

BPA Policy 482-1

Contract Lifecycle Management

Customer Contracting

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482-1.1 Purpose & Background

This policy establishes requirements for managing Contracts at BPA. The objectives of this policy are to:

- A. promote operational consistency and sound management practices in Contract lifecycle management, and
- B. facilitate achievement of BPA's business deals with its counterparties and BPA's compliance with regulations and BPA policies.

482-1.2 Policy Owner

This policy is owned by the Customer Support Services (CSS) Director. The Customer Contract Management and Administration (KSC) organization is responsible for monitoring, reporting, evaluating, and interpreting this policy, and for proposing and deploying revisions to this policy.

482-1.3 Applicability

This policy applies to all BPA organizations that participate in the qualification, negotiation, drafting, review, offer, execution, administration, or close-out of Contracts and Contract Actions to which BPA is a party, except for Supply Chain; Procurement; Environment, Fish & Wildlife; and Real Property Contracts described in section 482-1.6 – Policy Exceptions.

482-1.4 Terms & Definitions

- A. **Agency Standard Contract Provision:** A Contract provision that has been approved for use in accordance with *BPA Procedure 482-1-2 - Agency Standard Contract Template and Provision Procedure*.
- B. **Agency Standard Contract Template:** A Contract template, amendment template, or exhibit revision template that has been approved for use in accordance with *BPA Procedure 482-1-2 - Agency Standard Contract Template and Provision Procedure*.
- C. **Agreement:** An alternative term used for "Contract."
- D. **Authorized Delegate:** A BPA employee with delegated authority to execute Contract Actions under *BPA Policy 140-1 - Delegations of Authority to Bind the Agency*.
- E. **Contract:** A promise to do something (e.g., perform work, provide a service) in return for a benefit (e.g., monetary payment, performance of an action, or other consideration).
- F. **Contract Action:** A Contract or an amendment, modification, exhibit revision, exhibit table revision, appendix revision, or termination to an existing Contract initiated by BPA or a Counterparty.
- G. **Contract Implementation Brief (CIB):** A document prepared by the Contract Action initiator that contains noteworthy information about a Contract Action regarding its

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implementation, review, and administration. CIBs are produced in accordance with *BPA Procedure 482-1-4 - Contract Implementation Brief Procedure*.

- H. **Counterparty:** Any non-BPA party to a Contract with BPA, including customers.
- I. **Customer Data Management System (CDM):** BPA-wide centralized web-based source of record for account and contact information for counterparties.
- J. **Customer Contract Management System (CCM):** Internal electronic Contract system that allows BPA to manage the lifecycle of Contracts from creation to closeout, including document storage. CCM is the electronic source of record for Contracts and Contract Actions within the scope of this policy, delegations of authority, Agency Standard Contract Templates, Agency Standard Contract Provisions, and related documents.
- K. **Office of Record:** The organization, by definition of its mission or function, that has primary responsibility for maintenance and retention of a record.
- L. **Settlement:** For the purposes of this policy, resolution of a Contract dispute outside the terms of the Contract and executed in a separate Contract Action.
- M. **Waiver:** BPA’s voluntary surrender or modification of a right or claim by choosing not to enforce a Contract provision.

482-1.5 Policy

It is BPA’s policy that Contracts are managed using CCM according to the requirements in this policy and referenced procedures. Unless otherwise noted, the Contract signatory or other Authorized Delegate is responsible for ensuring Contracts are managed in accordance with the following requirements.

A. Qualification

1. Counterparties are only eligible to conduct business with BPA consistent with the parameters and limitations set forth in the applicable BPA risk policies (*BPA Transmission Credit Risk Management Policy* (BPAM Ch. 132), *BPA Transmission Transacting Risk Management Policy* (BPAM Ch. 685), and *BPA Power Transacting Risk Management Policy* (BPAM Ch. 675), or successor policies), *BPA’s Open Access Transmission Tariff*, and *BPA’s Final Policy on Standards for Service* (December 1999).
2. It is BPA’s policy that CDM is the source of record for Counterparty account and contact information. Counterparty account and contact information must be stored and maintained in CDM.

B. Negotiation

1. The proposed Contract Action must be approved by BPA and not conflict with existing Contract obligations.
2. The Authorized Delegate must be conscious of and comply with applicable existing BPA policy when negotiating terms.

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C. Drafting

1. Contract Actions must be in writing, except for Contract Actions entered into in accordance with the *Western Systems Power Pool Agreement* (WSPP).
2. Contract Actions must have an explicit effective date or provisions for when performance under the Contract begins.
3. Contract Actions must have an explicit expiration date or provisions describing what must be satisfied for performance under the Contract, or method by which the Contract can be terminated.
4. Contract Actions must be drafted using an Agency Standard Contract Template, in accordance with *BPA Procedure 482-1-2 - Agency Standard Contract Template and Provision Procedure*, unless a Template is not applicable or does not exist.
5. Agency Standard Contract Provisions must be incorporated in draft Contract Actions in accordance with the *BPA Procedure 482-1-2 - Agency Standard Contract Template and Provision Procedure*.
6. A CIB must be developed in accordance with the *BPA Procedure 482-1-4 - Contract Implementation Brief Procedure* for any Contract Action that contains unique provisions that may have contract implementation or administration implications.

