BONNEVILLE POWER ADMINISTRATION

BPA

Marketing & Sales Enterprise Process Improvement Project
Final Report to the Business Operations Board

February 2006

This information is being released externally by BPA on March 9, 2006, as analysis generated for BPA's Enterprise Process Improvement Program (EPIP) studies. Although baselines were sourced from the Financial System, they do not track directly back to official financial statements. In some instances subsequent analysis was performed to better represent the particular scope of the process being reviewed. Projections of savings should be considered as initial targets and may or may not convert to future budgets.

KEMA

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1. Executive Summary

The Agency's Power and Transmission Business Lines operating model was a reasonable response to industry restructuring issues ten years ago, including the expectation that the Agency's operations would become legally separated. Subsequently, the industry has evolved in a different direction, and it has become clear that such separation will not occur. To meet today's challenges the Agency is implementing the One BPA strategy and business model.

The legacy of Business Line separation is several inconsistent, independently developed Marketing and Sales functions, processes, and systems across Power and Transmission, including metering, revenue settlement, load forecasting, and customer contract administration. Adding to the inefficiencies created by these redundancies and inconsistencies are frequent manual processes and unnecessary data entry due to lack of supporting systems and lack of system integration.

The Agency is committed to implementing internal controls sufficient to meet today's expectations regarding proper segregation of duties under OMB Circular A-123, and remains committed to adhering to FERC Standards of Conduct as we seek efficiencies across our Power and Transmission operations.

A necessary step to addressing these inefficiencies is the consolidation of certain Marketing and Sales activities in shared Agency functions, a step that also serves to advance the One BPA objective. The transitioning of shared functions from the existing business lines presents significant change management challenges, including the reluctance to sever "home team" affiliations, and the redistribution and reallocation of management control over some functions.

BPA's implementation of internal controls and separation of duties presents a different kind of challenge in transitioning the Marketing and Sales processes from current to future state. Specifically, many employees "wear multiple hats". This frequent lack of clear position and role expectations presents difficulties not only in separating duties, but also in addressing adequate training in specific disciplines, career path development, and succession planning.

Just as prevalent as the wearing of many hats is the employment of inconsistent methods and approaches in conducting Marketing and Sales activities. References to lack of standardization, consistency, and Agency coordination are cited consistently when identifying opportunities for improvement. Marketing and Sales is generally lacking a “BPA Way” for conducting business.

While the organizational, process, and system change recommendations in this report are numerous and complex, they also serve to advance, and are the first major implementation of, the One BPA objective. The transition to the future state will be challenging, and achieving the resulting benefits will require dedicated, disciplined, and active leadership from Agency executive and Marketing and Sales management.

Future State Objectives and Summary Initiatives

The Marketing and Sales EPIP was directed by the following strategic objectives: Superior customer service, advancing One BPA,, a customer-focused culture, efficiency and cost effectiveness, improved contract management, improved succession planning, effective internal controls, and compliance with FERC SOC. By objective, the following is a summary of supporting initiatives of this report.

- Superior customer service
  - Consistent Agency approach to Account Management
  - Focused customer teams
  - Better trained employees
  - Improved customer response time through better delegation of authority
- One BPA/One voice
  - Consistent Agency standards, practices, approaches for Marketing and Sales activities
  - Integrated Marketing and Sales functions for back office activities
  - A single integrated account team for each customer
- Customer-focused culture
  - Agency-wide customer service and satisfaction performance measures across front, middle and back office functions
  - Improved coordination between Power and Transmission functions in addressing customer needs
- Efficiency and cost effectiveness
  - Targeted process efficiencies in 24 months
  - Marketing and sales cost savings of 15% over time with reasonable attrition
  - Consolidation of redundant functions

- Improved contract management
  - Training and professional development programs for contract staff
  - Integrated back office contract administration function and systems enabling improved staff management and efficiency
  - Contract standardization and simplification
  - Improved contract lifecycle management
- Improved succession planning
  - Better definition of position roles, responsibilities, and career paths
  - Improved training and career development
  - Focused hiring at appropriate grade levels
- Effective internal controls/segregation of duties
  - Separation of front and back office sales and marketing functions and positions
  - Centralized back office functions
  - Consistent Agency decision processes and decision making authorities clearly defined
- SOC compliance
  - All SOC-restricted Marketing and Sales activities remain in Power or Transmission functional areas (primarily front office activities)
  - Information sharing controls will be defined for all touch points between the shared Customer Service functions and the Power and Transmission functions, and will be reviewed with FERC prior to implementing organizational changes

Process Areas for Future State Re-Design

The following areas were included in the scope of the Marketing and Sales EPIP

- Account management and the BPA Account Executive (AE) role
- Customer contract management and administration
- Forecasting and customer analysis – including load forecasting, revenue forecasting and customer analysis
- Metering and billing
- Customer-focused teams
- Market and public policy strategy & product development
- Energy Efficiency*

*EE has already re-designed processes and organization as a result of an earlier EE EPIP. Consequently, only EE contracts relationship to other customer contracts functions, front-middle-back office separation of duties, and EE as a shared Agency function have been addressed in this M&S EPIP.

Following is a summary of the current and future state for each area.

Account Management and the BPA AE Role

CURRENT ACCOUNT MANAGEMENT/BPA AE ROLE	FUTURE ACCOUNT MANAGEMENT/BPA AE ROLE
AE's in both Power and Transmission	AE's in both Power and Transmission
PBL AE is geographically located near the customers they serve	PBL AE is geographically located near the customers they serve
No standardized account planning approach and AE training in place	BPA standardized account planning and training
Need for a standardized communications protocol and approach between Transmission, Power, and Agency communications	Power AE is contact point and communication link for all BPA Agency activities and issues for accounts where a Power business relationship exists
Need for a standardized communications protocol and approach between Transmission, Power, and Agency communications	TBL AE communications are those dealing only with Transmission issues. Transmission customers, that are not also power customers, continue to receive agency communication from the TBL AE
Need for improved communications loop from customers back to the Agency	A standard customer to AE to Agency communications loop for all Agency activities and issues is in place, ensuring customer responses regarding Agency communications are captured and, where necessary, addressed
Need for a standard decision process framework used by both Transmission and Power to define issue accountability	Similar decision processes and a standard framework are in place for both Power and Transmission

CURRENT ACCOUNT MANAGEMENT/BPA AE ROLE	FUTURE ACCOUNT MANAGEMENT/BPA AE ROLE
Need a consistent approach to Customer Core and Extended Teams for Power and Transmission with acknowledged and committed resources from Front, Middle, and Back office functions	Customer Core and Extended Teams support both Power and Transmission customers and are staffed with committed resources, assigned to customers, and with defined decision authority for their respective functional areas
Need to streamline and simplify the Long Term transmission request system process and require all transmission requests to be submitted over OASIS	All Transmission tariff business is conducted over OASIS
Need to improve AE succession planning	New Account Specialist position creates an opportunity for an Account Executive career path and for improved succession planning

Customer Contract Management and Administration

CURRENT CONTRACT MANAGEMENT/ADMINISTRATION	FUTURE CONTRACT MANAGEMENT/ADMINISTRATION
BPA has no coordinated Agency-wide contract function	A shared Agency contracts policy and standards function is in place
The Business Lines have decentralized contract functions	Current state multiple Power and Transmission customer contract operations functions have been consolidated. Opportunities to cross-train shared Agency Contract staff to administer both Power and Transmission contracts have been identified and implemented

CURRENT CONTRACT MANAGEMENT/ADMINISTRATION	FUTURE CONTRACT MANAGEMENT/ADMINISTRATION
There is a need for improved internal controls to adequately manage the customer contracts function	Contract staff front and back office positions have been defined and staffed; and, back office staff resides in a shared Agency Contract Administration function. (It is the expectation and intent that a significant portion of contract staff from both Power and Transmission will be transferred to this shared function, resulting in efficiencies as well as improved contract controls, management, and administration)
The contracts decision-making process is unclear	Customer contract decision authority with clear delegations of authority is understood
There is a need for improved internal controls to adequately manage the customer contracts function	Contract staff front and back office positions have been defined and staffed, and back office staff resides in a shared Agency Contract Administration function
There is a need for improved internal controls to adequately manage the customer contracts function	Customer contract risk controls have been defined and implemented
There is a need for improved internal controls to adequately manage the customer contracts function	BPA contracting risks and opportunities for improvement are measured against best practices on an ongoing basis
BPA has sustained increase legal and financial risk due to inadequate contract controls, processes, and systems	Opportunities to standardize and simplify BPA customer contracts, and to reduce the legal and financial risk associated with BPA customer contracts have been identified and implemented

CURRENT CONTRACT MANAGEMENT/ADMINISTRATION	FUTURE CONTRACT MANAGEMENT/ADMINISTRATION
BPA has sustained increased legal and financial risk due to inadequate contract controls, processes, and systems	Tools are in place to measure the ongoing performance of the contracts function against established performance measures
BPA has sustained increased legal and financial risk due to inadequate contract controls, processes, and systems	Consolidated, automated systems for customer contracts have been developed and implemented
There has been a lack of training and succession planning within the contract development and management function	A professional development program for contract staff has been implemented

