



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

SECURITY AND CONTINUITY OF OPERATIONS

November 27, 2013

In reply refer to: NN-1

Dan Seligman
Columbia Research Corporation
PO Box 99249
Seattle, WA 98139

FOIA #BPA-2013-01741-F

Dear Mr. Seligman:

This is the final response to your request for records that you made to the Bonneville Power Administration (BPA), under the Freedom of Information Act, 5 U.S.C. 552.

You requested the following:

“A copy of the speeches given by Administrator Bill Drummond from the time he assumed the administrators job to the time he was placed on administrative leave, to include internal speeches at all-employee meetings.”

Response:

BPA is releasing the responsive documents in their entirety. One speech is a video on the enclosed DVD.

Pursuant to 10 CFR 1004.8, if you are dissatisfied with the adequacy of the search, you may appeal this FOIA response in writing within 30 calendar days of receipt of a final response letter. The appeal should be made to the Director, Office of Hearings and Appeals, HG-1, Department of Energy, 1000 Independence Avenue, SW, Washington, DC 20585-1615. The written appeal, including the envelope, must clearly indicate that a FOIA Appeal is being made.

There are no fees associated with this request due to the length of time it has taken to complete it.

Please contact Kim Winn, FOIA Specialist, at 503-230-5273 with any questions about this letter.

Sincerely,

/s/Christina J. Munro

Christina J. Munro

Freedom of Information/Privacy Act Officer

Enclosure: DVD

Responsive documents

Draft, June 10, 2013

**Bill Drummond's Speech at Jefferson County PUD
Dedication**

June 11, 2013

Welcome.

Recognize dignitaries and commissioners. (*We will provide you the names of elected officials, if there are any.*)

The 3 Jefferson County PUD commissioners:

- **Barney Burke**, President, District 1
- **Ken McMillen**, Secretary, District 2
- **Wayne King**, District 3, Vice President

PUD Manager - **Jim Parker**

I would like to congratulate all those who helped make Jefferson County PUD a reality. Your hard work has ensured that the people in Jefferson County will be served by clean, emission free hydro power for generations to come. Something that I know is so vitally important to the people living in this part of the region.

I would especially like to recognize the tremendous dedication and hard work of your former PUD

Commissioner Dana Roberts. His dedication to public power is the kind of spirit that led to the development of the Federal Columbia River Power System that today provides nearly one-third of the electricity consumed in the Northwest.

In addition, and perhaps most importantly, I would like to welcome Jefferson County PUD and all of its customers into the Northwest public power family that is served directly by the Bonneville Power Administration. It's a big family. It now includes over 124 publicly-owned utilities serving the electrical needs of people who live in the most remote parts of the Northwest to those who live in our largest cities.

And yes, being in the public power family does provide you many opportunities, but as with any family, there comes responsibilities as well.

Together, along with our tribal, state and federal partners, we have the enormous responsibility to watch over the Columbia River that creates the most amazing energy on earth.

I want you to know two things about that sentence. First, it deliberately begins with the word "together." And by together, I mean you, me, all of us. And second, when I

speak of “energy,” I mean that in the most holistic sense of the word – in all of its diverse benefits, from power generation to fish and wildlife, from navigation to irrigation, from recreation to commercial and residential water supply.

But before I talk more about the family you have joined, I want you to know that I am one of you. I understand the challenges you faced to become a public utility and the challenges and opportunities that lie before you.

Before joining BPA in October of 2011 and becoming Administrator early this year, I was manager of the Western Montana Electric Generating and Transmission Cooperative in Missoula, Montana for 17 years. Before that, I led the Public Power Council, an association of all northwest publicly owned utilities. I also worked on the formation of new publicly- and cooperatively-owned utilities. I helped start Canada’s first generation and transmission cooperative Prairie Power, and worked on the formation of three other publicly-owned utilities, so I know what a challenge it is and what a triumph you have accomplished.

It’s not every day that a new public utility is formed. In fact, we have only had six publicly-owned utilities form in

the past 65 years. The last publicly-owned utility to form in the state of Washington was 29 years ago, and the last one to form in the Northwest was 2001.

There are many reasons for this, but perhaps the most important reason is that it is not easy to form a new PUD. For those of you who don't know, those wanting to form this new PUD had to establish that it:

- was legally formed,
- will effectively own a distribution system at the time service commences,
- has a general utility responsibility to serve customers,
- has the financial systems to collect revenues and the ability to pay for federal power, and
- has an organization and staff to provide service and maintain its system and operations, and can purchase power in wholesale amounts.

