Improve refuel outage performance
2. Risk management is core business
 - Manage daily operations
 - Enterprise Risk Management
 - Reduce calculation backlog
3. Strong governance and oversight:
 - Strong manager and supervisor intrusiveness
 - Strong supervisor development
4. Cost-effective operation: Implement Value Optimization plan to reduce production cost of power

3 IMPLEMENTING FY16 EXCELLENCE PLAN:

Columbia Excellence Plan



Strategic Focus Area: **NUCLEAR EXCELLENCE**

Owner:
Brad Sawatzke
Chief Operating Officer/
Chief Nuclear Officer



1 FY17 MEASURE OF EXCELLENCE GOALS:

- Columbia performance index in the industry top quartile
- Peer recognition of Excellence performance
- Columbia cost performance in the second quartile
- NRC performance is in Column 1 – Licensee Response

2 FY17 STRATEGIC INITIATIVES:

Continue to implement Phase IV of the Excellence Plan

1. Predictable long-range planning and execution:
Identify and address equipment obsolescence issues
2. Risk management is core business
 - Manage daily operations
 - Enterprise Risk Management
3. Strong governance and oversight:
 - Strong manager and supervisor intrusiveness
 - Strong supervisor development
4. Cost-effective operation: Implement Value Optimization plan to reduce production cost of power
5. Successful outage:
 - Achieve R-23 pre-outage milestones
 - Complete a successful R-23 refueling outage

3 IMPLEMENTING FY17 EXCELLENCE PLAN:

Columbia Excellence Plan



Strategic Focus Area:
NUCLEAR EXCELLENCE

Owner:
Brad Sawatzke
Chief Operating Officer/
Chief Nuclear Officer



1 FY18 MEASURE OF EXCELLENCE GOAL:

- Columbia performance index in the industry top quartile
- Peer recognition of Excellence performance
- Columbia cost performance in the top quartile
- NRC performance is in Column 1 – Licensee Response

2 FY18 STRATEGIC INITIATIVES:

Continue to Implement Phase IV of the Excellence Plan:

1. Predictable long-range planning and execution:
Identify and address equipment obsolescence issues
2. Risk management is core business
 - Manage daily operations
 - Enterprise Risk Management
3. Strong governance and oversight:
 - Strong manager and supervisor intrusiveness
 - Strong supervisor development
4. Cost-effective operation: Implement Value Optimization plan to reduce production cost of power

3 IMPLEMENTING FY18 EXCELLENCE PLAN:

Columbia Excellence Plan



Strategic Focus Area: **SERVICES & OPERATING EXCELLENCE**

Owner:
Jim Gaston
General Manager,
Energy Services &
Development

A PICTURE OF EXCELLENCE:

(includes key words that define what excellence is)

Safe • Reliable • Predictable • Sustainable

B MEASURES OF EXCELLENCE:

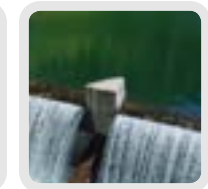
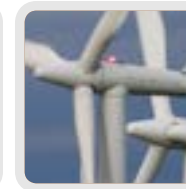
(targets to help measure success of reaching and sustaining excellence)

- Energy Services and Development (ESD) Business Development Fund (BDF) Revenue Generating Project margin greater than or equal to target goal
- Packwood availability at least 98.5 percent
- Nine Canyon availability at least 98.5 percent
- ESD Initiative Success Points earned greater than or equal to target goal

C CHALLENGES TO EXCELLENCE:

(gaps that hinder reaching and sustaining excellence)

1. Understanding member interests and needs; tailoring specific services to meet member needs
2. Members are experiencing zero to low electrical load growth
3. Maintaining and growing new and existing contracts and leases



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 FY16

1 FY16 MEASURE OF EXCELLENCE GOALS:

- ESD's BDF revenue generating business lines operating net margin at least \$469,000
- Packwood availability at least 98.5 percent
- Nine Canyon availability at least 98.5 percent
- ESD Initiative Success Points earned greater than or equal to 8