Forecasting and Customer Analysis

CURRENT LOAD FORECASTING	FUTURE LOAD FORECASTING
Duplication of effort across Power and Transmission, and dispersed and non-coordinated processes stemming from rigid separation of business lines	A shared Agency load forecasting and analysis function is established, and an Agency load forecasting system has been developed and implemented
Forecast to actual load analyses is typically not conducted under well documented procedures, although each business line does conduct such analyses regularly	Load analyses is an automated, documented, and ongoing process versus differing across business lines. Load forecasting and analysis addresses both usage quantity and load composition

CURRENT LOAD FORECASTING	FUTURE LOAD FORECASTING
Forecast data stewardship is done by individuals who are skilled, but without documented procedures, only individual analysts typically “own” the data	Duplicate forecast data sources have been eliminated and authorities and responsibilities for managing data quality have been identified
No standards exist for evaluating customer provided forecasts	Customers provide one forecast for power and transmission which is evaluated against consistent standards
Procedures to ensure that load forecasts are applied appropriately to specific analytical questions are not documented, nor are there clear management controls in place	Studies are completed faster and with consistent data tailored to the issue at hand

CURRENT REVENUE FORECASTING	FUTURE REVENUE FORECASTING
Separate revenue forecasting functions in Power and Transmission	Separate revenue forecasting functions remain in Power and Transmission
No Agency standard format for monthly revenue reports (analyses of revenues, variance)	A common Agency reporting template for revenue forecasting has been developed and implemented
Documentation of revenue forecast assumptions including inputs and forecasting methodology is inconsistent across functional areas	Consistent Agency revenue forecasting methodologies have been developed, documented, and implemented

CURRENT REVENUE FORECASTING	FUTURE REVENUE FORECASTING
Forecast data accessibility to downstream users is poor and the quality of input data is uneven	Common Agency systems, tools, and quality assurance procedures for revenue forecasting have been developed and implemented
Multiple sources for the same revenue forecast data; lack of clarity as to who should have access to what data	Same as above
Inconsistent guidance regarding when to revise revenue forecasts	Same as above
No revenue forecast data stewardship role	Same as above
No Agency financial oversight and review of the Power and Transmission revenue forecasts assumptions, analyses, and explanation of variance	Same as above

CURRENT CUSTOMER ANALYSIS	FUTURE CUSTOMER ANALYSIS
Transmission lacks customer analytical support in a Customer Core Team construct, as is currently available in Power	Both Power and Transmission Customer Core Teams include members that provide customer analytical support

CURRENT CUSTOMER ANALYSIS	FUTURE CUSTOMER ANALYSIS
Customer Analyst role, often a combination of Front Office analytical support and Back-Office load forecasting and analysis. The Front-Office role and focus need to be more clearly defined	Customer analysts are assigned to core customer team; they report to the same manager as the Account Executive, and have duties clearly delineated from the Back-Office contract specialist duties and the Back-Office load forecaster and analyst duties Over a two to five year period, the Power Customer Analyst position has been transitioned to a new Account Specialist position that combines contract negotiation and execution support, customer analysis, rate impact analysis, and other account-facing and AE support activities. This position is a career path to Account Executive

Metering and Billing

CURRENT METERING	FUTURE METERING
Validation, editing, and estimating are redundant and inconsistent – multiple processes, systems, tools and methods	The recommendations of the Metering Function project regarding process streamlining for data validation, analysis, preliminary estimations, and settlement estimations have been implemented

CURRENT METERING	FUTURE METERING
Lack of transparency and collaboration in Metering Services processes and decisions	There is a shared Agency Metering Services function
Daily operation resources perform in silos, lacking coordinated, consistent management, performance measures, and focus	There is a shared Agency Metering Services function Standard processes for training Metering Technicians and Analysts have been documented and implemented Performance measures that drive Metering success and accountability have been identified and implemented
Lacking a single standard, flexible tool for meter data export, query, analysis, and reporting	A single system of record for metering data and associated tools enabling data query, retrieval, and reporting has been developed and implemented
Need more effective coordination of Agency-wide meter data issues	Recommendations of the Metering Function Review project have been implemented and there is a shared Agency Metering Services Function
Need better definition and development of the data steward responsibilities and requirements in the Metering Services function	A Metering Data Stewardship/Data Quality Management Council has been established
There are multiple systems of record for the same data	A single system of record for metering data and associated tools enabling data query, retrieval, and reporting has been developed and implemented

CURRENT BILLING	FUTURE BILLING
Duplication of effort between TBL and PBL in meter point analyses for Full Requirements customers	There is a shared Agency Revenue Settlement function
Not all internal billing policies and procedures are documented or centrally located	A process for documenting and centrally storing Agency billing policies and procedures has been developed and implemented
Need to establish a single billing system of record and specific data	The Agency Billing System has been developed and implemented
Inconsistencies in tracking dispute/settlement resolutions	Consistent Agency billing/dispute settlement resolution procedures and an associated tracking system have been implemented
Coordination between contract development and billing process is lacking	An Agency Customer Contract System and database has been developed and implemented
Lack of standardization in training new Revenue Analysts has eroded staff expertise and created a succession planning problem	A standard training process to ensure uniformity in the knowledge base and skill level of Revenue Analysts has been developed and implemented

Customer-Focused Teams

CURRENT CUSTOMER TEAMS	FUTURE CUSTOMER TEAMS
Different organizational constructs and execution approaches employed by Customer and Account Teams in PBL and TBL	A consistent approach for Customer Core and Extended Teams has been implemented for Power and Transmission. There is one consistent core team for each customer
In the TBL Account Teams, member assignments are not correlated with other members of the Teams; there are no consistent Customer Teams	Core and Extended Team members are on consistent assignment to Customer Teams
TBL Account Teams do not include a customer analysis skill set	Customer analytical skills are included in all Customer Core Teams
PBL Core Team members take their day-to-day direction from AE's; there are not sufficient internal risk controls in place, especially as it relates to contracts	Core Team members reside in both Front and Back office functions. As such, they are assigned to Customer Teams and work on behalf of the Agency to provide superior service to the customer accounts assigned to them. The AE still plays the lead customer interface role on the Teams. All Team members have clear delegation of authority to make certain decisions on behalf of their functional area are made in a timely and efficient manner

CURRENT CUSTOMER TEAMS	FUTURE CUSTOMER TEAMS
Many Team members wear “multiple hats”; making it difficult to adequately address training in specific disciplines, career path development, succession planning, and separation of duties for internal controls	Specific Team roles and members are in defined positions focused on their core areas of expertise
Extended Customer Team Members are often not committed to the Team or acknowledged as a Team resource	All Customer Team members, Core and Extended, are assigned to Teams and associated customer accounts. Team member commitments are acknowledged, and decision-making authority within their functional areas of responsibility is clearly defined

Energy Efficiency as A Shared Agency Function

CURRENT ENERGY EFFICIENCY	FUTURE ENERGY EFFICIENCY
The Energy Efficiency (EE) organization resides in the Power Business Line	Energy Efficiency is a shared Agency function within the an Agency Services Tier and remains intact in its recent post-EPIP organizational structure
Customer contracts function in EE is not integrated with other contracting functions in Marketing and Sales	The shared Agency Contracts oversight function develops Agency contracts policy, procedures, and standards that are adhered to by all the customer contracting functions, including EE

CURRENT ENERGY EFFICIENCY	FUTURE ENERGY EFFICIENCY
Contract signing authority for EE contracts with BPA's power sales customers is delegated by the EE VP to the Power Marketing and Sales VP, with further delegation to Power Marketing and Sales AEs	Contract signing authority for EE contracts with BPA's power sales customers continues to be delegated by the EE VP, to the Power Marketing and Sales VP, with further delegation to Power Marketing and Sales AEs

The following future state recommendations for Market and Public Strategy & Product Development involve; and, are dependent upon the establishment of several new SHARED (in terms of FERC SOC restrictions) senior executives, including those executives that oversee the Transmission and Power Business Lines. Since any decisions regarding these shared senior executives will be made in the framework of the Change Initiatives, Organization, and Governance (COG) project currently underway, the future state proposal for this area has been handed-off to the COG project for further consideration.

