

ORIGINAL



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PINNACLE WEST
CAPITAL CORPORATION

LAW DEPARTMENT

Thomas L. Mumaw
Senior Attorney
(602) 250-2052
Direct Line

March 24, 2006

Chairman Jeff Hatch-Miller
Commissioner William Mundell
Commissioner Marc Spitzer
Commissioner Mike Gleason
Commissioner Kristin K. Mayes
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007-2996

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AZ CORP COMMISSION
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Re: Application for Emergency Interim Rate Increase and Interim Amendment to
Decision No. 67744; Docket No. E-01345A-06-0009

Dear Commissioners:

Attached please find the following in response to Commissioner inquiries during the hearing in the above matter:

Executive Compensation: The Human Resources Committee of the Board of Directors of PWCC is responsible for compensation matters regarding executive officers. The Committee consists solely of directors who are independent, as defined by New York Stock Exchange rules. The Committee makes recommendations to the full Board with respect to non-CEO executive officers compensation and has the sole authority to set the CEO's compensation.

In general, the Company's compensation program consists of three major elements: base salary, performance-based annual incentives and performance-based long-term incentives; however, the Committee places an emphasis on performance-based compensation.

Consistent with past practice, in 2005 the Committee directly engaged an outside compensation consultant to assist the Committee in its evaluation of 2006 compensation for the Company's executive officers. The consultant met with the Committee and discussed, among other things, trends and prevailing practices affecting executive compensation. At the request of the Committee, the consultant provided the Committee with compensation information for

APS • APS Energy Services • Pinnacle West Energy • SunCor • El Dorado

Law Department, 400 North Fifth Street, Mail Station 8695, Phoenix, AZ 85004-3992
Phone: (602) 250-2052 • Facsimile (602) 250-3393
Email: Thomas.Mumaw@pinnaclewest.com

comparison purposes. The compensation information used by the consultant and the Committee was based on an analysis of several compensation practices derived from a number of widely accepted industry compensation surveys.

The Committee then focused on the individual executives and their individual responsibilities, skills, expertise and value added through performance, and then applied these views in conjunction with the information provided by the consultant.

While the Human Resources Committee does engage consultants to advise the Committee on compensation matters from time to time as explained above, it is the responsibility of the Committee to assess executives' performance and recommend or approve executive compensation. Information provided to the Committee by the compensation consultant provides the Committee with a variety of comparative compensation information and benchmarks, and the Committee uses that information as part of its deliberative process. The outcome of that process is the specific compensation components for executive officers approved or recommended to the full Board of Directors by the Committee. The specific reports provided by the compensation consultants to the Committee are highly confidential and proprietary and are not distributed or available even within the Company excepting for the Board and a small group of officers, therefore, attached is a summary of the compensation reports that were prepared by the compensation consultant.

Management Studies: You had also requested any management studies conducted in the two prior years. During that time, the company has not conducted any comprehensive studies related to managerial efficiencies in the company. However, attached is the APS' Five-Year Business Plan, which is the core of Company's efforts. This plan focuses the organization on the seven critical areas of emphasis that is needed to reach the Company's goals and indicates how the success of the Company will be measured. Every employee of APS takes accountability for how they will positively affect those goals over the next five years and has specific targets set within their individual performance plan to contribute to achieving these goals. Attached also is the Palo Verde Business Plan, which outlines the specific contributions and goals of that organization.