2 FY16 STRATEGIC INITIATIVES:

1. Packwood performance: Develop standards reflecting hydro industry best practices
2. Nine Canyon performance: Develop standard operating procedures and life cycle management plans reflecting wind industry best practices

3. Tieton Hydro Project Operations & Maintenance (O&M) Performance: Perform O&M services with safety, quality and value leading to a contract extension with the city of Burbank for FY17
4. Services:
 - Utilize ≥ 90 percent of Energy Northwest's BPA Energy Efficiency Incentive (EEI) allocation through internal use or by deployment to utilities
 - Existing business:
 - any revenue generating agreement renewed for $\geq \$100,000$
 - expanding any revenue generating agreement for $\geq \$15,000$
 - New business: Any new revenue generating agreement for $\geq \$15,000^*$
 - * a new agreement can qualify with multiple orders (work/task order; sales/purchase order) with same client accumulating to $\geq \$25,000$
5. Industrial Development Complex (IDC): Continue implementation of the site clean up project at the IDC

6. Expand services provided to and used by members:
 - Present to and gain approval from Energy Northwest Executive Board on a future vision and strategy for Energy Northwest based upon review of peer joint action agency (JAA) support / business models
7. Complete established actions (noted in ESD FY16 Excellence Plan) to improve process controls and procedural rigor identified through multiple FY15 audits including the ESD self-assessment and Protiviti audit.
 - Validate completion through internal audit scheduled for May/June 2016

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's BDF revenue generating business lines operating net margin at least \$479,000
- Packwood availability at least 98.5 percent
- Nine Canyon availability at least 98.5 percent
- ESD Initiative Success Points earned greater than or equal to 8

2 FY17 STRATEGIC INITIATIVES:

1. Packwood performance: Implement standard operating procedures to achieve 98.5 percent availability
2. Nine Canyon performance: Implement standard operating procedures to achieve 98.5 percent availability
3. Tieton Hydro Project O&M Performance: Retain Tieton O&M services contract for FY18
4. Services:
 - Utilize ≥ 90 percent of Energy Northwest's BPA Energy Efficiency Incentive (EEI) allocation through internal use or by deployment to utilities
 - Existing business:
 - any revenue generating agreement renewed for $\geq \$100,000$
 - expanding any revenue generating agreement for $\geq \$15,000$
 - New business: Any new revenue generating agreement for $\geq \$15,000^*$
 - * a new agreement can qualify with multiple orders (work/task order; sales/purchase order) with same client accumulating to $\geq \$25,000$

5. Industrial Development Complex: Initiate Site Final Restoration – Phase 1 accelerated restoration

3 IMPLEMENTING FY17 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 **FY18**

1 FY18 MEASURE OF EXCELLENCE GOALS:

- ESD's BDF revenue generating business lines operating net margin at least \$489,000
- Packwood availability at least 98.5 percent
- Nine Canyon availability at least 98.5 percent
- ESD Initiative Success Points earned greater than or equal to 8

2 FY18 STRATEGIC INITIATIVES:

1. Packwood performance: Implement standard procedures to achieve 98.5 percent availability
2. Nine Canyon performance: Maintain Nine Canyon standard operating procedures to achieve 98.5 percent availability
3. Tieton Hydro Project O&M Performance: Retain Tieton O&M services contract for FY19
4. Services:
 - Utilize ≥ 90 percent of Energy Northwest's BPA Energy Efficiency Incentive (EEI) allocation through internal use or by deployment to utilities
 - Existing business:
 - any revenue generating agreement renewed for $\geq \$100,000$
 - expanding any revenue generating agreement for $\geq \$15,000$
 - New business: Any new revenue generating agreement for $\geq \$15,000^*$
 - * a new agreement can qualify with multiple orders (work/task order; sales/purchase order) with same client accumulating to $\geq \$25,000$

5. Industrial Development Complex: Continue Site Final Restoration – Phase 1 accelerated restoration

3 IMPLEMENTING FY18 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:

(includes key words that define what excellence is)

Professional • Knowledgeable • Value Added • Engaged

B MEASURES OF EXCELLENCE:

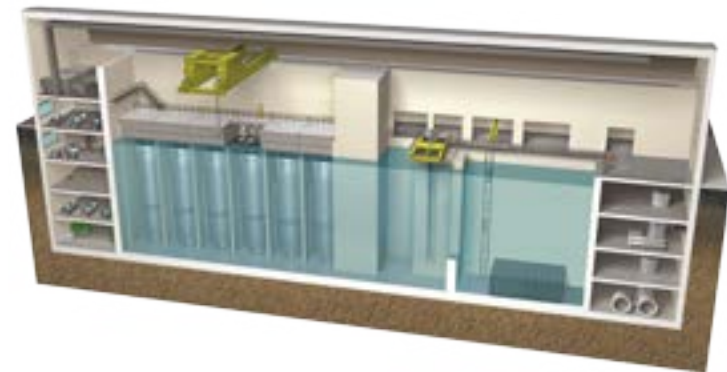
(targets to help measure success of reaching and sustaining excellence)

- Budget Performance - Business Development Fund (BDF) overall cash margin greater than or equal to target goal
- Initiative Success Points earned greater than or equal to target goal
- Project development activities are completed on-time and on-budget
- Increasing requests from state, regional, and national forums to engage in energy policy discussion and initiatives.

C CHALLENGES TO EXCELLENCE:

(gaps that hinder reaching and sustaining excellence)

1. Members currently have a low demand for energy solutions
2. Members are experiencing zero to low electrical load growth
3. Aggregated needs within Energy Northwest membership are minimal
4. Strengthening expertise in new generation technologies and demand side programs, including demand response
5. Ability to forecast and have adequate time to deal with unexpected large electricity demands (e.g., large server farms, etc.)



D MULTI-YEAR STRATEGIC PLAN:



(click to access fiscal years)



Strategic Focus Area: **INNOVATIVE ENERGY SOLUTIONS**

Owner:
Jim Gaston
General Manager,
Energy Services &
Development

INNOVATIVE ENERGY SOLUTIONS FY16

1 FY16 MEASURE OF EXCELLENCE GOALS:

- Budget Performance - Business Development Fund (BDF) overall cash margin greater than or equal to target goal
- ESD Initiative Success Points earned greater than or equal to 8
- Project development activities are completed on-time and on-budget
- Meet established targets for state, regional and national forum / policy discussion and initiatives

2 FY16 STRATEGIC INITIATIVES:

1. Continue to aggressively communicate with members and other regional interests via member visits, Washington Public Utility District Association (WPUA), Public Power Council (PPC), etc. to recognize and aggregate demand for energy solutions
2. Meet or exceed a target of six requests for attendance / presentations to energy policy discussions and forum activities
3. Continue to support Neoen and other industrial scale solar projects
4. Continue to strengthen ESD's expertise in new generation technologies and demand side programs, including demand response
5. Continue the Bonneville Power Administration / Energy Northwest (EN) demand response pilot project. Begin development of a post-pilot demand response commercial application, and continue efforts to expand member utilization of the Demand Response Aggregated Control System.

6. Implement support services plan in support of Utah Associated Municipal Power Systems (UAMPS)/ NuScale/EN Carbon Free Power Project

3 IMPLEMENTING FY16 EXCELLENCE PLANS:

Energy Services and Development Excellence Plan
Member Relations Excellence Plan



Strategic Focus Area: **INNOVATIVE ENERGY SOLUTIONS**

Owner:
Jim Gaston
General Manager,
Energy Services &
Development



1 FY17 MEASURE OF EXCELLENCE GOALS:

- Budget Performance - Business Development Fund (BDF) overall cash margin greater than or equal to target goal
- ESD Initiative Success Points earned greater than or equal to 8
- Project development activities are completed on-time and on-budget
- Meet established targets for state, regional, and national forum / policy discussion and initiatives

2 FY17 STRATEGIC INITIATIVES:

1. Continue to aggressively communicate with our members and other regional interests via member visits, WPUDA, PPC, etc. to recognize and aggregate demand for energy solutions
2. Meet or exceed a target of eight requests for attendance / presentations to energy policy discussions and forum activities
3. Continue to support Neoen and other industrial scale solar projects
4. Continue to strengthen ESD's expertise in new generation technologies and demand side programs, including demand response and additional application of the Demand Response Aggregated Control System
5. Complete BPA / Energy Northwest demand response pilot project. Continue development of and implement demand response post-pilot commercial application
6. Continue implementation of support services plan in support of UAMPS/NuScale/EN Carbon Free Power Project