Market and Public Policy Strategy & Product Development

CURRENT PUBLIC POLICY/PRODUCT DEVELOPMENT	FUTURE PUBLIC POLICY/PRODUCT DEVELOPMENT
No overall Agency governance structure in place to provide oversight for public policy strategy and market strategy	An Agency governance structure and process for overall oversight and development of public policy strategy and market strategy has been established. Agency Public Policy and Market Strategy decision makers are BPA Shared Senior Executives, including the Senior Vice-President of Power Management Services, the Senior Vice-President of Transmission Services, as well as other key shared senior executives

CURRENT PUBLIC POLICY/PRODUCT DEVELOPMENT	FUTURE PUBLIC POLICY/PRODUCT DEVELOPMENT
New product direction is generally decided by the existing Transmission and Power Business Lines, without an Agency-level process to determine fit of new products in achieving overall Agency objectives	Agency Public Policy and Market Strategy reviews and approves new products and public policies that have an inter-business line impact for consistency with overall Agency goals and strategic direction
No central Agency coordination of public policy development process	Public policies with an inter-business line impact, an impact on distribution of regional benefits, and an extensive public involvement process are coordinated and managed by Agency Public Policy and Market Strategy
No comprehensive Agency plan as to the prioritization and sequencing of all upcoming public policy issues and development	Agency public policy management works with the BPA executive team and Public Affairs to develop and manage a comprehensive public policy plan, schedule, and calendar
Employees assigned in an ad hoc manner to work on public policy development initiatives	Agency public policy management identifies and mobilized resources for public policy project teams
Customers asked to participate in multiple policy initiatives, often with conflicting or overlapping schedules	Agency public policy management works with the BPA executive team and Public Affairs to develop and manage a comprehensive public policy plan, schedule, and calendar

Future State Organization

The future state Marketing and Sales organization provides a near-term organizational home for shared customer service functions that will migrate from the existing business lines, creates a transitional framework for additional organizational changes over the next 5 years; and, addresses the functional interfaces required to develop and manage public policy and market strategy, market planning, and product development.

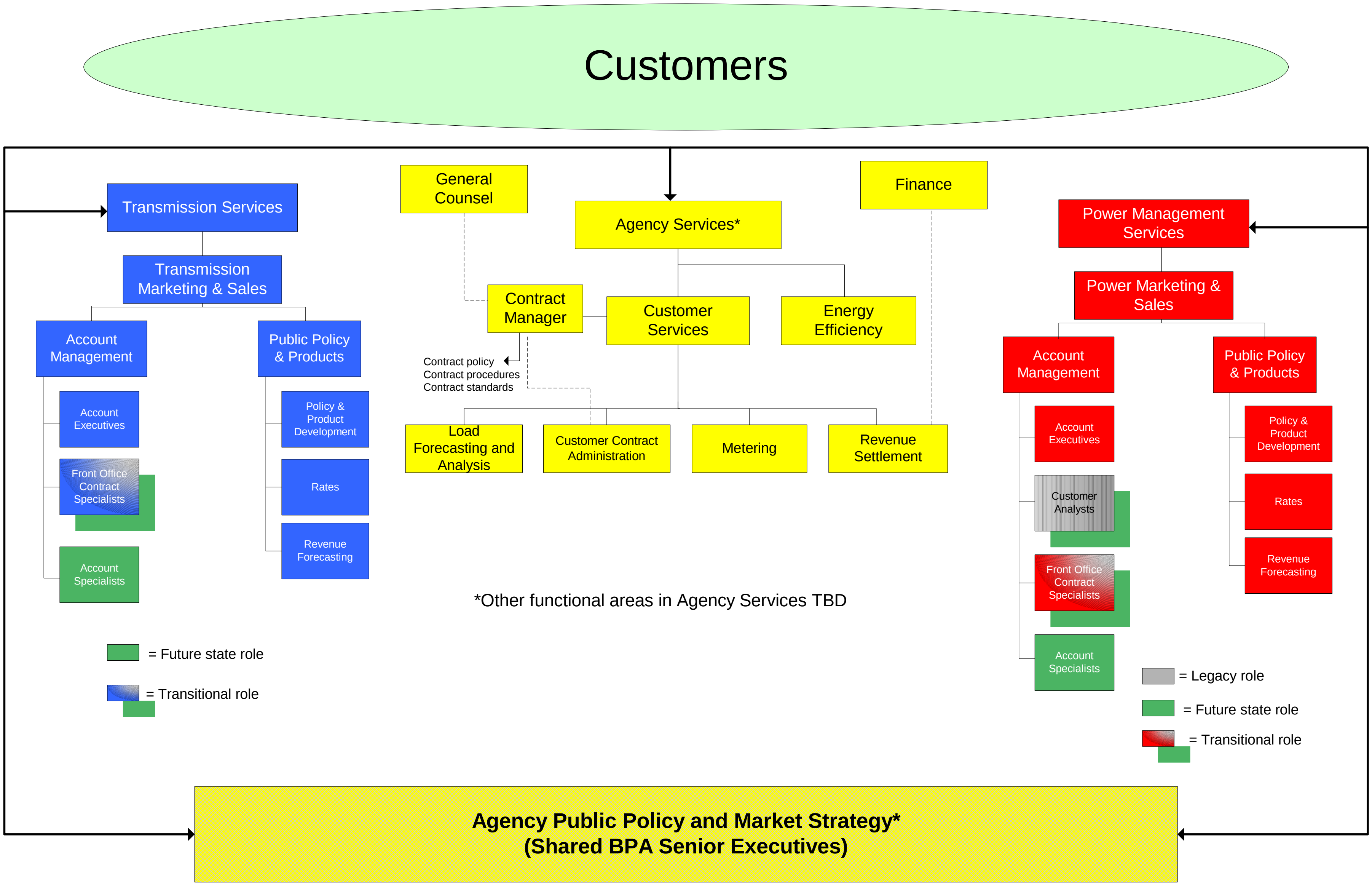
Near-Term Organizational Home for Shared Marketing and Sales Functions

Recommendations from this EPIP will result in five new Shared Agency functions

- Metering
- Billing
- Customer contract administration and oversight
- Load forecasting and analysis
- Energy Efficiency

It is recommended that the first four functions be transitioned to a shared Customer Services organization within a larger Agency Services Tier. Maintaining a customer service focus for these functions will enable a smoother transition and implementation of the Customer Core and Extended Teams in the future state.

Future State Marketing & Sales Management/Functional Structure



*Depends on the outcome of the Change Initiatives, Organization and Governance (COG) Project recommendations and decisions

It is anticipated that other EPIPs may result in additional shared functions that would also be part of Agency Services. Longer term, this may require a more comprehensive assessment of the governance and overall organizational structure for Agency Services.

Energy Efficiency as a shared Agency function will also transition to the Agency Services Tier and remain intact in its recent post-EPIP organizational structure.

Transitional Framework for Additional Organizational Changes During the Next 5 Years
Several recommendations involve transitional implementation activities that will impact the Marketing and Sales organization during the next 5 years and that influence the ability to achieve the future state cost savings, including

- Establishment of an Agency Contract Manager to oversee contract policy, procedures, and standards
- Assignment of contract staff in Power and Transmission to either front or back office duties
- Transition back office contract activities and staff to the shared Customer Contract Administration function. It is the expectation and intent that a significant portion of contract staff from both Power and Transmission will be transferred to this shared function
- Consolidation of multiple Power and Transmission front office customer contract operations functions
- Transition load forecasting and analysis staff to a shared Forecasting and Analysis function
- Transition metering and billing staff to shared Metering and shared Billing functions
- Develop the new Account Specialist position
- Transition of roles and staff remaining in the Power customer analyst role and Power and Transmission front office contract support roles to the new account specialist role

Future State Cost Savings (FY 2004 baseline)

	Billing and Metering	Customer Contract Administration	Load / Revenue Forecasting and Analysis	AE Role	Other	Total	
			Current State				
Power BFTE	22	30	12	25	12	100	
Transmission BFTE	22	22	8	14	11	77	
Total	44	52	20	39	23	178	
Power BFTE & CFTE Cost	$ 2,586,061	$ 3,592,406	$ 1,443,383	$ 2,976,977	$ 1,473,454	$ 12,072,281.72	
Transmission BFTE & CFTE Cost	$ 2,699,029	$ 2,626,155	$ 1,002,349	$ 1,683,947	$ 1,303,054	$ 9,314,534.28	
Other (materials, Rent , etc)	$ 27,961	$ 32,899	$ 12,939	$ 24,659	$ 14,689	$ 113,147	
Total	$ 5,313,051	$ 6,251,461	$ 2,458,672	$ 4,685,583	$ 2,791,197	$ 21,499,963	
			Future State				
Power BFTE	19	23	11	23	10	86	
Transmission BFTE	21	18	8	11	9	67	
Total	40	41	19	34	19	153	
Power BFTE & CFTE Cost	$ 2,310,718	$ 2,616,888	$ 1,274,252	$ 2,725,653	$ 1,267,227	$ 10,194,738	
Transmission BFTE & CFTE Cost	$ 2,541,790	$ 2,034,087	$ 1,007,266	$ 1,362,826	$ 1,082,680	$ 8,028,649	
Other (materials, Rent , etc)	$ 29,565	$ 30,158	$ 13,930	$ 25,341	$ 14,153	$ 113,147	$ 3,163,429
Total	$ 4,882,073	$ 4,681,133	$ 2,295,448	$ 4,113,821	$ 2,364,060	$ 18,336,534	15%

The future state cost savings will occur over a five year period. It is anticipated that approximately two-thirds of these savings (10%) will occur in the first three years, and the remaining 5% during the last two years. The $3.2 million savings is a gross savings estimate. Some necessary investment costs will be required to achieve these savings, as detailed in Section 9 of this report.

