



# Financial Plan Refresh

Public Workshop  
January 12, 2022



# Today's Agenda

- Review customer comments from prior workshop
- Recap of where we are in the process
- Future Workshops -- outline and high-level overview of issues to be addressed, and timeline for:
  - sustainable capital financing options
  - depreciation treatment of revenue financed assets
  - borrowing authority
- Capital investment prioritization process

# Nov. 16 Public Comments

- Three parties submitted comments and questions: Powerex, NRU and Puget/PacifiCorp.
- Comments and requests generally fell into one of the following topics:
  - Depreciation and rates, depreciation and revenue financing
  - Revenue requirements and "higher of" forecasted cash flow vs. forecasted accrued expenses
  - Infrastructure Investment and Jobs Act
- Oct. 19 Workshop follow-up:
  - MSR submitted comments to BPA that were not included in the original response document. This has been corrected, the updated BPA response document and original MSR comments can be found on [bpa.gov](https://www.bpa.gov) along with the Nov. 19 comments.

# Reminder: Public Engagement Process

## Sep - Nov 2021

- Project kick-off with external stakeholders:
  - Sep 15
- Public Grounding Sessions:
  - Oct 19
  - Nov 16

Completed

## Jan - Mar 2022

- Engage external stakeholders in informal workshops
- Present proposals
- One week comment period following each workshop
- Workshop dates:
  - Jan 12 & 26
  - Feb 09 & 23
  - Mar 09 & 23

## Apr - Jun 2022

- Workshop to review recommended proposal (the basis for the ROD) and recommended Financial Plan updates
  - May 11 or 25
- Formal comment period for recommended proposal and updates
  - Opens: May 11 or 25
  - Closes: Jun 16

# **Future Workshops: Overview & Timeline**

# Sustainable Capital Financing: Jan 26

- Focus of this workshop is to begin development of a capital financing policy that creates a more balanced financing structure and improves the balance sheet.
- Initial options shared will focus on principle-based approaches that consider:
  - Financial impacts
  - Simplicity, both in calculation and in explanation
  - Utility practice
  - Implementation -- Backward or forward looking, repeatable, trackable and transparent calculations
- Share thinking on phase-in approaches, starting period, basis of calculation (historical vs. forecast).

# Depreciating Revenue Financed Assets: Feb 23

- Discussion centered on the accounting and ratemaking treatment of revenue financing.
- Highlight issues and how this issue connects to other policy objectives:
  - The Transmission revenue requirement is driven by the income statement
  - Reducing depreciation reduces the total revenue requirement
  - Reducing depreciation also reduces cash flows which results in lower Transmission repayment, counter the desire to improve the balance sheet

# Borrowing Authority Topics: Mar 03

- Borrowing authority forecast update:
  - Base case
  - Stress tests
- Share a borrowing authority framework that outlines:
  - Borrowing authority forecasting updates – period covered, inputs used, timing
  - Financial Plan framework – clarify purpose, metric, and share framework that outlines do what by when, should a borrowing authority issue arise



# FPR Public Workshop Dates

Workshop Dates	Workshop #	Proposed Topic	Comment Period
Jan 12, 2022	Workshop 1	Today: Outline of topics (sustainable capital funding options, borrowing authority, double recovery) at upcoming workshops; Capital investment prioritization process	Yes – One week
Jan 26, 2022	Workshop 2	Debt--sustainable capital funding options	Yes – One week
Feb 9, 2022	Workshop 3	Capital prioritization framework; Carry over debt, as needed	Yes – One week
Feb 23, 2022	Workshop 4	Double recovery; Carry over of prior topics, as needed	Yes – One week
Mar 9, 2022	Workshop 5	Borrowing authority; Capital performance metrics; Carry over of prior topics, as needed	Yes – One week
Mar 23, 2022	Workshop 6	Hold if needed	Yes – One week
May 11, 2022	Workshop 7	Draft policy proposal presentation (basis for ROD development); Draft updates to Financial Plan	Yes – Two weeks to 30 days
May 25, 2022	Workshop 8	Hold for follow-up, as needed	