3 IMPLEMENTING FY17 EXCELLENCE PLANS:

- Energy Services and Development Excellence Plan
- Member Relations Excellence Plan



Strategic Focus Area: **INNOVATIVE ENERGY SOLUTIONS**

Owner:
Jim Gaston
General Manager,
Energy Services &
Development



1 FY18 MEASURE OF EXCELLENCE GOALS:

- Budget Performance - Business Development Fund (BDF) overall cash margin greater than or equal to target goal
- ESD Initiative Success Points earned greater than or equal to 8
- Project development activities are completed on-time and on-budget
- Meet established targets for state, regional, and national forum / policy discussion and initiatives

2 FY18 STRATEGIC INITIATIVES:

1. Initiate a new energy development project in support of regional aggregated need
2. Continue to aggressively communicate with our members and other regional interests via member visits, WPUDA, PPC, etc. to recognize and aggregate demand for energy solutions
3. Meet or exceed a target of 10 requests for attendance / presentations to energy policy discussions and forum activities
4. Continue to support Neoen and other industrial scale solar projects
5. Continue to strengthen ESD's expertise in new generation technologies and demand side programs, including demand response and community-based solar
6. Continue implementation of demand response commercial application

7. Continue implementation of support services plan in support of UAMPS/NuScale/EN Carbon Free Power Project

3 IMPLEMENTING FY18 EXCELLENCE PLANS:

Energy Services and Development Excellence Plan
Member Relations Excellence Plan



Strategic Focus Area: **CORPORATE RESPONSIBILITY**

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

A PICTURE OF EXCELLENCE:

(includes key words that define what excellence is)

Ethical • Accountable • Transparent • Predictable • Cost Effective

B MEASURES OF EXCELLENCE:

(targets to help measure success of reaching and sustaining excellence)

- Columbia budget performance indicators are equal to green (O&M, capital and staffing)
- Columbia long-range plan predictability performance indicator equals green
- Columbia cost performance in the top quartile
- Compliance metrics equal to green
- Key risk indicators equal to green
- Budget Performance - Business Development Fund (BDF) overall cash margin greater than or equal to target goal

C CHALLENGES TO EXCELLENCE:

(gaps that hinder reaching and sustaining excellence)

1. Columbia's costs are at median (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. Continuous focus on agency business risk management and internal controls needed
3. Some ESD revenue business lines' operating margins are shrinking, impacting the BDF
4. ESD's BDF will not be able to sustain multiple years of negative net margin
5. Continued focus on the agency's compliance and ethics program needed

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

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 predictability performance indicator equals green
- Columbia cost performance in the second quartile
- Budget Performance - Business Development Fund (BDF) overall cash margin greater than or equal to target goal

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:
 - Integrate mission critical risk assessment into the Strategic Planning process
 - Implement integrated risk and healthy technical conscience requirements
 - Initiate long term scenario planning (mission critical risks)
 - Develop key risk indicators
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: implement per Executive Board direction and review effectiveness
10. Implement COBIT (Control Objectives for Information Technology) control framework for Information Systems

3 **IMPLEMENTING FY16 EXCELLENCE PLANS:**

Columbia Excellence Plan
Asset Management Excellence Plan
Energy Services and Development Excellence Plan
Legal Services Excellence Plan
Human Resources Excellence Plan
Treasury Excellence Plan
Information Services 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 predictability performance indicator equals green
- Columbia cost performance in the second quartile
- Compliance metrics equal to green
- Key risk indicators equal to green
- Budget Performance - Business Development Fund (BDF) overall cash margin greater than or equal to target goal

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:

3. Implement Columbia Five-Year staffing plan (includes contractors) to achieve approved staffing levels for FY18
4. Evaluate Columbia long-range plan predictability and effectiveness
5. ESD cost control: Assess overhead targets based on business conditions
6. Improve business risk management:
 - Continue to implement integrated risk and healthy technical conscience requirements
 - Assess ESD business risk management effectiveness
 - 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: implement per Executive Board direction and review effectiveness
10. Continue to implement COBIT (Control Objectives for Information Technology) control framework for Information Systems per plan