D. Internal Review and Approval

Contract Actions must complete an internal review in CCM prior to offer (or acceptance if offered to BPA) or formal public review in accordance with *BPA Procedure 482-1-5 - Internal Stakeholder Review Procedure*.

E. Offer

Any changes made to a Contract Action after an offer is made must undergo additional internal review in accordance with *BPA Procedure 482-1-5 - Internal Stakeholder Review Procedure*.

F. Execution

1. As required by *BPA Policy 140-1 - Delegations of Authority to Bind the Agency*, only BPA employees who have the delegated authority to bind the Agency may execute Contract Actions. Authority must be verified in CCM in accordance with *BPA Procedure 482-1-3 - Delegation of Authority Verification Procedure*.
2. A Contract Action is considered executed upon the date the last party to the Contract Action signs the agreement, upon receipt if the Contract Action can be revised unilaterally, or the date the Contract Action was entered into in accordance with the WSPP agreement.
3. KSC is the custodial Office of Record for original hard copy versions of all executed Contract Actions. Original hard copy versions of executed Contract Actions must be provided to KSC for storage in accordance with *BPA Procedure 482-1-1 - Document*

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Management Procedure. KSC must authenticate executed Contract Actions drafted by BPA in accordance with documented internal KSC authentication procedures.

4. CCM is the electronic source of record for executed Contract Actions. Electronic versions of executed Contract Actions must be stored in CCM in accordance with *BPA Procedure 482-1-1 - Document Management Procedure.*
5. Executed Contract Actions in CCM must be available to all BPA employees who have access to the CCM system, unless user access needs to be restricted to comply with FERC Standards of Conduct (SOC), or the document contains information to which BPA has contractually agreed to restrict internal access to, or the document contains highly sensitive commercial or financial information such as operational information, trading floor information, financing information, or other information to which BPA has determined internal access should be restricted. Executed Contract Actions with restricted access must adhere to *BPA Procedure 482-1-1 - Document Management Procedure.*

G. Administration

1. Once executed, a BPA organization will be assigned to administer the Contract until it is closed out.
2. The Authorized Delegate or successor is responsible for oversight of the Contract until it is closed out.
3. Any organization that is responsible for administration must administer Contracts to ensure that:
 - a) Obligations are met;
 - b) Charges for products and services reflect contract terms;
 - c) Any requests for payment of funds to Counterparties are validated to ensure the disbursement conforms with Contract terms and conditions;
 - d) Applicable BPA internal policy and procedure requirements are met, including the requirements outlined in this policy and referenced procedures;
 - e) Regulatory requirements are followed; and
 - f) Contract data in CCM is accurate and complete.
4. Organizations that are responsible for administering Contracts must develop and maintain internal procedures to facilitate contract administration to ensure section 482-1.5.G.3.
5. Organizations that are responsible for administering Contracts must maintain a documented record of administration in CCM using Tasks.
6. Changes to executed Contract language or obligations in the Contract body are memorialized in an amendment or modification. Amendments and modifications are

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considered Contract Actions and must adhere to the requirements outlined in this policy.

7. Revisions to exhibits, exhibit tables, or appendices are considered Contract Actions and must adhere to the requirements outlined in this policy.
8. Termination of an executed Contract is considered a Contract Action and must adhere to the requirements outlined in this policy.
9. Adjustments to charges and credits in bills or negotiations of repayment agreements must be made in accordance with the applicable BPA billing policies.
10. If a Counterparty dissolves or changes ownership during the life of the Contract, a successor in interest must be identified and updated in CDM, as well as in an appropriate Contract Action.

H. Waivers

1. Waivers may only be approved by Authorized Delegates with the delegated authority to waive.
2. Waivers may only be approved in accordance with documented procedures. These procedures should include, but are not limited to, the following components:
 - a) Established criteria for what can be waived;
 - b) Procedural and/or documentation requirements for discretionary waivers;
 - c) Waiver term and dollar limits (if applicable) that align with the approving Authorized Delegate’s Delegation of Authority;
 - d) Location and manner of storage of waiver documentation;
 - e) Communication protocols to ensure affected stakeholders are consulted in the decision to waive; and
 - f) Internal controls that ensure only Authorized Delegates with delegated authority to waive can approve a Waiver.
3. A copy of the communication to the Counterparty announcing BPA’s approval of the Waiver, if any, must be stored in CCM.