Sincerely,



Thomas L. Mumaw
Attorney for Arizona Public Service Company

TLM/na
Enclosures

cc: Parties to the Docket
Original and 13 copies to Docket Control

Summary of Officer Compensation Reports prepared by Compensation Consultant

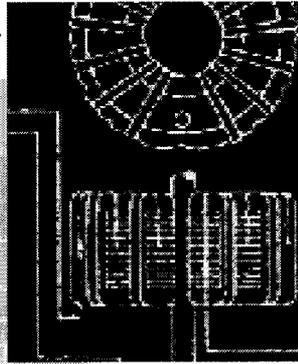
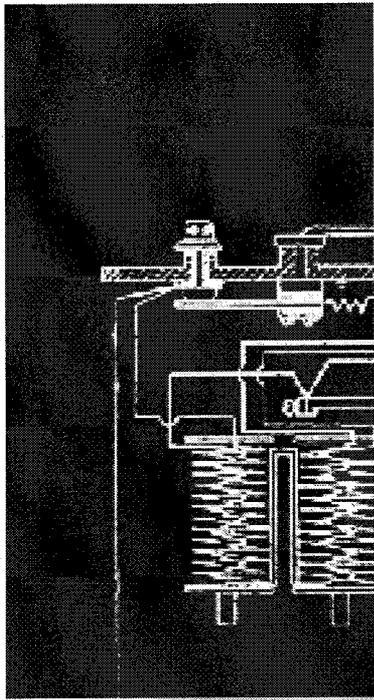
In 2005 the Human Resources Committee (the "Committee") of the Board of Directors (the "Board") of Pinnacle West Capital Corporation ("PWCC") requested its compensation consultant prepare three reports for the Committee applicable to executive compensation. These three reports, and the primary content of each, are described below:

- Report on Recommended Peer Group for Officer Compensation. This report contains the following information:
 - A general discussion of what type of companies should be included in the peer group
 - Recommended action with respect to the existing peer group and possible additions to the peer group
 - Charts showing financial and business information on the recommended peer group
 - The consultant's comments on the recommended peer group companies
 - Information on 51 companies that were used to determine the recommended peer group

The updated 14-company peer group, described in the report, was approved by the Chairman of the Committee in July 2005. The consultant used the updated peer group in the compensation reports identified below.

- Competitive Compensation Analysis and Recommendations for Officer Compensation (excluding PNW Chair & CEO) Report. This report contains the following information:
 - An overview of executive compensation trends and prevailing practices, including long-term incentive practices of the updated 14-company peer group
 - The consultants' recommendations relative to PWCC officer compensation
 - A review of competitiveness of total direct compensation and long-term incentive grants
 - A summary of the competitiveness of the PWCC officer compensation strategy of having base salary reflect the relevant labor market for the assigned role
 - A summary of the competitive compensation analysis for officers on a job-by-job basis by comparing PWCC compensation (base salary, total cash compensation and total direct compensation) to the blended labor market
 - Report contains detailed competitive compensation analysis
- Competitive Compensation Analysis and Recommendations for PWCC Chairman & CEO Compensation Report. This report includes the following:
 - Competitive compensation analysis of the PWCC Chairman & CEO's compensation
 - Comparison of the three survey samples (utility only, blended industry and general industry) for PWCC Chairman and CEO
 - A discussion of changes in the survey compensation from 2004 to 2005
 - The consultant's recommendations based on the median blended market PWCC Chairman & CEO compensation

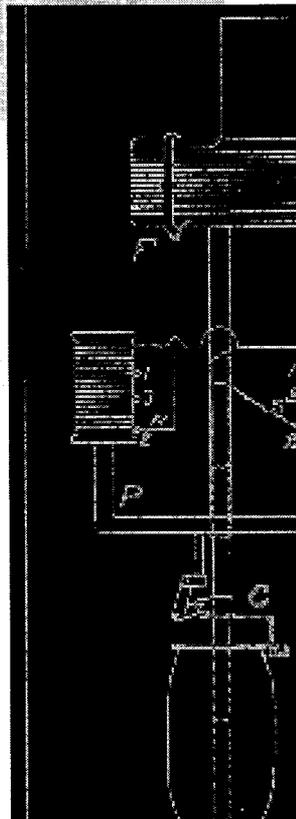
- Recommendations for PWCC President and COO's 2006 compensation
- Recommendation for 2006 performance share grant for officers above Vice President
- Report contains detailed competitive compensation analysis



EXCELLENCE 2010

OWNING THE CHALLENGE

APS Business Plan
2005-2010



At the heart of this business plan is a central question — what does *excellence* mean? What does it mean to our company...to your specific business area...to you?

Finding these answers will require us to be self-critical, adaptable, innovative and honest. We must challenge the way we've done things, identify the best methods and think not only of short-term tasks but also of long-term implications.