This sounds like a lot of work, and it was. Because of the hard work of many people, some of whom are here today; you began receiving power from BPA in April of this year. At that moment, you not only starting receiving clean, low-cost power, you began investing in the Northwest. Through your power rates, you are helping to maintain and improve:

- The Federal Columbia River Power System that includes 31 federal dams and one nuclear plant.
- Over 16,000 miles of high voltage transmission lines bringing clean, low-cost power to all parts of the Northwest.
- The Integration of wind power on the BPA transmission grid. Wind generation on BPA's grid now exceeds over 4,500 megawatts, the equivalent of four and a half nuclear power plants.
- An energy efficiency program that has already acquired enough power to serve four cities the size of Seattle for a full year, and will serve as BPA's priority resource for meeting the load growth of the customers we serve.
- And last, but not least, the largest ecosystem restoration program in the world. Through this program we have halted and begun to reverse the decline of salmon in the Northwest and protected more than a half million acres of land throughout the Columbia River Basin for fish and wildlife.

As all of you know very well, being part of a family does not mean everyone in that family will agree on everything all the time. Having been married for xx years and raising two sons, I know this to be true. However, when you are part of the family, you have a voice – you are part of the conversation. And as BPA Administrator, I promise you

that you will be heard, and together, we will watch over the river that creates the most amazing energy on earth.

Before I close, I have a small gift that we would like to give to you today to help commemorate this exciting moment. No, it's not your power bill. It's a plaque that has a transmission tower on it symbolizing your connection to public power. And, on the plaque, we have inscribed:

April 1, 2013 - The Bonneville Power Administration welcomes Public Utility District No. 1 of Jefferson County to the Pacific Northwest family of public power utilities.

Congratulations and welcome to the family.

All Employee Meeting

Bill Drummond, Administrator

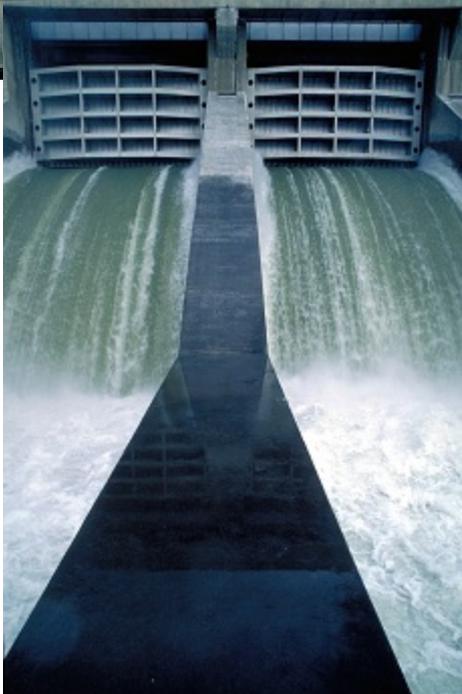
June 12, 2013

**What's the future of this tremendous
trust we have inherited?**



BPA's Future

Bonneville is the industry leader in providing low cost, carbon-free renewable electric energy, while protecting, mitigating and enhancing our fish and wildlife resources.