3 IMPLEMENTING FY17 EXCELLENCE PLANS:

Columbia Excellence Plan
Asset Management Excellence Plan
Energy Services and Development Excellence Plan
Legal Services Excellence Plan
Human Resources Excellence Plan
Treasury Excellence Plan
Information Services Excellence Plan



Strategic Focus Area: **CORPORATE RESPONSIBILITY**

CORPORATE RESPONSIBILITY FY18

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

1 **FY18 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 top quartile
- Compliance metrics equal to green
- Key risk indicators equal to green
- Budget Performance - Business Development Fund (BDF) overall cash margin greater than or equal to target goal

2 **FY18 STRATEGIC INITIATIVES:**

1. Establish FY19 Columbia budget to sustain top quartile cost of power performance
2. Verify and validate top quartile cost of power performance for Columbia:

3. Implement Columbia Five-Year staffing plan (includes contractors) to achieve approved staffing levels for FY19
4. Complete Columbia long-range plan third party assessment
5. Improve business risk management:
 - Integrate risk aggregation across the agency
 - Measure effectiveness of key risk and leading indicators (predictive)
6. Improve internal controls:
 - Conduct internal control assessments per plan
 - Survey process owners' understanding of effective internal controls
7. Improve compliance program:
 - Monitor and report on the compliance and ethics program
 - Assess the compliance and ethics program through completion of a self-assessment utilizing external expertise

8. Regional debt cooperation plan: implement per Executive Board direction and review effectiveness
9. Continue to implement COBIT (Control Objectives for Information Technology) control framework for Information Systems per plan

3 **IMPLEMENTING FY18 EXCELLENCE PLANS:**

- Columbia Excellence Plan
- Asset Management Excellence Plan
- Energy Services and Development Excellence Plan
- Legal Services Excellence Plan
- Human Resources Excellence Plan
- Treasury Excellence Plan
- Information Services Excellence Plan



Strategic Focus Area: **EMPLOYEE ENGAGEMENT**

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

A PICTURE OF EXCELLENCE:

(includes key words that define what excellence is)

Talented • Trusting • Inspired • Discretionary Effort • Appreciated

B MEASURES OF EXCELLENCE:

(targets to help measure success of reaching and sustaining excellence)

- Voluntary turnover in the Electric Utility Human Resources (EUHR) metrics 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 percent or greater
- Critical leadership* positions filled "successfully" is equal to 75 percent or greater

* Leadership includes Supervisors, Managers and the Executive Team

C CHALLENGES TO EXCELLENCE:

(gaps that hinder reaching and sustaining excellence)

1. Voluntary turnover is currently second quartile in the Electric Utility Human Resources metrics
2. Employee engagement actions need to be established by department

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 **FY16**

1 FY16 MEASURE OF EXCELLENCE GOALS:

- Voluntary turnover in the Electric Utility Human Resources metrics 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 percent or greater
- Critical leadership positions filled "successfully" is equal to 75 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
 - Set improvement goal over previous survey results
2. Workforce planning implementation
3. Succession plan candidate development

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



1 FY17 MEASURE OF EXCELLENCE GOALS:

- Voluntary turnover in the Electric Utility Human Resources metrics 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 percent or greater
- Critical leadership positions filled "successfully" is equal to 75 percent or greater

2 FY17 STRATEGIC INITIATIVES:

1. Employee engagement survey for Energy Northwest:
 - Prepare action plans based on survey results to improve engagement compared to industry
 - Set improvement goal over previous survey results
2. Workforce planning implementation
3. Succession plan candidate development
4. Review onboarding process

3 IMPLEMENTING FY17 EXCELLENCE PLAN:

Human Resources Excellence Plan



Strategic Focus Area:
EMPLOYEE ENGAGEMENT

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



1 FY18 MEASURE OF EXCELLENCE GOALS:

- Voluntary turnover in the Electric Utility Human Resources metrics 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 percent or greater
- Critical leadership positions filled "successfully" is equal to 75 percent or greater