You may be asking, "Haven't we *been* excellent?" The answer is **yes**. However, sustaining excellence presents even greater challenges. The growth of our service territory combined with ongoing regulatory commitments necessitate that we constantly become a better, more efficient, more effective company. When we do so, we will be prepared to own the challenge, and on the right path for the extended future.



Representatives from each of our business units came together and identified seven critical areas of emphasis. In order to reach our goals, we must collectively and individually find ways to identify, face and solve challenges in these areas:

- ♦ Safety
- ♦ Reliability/Operations
- ♦ Customer Satisfaction
- ♦ Growth
- ♦ Workforce
- ♦ Environment
- ♦ Financial Leadership

Within this five-year plan you will learn more about these specific areas, as well as how our progress as a company will be measured.

These areas of emphasis will serve as a road map, showing us what we need to do and where we need to be. Our core values will be the engine that drives us there. By core values, I mean the beliefs we share as employees of APS — the common mindset that says, "We will not fail our customers, our shareholders or each other."

OUR CORE
VALUES

Safety

Integrity

Community

Environment

Innovation

Integration

All our core values are vital, yet none are more important than working safely and with integrity. Our past performance has shown we take safety and integrity seriously. However, any slip up or loss of focus will come at an extremely high cost. We must stress continued vigilance — one injury is too many, one ethical violation is unacceptable.

Our core values also include positively impacting our community and our environment. This is a tremendous responsibility, and one we all take seriously. We will continue to embrace a leadership role in nurturing Arizona's growth — socially, economically and environmentally.

Also, I want to stress the importance of innovation and integration. Innovation means not only introducing new technology, but also developing the new ideas and new solutions that will drive us forward. Integration refers to our willingness and ability to work across departments and across teams to maximize the effectiveness of our workforce. We must continue to grow in these areas. Meeting our future goals will take more than sweat and effort. It will also take creativity and teamwork.

This is *your* business plan. As an employee of APS, you must take accountability for how you will positively impact our goals over the next five years. This will mean making tough, candid self-assessments about the ways you do your job. How are you doing? What can you do better?

This is what I mean by "Owning the Challenge."

This is why we will continue to succeed.

Sincerely,



Jack Davis
President and Chief Executive Officer

A R E A S O F E M P H A S I S

Safety

The first job of all employees is to ensure the safety of themselves, their co-workers and the public at large. No area is more important. While the growth of our service territory dictates greater efficiency and productivity, these added demands cannot come at the expense of industrial or nuclear safety. One accident is too many. We will continue to improve in this area.

THE CHALLENGE : The amount of work to meet our company's rapid growth, as well as the timeframe in which it is required, add to the potential for safety mishaps that could affect our workforce and the public at large. This challenge is increasingly significant as many experienced employees reach retirement age and we train new members of our team. We will continue to ensure nuclear safety by conservatively operating the units and ensuring the effective performance of our systems, personnel and programs. We will measure our progress in industrial safety by tracking OSHA recordable injuries and by assessing our safety performance against the industry.

**Reliability/
Operations**

We will provide our customers with highly reliable electric service and achieve outstanding operational performance. Over the next five years, we will introduce new informational and operational technologies, new employees, new infrastructure and new customers into our electric system. To successfully manage these changes, we will continue to improve our focus on reliability, security and operational excellence.

THE CHALLENGE : Through the five years of this business plan we will face the challenge of steadily growing energy demand while managing aging facilities, and the need for new infrastructure. We must introduce and become proficient with new operational technology. Our success will require discipline and will be measured through regulatory compliance, service reliability and cost effectiveness.

**Customer
Satisfaction**

We will strengthen our relationships with our customers by providing continued excellent service and responsive products and services. These efforts will allow us to evolve beyond customer satisfaction to true customer loyalty. Customer loyalty becomes critical especially in light of our high growth, when customers must act as references for activities such as franchise elections, rate cases, and substation and line sitings. Satisfied customers are pleased with the service we provide them; loyal customers are willing to make a personal investment in APS by supporting our efforts.