# Capital Investment Prioritization Process

# Capital-Related: Public Workshop Dates

Workshop Dates 2021	Proposed Topic
Sep 15	Project Kickoff
Oct 19	Grounding Session
Nov 16	Grounding Session
Workshop Dates 2022	Proposed Topic
Jan 12	Debt & Borrowing Authority; <b><i>Capital Investment Prioritization</i></b>
Jan 26	Debt & Borrowing Authority
Feb 9	Debt & Borrowing Authority; <b><i>Capital Framework</i></b>
Feb 23	Debt & Borrowing Authority
Mar 9	Debt & Borrowing Authority; <b><i>Capital Metrics</i></b>
Mar 23	Debt & Borrowing Authority
May 11/25	Draft Policy Proposal for ROD Development

# Objective & Agenda

Objective: Overview of BPA's capital planning and operations processes

- Planning: Overview of BPA's Capital Process
  1. SAMP's introduction and maturity level for all six asset categories
  2. Relationship between SAMPs and IPR
  3. Customer feedback opportunities
  
- Governance:
  1. Asset Plans
  2. Project Approval
  3. Monitoring projects

# Relationship Overview



**SAMP Key Points:**

- Detailed explanation of asset strategy
- Ten year forecast but focuses on the first two years
- Updated every two years and is the input to the IPR
- Feeds the Asset Plans



**IPR Key Points:**

- Executive summary of asset strategy
- Uses the SAMP forecast for capital and expenses



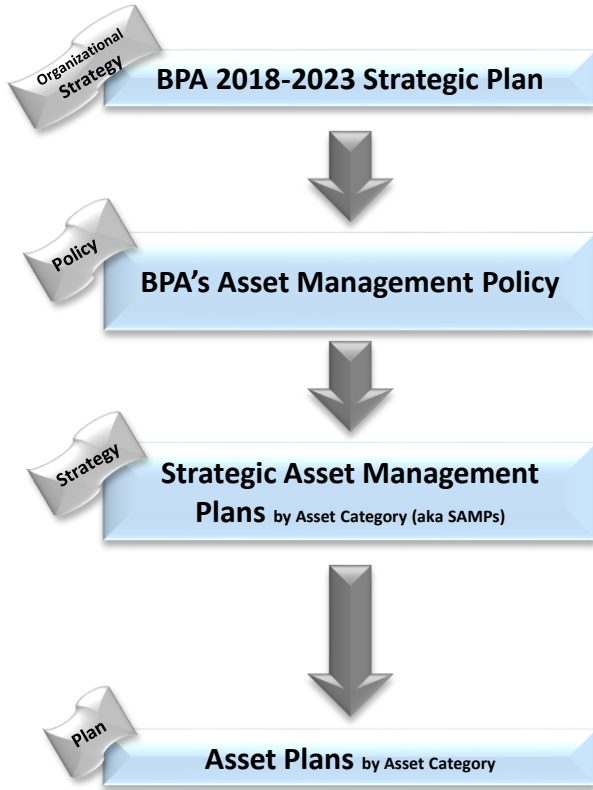
**Asset Plans Key Points:**

- Updated every year and focused on the upcoming year
- Identifies specific projects
- Aligns with the RC SOY Budget

Table titled "CCA: Capital Expenditures Report" from the Bonneville Power Administration. It is a "Statement of Capital Expenditures" showing financial data for various categories. The table includes columns for "Budget Line", "2020", "2021", "2022", "2023", "2024", "2025", "2026", "2027", "2028", "2029", "2030", "Total", "Budget", and "Actual".

Budget Line	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total	Budget	Actual
<b>Transmission Services</b>														
1. TRANSMISSION SERVICES	\$ 24,700	\$ 2,200	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 24,700	\$ 24,700	\$ 24,700
2. TRANSMISSION SERVICES	\$ 2,200	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 22,000	\$ 22,000	\$ 22,000
3. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
4. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
5. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
6. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
7. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
8. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
9. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
10. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
11. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
12. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
13. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
14. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
15. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
16. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
17. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
18. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
19. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
20. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
21. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
22. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
23. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
24. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
25. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
26. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
27. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
28. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
29. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
30. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
31. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
32. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
33. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
34. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
35. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
36. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
37. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
38. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
39. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
40. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
41. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
42. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
43. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
44. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
45. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
46. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
47. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
48. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
49. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
50. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
51. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
52. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
53. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
54. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
55. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
56. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
57. TRANSMISSION SERVICES	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000	\$ 20,000	\$ 20,000
58. TRANSMISSION SERVICES	\$ 2													