Nearly 90% of the M&S baseline costs are personnel costs. Our future state savings are based on FTE reductions resulting from process improvements included in these EPIP recommendations. These FTE reductions would occur through attrition. Of the 51% of all Marketing & Sales employees (or 90 BFTE) eligible for retirement through FY 2011, a conservative estimate is that at least 60% of these employees (or 54 BFTE) will actually retire over this period. Further, we assume that half of these retired employees will be replaced, while the other half will not due to process, system, and organizational efficiencies. It has been noted, where applicable, in the body of this report the number of employees by job function eligible for retirement by end of FY 2011. Our savings estimates also include reduction in CFTE as well as BFTE.

It is estimated that the necessary transition and implementation activities to support this reduction will take three to five years to complete. These activities are outlined in Section 10, and include customer communication, organizational reassignment, new position description and functional statements, training, and systems development and implementation. It is important to note, without these supporting activities that enable the reduction in costs associated with fewer FTEs, the efficiency and customer service benefits described in this report will not be achieved.

Investments Required

Investments will be required in Training and Systems to achieve the future state savings. These investment estimates can be found in Section 9 of this report.

Current to Future State Transition and Implementation

There are significant transition and implementation activities required to support the future state benefits. These range from organizational changes and customer communications to skills assessment, training, SOC FERC review and definition and implementation of rules and procedures, and system development and implementation, and are presented in detail in Section 10 of this report. These activities would begin immediately after a final Business Operations Board (BOB) decision.

2. Project Team

Organization and roles

The Marketing and Sales project team members, executive sponsors, and associated roles and areas of expertise are identified below. A strong commitment and significant effort was made to increase the involvement of team members in meaningful ways under this EPIP compared to the previous EPIP. Six sub-teams were created in specific marketing and sales functional areas, each with a senior subject matter team lead, and subject matter member experts. As a result, approximately 30 employees participated on one or more of the EPIP functional sub-teams, and those teams in turn relied on additional Power and Transmission employees for feedback. Additional consultation was conducted with the Office of the CFO and Office of Employee and Business Resources (Personnel Services, Supply Chain). Each sub-team lead's primary role was to participate in and manage all aspects of their respective functional team, including coordinating assignments, facilitating team meetings, interfacing with the Project Team Leads, and ensuring timely delivery of team products. Sub-team members' primary role was to bring their functional expertise to the team and work through the current state analysis and recommend future state solutions.

Position Title &/Or Area of Responsibility	Name	Role
Team Lead	Chuck Maichel	Team Lead. Reports to the Vice President for Requirements Marketing (PBL Executive Co-Sponsor for the M&S EPIP), Acting Vice President for Marketing & Sales (TBL Executive Co-Sponsor for the M&S EPIP), and Chief Operating Officer, (Agency Executive Sponsor and Chair, Cross-Agency Enterprise Process Improvement Team)
KEMA	Jennifer Krabbenhoeft	Team Co-Lead

Position Title &/Or Area of Responsibility	Name	Role
Requirements Marketing Representative (PBL AE)	Theresa Rockwood	Team Member, Subject Matter Expert (SME) on Power Sales and Marketing, and Customer Service.
Requirements Marketing Representatives (Contract Administration)	Dale Latham / Angie Quinata / Janet Rickman / Carolyn Tanagi	Team Members, Subject Matter Experts (SME) on Power Sales Contracting Processes and Administration
Bulk Marketing & Transmission Services (PBL Bulk Hub Account Services Manager)	Gary Insley	Team Member & Subteam Lead, Subject Matter Expert (SME) on Power Sales Contracting Systems and Processes
Requirements Marketing Representative (PBL East Hub Manager)	Garry Thompson	Team Member & Subteam Lead, Subject Matter Expert (SME) on Power Sales and Marketing, and Customer Service
Transmission Contracts, Strategy and Policy (TBL AE)	Dennis Oster	Team Members & Subteam Lead (Oster), Subject Matter Experts (SME) on Transmission Sales Policy, Contracting Processes (TBL), and Revenue Forecasting
Transmission Marketing Representative (TBL AE)	Dave Fitzsimmons	Team Member, Subject Matter Expert (SME) on Transmission Sales and Marketing, and Customer Service
Requirements Marketing Representative (PBL AE)	Stuart Clarke	Team Member, Subject Matter Expert (SME) on Power Sales and Marketing, and Customer Service.
BPA Chief Compliance Officer	Keshmira McVey	Team Member & Subteam Lead, Subject Matter Expert (SME) on Standards of Conduct and associated FERC Requirements, Strategy, and compliance
Attorney Advisor	Melanie Spraggins	Team Member, Subject Matter Expert (SME) on Legal Requirements and FERC Regulations
Power Marketing Strategy and Policy	Helen Goodwin	Team Member, Subject Matter Expert (SME) on Regional Dialogue and Power Policy processes

Position Title &/Or Area of Responsibility	Name	Role
Energy Efficiency EPIP Implementation	Joe Cade	Team Member, Subject Matter Expert (SME) on EE Processes and Contracting
Change Management & TBL Business Model	Kammy Rogers-Holiday	Team Member, Subject Matter Expert (SME) on Change Management and TBL Commercial Business Process Improvement (scheduling, OASIS, ATC Mgmt., Constraint Scheduling Mgmt.)
Power and Transmission Billing & Metering Sr. Revenue Analysts	Karen Graves-Pyrch / Karen Gambs / Meri Foeller / Cathie Hanks / Joe Hansen (PBL), Margaret Rhine / Karen Stuwe / Val Schulze / Leilani Webb (TBL)	Team Members & Joint Subteam Leads Gambs & Graves-Pyrch, Subject Matter Experts (SMEs) on Power and Transmission Billing and Metering Systems and Processes
Load and Revenue Forecasting and Analysis	Shep Buchanan, Eric Taylor/Steve Knudsen, Kieran Connolly, Elly Adelman, Jon Hirsch & Nancy Schimmels	Team Members & SubTeam Leads (Buchanan & Schimmels), Subject Matter Experts (SMEs) on Power and Transmission Load and Revenue Forecasting, and Customer Analysis

Adjunct and Advisory Membership:		
Agency Financial Management	Nancy Hagen & Sandy Menashe	Adjunct Team Members, Subject Matter Experts (SME) and liaison on Back Office and Agency finance and accounting (also, link to subsequent Finance EPIP)
Risk Management and Controls	Mike Henderson (Office of the CRO)	Advisory Team Member, Subject Matter Expert (SME) and advisor on BPA Risk Policy for Front/Middle/Back Office Segregation of Duties
IT Systems	Valerie Wilkie	Advisory Team Member, Subject Matter Expert (SME) and advisor on BPA IT Systems and Practices
Other Key Participants:		
Senior Vice President, PBL	Paul Norman	Member of the BOB
Senior Vice President, TBL	Vicki VanZandt	Member of the BOB
Vice President, Requirements Marketing (PBL) Vice President, Marketing & Sales (TBL) Chief Risk Officer	Mark Gendron Cathy Ehli Eric Larson	Executive Co-Sponsors – M&S EPIP. Provide guidance and direction to the M&S Team consistent with Agency strategic direction for the process improvement initiative. Communicates with employees, signals the need for change, questions the status quo, encourages risk taking, integrates process changes with strategy, and shares ownership of M&S Team recommendations.
Chief Operating Officer (COO)	Ruth Bennett	Agency Executive and EPI Team Sponsor, Chair of the BOB
Enterprise Process Improvement Team (EPI) for Agency-Wide Team and Related Support	Pam Marshall Mark Roberts Michael Coffey Ray Huizenga (KEMA)	Lead, EPI Project Management Office Overall Project Manager, EPI Project Team Communications Culture Change

3. Methodology

Scope

As a renewed effort, it was important to establish the Vision for the Marketing and Sales (M&S) EPIP up front. That Vision is depicted in Figure 1 below, and has the primary aim of serving the customer with One Voice (One BPA), consistent with Standards of Conduct.

In establishing the M&S EPIP Vision, it became clear that the functions examined in the May 2005 draft report would remain in the project's scope, and that Billing and Metering, and Load and Revenue Forecasting, would be explored in further detail beyond the cursory examination received previously. In addition, the project scope was expanded for Risk Management internal control purposes to include the mandatory requirement to segregate duties under OMB Circular A-123. This element of the scope involves the determination of Front-Middle-Back Office roles, responsibilities, decision authorities, and organizational designations for each of the M&S functional processes and activities. Therefore, the M&S functional project scope was defined to include the organizational structure, functions, processes, and systems of all BPA segments servicing customer business accounts with an internal controls overlay. The scope includes:

- Account Management and the role of the Account Executive (AE) in Power and Transmission in the context of Front-Middle-Back Office segregation of duties
- Customer Contract Administration (non-Supply Chain, but in coordination with Supply Chain Management), including PBL East Hub, West Hub, Account Services for Bulk Hub, GTA contract management, Energy Efficiency contract administration, Transmission customer contract administration, and Transmission customer service planning and engineering (reimbursable contracts)
- Revenue Settlement (Transmission and Power Billing) and Metering
- Forecasting, including power and transmission load forecasting and revenue forecasting, and power and transmission customer analysis
- Customer-focused team processes across both power and transmission, in the context of Front-Middle-Back Office segregation of duties
- Agency Public Policy Development, including the marketing strategy and product development interface between functional areas
- Energy Efficiency as a shared function

The M&S EPIP Team's Charter specified that it begin with the May 2005 draft report as its starting point, and that it would not "reinvent the wheel". Nevertheless, each functional area should be adequately examined in order to reach future state recommendations that meet, as best as possible, the eight objectives identified for the M&S Vision (see Figure 1). Any resulting organizational changes, while inevitable during a project like this, would be a natural by-product and not a leading issue.