2 FY18 STRATEGIC INITIATIVE:

1. Employee engagement survey for Energy Northwest:
 - Prepare action plans based on survey results to improve engagement compared to industry
 - Set improvement goal over previous survey results
2. Workforce planning implementation
3. Succession plan candidate development

3 IMPLEMENTING FY18 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:

(includes key words that define what excellence is)

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

B MEASURES OF EXCELLENCE:

(targets to help measure success of reaching and sustaining excellence)

- Favorable Energy Northwest rating by member general managers and board commissioners of at least 86 percent
- Energy Northwest favorable rating of at least 75 percent by state legislators
- Sustain favorable support for nuclear energy by at least 59 percent of statewide public and 75 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:

(gaps that hinder reaching and sustaining excellence)

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

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
FY16



1 FY16 MEASURE OF EXCELLENCE GOALS:

- Favorable Energy Northwest rating by member general managers and board commissioners of at least 82 percent
- Sustain Energy Northwest favorable rating of at least 75 percent by state legislators
- Sustain favorable support for nuclear energy by at least 50 percent of statewide public and 65 percent of Mid-Columbia public (no survey will be done in FY16, therefore these numbers remain the same from FY15)
- 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 awareness and understanding of varied member utility issues: Create and implement customer relationship management system

2. Further strengthen and leverage public power utility positive perception and support:
 - Sustain and adjust as appropriate, member relations plan, for member utility relationship management
 - Gather feedback from members on member visits effectiveness
 - Increase EN leadership and board member involvement in member utility and public power organization engagement/activity

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

1. Strengthen stakeholder relationships with Energy Northwest:
 - Using FY11, FY13 and FY15 survey data, develop updated strategies
 - Schedule engagements by agency leaders/Public Affairs (PA) staff with regional civic and opinion leaders to build and strengthen relationships
 - Build and strengthen lines of communication between agency leaders/PA staff and energy/policy groups

2. Further increase stakeholder positive perception and support of Energy Northwest:
 - Execute Strategic Communication Plan (including Columbia Value Communication Plan)
 - Sustain Speakers Bureau program to include energy group audiences
 - Strengthen outreach through increased member utilization of communication channels such as social media, video and web
3. Strengthen support for nuclear energy among stakeholders:
 - Frequent, ongoing, transparent communication efforts by Public Affairs and key senior leadership to key stakeholders (legislators, members and regional power community)
 - Host biennial regional power leaders forum; reassess and prioritize regional education outreach efforts

3 IMPLEMENTING FY16 EXCELLENCE PLANS:

Public Affairs Excellence Plan

Member Relations 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 84 percent
- Sustain Energy Northwest favorable rating of at least 75 percent by state legislators
- Obtain favorable support for nuclear energy by at least 52 percent of statewide public and 67 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 awareness and understanding of varied member utility issues: Reassess and leverage customer relationship management system
2. Further strengthen and leverage public power utility positive perception and support:
 - Sustain and adjust as appropriate, member relations plan, for member utility relationship management
 - Increase EN leadership and board member involvement in member utility and public power organization engagement/activity

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

1. Strengthen stakeholder relationships with Energy Northwest:
 - Re-assess FY16 efforts, update strategies
 - Sustain civic and opinion leader engagement; expand target group within Washington state
 - Expand relationships with energy policy groups within the region

2. Further increase stakeholder positive perception and support of Energy Northwest:
 - Reassess, update and execute Strategic Communication Plan (including Columbia Value Communication Plan)
 - Expand Speakers Bureau program to emphasize target audiences in Portland and Seattle
 - Initiate campaign to increase responsible use of agency social media programs by employees; benchmark industry best practices
3. Strengthen support for nuclear energy among stakeholders:
 - Expand number of agency leaders engaging key stakeholders
 - Reassess and prioritize regional education outreach efforts

