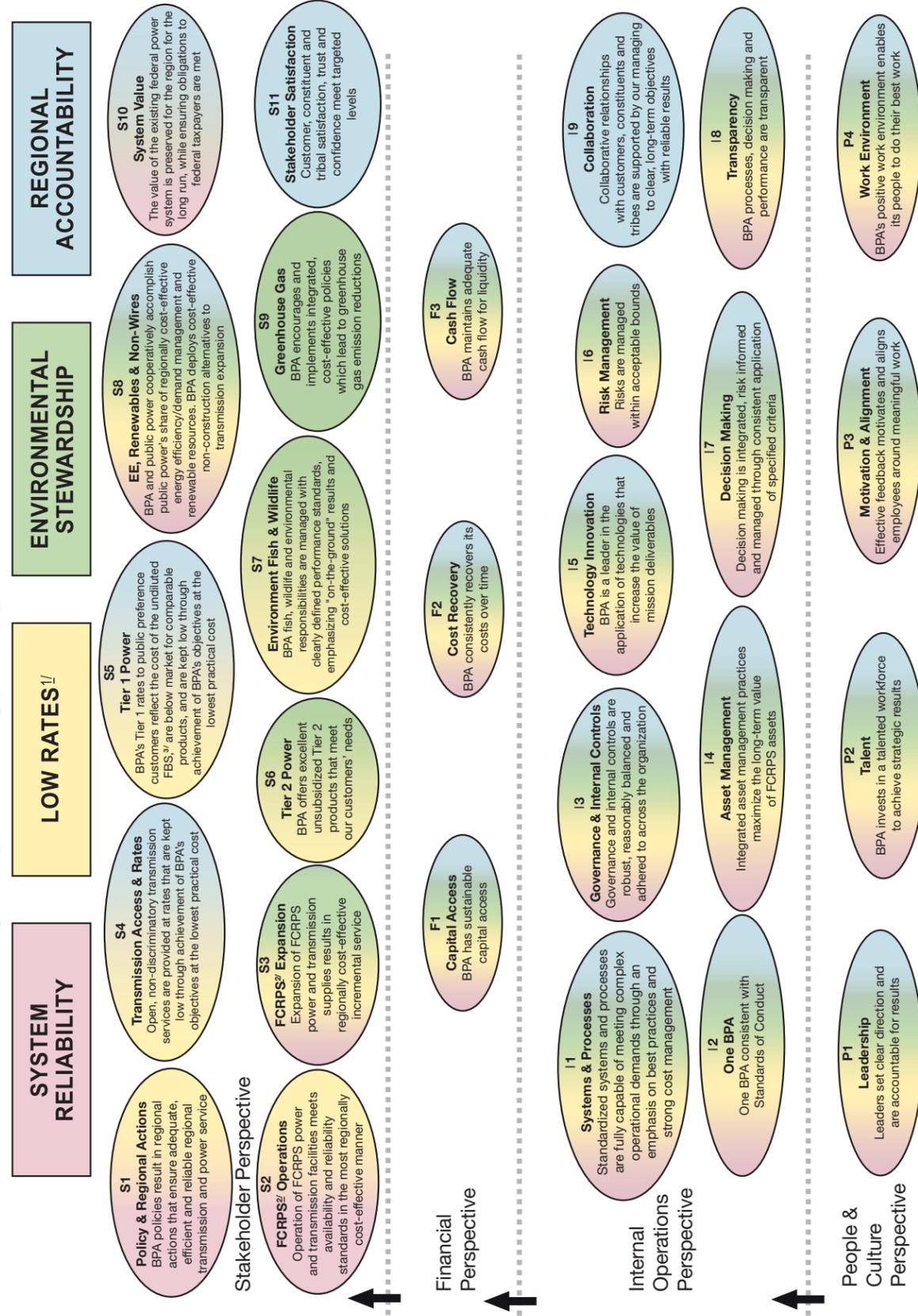


# Agency Strategy Map: 2008-2014



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

BPA's long-term strategic objectives are shown in the ellipses above and define our strategic direction. As the map colors illustrate, each strategic objective helps uphold one or more of the four pillars of BPA's vision: system reliability, low rates, environmental stewardship, and regional accountability.

# BPA's Strategic Direction

## with Key Agency Targets for Fiscal Year 2008 – Revised

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

### BPA's MISSION

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

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

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

### BPA's VALUES

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

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

**Operational excellence:** Operational excellence is a cornerstone of delivering on the four pillars of our

strategic objectives (system reliability, low rates, environmental stewardship, regional accountability), and it will place us among the best electric utilities in the nation.

### BPA's VISION

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

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

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



## Stakeholder perspective

### System infrastructure

- **Transmission system** — Transmission capital work plans are managed to meet performance targets: 22 of 24 specified capital sub-portfolios are within budget and have met their respective critical FY 2008 milestones.
- **Commercial infrastructure** — To deal with pending transmission service requests effectively in the long-term transmission request queue, Transmission Services will (1) formulate a strategy by quarter one and implement a plan by quarter two to process the pending transmission service requests in the long-term transmission request queue incorporating the key concepts of the FY 2007 commercial infrastructure business model, and (2) complete the commercial infrastructure evaluation process in quarter four to support the decision for development of the transmission construction program.
- **Hydro generation system** — Hydro generation is increased by 4.5 average megawatts and the cost of the increase is between \$7 million and \$12 million.
- **Energy efficiency/demand management** — Deliver 47 to 57 average megawatts of new conservation from all of BPA's energy efficiency programs at a cost of \$1.4 million to \$1.5 million per average megawatt.