THE CHALLENGE : Our customer base continues to grow at a rate three times the national average. This growth, coupled with ever greater customer expectations, increases the demand on each employee to create sustained value by providing safe, reliable, fairly priced energy; friendly and knowledgeable service; and community involvement. We will measure our progress through customer satisfaction tracking surveys.

Growth

The rapid growth within our service territory provides both opportunities and challenges for our company and each of us. To effectively meet the demands of this growth, we must plan for and manage new technology, expanded infrastructure and sufficient training. At all times we will be conscious that every dollar we spend impacts our customers and investors.

THE CHALLENGE : Much of this growth will occur beyond the areas where APS presently has electrical facilities. Therefore, managing such rapid growth in customers and electricity usage will require investment in infrastructure, the acquisition of additional energy sources and positive regulatory outcomes. We will meet our goals by maintaining our focus on cost per kilowatt-hour and being disciplined in our investment in capital resources for new customers.

A R E A S O F E M P H A S I S

Workforce Our employees are the heart of our company. Their ability and willingness to innovate, adapt and perform is the foundation of our current and future excellence. We must ensure employees are fully engaged in the company's successes and challenges and are able to enjoy work/life balance.

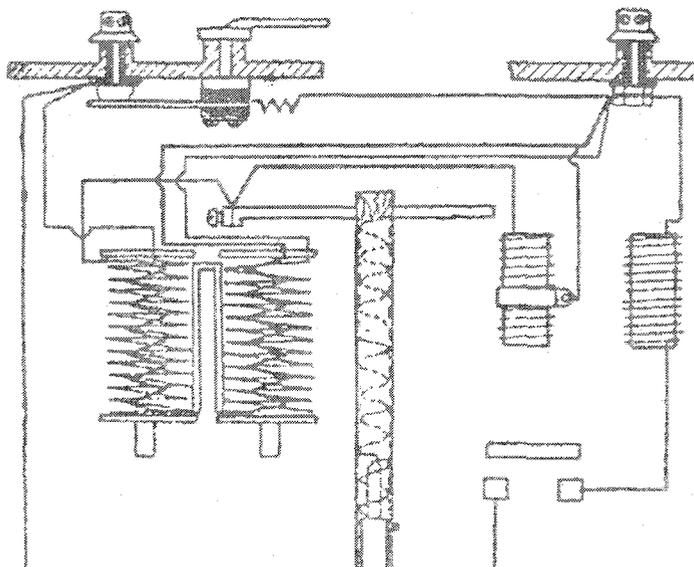
THE CHALLENGE : Over the next five years, we face the challenge of planning for and supporting significant workforce transition. Core skills and capabilities, including leadership, must be developed as long tenured employees retire and new employees are integrated into the workforce. Also, new skills and capabilities will be required to implement improved processes, new infrastructure and new technology. Success in this area depends on planning and executing knowledge transfer, workforce planning and development, and human performance improvement.

Environment We will meet ever growing environmental responsibilities by continuing to enhance our leadership role in this vital area. We will operate our facilities in compliance with all applicable laws and regulations, and implement the best management practices to ensure we facilitate an energy future that is economical, reliable and increasingly renewable.

THE CHALLENGE : We must advance and implement reliable and cost-effective technologies and practices that reduce the environmental impacts of our operations. We will strive for renewable energy implementation that is efficient, cost effective and meets or exceeds regulatory requirements. Success in this area is measured by our compliance with federal and state regulations, achieving top-tier ratings from industry rating organizations and meeting other internal environmental targets.

Financial Leadership We will remain financially disciplined in order to attract the capital needed to invest in our business and provide the value expected by our customers and shareholders. We will continually focus on ethical business practices, risk management, innovative thinking, process optimization, cost consciousness and our ability to maximize the value of our current assets.

THE CHALLENGE : Managing the demands of customer growth will require investment in facilities, infrastructure and people. We must meet these demands and incorporate new technology while maintaining effective operations, low production costs, favorable bond ratings and attractive stock valuation. Our company's ability to maintain investment-grade bond ratings allows APS to access the capital markets at a reasonable rate and keep up with the needs of our growing customer base. We will work diligently to reduce our need to incur new debt by managing a healthy net cash flow.