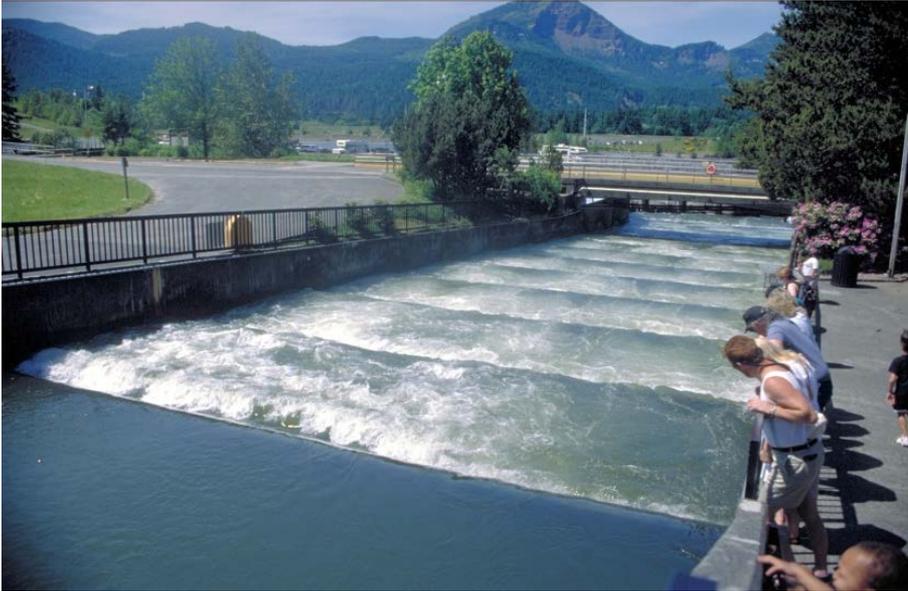


Hydro assets



Transmission assets





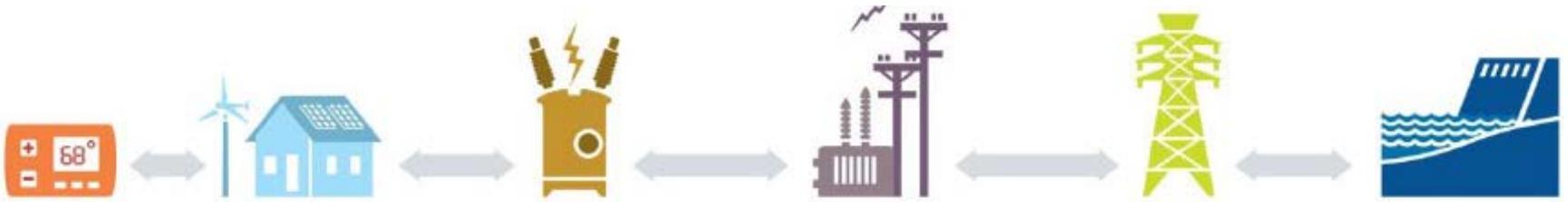
Environment, Fish and Wildlife



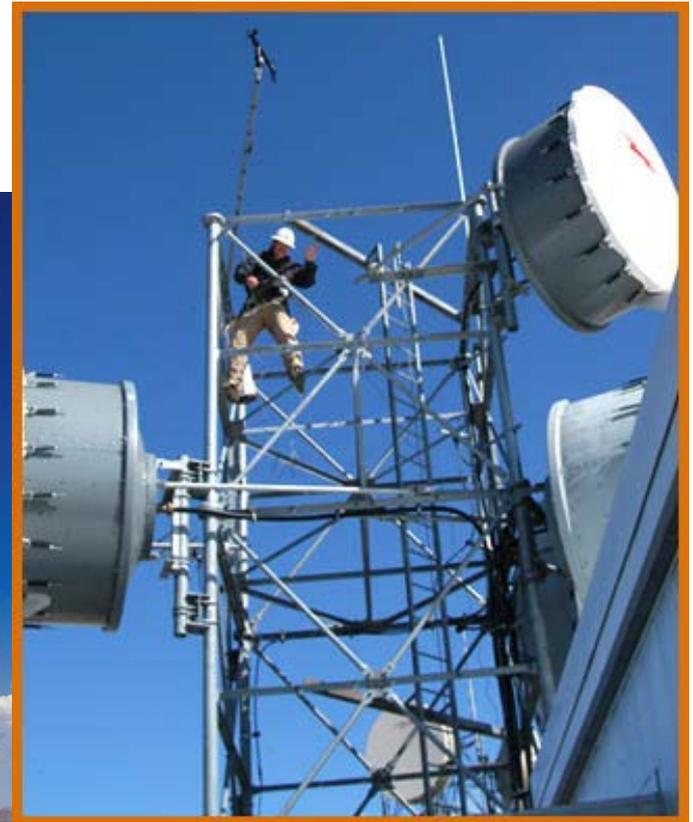
Energy Efficiency



ENERGY™
SMART DESIGN



Smart Grid



Key Manager Initiatives

- **Move to a more decentralized decision-making model**
- **Active change management**
- **Renewed focus on performance management**

Key Employee Initiatives

- **Be open to change**
- **Alignment around core competencies**
- **Be engaged**

Q and A

Be open to change

**Alignment around
core competencies**

Be engaged



Bill Drummond ATNI

I want to do two things this morning: First I want to share with you my vision for Bonneville, and focus particularly on the portion of that vision concerning F&W. Second, I want to talk about our partnership, what it means to me and how we can build on it.

I keep thinking about the tremendous trust we have inherited, and the responsibility that comes with that trust. We face a choice: We can simply rehabilitate and repair our hydro and transmission facilities supplying low-cost, carbon free, renewable power and let others dot the PNW landscape with gas-fired generation projects, or we can choose a different path for ourselves and for the Northwest. We can choose a path that is based on a much larger reliance on renewable energy, a path that likely still includes some combustion turbines, but one with a far smaller carbon footprint that also provides greater system reliability. That is the path I choose.