# Asset Management Strategic Alignment



**POLICY (IAM):** The intentions and direction of the organization as formally expressed by its top executives.

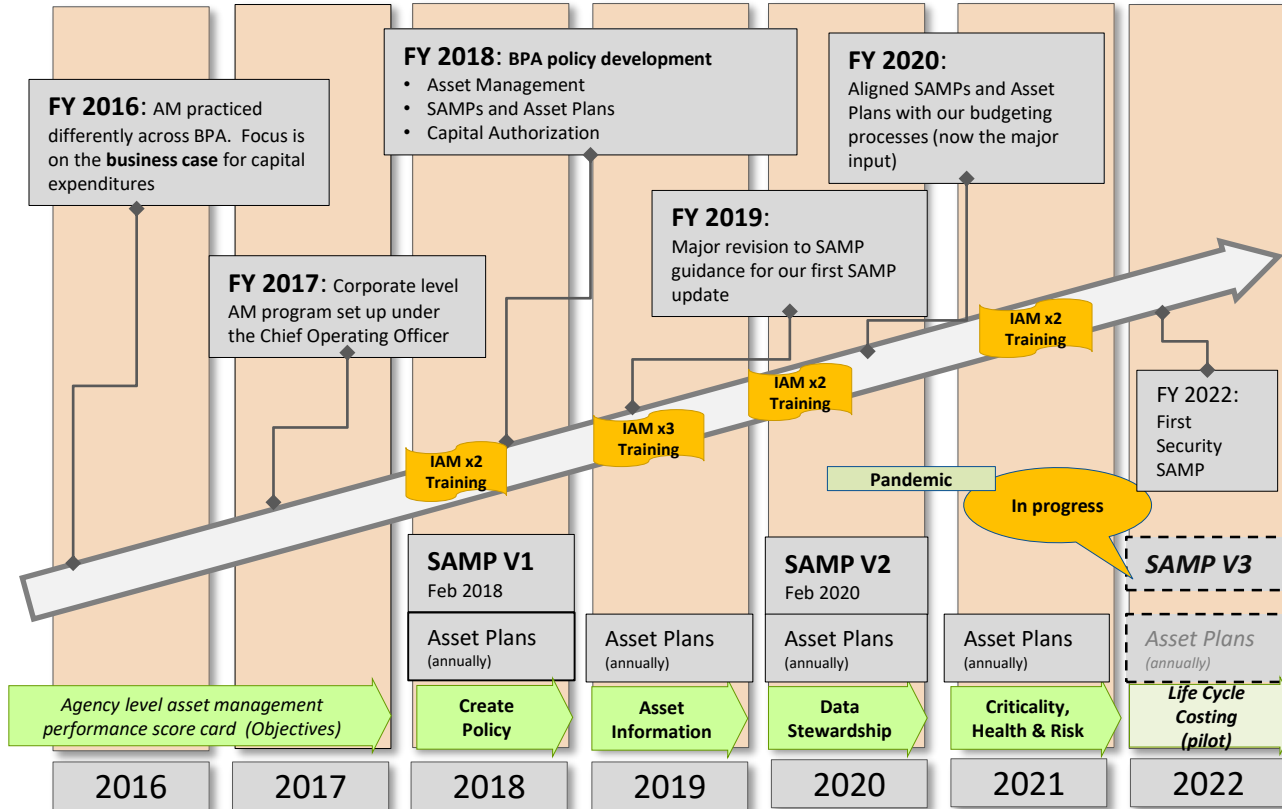
**SAMP (IAM):**

- The asset management strategy **converts the objectives of the organizational strategic plan and asset management policy into high-level, long-term action plans** for the assets and or asset systems, the asset portfolios and/or the asset management system.
- The high level, long-term action plans for the asset and the asset management objectives are normally the outputs of the asset management strategy. The elements together form the basis for developing more specific and detail asset plans.

**ASSET PLAN (IAM):** Documented information that **specifies the activities, resources and timescales required for individual assets, or groupings of assets to achieve the organization's asset management objectives.**

- The grouping of assets may be by asset type, asset class , asset system or asset portfolio.
- The Asset Plan is derived from the SAMP.
- An Asset Plan may be contained in or may be a separate plan from the SAMP.