I. Settlements

1. Settlements may only be executed by Authorized Delegates with the delegated authority to settle.
2. Settlement term and dollar limits (if applicable) must align with the approving Authorized Delegate’s Delegation of Authority.
3. Settlements, as defined in this policy in section 482-1.4, must adhere to the requirements outlined in this policy for Contracts and Contract Actions.

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J. Close-out

1. Contracts must undergo a close-out procedure pursuant to *BPA Procedure 482-1-6 - Contract Close-out Procedure* to ensure all Contractual obligations and internal requirements are satisfied before the Contract status is changed to expired, terminated, or superseded in CCM.
2. Expired, terminated, and superseded Contract Actions and related documents in CCM must be made available to all BPA employees who have access to the CCM system after the expiration of any governing confidentiality agreement, in accordance with *BPA Procedure 482-1-1 - Document Management Procedure*, unless access needs to be restricted to comply with FERC Standards of Conduct (SOC) or BPA Office of General Counsel has determined access should be restricted internally.
3. Retention of all electronic and physical Contract Actions, related documents and information stored and maintained in CCM and KSC must comply with all BPA Information Governance & Lifecycle Management (IGLM) policies, guidance, and standards pursuant to *Information Governance & Lifecycle Management (BPAM Chapter 1150)*.

482-1.6 Policy Exceptions

This policy does not apply to the following:

- A. Supply Chain or Procurement Contracts (e.g., material purchases, payments of service Contracts, stored and managed in Asset Suite or its successor system);
- B. Contracts related to Environment, Fish & Wildlife projects (e.g., projects to protect, mitigate, enhance or recover fish and wildlife populations, stored and managed in Pisces or its successor system); or
- C. Real Property Contracts (e.g., land and facility acquisitions or sales, Contracts related to real property holdings, stored and managed in the Land Information System or its successor system).

480-1.7 Responsibilities

A. CSS Director

Pursuant to *BPA Manual Section 21.10*, the CSS Director is responsible for issuing BPA internal policy, procedures and internal controls in the areas of customer billing, customer contracts, metering, load forecasting and related systems managed by Customer Support Services.

B. KSC Organization

KSC is the organization responsible for establishing, implementing, and overseeing internal BPA policy, procedures and internal controls for customer contracts and related systems issued by the CSS Director. Accordingly, the KSC organization is responsible for monitoring, reporting, evaluating, and interpreting this policy, for proposing and

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deploying revisions to this policy, providing training to affected staff, and developing the referenced procedures.

The KSC organization is responsible for serving as the custodial Office of Record for original hard copy versions of executed Contract Actions, the electronic source of record for executed Contract Actions, and maintaining and operating CCM and CDM.

C. Authorized Delegate

All employees who have the delegated authority to bind the Agency under *BPA Policy 140-1 - Delegations of Authority to Bind the Agency* are responsible for ensuring the Contracts and Contract Actions they sign, or are otherwise responsible for are qualified, negotiated, drafted, reviewed, approved, offered, and executed in adherence to the requirements established in this policy and the referenced policies and procedures. Once executed, the Authorized Delegate is responsible for oversight of the Contract until it is closed out.

D. BPA Employees Involved in the Contract Lifecycle

All employees who participate in the qualification, negotiation, drafting, review, execution, administration, and close-out of Contracts and Contract Actions are responsible for adhering to the requirements established in this policy and the referenced policies and procedures.

E. BPA Organizations Responsible for Contract Administration

Any organizations that are assigned to administer Contracts are responsible for administering and closing out Contracts in accordance with the requirements established in this policy and referenced policies and procedures.