A P S C O R P O R A T E T A R G E T S

This table represents our corporate targets at a high level. Every business unit is expected to develop, maintain and track specific unit level targets that are leading indicators of success in these corporate targets. The operational level targets should fully integrate and support the success of the targets below.

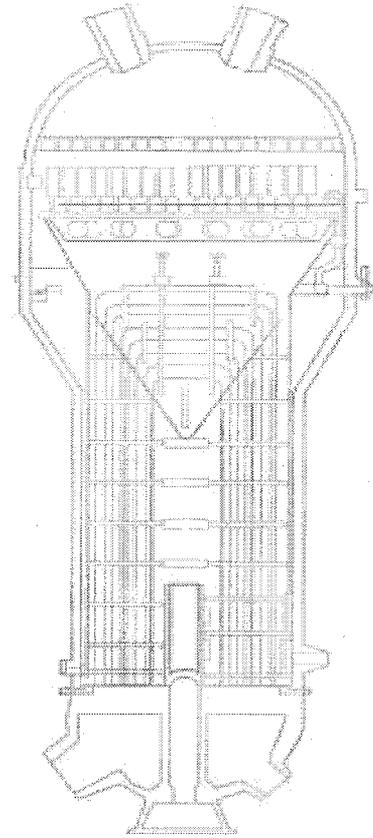
SUCCESS INDICATORS (MEASUREMENT SPECIFICS IN PARENTHESES)	2005 TARGET	2010 TARGET
<p>Safety</p> <p>OSHA recordable injuries (all injury incident rate, lost work incident rate and severity incident rate)</p> <hr/> <p>Nuclear safety performance (safety compliance measured as green (no findings), white (minor findings), yellow (degraded performance) or red (repetitive degraded performance) in the areas of reactor performance, maintenance rule systems and collective radiation exposure)</p>	<p>Sustain top five ranking as compared to like-sized investor-owned utilities</p> <p>Green</p>	<p>Number one ranking among like-sized investor-owned utilities</p> <p>Green</p>
<p>Reliability & Operations</p> <p>Generation baseload production cost (¢ per kilowatt-hour of nuclear and coal generation)</p> <hr/> <p>Equivalent availability factor (all gas generating units availability)</p> <hr/> <p>Wires reliability (clear weather System Average Interruption Frequency Index (SAIFI))</p> <hr/> <p>Control area excellence (compliance with Western Electricity Coordinating Council (WECC) Reliability Management System (RMS) criteria, measured by number of months in compliance per year)</p> <hr/> <p>Cyber and physical security (compliance with North American Electric Reliability Council (NERC) regulations, measured by incidents per year)</p>	<p>1.96 ¢ per kWh</p> <p>88%</p> <p>1.14 system interruptions per customer per year</p> <p>12 months</p> <p>Zero significant compliance deviations or intrusions that impinge on reliability</p>	<p>2.20 ¢ per kWh</p> <p>88%</p> <p>1.09</p> <p>12 months per year (2005 through 2010)</p> <p>Zero deviations/intrusions per year (2005 through 2010)</p>
<p>Customer Satisfaction</p> <p>Customer satisfaction survey (% of customers very satisfied/satisfied or very satisfied with service)</p>	<p>40% very satisfied 90% satisfied or very satisfied</p>	<p>44% very satisfied 92% satisfied or very satisfied</p>
<p>Growth</p> <p>O&M ¢ per kWh (¢ per kilowatt-hour sales)</p> <hr/> <p>Capital \$ per new residential customer (capital dollars spent to install a new residential customer)</p>	<p>2.1 ¢ per kWh</p> <p>\$1,650 per new residential customer</p>	<p>2.1 ¢ per kWh</p> <p>Expenditures per new residential customer below rate of inflation</p>