We just published a book celebrating Bonneville's 75th Anniversary. As I stand here today I wonder what story the next BPA book – the Centennial Book - will tell. Our 75th Anniversary was a fabulous celebration. We were able to experience BPA's journey through 75 years. The question is....what is next? What are our next steps? How do we

advance when we know we have an aging infrastructure and rapidly changing industry?

My Vision for Bonneville is this:

I see Bonneville as the industry leader in providing low cost, carbon-free renewable electric energy, while protecting, mitigating and enhancing our fish and wildlife resources. By leveraging our existing assets through investments in the federal hydro and transmission systems, fish and wildlife, energy efficiency and demand response, and Smart Grid projects - we will be able to integrate additional renewable resources from large and distributed systems across the northwest. This will allow us to extend the value of the federal hydro and transmission systems and increase system reliability to be that industry leader.

With respect to F&W: The region has made tremendous progress in addressing and reversing the decline of salmon and steelhead. We are not finished with that work, but it is appropriate to celebrate how far we have come:

- Recent studies indicate that six of the eight main-stem Columbia and Snake River dams have met or exceeded their juvenile passage requirements of 96% for spring juvenile passage and 93% for summer passage. We expect the other two dams will meet or exceed those standards as well.

- With our Tribal and State partners, habitat restoration is showing significant results.

My vision is for a sustainable Tribal commercial, ceremonial and subsistence fishery, as well as creating opportunities for non-Tribal commercial and recreational fisheries.

We are not there yet, but we are getting closer each year.

This vision of Bonneville as a leader in the provision of low cost, carbon-free renewable electric energy, while protecting the environment, builds on the foundation of those that have gone before us. We start down that path toward a future with more renewable resources, energy efficiency, a commitment to the protection, mitigation and enhancement of F&W resources, greater system reliability and less reliance on fossil fuels. This is how we will advance this great trust we have inherited.

Let me turn to the subject of partnership:

I was thinking about the partisan paralysis that grips our country before coming here...

...and every time I think about that subject, I'm struck by the contrast between this national plague and "our" story - the story of the partnership we have forged - the tribes and the public servants at Bonneville. Because with all of our challenges, we have chosen a completely different path.

Last year, for our 75th anniversary (which we were so pleased to celebrate with so many of you who are here today); we developed a theme to describe what we do. And it would need to be communicated in one sentence

(Ever tried to do that? It's really hard to do if you want it to be meaningful. We could have just said something like: *You deserve a break today - and that's why we love you at BPA.*).

We received a lot of input from our employees to tap into what they really felt strongly about. And the one sentence we came up with was: (READ SLOWLY) "Together, we watch over the River that creates the most amazing energy on earth".

I want you to know two things about that sentence. First it very deliberately begins with the word together, and that means you. And second, when we speak of the "energy" of the river we mean that in the most holistic use of the word in all of its life-giving dimensions, something we value deeply as a gift of knowledge from the tribes.

And I also want you to know that it is difficult to go anywhere in our headquarters where those words are not proudly displayed by BPA employees. So we don't just say it, we really believe it.

Together, we created the largest ecosystem restoration program in the world. We have halted and begun to reverse the decline of Salmon in the Northwest.

The Accords partners alone have:

- Opened up more than a thousand miles of new spawning habitat.
- Either protected or improved more than 175,000 acres of Riparian and wildlife habitat
- And protected more than 35,000 acre feet of water

All that in five years

- The Yakima Nation has accessed two hundred fifty miles of habitat and formed the Yakama Tribal Utility to serve the electricity needs of its people.
- Hydro improvements have significantly improved passage survival.

I'm not sure all of us stop frequently enough to appreciate just how powerful the story we made together really is:

...what it took to overcome the obstacles

...how far we have come

...and how far we can go.

One reason nations turn away from conflict is so that they can reap a “peace dividend”, both monetarily and spiritually. And in a way, I think that is what we have done

We have achieved peace through partnership. To even use the word "peace" means, by necessity, that very difficult days preceded it.

Partnership invokes a belief that the whole is greater than the sum of its parts.

And as any of you who are partnered in marriage know – a partnership does not mean that you see eye to eye on all matters.

It does, however, mean that you can count on difficult conversations...

....but those conversations are worth every word... because, quite simply, at the end of the day the partners know that there is so much more good that comes from working together than by going it alone.

What are some of those good things? And what do others need to know exactly?

First, this investment in economic and ecological infrastructure is paying off. And no less than any bridge or highway, we are investing in the future and the partners (meaning us), and the ratepayers, insist on a good return on that investment. We cannot rest in continuing to prove that case.

Second, we once put Band-Aids on broken rivers and streams that needed surgery, a cast, and a plan. The critical mass to do the job right just wasn't there, because the partnership wasn't there.