Future State Vision

Objectives:
- Superior customer service
- One BPA/One voice
- Customer-focused culture
- Efficiency & cost effectiveness
- Improved contract management
- Improved succession planning
- Effective internal controls/ segregation of duties
- SOC compliance

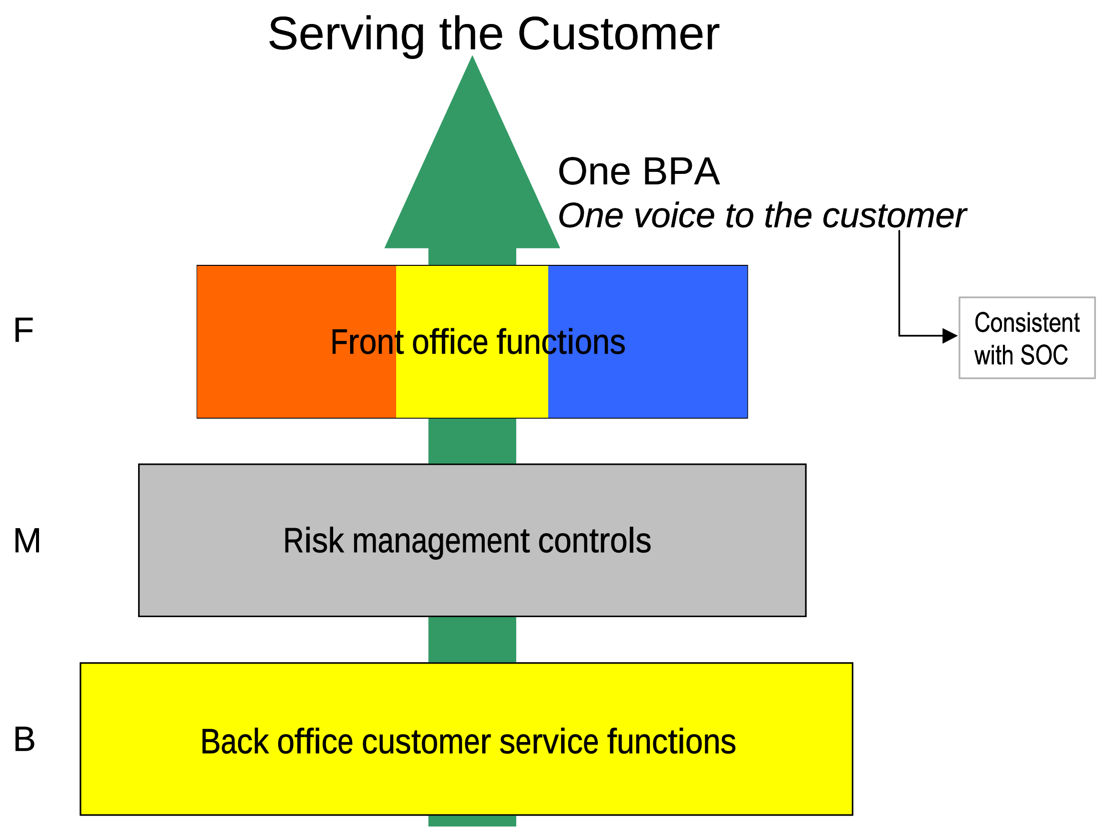


Figure 1

The specific Transmission and Power organizations contained under the M&S EPIP functional scope are:

Organization	Direct	Indirect
PNK	X	
PFF		X
PS	X	
PSE	X	
PSW	X	
PSR	X	
PTF		X
PTS	X	
PTT		X
PGK		X
PGPL		X
PGPO		X
TM	X	
TMC	X	
TMM	X	

Strategic Guidelines

- Improve customer service and advance a “customer-focused culture”.
- The existing Business Lines construct will not constrain the M&S teams’ work, and synergies in functions, processes and resources that create a more optimized business model and further the objective of “One BPA” will be sought.
- Standards of Conduct issues will be clarified as a result of the “One BPA consistent with SOC”, and will be presented to and clarified with FERC during the M&S EPIP effort. The outcome of that eventual clarification will meet BPA SOC requirements.
- Recommendations will meet the Front-Middle-Back Office segregation of duties requirements.
- Improve the M&S functions to further the strategic objectives set out in ellipses I1, I2, and S10 of the BPA Direction Flight Plan.
- A target of at least 15 percent as measured in dollars remains the efficiency target for the M&S Team. In the short-term (e.g., 2-3 years), spending may have to increase in order to implement approved recommendations, but the target is expected to be realized in the long-term (next 5-6 years).

The following Force Field Analysis depicts the current and future state driving and restraining forces influencing the Marketing & Sales EPIP Project.

Force Field Analysis: Success - Barriers
Marketing & Sales EPIP Report

Current State			Future State	
Driving Forces	**Restraining Forces**		**Driving Forces**	**Restraining Forces**
External Pressures for Cost Management	Lack of Shared Accountability		Executive Leadership	Natural Reluctance to Change
Desire for Agency to be Successful	Unclear Roles and Responsibilities		Need for Efficiencies	New or Different Supervisors Managing New Front & Back Office Organizations
Skilled workforce (Account Management - AEs, Contract Admin. Billing & Metering, Forecasting & Analysis, Policy Analysis)	Lack of Automated Processes & Systems Lack of Training and Succession Planning		Skilled Marketing & Sales Workforce in Short-Run	New, Enhanced Training Needs Retirement Profile, Knowledge Management, and Knowledge Transfer
High Level of Teamwork	Multiple Layers of Review & Decision Makers Delay Responsiveness		High Level of Teamwork	Ability to Standardize Contracts and Manage Potentially Complex Product Offerings
Commitment to Customer Service	Fragmented and Duplicated Process Steps		Commitment to New Marketing & Sales Vision	Sustaining Executive-Level Support
	Inadequate Management Oversight			Ability to Execute Succession Plans
Need for Better Internal Controls and Segregation of Duties	Employees Functioning in Multiple Roles			Managerial Courage

Process

The project followed the following four-step approach:

Task 1: Re-Establish Vision

- Re-evaluate the May 2005 draft M&S EPIP report and confirm scope of project with Executive Sponsors.
- Confirm the M&S Team, Team Charter and new Project Plan with Executive Sponsors.
- Participate with the KEMA consultant, in collaboration with the EPI Team, to determine respective roles and responsibilities.
- Participate in training as necessary (e.g., for process mapping, or understanding the framework methodology). Provide consultant with overview of revised M&S Team mission, purpose, etc.

Task 2: Current State Re-Assessment of In-Scope Issues

- Implement relevant components of the overall standardized process improvement framework (methodology) brought in by KEMA. Consult with KEMA and revise/tailor the methodology, as necessary, to best fit the current M&S EPIP objectives.
- Review and revise if necessary, May 2005 draft Current State of M&S processes.
- Confirm cost and FTE benchmarks for relevant process steps of the Current State for M&S using the Business Enterprise System (BES) system.

Task 3: Future State Analysis and Development

- Identify gaps between the Current and Future State.
- Consult with the Risk Management Office and the CFO's Office on F/M/B Office benchmarks and requirements.
- Involve TBL and PBL customers and/or customer representatives in evaluating proposal.
- Identify improved processes, procedures, roles, and decision accountabilities for the in-scope Future State, including but not limited to TBL/PBL AEs and associated analytical support, contracting processes, load and revenue forecasting, Energy Efficiency, billing and metering, customer focused teams, and related Front/Middle/Back Office segregation of duties and SOC.
- Identify critical training requirements for the Future State, including necessary contracting training needs.
- Develop a "business case" for the Future State, and any organizational requirements, design changes, etc.

Task 4: Recommend and Decide Future State Solution

- Construct or recommend new processes, tools/systems, organizational requirements, timing for introduction of changes, transition steps, high-level implementation plan, and performance metrics for the Future State solution.
- Prepare, recommend, and implement a strategy for presenting the Future State Solution to FERC for testing before final presentation to the BOB.
- Recommend a final Future State solution to the BOB (by Executive Co-Sponsors).

4. Current State Discussion

BPA currently has several redundant and inconsistent Marketing and Sales functions, processes, and systems spanning the Power and Transmission Business Lines, including metering, revenue settlement, load forecasting, and customer contract administration. Adding to the inefficiencies created by these redundancies and inconsistencies are frequent manual processes and redundant data entry due to lack of supporting systems and lack of system integration.

A necessary step to addressing these inefficiencies is the consolidation of certain Marketing and Sales activities in shared Agency functions; a step that also serves to advance the One BPA objective. The transitioning of shared functions from the existing business lines presents significant change management challenges, including the reluctance to sever "home team" affiliations, and the redistribution and reallocation of management control over some functions.