A P S C O R P O R A T E T A R G E T S

SUCCESS INDICATORS (MEASUREMENT SPECIFICS IN PARENTHESES)	2005 TARGET	2010 TARGET
<p>Workforce</p> <p>Workforce planning</p>	<p>Complete study and analyze results to:</p> <ul style="list-style-type: none"> ◆ Identify critical positions ◆ Update succession plans ◆ Build a knowledge transfer component into all performance management plans 	<p>Workforce strategic plan in operation, which includes:</p> <ul style="list-style-type: none"> ◆ Comprehensive staffing plan ◆ Total integration of succession plans throughout all areas of operation ◆ Technology to manage knowledge transfer
<p>Environment</p> <p>Environmental leadership (Innovest rating of electric companies in managing environmental and social performance)</p>	<p>AAA</p>	<p>Maintain a AAA rating with Innovest</p>
<p>Renewable energy</p>	<p>Install 2 MW of solar generation</p>	<p>Meet environmental portfolio standard requirements</p>
<p>Operational impacts</p>	<p>Finalize voluntary commitments at Cholla and Four Corners</p> <p>Maintain 85% or better SO₂ removal level at Four Corners</p> <p>Maintain carbon intensity at less than 2000 level</p>	<p>Implement emission reduction programs at Cholla and Four Corners</p> <p>Reduce carbon intensity by 10% from 2000 baseline</p>
<p>Financial Leadership</p> <p>Investment grade bond rating (measured by Standard and Poor's and Moody's Investors Service)</p>	<p>S&P: BBB Moody's: Baa1</p>	<p>S&P: BBB+ Moody's: A3</p>
<p>Net cash flow as % of capital expenditure (measure % coverage of capital spending with internal cash)</p>	<p>75%</p>	<p>110%</p>
<p>Shareholder value (measured by actual return on equity (ROE))</p>	<p>Maximize shareholder value consistent with Company's service obligation</p>	<p>Maximize shareholder value consistent with Company's service obligation</p>



THE POWER TO MAKE IT HAPPEN®



E X C E L L E N C E 2 0 1 0

O W N I N G T H E C H A L L E N G E

**Palo Verde Business Plan
2006-2010**



**Revision 1
Jan. 17, 2006**

E

xcellence. For the world, it's superior or first class. For our owners, it's grounded in becoming more efficient and effective in our work. For Palo Verde, excellence is working to the highest of performance standards, doing the job right the first time and permanently correcting problems to reclaim our position as the industry leader in the safe and efficient production of electricity.

What does it mean to be industry leader? It means to individually and collectively own safety – nuclear, radiological and industrial. This results in increased focus on, and open discussion about, nuclear safety, reducing personnel injuries and radiological exposure. It is about human performance events being reduced to the lowest levels achievable. It is implementing a top-notch equipment reliability program that – combined with top human performance and quick/effective problem identification and resolution – keeps our units safely and reliably on line.

Success in these areas reveals itself in many ways including: ISAR, net generation, forced outage rate, identification and resolution of issues and production costs that consistently outperform the industry top quartile.

How will we regain industry leader status? Through implementation of this Business Plan, the Performance Improvement Plan and by being individually committed to our procedures, processes and programs.

This Business Plan identifies the critical strategies and longer-term goals that we need to meet to achieve this standing in the industry and meet our goals for the site through 2010. It is supported by the Performance Improvement Plan, which deals with the more tactical day-to-day activities required to be implemented to assure we can successfully meet these goals.

Everyone at Palo Verde is responsible for successful implementation of the Business Plan and the Performance Improvement Plan. We must successfully navigate the challenges of – among other things – aging plant equipment, high staff turnover due to retirements, fuel supply imbalances and cost management to reach our 2010 goals. Success will come

through strong leadership, understanding our individual roles in achieving our goals and performing our jobs in a controlled manner in accordance with site and departmental standards.

We will implement this Business Plan according to the following principles, which will be our Operational Platform:

- Trust, honesty, fairness, integrity
- Actions under control, follow the rules
- Team leaders and above set and continuously reinforce high standards
- Do what you say you will do
- Communicate, communicate, communicate

We had a challenging year in 2005 and have another one ahead of us. We each have our role in improving Palo Verde performance and I ask each of you to take the challenge head on. Know your role, work to our standards and accept responsibility for performing your work to those standards. Support Palo Verde's mission of regaining industry leadership in the safe and efficient production of electricity.