And today we are not just healing rivers; we are also administering preventative medicine, and strengthening the Columbia Basin's immune system to face the challenges ahead. It is up to us to make the case.

But we must learn to speak in a new compelling way if the world is going to listen.

I'm talking about all the things we do in partnership and what that "reputational image" adds up to. I'm talking about the image that business leaders and Senators and Congressmen and

Congresswomen, and Governors and their staffs and editorial writers form in their minds about us.

So what does this have to do with our success? It is so close; I think sometimes we can't see it.

Look at the amazing things the Nez Perce have done at Johnson Creek making the scientific case for supplementation. Or the return of Snake River fall Chinook from 10 in 1995 to a thousand in 2010. (I thought it was ten thousand – need to check)

We have moved beyond the vision of hatcheries as mechanized underwater factories operated by faceless bureaucrats: yet the awareness of that incredible progress has not kept pace with reality.

We still call them hatcheries, but in fact many of them operate, in effect, as though they were wild salmon nurseries. Think about it – wild is natural and a nursery is a caring, natural place. If Heinz can have organic Ketchup, why can't we have our equivalent, and make sure the world knows about it?

And we won't get there talking about, "Anadromous salmonid acclamation facilities"" or "precocious males as a predictive indicator of oncorhynchus population estimates".

If our "reputational image" or brand, is going to capture the imagination and support of the decision-makers we need on our side to conquer the future, we must unshackle ourselves from the old obsolete images and the technical language that stand in the way of people seeing and listening.

We are moving forward in so many ways that we could not have imagined just a few years ago, and we must keep up the pace.

Success breeds success. In my view, the work we are doing with many of you on the Columbia River Treaty through the sovereign team we have formed to review the treaty would never have been possible without the foundation of trust formed by working with one another in so many ways before this.

When the Columbia River treaty commenced in 1964 the tribes in both Canada and the United States were completely excluded from the process. So the treaty dealt exclusively with hydropower and flood control. No one knows exactly what form our recommendation to the State Department this year will take. But I can tell you this with certainty: the ecosystem will be a primary component of whatever the future holds.

And if in future negotiations with the Canadians we can readjust significantly the excessive payment we currently send them each year, some portion of those resources will be devoted to the ecosystem – very likely for many decades to come

Finally, there is also no question that we will find a way to incorporate adaptability and resiliency in the face of climate change in a future treaty world.

Which brings me to my final point - which is the moral necessity for us to strive to nurture this partnership. I call it the great irony.

We in the Pacific Northwest, who have the cleanest air in the nation and therefore contribute the least to climate change, are in fact the most vulnerable, in critical ways, to the threat of climate change.

Why? Because the operation of a coal plant is not directly affected by climate change, nor is a windmill or a solar farm or a nuclear reactor.

But our river, upon which the economic foundation and the quality of life for this entire region depends, is profoundly vulnerable, and as you know better than most, this unwelcome intruder is knocking on our door right now.

The work we are performing together on this river is critical to ensuring its resiliency and vibrancy in the face of that threat.

This is why we must make our case effectively. Bonneville needs to direct resources in many different areas. Smart Grid and energy efficiency and demand response will all need to be deployed intensively to sustain the capacity of the river for all of its users.

To ensure that our efforts to heal and enrich this river are sustained, we must make the business case. In other words, we must show that what we seek not only makes sense, but in the final analysis, dollars and cents.

Yes, we face daunting political challenges over water policy today. But if climate change brings us extreme water shortages when everyone needs water at the same time, combined with catastrophic flooding which no one ever wants, the worst days we can remember of fighting over the river will seem tame.

This is the choice: we will either pull together to confront a force that threatens all of our shared values in the Northwest, or we will be pulled asunder.

We can do this. We, meaning you and your partners at Bonneville, are the fulcrum that will fuse together the once alien and opposing ideas of economic success and ecological health; and we will keep working at it until these once estranged siblings are united in common purpose and mutual respect.

All Employee Meeting vision speech draft 6-7-2013

Introduction

Thanks for taking time out of your busy schedules to attend this all employee meeting. It is good to see you all here at Ross and hello to all of you participating through the webcast system.

Just a brief note about the webcast system – if some reason it doesn't work for you today or freezes during the meeting – we are recording it so you will be able to view it later on BPA Connection.

I'd like to share my thoughts with you about what's been happening and what's ahead. And then I'll open the floor for your questions.

The past four months have been a whirlwind for me and I am so pleased to finally get a chance to have this all employee meeting. As you know I have been back East a number of times – for Congressional meet and greets, to present the budget and to meet with Secretary Moniz. I've also had several meetings with our tribal partners in the region.

