

BPA Policy 460-2

Strategic Asset Management Plans (SAMPs) and Asset Plans

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1. Purpose & Background

This policy establishes Bonneville Power Administration’s (BPA) policy and framework for developing, reviewing, and maintaining Strategic Asset Management Plans (SAMPs) and Asset Plans. SAMPs and Asset Plans described in this policy also serve as common sources of information for input to the Integrated Program Review (IPR) and Start of Year (SOY) budgets for both capital expenditures (CAPEX), and operation and maintenance expenditures (OPEX) budgets.

2. Policy Owner

The Chief Operating Officer has overall responsibility for monitoring, evaluating, and proposing revisions to this policy. The Chief Operating Officer and the Agency Asset Manager, in consultation with affected business units through the Asset Management Council, determine how this policy should be interpreted and implemented.

3. Applicability

This policy applies to the Transmission Services, Power Services, Facilities, Information Technology (IT), Environment, Fish and Wildlife (EF&W), Fleet Management 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 Criticality:** Assets and/or asset systems that are identified as having the greatest potential to impact the achievement of the organizational strategic plan and objectives.
- C. **Asset Management System:** BPA’s asset management policy, asset management strategy, asset management objectives, asset management plans and activities, processes and organizational structures necessary for their development, implementation and continual improvement.
- D. **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.
- E. **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.
- F. **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

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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 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.

G. **Strategic Asset Management Plans (SAMPs):** SAMPs provide the strategic basis and framework for developing detailed Asset Plans to achieve asset management objectives.

5. Policy

A. **SAMP and Asset Plan Objectives:** BPA’s policy is to manage BPA Physical Assets and Physical Assets managed in cooperation and collaboration with BPA’s federal agency partners and non-federal entities, both Capital Expenditures (CAPEX), and Maintenance and Operational Expenditures (OPEX). BPA will use a unified holistic asset management system aligned with the international standard ISO 55000 series (governing physical assets) for asset management guidance. BPA is following ISO 55000 to gain a comprehensive understanding of the long-term costs, system performance and risks to accomplish BPA’s strategic objectives. SAMPs and Asset Plans, once developed and implemented will help ensure that Physical Assets:

1. Meet applicable statutory and regulatory requirements,
2. Meet reliability and availability requirements,
3. Provide adequate capacity to satisfy future demands, and
4. Achieve established performance objectives with tolerable risks within established budget constraints.

B. **SAMPs:** Category Asset Managers lead their organization in preparing Strategic Asset Management Plans (SAMPs) that describes the Asset Category approach to the long-term management of its Physical Assets and line of sight to BPA’s overall Strategic Plan.

C. **Asset Plans:** Category Asset Managers are required to prepare annual Asset Plans. The Asset Plan is developed from the SAMP and other asset management objectives. Asset Plans specify the activities that the Asset Category will take to deliver on its asset management objectives. Asset Plans include resources required to do each activity, timescale to complete the activity, total cost of the activity (capital, expense, or capital and expense) and who is responsible for the delivery of the activity. Asset Plans should align with the Start of Year (SOY) budget and IPR submittals.

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Prioritization of activities, both capital investment projects and operation and maintenance tasks within the Asset Plan, is completed to agreed criteria that take into account the lifecycle cost of the decision to BPA and the urgency of the activities. The planning effort should start with an unconstrained view to develop a plan that ultimately will deliver high priority capabilities and aligns with the organization’s priorities on funding, Asset Criticality, resources and availability of outages. Financial investments initially placed in an Asset Plan can have fairly high level cost and benefit assessments to determine the potential value with the expectation that more detail with alternatives will follow (*see BPA Policy 460-3, Capital Project Authorization*). SAMPs and Asset Plans should be consistent with Supply Chain, Legal, Human Resources, Organizational Health and Safety, EF&W, and Finance plans to the degree which is needed to successfully deliver on the asset management plan.

Asset Management Planning is the process that develops the detailed plans that deliver on the SAMPs and asset management objectives.