Jim Levine

MISSION STATEMENT

Palo Verde Nuclear Generating Station employees will work as a team, with relentless dedication and focus, to promote high standards of performance, permanently correct problems, and maintain alignment to return Palo Verde to its position as the industry leader in the safe and efficient production of electricity. Our focus is not only on getting the job done, but getting the job done RIGHT the first time.

A R E A S O F E M P H A S I S

Safety

Safe operations of the units are our overriding priority. We focus on all aspects of safety - nuclear, radiological and industrial - in our planning, training and implementation of work. We nurture a culture in which employees own their personal safety and the safety of the plant. This culture promotes safe plant operation, low exposure and low injury rates.

The Challenge:

In the next five years, many of Palo Verde's experienced employees will retire. We must train new employees in the technical aspects of their jobs as well as Palo Verde's safety expectations and standards to ensure plant and personnel safety.

Reliability/ Operations

We will provide safe, reliable service through implementation of a strong equipment reliability program to eliminate plant trips and down powers and by optimizing outage durations. By properly maintaining and replacing necessary equipment, we will increase production and ensure integrity of underground piping. This will help enhance long-term equipment reliability and facilitate breaker-to-breaker runs every fuel cycle. Training programs that emphasize human performance, station expectations and standards and error prevention will ensure that employees have the skills necessary to perform work safely and properly the first time.

The Challenge:

Palo Verde enters its third decade of operation in 2006. Maintaining and replacing aging plant equipment will require increased focus on predictive and preventive maintenance and prioritization of plant modifications.

Financial Leadership

We safely and reliably generate electricity at the lowest-possible cost by operating the units to maximize production and by reducing costs. We perform the right work at the right time to keep units on line. By managing staffing, contract labor levels and contract services, maintaining the right level of warehouse inventory and minimizing overtime, we ensure that Palo Verde's owners stay competitive in the energy market. A strong nuclear fuel procurement strategy, which diversifies Palo Verde's contract portfolio, will decrease supply chain risk and secure fuel supply at the most-competitive prices.

The Challenge:

Aging plant equipment requires additional maintenance, modification or replacement. We must use our equipment reliability strategy to perform the right work at the right time while managing budgets. An increase in construction of nuclear power plants worldwide and long lead times for fuel cycle production facilities has created a supply/demand imbalance in the nuclear fuel supply for the foreseeable future. This has led to significant increases in fuel prices, which must be managed through strategic contracting.

**Programs/
Processes**

Strong programs and processes at Palo Verde are critical to ensuring safety and quality and maximizing production. These important tools of our work must be easy to use, effective and produce permanent positive change.

The Challenge:

Programs have become more complex over the years. Weak programs and cumbersome processes can hinder efficient operations and divert our attention from other critical station priorities. As we move toward 2010, we will need to prepare for a retiring work force and the loss of knowledge that will leave with them. A systematic approach to revising our programs and processes needs to remove barriers to efficient operations and ensure we have captured critical skills and knowledge.

**Regulatory
Interface**

We strengthen our relationship with our regulators through safe, reliable plant operations and conservative decision-making; self-identification and prompt, effective resolution of issues and a commitment to the environment. We communicate openly and frequently with our regulators to ensure common understanding of Palo Verde actions and compliance with regulations.

The Challenge:

In some cases, plant issues in the past two years challenged our ability to quickly find and effectively fix our problems, which resulted in loss of confidence of our regulators. We must maintain high standards for environmental compliance and seek out improvements that attain compliance while best-managing costs.

**Employee
Performance and
Development**

We strengthen our commitment to performing all work with actions under control and within Palo Verde expectations and standards in accordance with our written guidance. Leaders ensure that employees know their role in Palo Verde's strategic plan so they are engaged and help create success. We have high-quality training programs in place to ensure employees are qualified to perform their jobs. We hold ourselves and others accountable for performance.

The Challenge:

During the next five years, the work force will change significantly with many long-term employees retiring. We will use succession planning to prepare employees to fill vacated positions and external programs such as the Legacy and apprenticeship programs to recruit qualified employees.

This table represents Palo Verde's targets at a site level. Each major group and department is expected to develop specific unit-level targets for those areas they affect to monitor and direct their support of these performance areas.