During the last several months, I've also had the chance to visit with BPA work groups. It is those visits that have been really inspiring for me. .

I have:

- Been to the Garrison Substation in Montana;
- I toured the Big Eddy Knight Transmission project from The Dalles up through Goldendale;
- And I've attended several meetings at the Columbia Generating Station and up in Seattle

One of the things I like most about this job so far is hearing what you have to say about our work, about our projects and about where you want the agency to go in the future.

These visits have provided me with an understanding of the work you do and your tremendous dedication. This gives me confidence that together we can meet the challenges ahead.

Our future

What I have come to appreciate over and over again in my travels is that Bonneville's future is you. All three thousand federal employees and nearly two thousand contract personnel and contingent work force hold the keys to the future. Our future is what we do together to bring the value of the river to the people of the northwest.

I keep thinking about the tremendous trust we have inherited, and the responsibility that comes with that trust.

We have a choice: We can simply rehabilitate and repair our hydro and transmission facilities -- supplying low-cost, carbon free, renewable power and let others dot the northwest landscape with gas-fired generation projects, or we can choose a different path for ourselves and for the Northwest.

We can choose a path that is based on a much larger reliance on renewable energy, a path that likely still includes some combustion turbines, but one with a far smaller carbon footprint that also provides greater system reliability. That is the path I choose.

You know, our 75th Anniversary was a fabulous celebration. We were able to experience BPA's journey through 75 years and recognize the incredible contributions Bonneville employees have made.

And now, I wonder what story the next BPA book – the Centennial Book - will tell. How do we advance when we know we have an aging infrastructure and rapidly changing industry? We will do it by making those advancements together!

So I am sure you are asking – What does this future look like? What is this guy's vision for Bonneville?

My Vision for Bonneville

I see Bonneville as the industry leader in providing low cost, carbon-free renewable electric energy, while protecting, mitigating and enhancing our fish and wildlife resources. By leveraging our existing assets through investments in the federal hydro and transmission systems, fish and wildlife, energy efficiency and demand response, and Smart Grid projects - we will be able to integrate additional renewable resources from large and distributed systems across the northwest. This will allow us to extend the

value of the federal hydro and transmission systems and increase system reliability to be that industry leader.

Our industry is changing.

Not only is it changing – it’s changing at an accelerating pace. We need to embrace that change – we need to **grab it, lead it and create the future of energy that can sustain us into the next 75 years.**

That's pretty exciting to think about because it will be our story. Our story will reflect the many projects you are working on today - and those you begin over the next several years. In 25 years someone will be writing about the things that got us to this future. **What will those chapters look like?**

There will be a chapter on the Federal Hydro System

Through your hard work (and work of our partners at the Corps of Engineers and the Bureau of Reclamation) our hydro system provides a huge value to the region’s economy and generates the majority of our revenue. It is vital that we keep it in good running order.

The average age of the federal hydroelectric plants is about 50 years, with some that exceed 60 years. Just the other day I heard that the original Minidoka Dam was built in 1908 – that’s old. Not all of our system is that old but it is all showing its age and it is time we act.

We have a \$2.5 billion, 10-year capital plan to invest in our aging hydro system. While it is a massive undertaking, it is also a huge opportunity. Through our investments, we are advancing the technology around fish-friendly turbines while increasing the efficiency of the turbines themselves. This will improve fish passage and we will get more energy out of the units proving that a strong economy and a healthy environment need not be in conflict.

There will be another chapter on the Federal Transmission System

Like the federal hydro system, our transmission system is aging. The majority of the transmission system and its high voltage power lines and substations are more than 40 years old. We also need to build new lines to meet load growth, maintain reliability and to interconnect new renewable resources.

We need to invest in new communications, system protection and awareness, and IT to build the grid of the future. That future grid will continue to transmit generation to end-use consumers, but it will need to do much more:

- access resources and loads on the customer's side of the meter;
- provide greater reliability; and
- integrate additional large-scale renewable resources.

Because of the size of our transmission system in the region and magnitude of the investments we will make, we need to lead the industry in this area.

We have radically changed the way we approach transmission from past practices.

- On transmission rebuilds and new construction we are using more sensitive construction practices, innovative tower design, and low-impact siting.
- We work with our Tribal partners to move our existing lines off sacred sites and away from other culturally-sensitive areas.
- Through the Network Open Season process - which we pioneered for the power industry - fewer new power lines will be needed and consumer costs will be lower because we are ensuring the existing assets are more fully utilized.
- The investments in new technology, like synchrophasors, which were pioneered in part at Bonneville, will provide greater state awareness and allow us to respond more quickly to system events.

