

# Committee on Resources

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## Testimony

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### Subcommittee on Water and Power

Thursday, July 17, 1997

1324 Longworth HOB, 2:00 P.M.

**STATEMENT OF  
MR. MICHAEL DIEHL  
ADMINISTRATOR  
SOUTHWESTERN POWER ADMINISTRATION  
U.S. DEPARTMENT OF ENERGY  
BEFORE THE  
SUBCOMMITTEE ON WATER AND POWER RESOURCES  
COMMITTEE ON RESOURCES  
UNITED STATES HOUSE OF REPRESENTATIVES**

**July 17, 1997**

Mr. Chairman and Subcommittee members, I appreciate the opportunity to testify on our involvement with the draft 1997 Department of Energy strategic plan and to discuss Southwestern's own strategic planning process. Southwestern, as an agency within the Department of Energy, has participated in DOE's efforts to modify their strategic plan in response to the requirements of the Government Performance and Results Act of 1993 (GPRA). Our internal planning processes have been in place for many years and work hand-in-hand with the Department's strategic planning process. I will begin my statement with some background on Southwestern Power Administration (Southwestern).

Southwestern fulfills requirements of Section 5 of the Flood Control Act of 1944 by marketing and delivering hydroelectric power in a six-state regional area from 24 multi-purpose Federal power projects operated by the U.S. Army Corps of Engineers; by operating a reliable, efficient, and safe transmission system; by recovering the Federal power system investment plus interest and operating costs; and by encouraging energy efficiency for the benefit of the region.

#### Southwestern Strategic Plan:

Southwestern supports these special responsibilities in a comprehensive strategic plan unique to its operation in the Central Southwest. Strategic planning has been incorporated by Southwestern for a number of years, dating back to 1946 when the first Southwestern strategic plan was put in place.

In 1991 Southwestern revised and published a comprehensive strategic plan with goals, objectives, and strategies that defined Southwestern's priorities and responsibilities in accomplishing its basic mission. Southwestern has reviewed and updated its strategic plan twice, most recently in 1996.

Southwestern has used various ways to assess its overall operating results. Annual repayment studies, annual audited statements, and annual reports are used for obtaining such general assessments. However, to assure more accurate assessment, it was necessary to break the program down into smaller units measuring

outcomes, not outputs. Hence, Southwestern has broken its program into the following units 1) customer's satisfaction; 2) work environment; 3) public trust; 4) system reliability; 5) financial stability. With these five units there are ten related performance indicators determining outcomes, which are reviewed annually. These results are currently reflected in Southwestern's FY 1998 budget submission and will be reported in future annual reports.

Southwestern has redesigned its performance awards program to refocus incentives from the individual to the organizational effort. Our new awards program, AIM (Achievement, Improvement, Measurement), allows us to reward individuals for their team effort, when the organization obtains the annually established goals that are verified by the measurement of the related outcomes.

In concert with its strategic planning and performance measures programs, Southwestern continues to streamline the organization into the twenty-first century by lowering overhead costs, decreasing number of supervisors, reducing both Federal and contractor staffing levels through attrition, and improving work processes. These efforts will create a Southwestern that is more efficient and productive in the new environment of the competitive electric utility industry.

#### Congressional and Customer Involvement:

All of Southwestern's planning processes have involved interested parties, including customers and the affected public. Open involvement of this nature will continue as Southwestern makes modifications to their future strategic plans and processes in response to the ever changing environment. Southwestern staff have been working closely with your Subcommittee staff and have provided supplemental information on existing plans and activities that coincidentally match many of the critical elements of GPRA. We look forward to continuing this working relationship to assist the Subcommittee in any way possible.

Southwestern believes in the intent of the GPRA which is to make the Federal manager accountable and responsible for the taxpayer dollars supporting its program. Southwestern will continue to support GPRA through the Department's Strategic Plan.

Mr. Chairman, this concludes my remarks. If you or other members of the Subcommittee have any questions, I would be pleased to answer them at this time.

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