

BPA Policy 460-1

Asset Management

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1. Purpose & Background

BPA’s mission is to provide an adequate, efficient, economical, and reliable power supply and transmission system and mitigate impacts on fish and wildlife. Physical Assets including transmission lines and substations, hydroelectric dams, non-electric facilities, information systems, and investments in fish and wildlife mitigation, enable BPA to deliver its mission and strategic goals. In many situations, BPA does not legally own a specific Physical Asset but rather is statutorily and/or contractually obligated to pay the cost of the Physical Asset. This policy provides the overall high level structure for managing Physical Assets in the Transmission Services, Power Services, Facilities, Information Technology (IT), Fleet Management, Environment, Fish and Wildlife (EF&W) and Security asset categories. This policy is supported by implementation of additional BPA policies, in particular, policies on developing Strategic Asset Management Plans (SAMPs) and Asset Plans (BPA Policy 460-2) and proposing, authorizing, and monitoring capital investments (BPA Policy 460-3).

2. Policy Owner

The Chief Operating Officer working through the Agency Asset Manager has overall responsibility for administering, monitoring, evaluating, and proposing revisions to this policy.

3. Applicability

This policy applies to the management of Physical Assets over their lifecycle. The Physical Assets covered include those in the Transmission Services, Power Services, Fleet Management, Facilities, IT, EF&W and Security asset categories.

4. Terms & Definitions

- A. **Asset Category:** .The seven organizations in BPA subject to this policy: Transmission Services; Power Services; IT; Facilities; EF&W; Fleet Management; and Security.
- B. **Asset Lifecycle:** The stages of a Physical Asset’s lifecycle that begins with the identification of need to acquisition, operations and maintenance, and ends with retirement or disposal.
- C. **Asset Plans:** Asset Plans specify the activities that BPA intends to undertake to implement asset strategies and achieve asset management objectives, along with the resources required, timescales and costs for completion, and responsibilities for their delivery.
- D. **Physical Assets:** ISO 55000, Asset management – Overview, principles and terminology, defines an asset as an “item, thing or entity that has potential or actual value to an organization.” BPA has adapted this definition to: “Physical item or thing including hardware and software applications; whether or not the asset is owned by BPA, and by

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minimizing their lifecycle costs, the asset has value for BPA’s customers and stakeholders.” In addition, an asset must generally meet the following principles:

1. It is owned, leased, or BPA has tangible interest in the asset;
 2. It has a Lifecycle all its own that we track;
 3. BPA performs or pays for the maintenance on the asset; and
 4. BPA has regulatory reporting or compliance guidelines for the asset.
- E. **Strategic Asset Management Plans (SAMPs):** SAMPs provide the strategic basis and framework for developing detailed Asset Plans to achieve asset management objectives.
- F. **Total Economic Cost:** Total Economic Cost includes tangible and intangible costs to the federal power and transmission system, BPA’s customers, electricity consumers, other stakeholders, and society at large. Examples of total economic cost include equipment and materials costs, labor costs, replacement power costs if hydroelectric generation is lost due to equipment failure, environmental costs, and costs borne by electricity consumers in the event of a BPA transmission outage or derating.

5. Policy

- A. BPA’s objective is to maximize the long-term economic value of the Federal Columbia River Power System and transmission system Physical Assets through cooperation and collaboration with BPA’s federal agency partners and non-federal entities. This is accomplished by maintaining and investing in these Physical Assets so that:
1. BPA’s strategic direction is successfully delivered;
 2. Assets operate efficiently and effectively and perform as needed to meet reliability, availability, environmental, health and safety, security, and other standards;
 3. Asset strategies and plans properly balance asset performance, cost, and risk; and
 4. Total Economic Costs are minimized over the long-term.

This objective must be accomplished in a manner that is sustainable from a long-term power and transmission rate, cost structure, and financing perspective.

- B. BPA processes for managing Physical Assets reflect leading practices, and are found on the Agency Asset Management site. The processes are standardized, transparent, and risk-informed in accordance with BPA Policy 231-1, *Enterprise Risk Management*. The process includes internal controls that are robust, balanced, and adhered to. The processes cover:
1. Developing and implementing SAMPs;
 2. Developing and implementing Asset Plans;

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3. Providing ready access to information on Physical Asset demographics, health conditions, performance history, and cost history;
4. Prioritizing capital investments (system expansion, upgrades, additions, and replacements);
5. Operating and maintaining Physical Assets (expense planning);
6. Authorizing projects and programs (capital and/or expense) and managing their execution; and
7. Evaluating investment performance after being placed in service.