BPA's implementation of internal controls and separation of duties presents a different kind of challenge in transitioning the Marketing and Sales processes from current to future state. Specifically, many employees "wear multiple hats". This frequent lack of clear position and role expectations presents difficulties not only in separating duties, but also in addressing adequate training in specific disciplines, career path development, and succession planning.

Just as prevalent as the wearing of many hats is the employment of inconsistent methods and approaches in conducting Marketing and Sales activities. Throughout the discussion of each process area in Section 5, the reference to lack of standardization, consistency, and Agency coordination are cited when identifying opportunities for improvement. Marketing and Sales is generally lacking a "BPA Way" for conducting business.

Customers respond very positively to the AE role as the primary point of contact with BPA; the Agency should continue to provide the support necessary to continue to make this role successful. However, customer-focus in the current state is often limited to the AE and a few key resources that work with the AE's as a team, rather than a BPA customer-focused culture that is integrated across front, middle and back office roles. The future state Customer Teams will require participation and commitment from many functional areas of the Agency. Slow decision-making processes and poor delegation of authority and accountability presents challenges in defining efficient processes that include front-middle-back office resources on customer focused teams.

As to the Marketing side of Marketing and Sales, market planning and product development lack an overall Agency governance structure for public policy and market strategy, including the review of new product offerings, defaulting this responsibility to the existing business lines.

5. Process Areas for Re-Design

5.a.1. Account Management and the BPA AE Role – Current State

The AE currently plays the lead role on customer/account teams and acts as the primary point of contact for his/her business line in representing BPA. Customers have responded very positively to the AE role as the primary point of contact with BPA as well as to the service and support provided by customer-focused teams.

AEs execute a very wide range of customer-facing activities that can be categorized in the following process areas

- Customer account management
- Customer relationship management
- Sales and contract negotiation
- Contract management and administration
- Issue resolution
- Public policy development

The following were identified as current state opportunities for improvement

- Need for a standardized account planning approach and Account Executive training for both Transmission and Power AEs
- A standardized communications protocol and communications approach between Transmission, Power, and Agency communications would advance One BPA/One voice, and address customer confusion regarding primary point of contact on general and specific issues

- Need for a standard decision process framework used by both Transmission and Power to clearly define issue accountability; enabling customer responsiveness and internal risk management
- A consistent approach across Transmission and Power to Customer Core and Extended Teams; with acknowledged and committed resources to the Teams from Front, Middle, and Back office functions
- Streamlining and simplifying the Long Term transmission request system process and requiring all transmission requests to be submitted over OASIS could result in significant efficiencies and cost savings
- Need for improved Account Executive succession planning
- Standardized customer contract processing and development and standard computerized system for customer contract management and administration to enable consistent contract administration, implementation, and management of contract lifecycle events

There are 45 FTEs primarily involved in AE activity, this includes Account Executives (33 FTE) as well as employees managing or providing administrative services to Account Executives. The resulting annual cost across TBL and PBL is $4.7 million. Approximately 50% of the current AEs are eligible for retirement by the end of FY 2011.

5.a.2. Account Management and the BPA AE Role – Process Analysis

The AE Role sub-team conducted a series of analytical steps to assess the current state processes. The results of this analysis include

- An AE role process/activity matrix was developed to
  - Define current AE activities for both Transmission and Power
  - To identify current state problems and possible future state resolutions to those problems
  - To review and address the recommendations from the May, 2005 Marketing and Sales EPIP report regarding consolidation of the Power and Transmission AE Roles
  - To establish costs per activity group
  - To identify any restrictions regarding the AE role associated with Front-Middle-Back office segregation of duties and/or with FERC SOC
- A summary of findings and recommendations

See Appendix A for these complete documents

Analysis of the current state improvement opportunities, resulted in the following recommendations

- Since the Power and Transmission businesses are fundamentally different, there will continue to be AE's in both Power and Transmission. This will keep BPA in clear compliance with SOC. The new systems and processes recommended below will further enhance efficiency and cost effectiveness associated with having the AE function in both business lines.
- Develop and implement standardized Agency account planning and training for both Transmission & Power AEs. When the first AE's were hired, they received several months of extensive training. Since that time, new AEs are assigned to an existing AE and are expected to learn from "shadowing". The Agency must invest in establishing a formal training curriculum for future AEs, with existing AEs participating and attending training as it is developed. Customer account planning will be part of the curriculum. The training could be extended to other interested employees.
- Develop and implement a standardized Agency communications protocol and approach to address customer issues regarding One BPA/One Voice
  - Establish for clarity the PBL AE as the contact point and communication link for all BPA Agency activities and issues for accounts where a Power business relationship exists.
  - Define TBL AE communications as those dealing only with BPA transmission issues. Transmission customers, that are not also power customers, will continue to receive agency communication from the TBL AE.
  - Implement a standard customer to AE to Agency communications loop for all Agency activities and issues to ensure customer responses regarding Agency communications are captured and, where necessary, addressed.
- Similar decision processes and a standard framework should be developed for both Power and Transmission for Agency consistency, effective internal controls/segregation of duties and to enable customer responsiveness.

- Develop Customer Core and Extended Teams supporting both Power and Transmission customers and staffed with committed resources, assigned to customers. Establish one consistent core team for each customer. More detail on the Customer Teams recommendations and future state can be found in Sub-Section 5.e.1 – 5.e.3.
- Complete OASIS Transmission business transaction automation
    - o Require all transmission requests to be submitted over OASIS. Streamline and simplify the TBL Long Term transmission request system process. Require one queue for the management of all requests. Streamline and simplify the process to reduce the number of manual interventions required to manage a long-term request to the award. System development may be a long-term process.
    - o Implement systems and process improvements associated with Part B of the BP&AT plan:
- Improving Account Executive succession planning: As Account Executives retire or take new positions, managers need to consider re-assigning accounts to balance work load, aligning knowledge and experience required for the newly assigned accounts, and determining appropriate grade levels for new assigned work load.
- An Agency decision to offer a bundled product, similar to what was offered through 2001 for those small full requirements customers that desire one AE/Point of Contact, could further improve customer satisfaction and demonstrate a customer-focused culture, One BPA/One Voice. The efficiency savings documented in this report, however, are not predicated upon this happening.

5.a.3. Account Management and the BPA AE Role – Future State

CURRENT ACCOUNT MANAGEMENT/BPA AE ROLE	FUTURE ACCOUNT MANAGEMENT/BPA AE ROLE
AE's in both Power and Transmission	AE's in both Power and Transmission
PBL AE is geographically located near the customers they serve	PBL AE is geographically located near the customers they serve
No standardized account planning approach and AE training in place	BPA standardized account planning and training
Need for a standardized communications protocol and approach between Transmission, Power, and Agency communications	Power AE is contact point and communication link for all BPA Agency activities and issues for accounts where a Power business relationship exists
Need for improved communications loop from customers back to Agency	TBL AE communications as those dealing only with Transmission issues. Transmission customers, that are not also power customers, continue to receive agency communication from the TBL AE
Need for a standardized communications protocol and approach between Transmission, Power, and Agency communications	A standard customer to AE to Agency communications loop for all Agency activities and issues is in place, ensuring customer responses regarding Agency communications are captured and, where necessary, addressed

CURRENT ACCOUNT MANAGEMENT/BPA AE ROLE	FUTURE ACCOUNT MANAGEMENT/BPA AE ROLE
Need for a standard decision process framework used by both Transmission and Power to define issue accountability	Similar decision processes and a standard framework are in place for both Power and Transmission
Need a consistent approach to Customer Core and Extended Teams for Power and Transmission with acknowledged and committed resources from Front, Middle, and Back office functions	Customer Core and Extended Teams support both Power and Transmission customers and are staffed with committed resources, assigned to customers, and with defined decision authority for their respective functional areas
Need to streamline and simplify the Long Term transmission request system process and require all transmission requests to be submitted over OASIS	All Transmission tariff business is conducted over OASIS
Need to improve AE succession planning	New Account Specialist position creates an opportunity for an Account Executive career path and for improved succession planning

Decision Authority in Future State to Address Internal Risk Controls

- Final decision authority for pre-award and most post-award contract issues will reside in Front Office Power and Transmission functions, with an established back office review process (legal, finance, contracts, risk)

- Post-award contract decisions
    - For billing adjustments, waivers of contract requirements, and scheduling after-the-fact accounting, Front Office VP will have decision authority
    - AE has decision authority regarding all annual updates of power net requirements and contract amendments of exhibits revisions, unless
        - The internal back office review results in non-consensus approval, then decision authority is Front Office VP

Future State Cost Savings

Implementation of the future state recommendations results in savings of $572, 000 from the reduction of 1 AE in each of the East and West Power Hubs, and reduction of 2 AE's in Transmission, and one CFTE in Power.