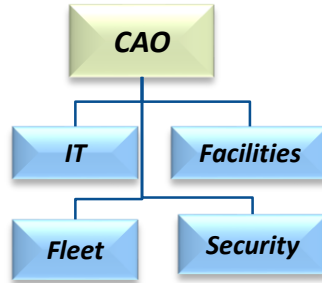
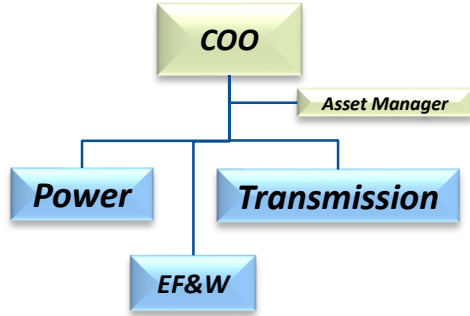
# BPA's Asset Management Journey



- Asset management a new discipline to BPA.
- BPA historically has managed assets (1931-2017) but now we are doing asset management (2017-2022).
- We are evolving and maturing BPA's asset management capabilities varies across the enterprise.

# BPA's Asset Management Program

## Seven "Asset Categories"



### Policy

- BPA Policy 460-1, Asset Management
- BPA Policy 460-2, SAMPs and Asset Plans
- BPA Policy 460-3, Capital Authorization
- BPA Policy 460-4, Asset Information Governance

### ISO 55,000

**3.1.18, policy** intentions and direction of an *organization* (3.1.13) as formally expressed by its *top management* (3.1.23)

Asset Management: The coordinated activities of an organization to realize value from its assets

### Corporate level Asset Management Program

- Policy (*standards*)
- SAMPs and Asset Plans development, standardizations, and quality oversight
- **Asset Management Council (AMC)**
- Data Governance Oversight Team (DGOT)
- Asset Management training program
- Partnership with USACE and Reclamation
- Specific AM capabilities improvements

### Asset Categories

- **Manage their Assets**
- **Develop SAMPs and Asset Plans**
- **Organizational specific standards and policy**
- **Category specific asset management improvements and projects**
- **Budgeting for AM**



# Institute of Asset Management (IAM)

## A Leading Practice Based Model

### Group 1 - Strategy & Planning

1. Asset Management Policy
2. Asset Management Strategy & Objectives
3. Demand Analysis
4. Strategic Planning
5. Asset Management Planning

### Group 2 - Asset Management Decision-Making

6. Capital Investment Decision-Making
7. Operations & Maintenance Decision-Making
8. Lifecycle Value Realisation
9. Resourcing Strategy
10. Shutdowns & Outage Strategy

### Group 3 - Life Cycle Delivery

11. Technical Standards & Legislation
12. Asset Creation & Acquisition
13. Systems Engineering
14. Configuration Management
15. Maintenance Delivery
16. Reliability Engineering
17. Asset Operations
18. Resource Management
19. Shutdown & Outage Management
20. Fault & Incident Response
21. Asset Decommissioning & Disposal

### Group 4 - Asset Information

22. Asset Information Strategy
23. Asset Information Standards
24. Asset Information Systems
25. Data & Information Management

### Group 5 - Organisation & People

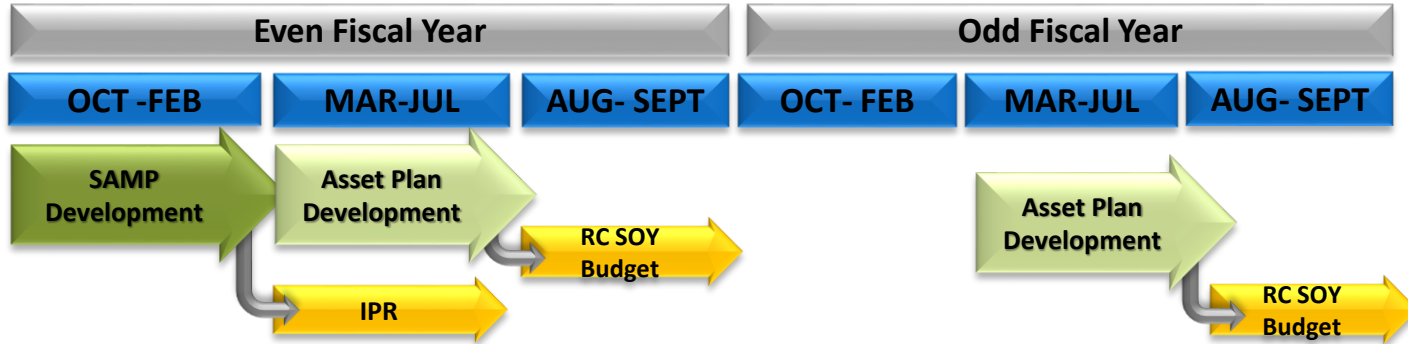
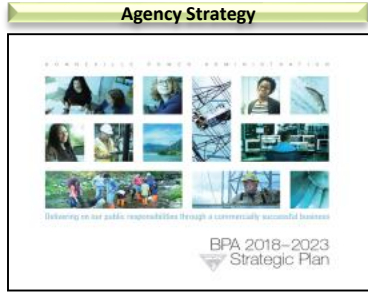
26. Procurement & Supply Chain Management
27. Asset Management Leadership
28. Organisational Structure
29. Organisational Culture
30. Competence Management