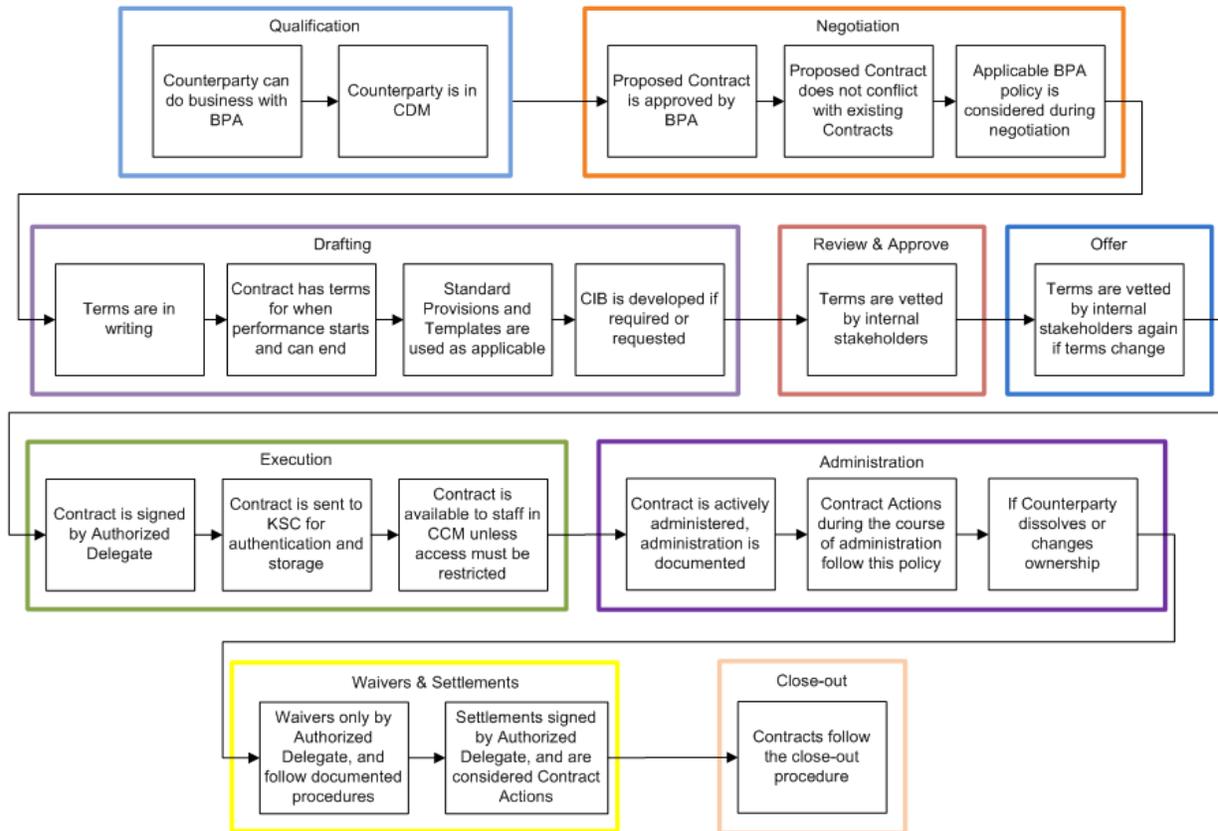
F. Marketing and Sales, Front, Middle and Back Office, Policy and Standards Implementing Group (FOMOBO)

FOMOBO, or its successor, is responsible for making recommendations to the CSS Director for the approval and implementation of Contract governance policies, internal controls, rules, procedures, standards, Agency Standard Contract Provisions, and Agency Standard Contract Templates. FOMOBO aids in monitoring this policy for compliance and effectiveness by collaborating with KSC to resolve compliance issues.

480-1.8 Standards & Procedures

- A. The high-level requirements in the standard phases of the Contract Lifecycle are captured in the following flow chart. This chart represents general requirements; exceptions or special circumstances are not noted.

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B. Referenced Internal Procedures to execute the requirements in this policy are:

1. *BPA Procedure 482-1-1 Document Management Procedure*
2. *BPA Procedure 482-1-2 Agency Standard Contract Template and Provision Procedure*
3. *BPA Procedure 482-1-3 Delegation of Authority Verification Procedure*
4. *BPA Procedure 482-1-4 Contract Implementation Brief Procedure*
5. *BPA Procedure 482-1-5 Internal Stakeholder Review Procedure*
6. *BPA Procedure 482-1-6 Contract Close-out Procedure*

C. Referenced Policies include:

1. *BPA Transmission Credit Risk Management Policy (BPAM Ch. 132)*
2. *BPA Transmission Transacting Risk Management Policy (BPAM Ch. 685)*
3. *BPA Power Transacting Risk Management Policy (BPAM Ch. 675)*
4. *Information Governance & Lifecycle Management (BPAM Chapter 1150)*
5. *BPA Policy 140-1 Delegations of Authority to Bind the Agency*
6. *BPA Manual Chapter 21*

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D. Other references include:

1. *BPA's Open Access Transmission Tariff*
2. *BPA's Final Policy on Standards for Service* (December 1999)
3. *Western Systems Power Pool Agreement*

480-1.9 Performance & Monitoring

- A. BPA will meet the objectives of this policy listed in section 482-1.1 if Contract Actions are managed according to the requirements in this policy. KSC will review Contract Actions to track compliance with the requirements in this policy and referenced procedures, using data from CCM. This information will be reported quarterly to the FOMOBO.
- B. KSC will establish goals annually to measure effectiveness of this policy in meeting the stated objectives. These goals must be specific, measurable, achievable, results-focused, and time bound.

480-1.10 Authorities & References

This policy is established in accordance with the authorities outlined in *BPA Manual Section 21.10*.

480-1.11 Review

This policy is subject to an automatic sunset review to be conducted no later than October 1, 2020.

480-1.12 Revision History

Version	Issue Date	Description of Change
0.1	10/01/2015	Effective

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