3 IMPLEMENTING FY17 EXCELLENCE PLANS:

Public Affairs Excellence Plan

Member Relations Excellence Plan



Strategic Focus Area: **STAKEHOLDER TRUST AND CONFIDENCE**

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

STAKEHOLDER TRUST & CONFIDENCE **FY18**

1 FY18 MEASURE OF EXCELLENCE GOALS:

- Favorable Energy Northwest rating by member general managers and board commissioners of at least 86 percent
- Sustain Energy Northwest favorable rating of at least 75 percent by state legislators
- Sustain favorable support for nuclear energy by at least 52 percent of statewide public and 67 percent of Mid-Columbia public (no survey will be done in FY18, therefore these numbers remain the same from FY17)
- Sustain Energy Northwest Optimal Content Score (media coverage) of at least 4 on the industry standard scale

2 FY18 STRATEGIC INITIATIVES:

Member relations:

1. Strengthen awareness and understanding of varied member utility issues: Reassess and leverage customer relationship management system
2. Further strengthen and leverage public power utility positive perception and support:
 - Sustain and adjust as appropriate, member relations plan, for member utility relationship management
 - Increase EN leadership and board member involvement in member utility and public power organization engagement/activity

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

1. Strengthen stakeholder relationships with Energy Northwest:
 - Re-assess FY17 efforts, update strategies
 - Sustain civic and opinion leader engagements; expand target group throughout the region
 - Expand relationships with energy policy groups nationally

2. Further increase stakeholder positive perception and support of Energy Northwest:
 - Reassess, update and execute Strategic Communication Plan (including Columbia Value Communication Plan)
 - Expand Speakers Bureau program to emphasize target audiences in Spokane, in addition to previous target areas
 - Share agency best social media practices throughout the industry and Energy Northwest membership
3. Strengthen support for nuclear energy among stakeholders:
 - Continue to expand number of agency leaders engaging key stakeholders
 - Host biennial regional power leaders forum; reassess and prioritize regional education outreach efforts

3 IMPLEMENTING FY18 EXCELLENCE PLANS:

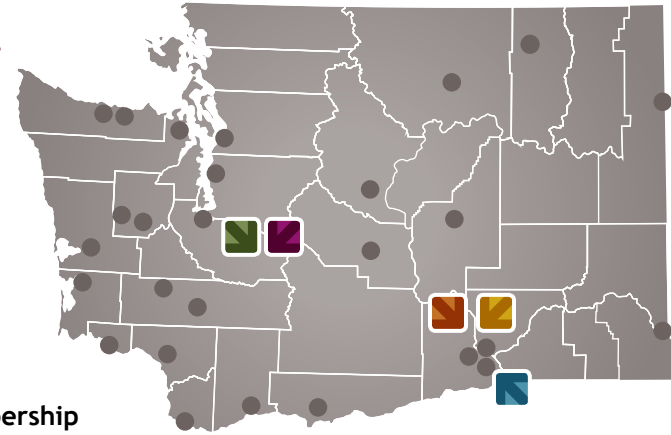
Public Affairs Excellence Plan

Member Relations Excellence Plan



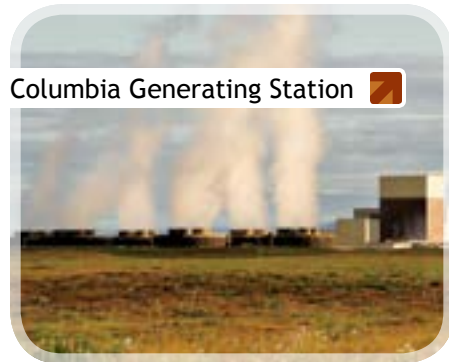
ABOUT ENERGY NORTHWEST


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 



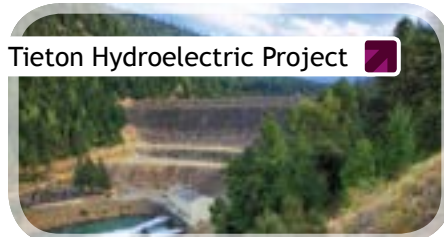
Nine Canyon Wind Project 



White Bluffs Solar Station 



Packwood Lake Hydroelectric Project 



Tieton Hydroelectric Project 

- | | | | |
|----|-------------------------|----|-------------------------|
| 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 | | |