Our investments in the federal transmission system will serve a growing economy, enable the connection of new large-scale renewable resources, and increase reliability. These investments will allow us to reach out and access resources and loads on the customer's side of the meter.

The Centennial book will have a chapter on Fish and Wildlife

The region has made tremendous progress in addressing and reversing the decline of salmon and steelhead. We are not finished with that work, but it is appropriate to celebrate how far we have come:

- Recent studies indicate that six of the eight main-stem Columbia and Snake River dams have met or exceeded their juvenile passage requirements of 96% for spring juvenile passage and 93% for summer

- passage. We expect the other two dams will meet or exceed those standards as well.
- Through the efforts of our Accord partners we are seeing the results of their tributary restoration work;
 - Adult return rates are very encouraging from the tributary and estuary advancements that have been made; and
 - Tribal fishing has been restored to areas previously closed to fishing.

Ratepayers are getting their money's worth and our work - with our partners - is definitely improving the total fish returns.

My vision is for a sustainable Tribal commercial, ceremonial and subsistence fishery, as well as creating opportunities for non-Tribal commercial and recreational fisheries.

We are not there yet, but we are getting closer each year. The challenge is to apply adaptive management techniques to make certain that every investment is biologically-based and cost-effective.

There will be a chapter on the shift in Energy Efficiency

With our utility partners, Bonneville has run one of the country's largest energy efficiency programs for the last 30 years; accelerating emerging technologies, promoting best practices, and developing programs and measures applicable across the region.

Our Energy Efficiency programs allow our customers to acquire the cheapest and most environmentally-benign resources available, and to build on the value of our federal hydro generation.

Going forward Bonneville's energy efficiency programs need to evolve. As the Pacific Northwest's system has become capacity rather than energy constrained, we need to look for new resources to provide that capacity, including demand response.

With 70 percent of the region's high voltage grid, and the geographic and load diversity of our 130 publicly- and cooperatively-owned utility customers, we have the perfect opportunity to access this inexpensive but reliable source of system flexibility.

The demand response pilot programs we are running now with our utility partners will allow us to find capacity at lower financial and environmental cost. A robust demand response program will reduce system costs and lower participating customer bills and it may increase our balancing reserve capacity and help facilitate renewable resource integration.

What will the chapter on Smart Grid look like?

Smart Grid is a simple term for enhancing power deliveries through two-way communication. It includes everything from interactive appliances in homes to substation automation.

As a major participant in the nation's largest Smart Grid demonstration project, we have a great opportunity to build the business cases for where our next set of investments should be made.

With our 10 utility partners and others, \$89 million in participant funding and an equal amount of federal money, we are currently:

- determining what infrastructure will be needed;
- developing innovative technological tools and building the necessary communications protocols; and
- acquiring data to determine what specific investments we need to make to build that Smart Grid.

Exploiting the full potential of Smart Grid will allow us to:

- increase reliability by improving visibility over system conditions;
- respond more quickly to disturbances;
- integrate additional renewable resources into the grid;
- access distributed resources as they are developed behind the customer's meter; and
- control customer loads in increments to respond to changes in the system.

Bonneville is perfectly positioned to make the most of this technology. We operate in a huge geographic area, we serve diverse utility loads and we have close relationships with our utility partners, we have a remarkable opportunity to exploit this concept in a way few other utilities can.

How will our story read?

The combination of the chapters I've described -

- investments in our federal hydro and transmission systems;
- progress on the region's fish and wildlife obligations;
- continued investment in energy efficiency, with a focus on acquiring capacity through demand response; and
- a major investment with our partners in Smart Grid;

- will provide greater energy reliability with increased access to distributed generation and renewables.

Bonneville will be leading that vision rather than simply letting others build combustion turbines across the region.

Even if you didn't hear your specific organization mentioned in this road map for the future, understand you are still a necessary and critical part of achieving it.

For example, I didn't mention metering or billing, but if we can't measure what we are selling and charge customers for it - all we have is a hallucination – a vision without money.

You didn't hear me say much about communications, but without the means to send and receive signals across the system we have no visibility on its condition or any way to control it.

Our internal business services – human resources, supply chain, safety, security and workplace services – all have a tremendous impact on how we keep our front line programs working.

What's next for us?

I met with all BPA managers in May, and I asked them to be open to changes in three key areas.

1. I am interested in moving to a more decentralized decision-making model.

We have begun evaluating our current model and will develop some new ways of doing business by this fall. A more decentralized decision model will strengthen the organization by empowering all of you and -- I believe it will lead to better decisions. It will also help train up the next generation of Bonneville leaders so they are prepared to take the reins when called upon.