6. Policy Exceptions

The Asset Management Council is authorized to approve exceptions from this policy on a case-by case basis.

7. Responsibilities

- A. The Agency Asset Manager leads the development and implementation of agency-wide asset management strategies, processes, and policies.
- B. Asset Management Category Tier 1 Executives, consistent with the Responsibilities section of BPA Policy 460-2 *Strategic Asset Management Plans (SAMPs) and Asset Plans*, dated 11/18/2018, serve as executive sponsors for their respective asset categories. They (1) steer improvements in processes, (2) allocate staff and other resources, (3) approve asset strategies, investment portfolios, and capital projects for their organizations, and (4) provide top-down direction and communication to embed sound asset management principles and practices.
- C. The Asset Management Council represents the Asset Categories and oversees BPA’s Asset Management Program.
- D. Category Asset Managers work under the direction of their executives to develop and implement asset strategies, investment portfolios, and capital projects in a manner consistent with BPA policy and executive direction. Category Asset Managers play a key role in formulating strategies, policies and processes, and coordinating agency-wide asset management activities, in part through membership on the Asset Management Council.
- E. The Finance Committee and Enterprise Board responsibilities are outlined in BPA policy 460-2, *Strategic Asset Management Plans (SAMPs) and Asset Plans*. The Finance Committee approves capital investment portfolios and large capital projects in accordance with BPA Policy 460-3, *Capital Project Authorization*.

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8. Standards & Procedures

- A. BPA Policy 460-2, *Strategic Asset Management Plans (SAMPs) and Asset Plans*, provides BPA’s policy and framework for developing, reviewing, and maintaining asset management strategies and plans.
- B. BPA Policy 460-3, *Capital Project Authorization*, establishes the responsibilities, process requirements and evaluation criteria for (1) proposing, evaluating, and approving capital projects, (2) setting project implementation targets and reporting on variances during a project’s construction phase, and (3) evaluating projects after they have been placed in service.
- C. BPA Policy 460-4, *Asset Information Governance*, provides the operating principles and standards under which BPA manages information about physical assets and related data.

9. Performance & Monitoring

The Asset Management Council monitors implementation and performance of this policy through asset performance objectives and metrics that are set through SAMPs, Asset Plans, and approved capital projects.

10. Authorities & References

- A. The Institute of Asset Management, *Asset Management – an anatomy*, Version 3, December 2015
- B. ISO 55001-2014, *Asset Management – Management Systems – Requirements*
- C. ISO 55000-2014, *Asset Management – Overview, principles and terminology*
- D. ISO 31000:2009(E), *Risk management – Principles and guidelines*
- E. Office of Management and Budget (OMB) Circular A-123, December 21, 2004
- F. Agency Asset Management [Sharepoint Site](#)
- G. Asset Management Council [Sharepoint Site](#)
- H. BPA Policy 231-1, *Enterprise Risk Management*
- I. BPA Policy 460-2, *Strategic Asset Management Plans (SAMPs) and Asset Plans*
- J. BPA Policy 460-3, *Capital Project Authorization*

11. Review

The Agency Asset Manager, in consultation with the Agency’s Asset Management Council, will review this Policy at least once every three (3) years, or when it is determined to be necessary due to significant changes in the Agency’s Asset Management Program.

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12. Revision History

Version Number	Issue Date	Brief Description of Change or Review
1	3/19/2009	Original policy
2	8/1/2012	Reviewed by AMC, but no revisions made
3	3/31/2014	Paragraphs 660.1, 660.4, 660.5, 660.7, and 660.9 are restated. The policy is also reformatted
3.1	3/10/2016	Ownership of policy transferred from Corporate Strategy to Finance. Document references updated.
4.0	8/1/2018	Revised to follow IAM framework, ISO 55000, Ownership of policy transferred from Finance to COO.
4.1	2/14/2020	<ul style="list-style-type: none"> • Document number changed from 240-1 to 460-1. • Policy review standard changed. These are minor revisions. Effective date not changed.
4.2	9/16/2024	Updated referenced document numbers and added clarification of EB governance. These are minor revisions. Effective date not changed.

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