### Group 6 - Risk & Review

31. Risk Assessment & Management
32. Contingency Planning & Resilience Analysis
33. Sustainable Development
34. Management of Change
35. Asset Performance & Health Monitoring
36. Asset Management System Monitoring
37. Management Review, Audit & Assurance
38. Asset Costing & Valuation
39. Stakeholder Engagement

- Execute sustainable and affordable investment strategies where investments are created, selected and executed through a leading practice-based portfolio model and project management practices.
- Institute of Asset Management (IAM) integrates the ISO 55000 series.

# Summary of Alignment of Strategic Plan: SAMPs and APs and Timeline



# Section 1: Planning

# Strategic Asset Management Plans (SAMPs)



**SAMP:** Strategic Asset Management Plans convert the objectives of the organizational strategic plan and asset management policy into high-level, long-term action plans for the assets and or asset systems, the asset portfolios and/or the asset management system.

## **BPA's SAMPs:**

- Generally look out five or more years, with a 10 year capital projection
- The focus is on the upcoming rate case / Integrated Program Review (IPR)
- Refreshed every two years
- The Asset Management Council (AMC) applies lessons learned and develops (evolves) a standard format and guidance

## ISO 55,000

### 3.3.2 strategic asset management plan SAMP

*documented information* (3.1.6) that specifies how *organizational objectives* (3.1.14) are to be converted into *asset management* (3.3.1) *objectives* (3.1.12), the approach for developing *asset management plans* (3.3.3), and the role of the *asset management system* (3.4.3) in supporting achievement of the asset management objectives

# SAMP Development Timeline

- SAMPs are refreshed every other year and are an input to the Integrated Program Review (IPR process)
- SAMPs take 4 months to complete (usually October - January)
  - SAMP's are developed by asset categories
  - Several sections are completed each month and go through a 3 tier review process (Corporate Risk, Corporate Asset Management and Corporate Finance)
  - SAMP's are finalized for IPR input and review by BPA Executives (Usually February)
- Similar to other BPA process, SAMPs are the best estimate of asset needs based on the asset management process, developed 2-3 years in advance of execution on the plan.
- Customer input to the SAMPs is welcome during the IPR process.

# SAMP Major Sections and Description

Section 3-5 ties our asset management objectives to our business objectives

Section 6 lays out our AM capabilities, our AM systems and our objectives to improve these capabilities

Sections 7-9 discuss the criticality, health and risk (current state) of our assets category

Section 10 lays our performance objectives for our assets. This explains, at a high level, what we will do and what we will spend to achieve the performance objectives for our assets category

## Table of Contents

1. Executive Summary
2. Acknowledgements
3. Strategic Business Context
4. Stakeholders
5. External and Internal Influences
6. Asset Management Capabilities and Systems
7. Asset Criticality
8. Current State
9. Risk Assessment
10. Strategy and Future State
11. Addressing Barriers to Achieving Optimal Performance
12. Definitions

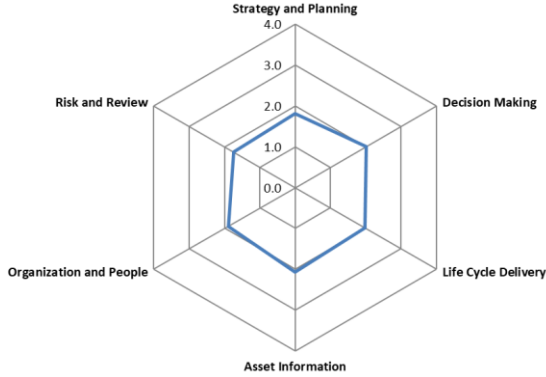
# Self Assessment IAM

- Maturity self-assessments are completed as a baseline for AM capabilities and AM program maturity
- Asset categories pull together interested parties and stakeholders to complete
- Assessments are not compared across asset categories but are used to develop long term goals for improvement