5.b.1. Customer Contract Management and Administration – Current State

Contract functions and processes included in the scope of this EPIP

- Non-supply chain contracts and contracting functions within PBL and TBL Marketing and Sales organizations
- Excludes Power Supply contracting (Canadian Entitlement, Coordination Agreements, Corps/Bureau)

Currently there are multiple, separate customer contract administration groups in PBL and in TBL

► PBL

- Eastern Power Business Area contracts administration
- Western Power Business Area contracts administration
- Bulk Hub
  - Account Services for Bulk Hub customer contracts
  - Power Trading Floor contracts
- GTA contract management in Transmission and Reserve Services
- Energy Efficiency contract administration

► TBL

- TMC Transmission Contracts group
- Customer Service Planning & Engineering (administration of reimbursable contracts)

Contract administrators and assistants in all the groups typically are involved in some or all of the following activities

- Customer contract standards and procedures, including the development of standard contracts and templates
- Contract initiation support
- Contract development and drafting
- Coordination and participation in internal stakeholder review
- Contract negotiation support
- Contract offer and execution support
- Contract authentication, records
- Contract implementation, operations, and management (includes managing and communicating contract events due and compliance to terms)
- Responding to contract program, industry, and other data requests
- Other work on an ad hoc basis, such as public policy analysis and product development

The following current state issues and opportunities for improvement were identified

- BPA has no coordinated agency-wide contract function.
- The Business Lines have decentralized contract functions:

- Employees in six organizations in Power deal with power sales contracts (PSE, PSW, PTS, PTT, PTF, PN).
- Two offices in Transmission deal with transmission contracts (TMC &TOC).
- BPA's effective and legally compliant product delivery depends on Marketing and Sales contracts.
- The contracts decision-making process is unclear, despite concerted efforts to address it.
- BPA has sustained increased legal and financial risk due to inadequate contract systems.
- There has been a lack of training and succession planning within the contract development and management function
- Contract staff are integral to customer and AE support
    - As the central focal point for generating BPA revenues and solving customer service problems, the AE relies on support staff to fulfill their responsibilities. Contract staff are key members of the AE's Core Customer Team and must work integrally and collegially to support the AE.

There are 59 FTE primarily engaged in customer contract administration activities. The resulting annual cost across TBL and PBL is $6.3 million. Approximately 60% of the current customer contract administration FTEs are eligible for retirement by the end of FY 2011.

5.b.2. Customer Contract Management and Administration – Process Analysis

The customer contracts sub-team conducted a series of analytical steps to assess the current state processes. The results of this analysis include

- Current and future state process activity matrices to
    - o Define current contract activities for both Transmission and Power
    - o To identify current state problems and possible future state resolutions to those problems
    - o To establish costs per activity group
    - o To identify any restrictions regarding the function associated with Front-Middle-Back office segregation of duties and/or with FERC SOC
- A list of customer contract types included in the scope of this project along with the organization within the Agency currently responsible for administration of those contracts
- Current active and planned professional development initiatives for customer contracts professionals
- Assessment and recommendations regarding the current state of automated systems to support customer contract administration
- A summary of findings and recommendations

See Appendix B for these complete documents

Analysis of the current state improvement opportunities, resulted in the following recommendations

- Create a robust Agency contracts policy and oversight function
  - Create a shared Agency function to develop, manage, and implement customer contract policy, controls, standardized templates, automated systems and tools, professional development for contract personnel, and the measurement of contracting performance
- Clearly define customer contract decision authority
  - Agency customer contracts management, in collaboration with Power and Transmission business areas, leads a process to clarify delegations of authority. Within Power Management Services, clarify delegations of authority (already in place in Transmission Services)
- Strengthen customer contract risk controls
  - Agency customer contracts management, in collaboration with Power and Transmission business areas and Risk Management, establishes appropriate contract risk controls including
    1. Periodic reviews of contracts for compliance with drafting and management standards
    2. Tracking waivers, billing adjustments, and similar actions for indicators of contract risk
    3. Reviewing Power and Transmission policies, procedures, templates, and operations for compliance with Agency contract policies, procedures, and standards
    4. Review of legal disputes for indications of contract risk
- Further assess the current state of contracting risk at BPA and opportunities for improvement based on best practices

- An Agency contracting improvements team to review the following three areas:
    1. In conjunction with the EPIP Supply Chain Project, representatives from the M&S EPIP Customer Contracts sub-team participate in conducting an Industry Contract Processes Assessment in early 2006. The objective of this assessment will be to identify best practices that have potential for adoption at BPA that will improve the quality of BPA's contract practices. Subsequently, the Agency contracts management function will participate in ongoing benchmarking of contracting best practices to ensure consistent quality of the contracting function over time;
    2. Conduct a risk review of BPA's customer contracts. The Agency contracts management function in collaboration with the Power and Transmission business areas, Legal and Risk conduct a customer contract vulnerability risk assessment to develop a better understanding and quantification of types of contracts developed, to define specific opportunities for contract standardization and simplification, and to develop and implement an action plan to reduce BPA's legal and financial risk associated with customer contracting; and,
    3. Develop and implement an action plan to standardize and simplify customer contracts as identified in opportunities in (2) above.

- Establish tools to measure ongoing performance of the contracts function
  - The Agency contracts management function in collaboration with the Power and Transmission business areas, Legal and Risk develop, implement and maintain tools to measure the performance of the contract function over time, including progress towards future state. Potential performance measures include
    1. Lawsuits and contract disputes to determine risk versus cost

2. Level of training and expertise of contracts staff
3. Achievement of customer contracts recommendations in this report
4. Progress toward development and implementation of contract performance measurement tools
5. Contract turnaround time
6. Contract career path staffing profile (i.e. more staff in more pay grades)
7. Reduction in types of contracts as an indicator of standardization
8. Reduction in number of waivers, adjustments, disputes

- Consolidate and automate customer contracts systems
  - The Agency contracts management function is responsible for consolidation and automation of contract systems, including:
    1. Improvements to CCIS to allow easier tracking of contract status
    2. Development and implementation of an electronic contact administration “tickler” system to manage contract events
    3. Development and implementation of a relational customer contracts database to reduce the need for multiple data entry points
    4. Resolving software and technical inconsistencies that result in poorly drafted contracts
    5. Evaluating the potential to expand the use of the Energy Efficiency contracts tool to automate the front end of the customer contracts drafting process
    6. Establishing a one-stop shop for all customer contract-related documents

- Establish a professional development program for contract staff
  - The Agency contracts management function in collaboration with Human Resources and the Power and Transmission business areas, develops, and implements a plan to upgrade contracting skills, including:
    1. Formally establishing core competencies for contracts staff,
    2. Developing consistent position descriptions,
    3. Consistently classifying positions,
    4. Developing consistent performance standards,
    5. Recruiting to fill probable vacancies,
    6. Developing a contracts career path aligned with improved contracting processes and expertise and accommodating a range of professional levels,
    7. Developing a robust training program,
    8. Developing a certification program, and
    9. Establishing accountability to ensure that contracts professional development receives sustained, adequate resources and management attention over time.
- Consolidate Power customer contracts operations and consolidate Transmission customer contracts operations
  - In coordination with the Agency contracts management function, the Transmission and Power business areas implement consistent contract policies, procedures, and standard contract provisions and templates. Further, the business areas establish Power and Transmission specific policies and procedures that support the Agency goal of contract simplification, standardization, automation and risk reduction

- Separation of front and back office contracting duties
  - BPA is implementing Front-Middle-Back office separation of duties internal controls to reduce Agency risks, and to comply with A-123. Currently, contract staffs in the Power and Transmission business areas perform both Front Office and Back Office functions.
- Front office contract activities generally include
  - Contract Initiation support
    - ✓ Participate in feasibility review of proposed business transactions, such as financial, legal, risk review issues
    - ✓ Provide information regarding similar contract issue precedents (e.g., policy treatments, load changes)
    - ✓ Provide other customer information from BPA's contract information system (the system is managed by the back office contracts group)
  - Contract development and drafting
    - ✓ Prepare new contracts or amend/revise existing contracts that constitute a "new deal."
  - Contract negotiation support
    - ✓ Collaborate with internal and external stakeholders to resolve contract issues
    - ✓ Prepare supporting documentation of the decisions supporting the business deal
    - ✓ Ensure that stakeholders are aware of a pending deal or changes thereto
  - Contract offer and execution support
    - ✓ Prepare final contract and draft offer letter to customer

- ✓ Monitor the status of contract negotiation and execution using established Agency procedures and systems for quality control

- Back office contract activities generally include
  - Defining and implementing Agency contract policy, standards, and procedures
    - ✓ Contract policies and procedures
    - ✓ Standardization of contracts and contract processes, including standard provisions applicable to both Power and Transmission
    - ✓ Define contract implementation procedures and issues related to new offerings and contract policy (actual development of the offerings and public policies are not performed by this function)
    - ✓ Professional development standards for contract staff
  - Manage contract authentication, records, Agency customer contracts systems and tools, and contract data requests
  - Contract implementation, operation and management (generally, post-award)
    - ✓ Manage the lifecycle implementation of the contract post-award
    - ✓ Develop, maintain and communicate contract implementation schedule
    - ✓ Develop contract addendums and amendments
    - ✓ Provide contract revision to existing contract actions (e.g., annual updates)
    - ✓ Coordinate with billing (and other relevant functions) to resolve contract issues, disputes

- Front Office and Back Office
  - Coordination of internal stakeholder review for contract actions within their respective areas of responsibilities
    - ✓ Submit contract action for internal review to insure contract meets risk review, credit, and internal standards
    - ✓ Determine the course of action where contract issues arise using Agency contract review procedures

- The future state involves a four-step approach

  1. Establish an Agency Contracts Management and Administration function and managerial positions
  2. Determine which Power and Transmission Back Office contracts processes, activities, and staff can be transitioned to the Agency contracts management and administration function. While Back Office contract specialists generally manage post-award contact administration, they can cycle to support pre-award, Front Office activities during peak contract renewal periods. It is the expectation and intent that a significant portion of contract staff from both Power and Transmission will be transferred to this shared function
  3. Define the duties, roles, and responsibilities of the shared Back Office contract specialists and the Transmission and Power Front Office contract support positions. Back Office contract staff will be assigned initially to either Power or Transmission contract administration work. Opportunities will then be identified and implemented for cross-training contract specialists in both Power and Transmission contract administration.