2. I asked managers to ensure we are ready for change by having the people, processes and resources in place to get the job done.

We generate great ideas here at Bonneville but we need strong change management plans so we don't get ahead of ourselves. We want to make sure we get those ideas implemented in a thoughtful, planned approach and that we have all the necessary elements in place to reach the target.

3. We also discussed a renewed focus on managing performance, find great ways to attract and retain new talent and make sure we use the tools we have in place to develop our current employees. Additionally, I reminded managers that we need to take our equity, diversity and inclusion initiatives seriously.

And today, I am asking for your support in three key areas.

1. **I would like you to be open to change** – The pace of change in the world and in our industry is accelerating. We are experiencing a lot of change right here at BPA – from our decision making model to the technology we use for every day business. To meet the challenges of the future, each of us needs to be flexible and embrace change.

2. **I want all of us to align around a set of core competencies** that are based on BPA's core values. You will be hearing more about this in the months ahead, but I wanted you to give you a sneak preview. For example:

- Our value of Trustworthy Stewardship is powered by a **focus on service and personal accountability.**
- Our value of Operational Excellence means every individual **needs to drive for results and initiate continuous improvement;** and
- For our value of Collaborative Relationships, we **need to foster collaboration and leverage diversity.**

We already do many of these things, but we want to give them extra focus to strengthen them. We want to be the best at what we do. If we all do our jobs using these fundamental core competencies, that will ensure our success.

3. **Be engaged when you come to work every day.** As I've been meeting employees around the agency, I am continually impressed with the level of talent, knowledge and abilities people at Bonneville possess. And I want to make sure the agency maximizes your expertise. That's where you come in. If you are engaged – and if each one of us is engaged – it will make our workplace better, it will improve cross agency coordination and help BPA function as one team. And ultimately, it will make our efforts more successful and our work more fun.

I want to briefly address some key issues that are pending.

BPA's hiring authority for external candidates has been temporarily suspended due to deficiencies found in BPA's hiring procedures.

We are working with DOE and OPM on this issue and we don't know all of what the next steps will be yet --- but I wanted you to hear this from me directly.

I am fully committed to fair and open practices for recruiting and evaluating applicants for all vacancies within in our agency. I regret that we have been found to have fallen short of federal hiring requirements and for the effect these consequences have on your ability to fill vacancies within your organization.

I hope that this suspension is brief, but until we learn of the full scope and effects we do not know how long this suspension will be. I will keep you posted.

A few other issues related to BPA's workforce have been raised over the last few months as well.

We continue to get questions about the number of contract employees BPA employs.

1. First, our contract personnel are vital to our success and will continue to be a big part of our BPA family.
2. They provide us with flexibility in a time of significant change in the industry.
3. We hold the cap on federal hires because it does allow us more flexibility when we need it.

Succession planning

Another workforce issue that's high on my priority list is succession planning. Almost half of BPA's workforce will be eligible to retire in the next five years, so this is a big concern.

BPA's Talent Management Strategy is designed to ensure our future workforce is the right size and composition; has the right skills and competencies; and that employees have a positive work environment.

We need to make sure that we identify career paths for critical functions. We need to plan ahead and improve the ways we transfer knowledge before subject matter experts retire. Additionally, we need to build a flexible workforce.

It's a lot of work, but it's what we must do if we want to accomplish BPA's business objectives.

Questions from the floor

Now I want to open the floor to your questions in the room or on the webcast.

Wrap up after questions

Your time is very important to the agency and our time is almost up. If there's some issue we didn't cover here, remember you can always send questions to me through the Internal Communications email box.

I want to close by talking about our mutual commitments:

Here is what I commit to do:

- I will be honest with you about where we are and how we are doing.
- I will be transparent. I won't hide things from you or operate in a vacuum.
- I will work to earn your trust, and to keep it.

Here is what I need from you:

- I need 100% of your effort and your expertise.

- I need you to be willing to do things differently and to be open to new approaches.
- And since I know that I don't have all the answers, I want your ideas and suggestions.

The vision of Bonneville as a leader in the provision of low cost, carbon-free renewable electric energy, while protecting the environment, builds on the foundation of those that have gone before us. But it won't happen without your effort and expertise, your willingness to do things differently, and your great ideas.

Like I said before – BPA's greatest asset is you.

Today we begin to write the next chapter of BPA's Centennial book. As in BPA's first 75 years, – Bonneville employees hold the key to how we extend and advance this great trust we have inherited.

Thanks for joining us today. See you next time.