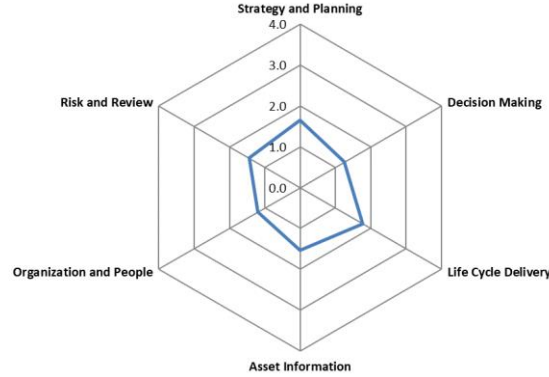


# 2020 Self Assessment Summary

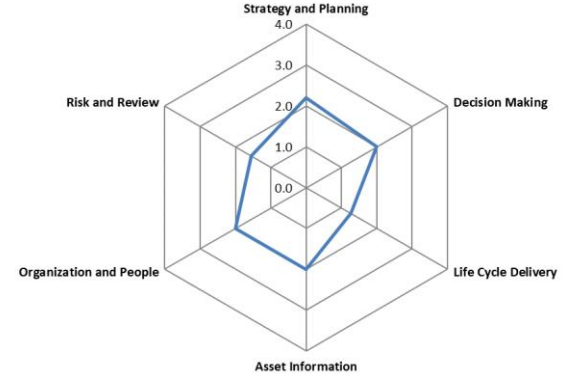
## Fed Hydro



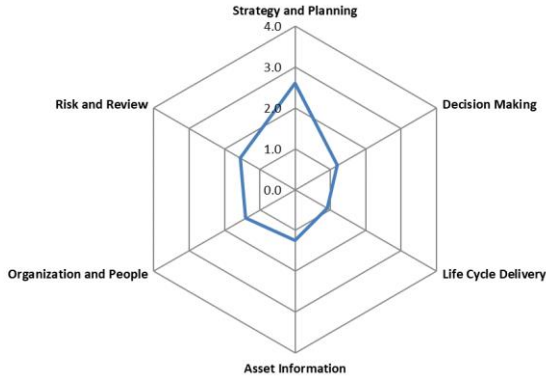
## Transmission



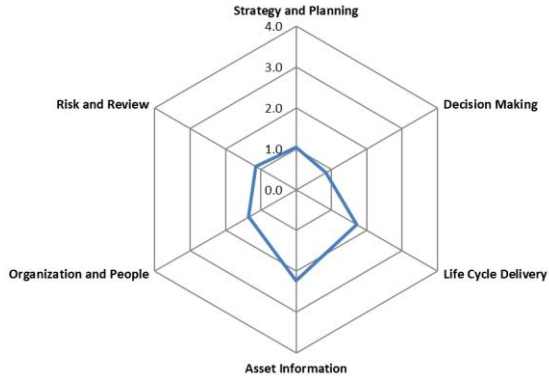
## Facilities



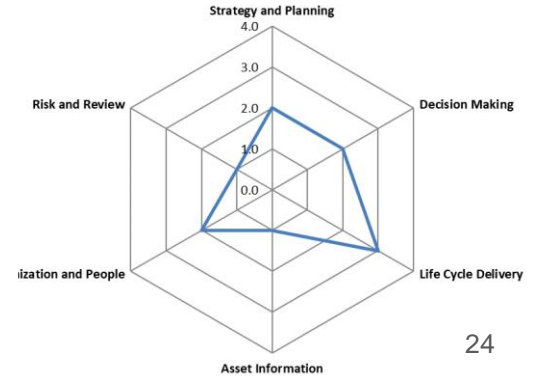
## F&W



## Fleet



## Information Technology





## **Section 2: Operations**

# Asset Plans



**ASSET PLAN:** Documented information that specifies the activities, resources and timescales required for individual assets, or groupings of assets to achieve the organization's asset management objectives (as stated in the SAMP).