- D. **Lifecycle Approach:** SAMPs and Asset Plans, to achieve the benefits of the holistic asset management system approach, must reflect both a lifecycle perspective for managing Physical Assets as well as the effective integration of lifecycle asset management activities. This includes setting performance objectives and analyzing demand for asset services to strategic and operational decisions on asset decommissioning and disposal (if applicable). BPA’s Category Asset Managers are expected to ensure necessary and sufficient integration of these various lifecycle asset management functions and activities as part of the process of developing SAMPs and Asset Plans.

6. Policy Exceptions

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

7. Responsibilities

A. Category Asset Managers

BPA has identified seven asset categories: Transmission Services; Power Services; Facilities; IT; Fleet Management; EF&W; and Security. Asset categories are led by Category Asset Managers. Category Asset Managers, along with their staffs, develop and implement asset management strategies, plans, processes, and policies for their asset categories. Category Asset Managers are responsible for (1) ensuring that their asset category follows applicable statutes and this policy, (2) presenting and communicating strategies and obtaining approvals, and (3) managing the implementation of SAMPs and Asset Plans.

B. Asset Management Category Executives

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Asset Management Category Tier 1 Executives serve as executive sponsors for their respective Asset Category. 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 communications to embed sound asset management principles and practices in their organization.

- C. The **Finance Committee** authorizes funding of capital investments per BPA Policy 460-3, *Capital Project Authorization*. It is also responsible for reviewing and concurring with all SAMPs and Asset Plans. The Finance Committee may provide re-direction if necessary.
- D. The **Enterprise Board** is the portfolio level reviewbody for asset management strategic initiatives, maturity and alignment with the Agency Strategic Plan outcomes.
- E. The **Asset Management Council** represents the Asset Categories and oversees BPA’s Asset Management Program.
- F. **Agency Asset Manager**

The Agency Asset Manager leads the development and monitors implementation of agency-level asset related policies and processes. The Agency Asset Manager advises Category Asset Managers on developing their SAMPs and Asset Plans, establishes the schedule and coordinates the agency review process, and communicates the agency’s common approach to asset management.

8. Standards & Procedures

- A. **SAMPs:** Category Asset Managers shall update SAMPs every two years or in alignment with IPR years. Asset Categories may be asked or/and may request to also complete “out-of-cycle” SAMPs refreshes where deemed necessary or helpful. Asset Management Category Executives shall approve SAMPs with review and concurrence from the Finance Committee. The Enterprise Board will be informed on strategies from SAMPs to keep abreast of maturation, strategic work and alignment with the Agency Strategic Plan work.
- B. **Asset Plans:** Category Asset Managers shall update Asset Plans annually. Asset Management Category Executives shall approve Asset Plans with concurrence from the Finance Committee.

9. Performance & Monitoring

Implementation of this policy is determined through asset performance objectives and metrics that are set through asset strategies and approved capital projects.

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10. Authorities & References

- A. BPA Policy 460-1, *Asset Management*
- B. BPA Policy 460-3, *Capital Project Authorization*
- C. The Institute of Asset Management, *Asset Management – an anatomy*, Version 3, December 2015
- D. ISO 55000 Series of Asset Management Standards
- E. Office of Management & Budget (OMB) Circular A-123, *Management’s Responsibility for Internal Control*, December 2004

11. Review

The Agency Asset Manager 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. Any review of this Policy should take place prior to the Agency’s two-year Budget Planning cycle.

The Agency Asset Manager, in consultation with the Asset Management Council, is authorized to modify and re-issue the SAMP and Asset Plan Frameworks.

12. Revision History

| Version Number | Issue Date | Brief Description of Change or Review |
|----------------|------------|---|
| 2.0 | 8/25/2014 | Reformatted into new policy template and created a procedure to document process. |
| 2.1 | 3/10/2016 | Ownership of policy transferred from Corporate Strategy to Finance. Minor formatting changes. |
| 3.0 | 11/16/2018 | Redefine policy to align with IAM Framework, addition of Asset Plans, and policy owner change. |
| 3.1 | 2/14/2020 | <ul style="list-style-type: none"> • Document number changed from 240-2 to 460-2. • Policy review cycle changed from two to three years. These are minor revisions. Effective date not changed. |
| 3.2 | 09/16/2024 | Updated referenced document numbers and added clarification of EB governance. These are minor revisions. Effective date not changed. |

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