SUCCESS INDICATORS	2006 TARGET	2010 TARGET
Safety		
Reactor Trips: Number of unplanned automatic and manual reactor trips during the calendar year.	≤ 2	≤ 1
Maintenance Rule: Percentage of Maintenance Rule Systems meeting performance criteria.	98 by year-end per ramp-up curve in Monthly Trend Report (MTR)	98.5
Reactivity Management: Human performance, programs and equipment that allow for continuous reactivity monitoring and control and maintenance of fuel integrity.	White or green window in MTR	White or green window in MTR
Collective Radiation Exposure: Total external and internal whole-body dose received by all personnel including contractors and visitors.	≤ 145 person-rem	≤ 142 person-rem
Industrial Safety Accident Rate: Number of injuries for APS Palo Verde employees that result in days away from work, days of restricted work or fatalities per 200,000 hours of employee exposure.	≤ 0.2	≤ 0.1
Reliability and Operations		
Capacity Factor: Gross electrical output minus normal station services load.	90.5%	92.6%
Outage Duration: Total outage days for fall and spring outages.	73 days	68 days
Equipment Reliability: Number of high-risk significant functional failures and failures causing downpowers > 10%.	45	35
Corrective Maintenance Backlog:	≤ 60 monthly by September per work-off curve in MTR	≤ 30 monthly
Elective Maintenance Backlog:	≤ 640 monthly	≤ 570 monthly

SUCCESS INDICATORS	2006 TARGET	2010 TARGET
Financial Leadership		
O&M: Operations and Maintenance budget.	\$444.3 million	\$456.8 million
Capital:	\$166.7 million	\$55 million
Fuel:	\$157.1 million	\$191.2 million
Programs/Processes		
Program Reviews: There are 97 programs and processes being used by site personnel. Must establish owners, metrics and monitor key programs.	25 percent of programs/ processes defined and reviewed for standardization, ownership, metrics, etc.	100 percent of programs/ processes defined and reviewed for standardization, ownership, metrics, etc.
Procedure Simplification: Reduce the number of active procedures, simplify content and make formats consistent.	25 percent of procedures defined and reviewed for standardization, ownership, metrics, etc.	100 percent of procedures defined and reviewed for standardization, ownership, metrics, etc.
Regulatory Interface		
Number of unmitigated CRDRs > 30 days for evaluation	0 by year-end per work-off curve in MTR	0 monthly
Number of unmitigated CRDRs > 180 days for closure	0 by year-end per work-off curve in MTR	0 monthly
Percent of CRDRs that are self-initiated or have documented within the CRDR that the affected organization was contacted including the name of the agreed owner	75 percent by end of year per ramp-up curve in MTR	Top industry quartile
Percent of adverse or review CRDRs issued closed or complete	40 percent by end of year per ramp-up curve in MTR	Top industry quartile
Number of CRDR Pri 2 actions that do not prevent recurrence	≤1 a year	Top industry quartile

SUCCESS INDICATORS	2006 TARGET	2010 TARGET
Regulatory Interface (continued)		
Self Assessment Time: Number of overdue assessments and reports issued >45 days after completing assessment.	0 monthly	0 monthly
NRC Performance Indicators: Plant performance in NRC's reactor oversight process.	0 > green after June 2006	0 > green
INPO Performance: INPO rating in 2007 and 2009 as a result of evaluation.	N/A	INPO 1
Environmental: Number of reportable environmental incidents.	≤ 4	≤ 2
Employee Performance and Development:		
Significant Human Performance Event: A plant event caused by inadequate human performance that results in a significant impact on nuclear or personnel safety, plant operation or regulatory position.	≤ 5 by year end	Top quartile
Procedure Non-adherence: A failure to follow a Procedure, Technical Document or Work Instruction.	≤ 5 per month by June per performance improvement curve in MTR	≤ 1 per month
Leader Observation Results: Percentage of observations in which employees are observed following site expectation and standards.	80% satisfactory by June per ramp-up curve in MTR	90% satisfactory
INPO Accreditation Renewal of Training Programs.	N/A	Renewal of programs in 2007 and 2009