## ***BPA's Asset Plans:***

- Generally look out two to three years or more
- Focus is on the upcoming fiscal year
- Refreshed every year aligned with Rate Case fiscal year budget
- The Asset Management Council (AMC) applies lessons learned and develops (evolves) a standard format and guidance

**ISO 55,000**

### **3.3.3 asset management plan**

*documented information* (3.1.6) that specifies the activities, resources and timescales required for an individual *asset* (3.2.1), or a grouping of assets, to achieve the *organization's* (3.1.13) *asset management* (3.3.1) *objectives* (3.1.12 )

# Asset Plan Development Timeline

- Asset Plans are refreshed every year and are a tactical document that describe projects and activities to implement the objectives of the SAMP
- Asset Plans focus on the next 2-3 years and also feed into the start of year budgets
- Asset Plans take 4 months to develop (usually March - June)
- Asset Plans are developed by asset categories with a 3 tier review process (Corporate Risk, Corporate Asset Management and Corporate Finance)
- Asset Plans are approved by the Finance Committee in September, prior to the start of the fiscal year they are planned.

# Asset Plans Sections and Description

## Table of Contents

1. Executive Summary
2. Acknowledgements
3. Scope
4. Plan Development
5. Planned Capital and Maintenance Activities
6. Managing Execution Risk
7. Performance Management
8. Reference and Supporting Documents
9. Project Appendices

Section 4 supports the objectives in the SAMP related to improvement of asset management capabilities

Section 5 Supports the capital and expense project objectives outlined in the SAMP

Section 6 Addresses Execution risks and mitigation plans

# Project Approval

- BPA Capital Project Authorization Policy provides set limits for capital approval.
- All Capital projects require a business case and are approved by business unit executives or designee.
  - Major capital projects above certain dollar thresholds are also required to be approved through various agency committees depending on the project estimate.
- Business cases are an in-depth review of the project and benefits that also look at:
  - Alignment with Strategic Asset Management Plan, Asset Plan, and budgets
  - Objectives and performance metrics
  - Proposed investment and alternatives
  - Risks
- Finance does annual spot checks on the business cases that are under the threshold for review by various agency committees to ensure policy requirements are being met.

Business Case  
template available in  
Appendix

# Monitoring

- BPA management reviews capital projects' scope, timeline and budget on a quarterly basis. This allows an opportunity for management to intervene if an issue arises.
  - Projects are tracked and updated each quarter.
  - Increases to project cost and schedule delays are flagged.
- Capital performance is reported out publically at the Quarterly Business Review Technical workshops. In the future, BPA intends to use this forum to report out on capital metrics.
  - Capital project reports are available on BPA's external website at the following link: <https://www.bpa.gov/Finance/AssetMgmt/Pages/default.aspx>.

# Summary

- SAMPs (Strategic Asset Management Plan) are developed during rate case years and describe the long term strategy for each asset category.
- SAMPs are a direct input into the IPR: 1) Capital: direct relationship (dollar for dollar); and 2) Expense: indirect relationship (subset of the IPR expense).
- Asset Plans are developed every year and are a tactical document that describe projects and activities to implement the over all SAMP.
- Asset Plans line up with the rate case fiscal year forecast for that particular year.
- Projects and programs are not approved for construction until they provide a business case that is approved by an agency committee. Committee depends on the project estimate.
- During construction, BPA executives continue to monitor construction for schedule and cost changes throughout the project construction.
- BPA is currently in the process of developing SAMPs for BP-24 (v3). Will add security SAMP in FY22 (v3) for BP-24.

# Next Steps

- Please submit written feedback to [communications@bpa.gov](mailto:communications@bpa.gov) by Jan 21<sup>st</sup> with “Financial Plan Refresh” in the subject line.
- Next workshop: January 26 Sustainable Capital Financing Options
- Next capital-related workshops:
  - February 9 Capital Framework: **Objective:** (1) How we measure asset health (2) How we use that information (3) Capital Forecasts
  - March 9 Capital Metrics: **Objective:** Meeting focused on metrics for execution, and impacts of under



# Appendix

# Quick Links: Related Financial Information

The existing Financial Plan and related policies, program costs, and other reference materials, can be found on bpa.gov and at the links below.

[2018 Financial Plan](#)

[Financial Reserves Policy](#)

[Leverage Policy](#)

[2020 IPR Closeout Report](#)

[2020 IPR 2 Closeout Report](#)

[Business Case Template](#)