### System performance

- **Transmission reliability** — Maintain the reliability of the Federal Columbia River Power System's transmission system by: (1a) no more than one instance of a "High Risk Factor" violation with a "high" or "severe" violation severity level (level 3 or more) as decided by WECC; (1b) 100 percent of BPA-submitted, WECC approved or revised mitigation plan milestones are completed for technical compliance and 95 percent of WECC approved or revised mitigation plan milestones are completed for documentation; and (2) no involuntary curtailments of firm load due to a reliability violation, transmission system security breach or cascading outages originating on the BPA system.
- **Transmission availability** — BPA's most important transmission lines (Category 1 and 2) are available for service at least 98.0 percent of the time.
- **Generation reliability** — Maintain the reliability of the Federal Columbia River Power System's generators by: (1a) no more than one instance of a "High Risk Factor" violation with a "high" or "severe" violation severity level (level 3 or more) as decided by WECC; (1b) 100 percent of BPA submitted, WECC approved or revised mitigation

plan milestones are completed for technical compliance and 95 percent of WECC approved or revised mitigation plan milestones are completed for documentation; and (2) no involuntary curtailments of firm load due to a reliability violation, inadequate power supply, or a breach of generation system security.

- **Generation availability** — Hydro generating units achieve 97.5 percent heavy-load-hour availability.
- **Outage/storm response** — By the end of December 2007, develop, test and implement a plan to improve Transmission Services' large scale storm and outage response plan that adequately addresses two critical areas for improvement identified in the December 2006 wind storm assessment (information management and prioritized resource deployment) and mitigates BPA's risks related to storm response.

### Industry advancement

- **Regional Dialogue implementation** — Regional Dialogue tasks are implemented as follows:
  1. Regional Dialogue contracts have been developed and are ready for offering to direct-service industry customers (if offered), to public customers (including Tier 1 and Tier 2), and to IOU's eligible for Residential Exchange benefits by Aug. 1, 2008;
  2. Tiered Rates Methodology Record of Decision that carries out Regional Dialogue Policy is completed in time to enable Regional Dialogue contracts to be signed by the end of the calendar year.
  3. Average System Cost Methodology is filed with FERC by July 31, 2008; and
  4. Revised filing for 2007-2009 power rate case is completed in time to enable Regional Dialogue contracts to be signed by the end of the calendar year.
- **Regional transmission coordination** — By the end of FY 2008, successful collaboration with ColumbiaGrid results in: (1) growth in membership or functional agreement participation; (2) successful implementation of regional transmission planning responsibilities; (3) a decision, which is agreed to by at least five ColumbiaGrid members, whether further design of certain reliability measures should be pursued by developing a second reliability functional agreement; and (4) a common OASIS functional agreement.
- **Order 890 implementation** — Establish an Order 890 Implementation Plan within quarter one that addresses: (1) potential conflicts between FERC's pro forma tariff and BPA's statutes; (2) potential impairment of the

efficient and reliable operation of the Pacific Northwest power and transmission system; (3) specific technical issues discussed publicly with external transmission stakeholders; and (4) consistency of BPA's processes and systems to implement the tariff. File BPA's updated tariff with FERC and implement the plan within quarter four.

### Environmental stewardship

- **ESA compliance** — Regional collaboration in the Biological Opinion Remand results in substantial agreement with sovereign parties in the region on the new Biological Opinion, and, little or no further revision to Biological Opinion implementation actions occurs as a result of court action.
- **Greenhouse gas** — BPA will complete development and begin the implementation of a Climate Change Action Plan.

### Regional accountability

- **Customer satisfaction** — Rating of 7.0-7.5
- **Constituent satisfaction** — Rating of 7.0-7.5
- **Tribal government satisfaction** — Rating of 6.0-6.5

### Financial perspective

- **Modified net revenue** — Modified net revenue is in the range of \$50 million to \$175 million.
- **Treasury payment** — Treasury payment is made in full for the 25th consecutive year.
- **Debt optimization** — Debt optimization actions accomplish \$147 million of refinancing and \$211 million of early federal debt amortization.
- **Bond rating** — BPA backed bonds maintain ratings of "AA-" or better from all three rating agencies (S&P, Moody's and Fitch).
- **Internal operating costs** — Actual internal operating costs are in the range of \$539 million to \$525 million.

### Internal operations perspective

- **Process improvement** — Five or more of the seven efficiency implementations in the Enterprise Process Improvement Program meet planned FY 2008 milestones and there are no more than two lagging implementations (each with COO-approved plan revisions in place).

- **Governance and internal controls** — Process owners' documentation for two high-risk processes is completed as a result of robust governance and internal controls evaluations and is approved by the Audit and Internal Controls Committee.

### People and culture perspective

- **Workforce gap closure** — 80-100 percent of FY 2008 workforce action plans are completed to effectively recruit, retain and develop critical skills and occupations.
- **Employee understanding of business strategy** — Employee understanding of business strategy is high (average of two questions is 70-80 percent).
- **Safety** — The lost-time accident frequency rate is less than 1.5 per 200,000 hours worked. No fatalities occur to BPA employees or contract employees working on BPA facilities.

## Success Share TARGETS

For FY 2008, payout of BPA Success Share awards will be based on performance against the equally weighted targets below. Any payout will be contingent on achieving both the Treasury payment target and at least \$5 million in modified net revenue.

1. Transmission and generation reliability
2. Transmission system, hydro generation system, and energy efficiency/demand management
3. Regional Dialogue implementation
4. ESA compliance
5. Stakeholder satisfaction (Power, Transmission and EE Customers; Constituents; Tribal Governments)
6. Treasury payment and modified net revenue
7. Internal operating costs
8. Process improvement
9. Safety