4. Develop a new Account Specialist position that provides contract negotiation and execution support, customer analysis, rate impact analysis, and other account-facing and AE support activities. This position is within an Account Specialist to Account Executive career path. These positions replace the Front Office contract staff in Power and Transmission, and are distinct from Back Office contract staff

- Note on contract workload management
  - ✓ It is acknowledged that a peak in power contract workload will occur with renewal of the long-term power sales contracts over the next two year period. The Marketing and Sales EPIP implementation plan will integrate these workload requirements with the contracts recommendations implementation schedule. The conclusion of the power contracts renewal period should coincide with the beginning of benefits realization resulting from
    1. Process and system improvements
    2. Cost savings through reduction in contract FTEs
- Conduct all Transmission sales over the OASIS
  - Establish processes and systems to enable all requests for transmission tariff service, including long term daily and hourly requests, to be conducted over the OASIS

5.b.3. Customer Contract Management and Administration – Future State

CURRENT CONTRACT MANAGEMENT/ADMINISTRATION	FUTURE CONTRACT MANAGEMENT/ADMINISTRATION
BPA has no coordinated Agency-wide contract function	A shared Agency contracts policy and standards function is in place
The Business Lines have decentralized contract functions	Current state multiple Power and Transmission customer contract operations functions have been consolidated. Opportunities to cross-train shared Agency Contract staff to administer both Power and Transmission contracts have been identified and implemented
The contracts decision-making process is unclear	Customer contract decision authority with clear delegations of authority is understood
There is a need for improved internal controls to adequately manage the customer contracts function	Contract staff front and back office positions have been defined and staffed, and back office staff resides in a shared Agency Contract Administration function. (It is the expectation and intent that a significant portion of contract staff from both Power and Transmission will be transferred to this shared function, resulting in efficiencies as well as improved contract controls, management and administration)
There is a need for improved internal controls to adequately manage the customer contracts function	Customer contract risk controls have been defined and implemented

CURRENT CONTRACT MANAGEMENT/ADMINISTRATION	FUTURE CONTRACT MANAGEMENT/ADMINISTRATION
There is a need for improved internal controls to adequately manage the customer contracts function	BPA contracting risks and opportunities for improvement are measured against best practices on an ongoing basis
BPA has sustained increased legal and financial risk due to inadequate contract controls, processes, and systems	Opportunities to standardize and simplify BPA customer contracts, and to reduce the legal and financial risk associated with BPA customer contracts have been identified and implemented
BPA has sustained increased legal and financial risk due to inadequate contract controls, processes, and systems	Tools are in place to measure the ongoing performance of the contracts function against established performance measures
BPA has sustained increased legal and financial risk due to inadequate contract controls, processes, and systems	Consolidated, automated systems for customer contracts have been developed and implemented
There has been a lack of training and succession planning within the contract development and management function	A professional development program for contract staff has been implemented

Implementation of the future state recommendations results in savings of $1.6 million from the reduction of 7 BFTE in Power and 4 BFTE in Transmission resulting from the consolidation of the existing Power contract organizations and the combination of front office contract positions and the customer analyst positions. In addition, Contract Administration improvements will result in savings of 4 CFTE.

Load Forecasting and Analysis

Currently, there are load forecasting and analysis functions and associated staff resources in both the Power and Transmission business lines.

Load forecasting and analysis staff in both Power and Transmission are typically involved in the following activities

- Building long-term forecasting models and ensuring the models are accurate and up-to-date
- Building short-term forecasting models and ensuring the models are accurate and up-to-date
- Publishing short-term and long-term forecasts and ensuring the forecasts meet internal and external client needs in terms of accuracy and timing
- Conducting forecast to actual load analyses that provides feedback to modelers and users of the forecasts regarding performance
- Conducting load forecast data stewardship to ensure that data are available, accurate, understood, and properly archived
- Managing customer provided forecasts to ensure forecasts meet BPA's needs in terms of accuracy and timing
- Conducting special studies to ensure load forecasts are applied appropriately to specific analytical questions

The following were identified as current state opportunities for improvement

- Overlapping efforts across Power and Transmission
- Dispersed and non-coordinated processes across Power and Transmission
- Forecast to actual load analyses is conducted on an inconsistent basis between business lines
- Forecast data stewardship is done without clearly documented processes
- Evaluating customer provided forecasts requires additional data currently not available
- Procedures to ensure that load forecasts are applied appropriately to specific analytical questions are not documented, nor are clear management controls in place

There are 9 FTEs across TBL and PBL primarily involved in load forecasting and analysis activities. The resulting annual cost across TBL and PBL is $1 million.

Revenue Forecasting

Currently, there are revenue forecasting functions and associated staff resources in both the Power and Transmission Business Lines.

Revenue forecasting staffs in both Power and Transmission are typically involved in all or most of the following activities

- Accessing and aggregating data to produce revenue forecasts by product, time period, and customer
- Providing access to revenue forecast data
- Producing monthly revenue reports with analyses of revenues and analyses of variance
- Revising forecasts as needed or on a periodic schedule
- Documenting forecast assumptions including inputs and methods used
- Conducting revenue forecast data stewardship to ensure a high standard of data quality is maintained

The following were identified as current state opportunities for improvement

- The documentation of revenue forecast assumptions including inputs and forecasting methodology is almost non-existent, and is inconsistently applied
- Data accessibility to downstream users is poor and the quality of upstream data (inputs to forecasts) is uneven
- There are multiple sources for the same revenue forecast data and lack of clarity regarding who should have access to what data
- There is little guidance regarding when to revise revenue forecasts; depends on individual analysts
- There is no data stewardship role; depends on individual analysts

- There is no Agency standard format for monthly revenue reports (analyses of revenues, variance)
- There is no integrated Agency financial oversight and review of the Power and Transmission revenue forecasts, assumptions, analyses, and variances; the forecasts are directly accepted and consolidated

There are 5 FTEs across TBL and PBL primarily involved in revenue forecasting activities. The resulting annual cost across TBL and PBL is $0.56 million.

Customer Analysis

Currently, there is a customer analysis function and associated staff resources only in the Power Business Line.

Customer analysis staff in the Power Business Line are typically involved in the following activities

- Economic and technical analysis to support new contracts
- Economic and technical analysis to support modifications to existing contracts
- Performing analyses to help assure that economic obligations in contracts are adhered to
- Performing analyses to address issues of interest or concern to customers
- Rate impact analyses

- Existing products economic analyses
- Analyses to support the development of new products and services

The following were identified as current state opportunities for improvement

- Transmission lacks customer analytical support in a Customer Core Team construct, as is currently available in Power
- The Customer Analyst role today is often a combination of Front Office analytical support and Back-Office load forecasting and analysis. The Front-Office role and focus could be more clearly defined

There are 6 FTEs in PBL primarily involved customer analysis activities. The resulting annual cost across TBL and PBL is $0.67 million.

Approximately 40% of the current employees in Forecasting and Customer Analysis combined are eligible for retirement by the end of FY 2011.

5.c.2. Forecasting and Customer Analysis – Process Analysis

Load Forecasting and Analysis

The forecasting and analysis sub-team conducted a series of analytical steps to assess the current state processes. The results of this analysis include

- A load forecasting and analysis role process/activity matrix was developed to
  - Define current load forecasting and analysis activities for both Transmission and Power
  - To identify current state problems and possible future state resolutions to those problems
  - To review and address the recommendations from the May, 2005 Marketing and Sales EPIP report regarding consolidation of the Power and Transmission load forecasting functions
  - To establish costs per activity group
  - To identify any restrictions regarding the function associated with Front-Middle-Back office segregation of duties and/or with FERC SOC
- A summary of findings and recommendations

See Appendix C for these complete documents

Analysis of the current state improvement opportunities, resulted in the following recommendations

- Create a shared Agency load forecasting and analysis function using an Agency Load Forecasting system (ALF) to enable
  - A centralized process providing more consistency, control, and efficiency
  - Forecasting models that can be revised on a regular basis
  - Elimination of duplication of efforts across Power and Transmission
  - A single process and system of record for all BPA load forecasts
  - An automated and ongoing process versus differing across business lines. Load forecasting and analysis will address both usage quantity and load composition to address both Power and Transmission needs
  - Elimination of duplicate data sources and identification of authorities and responsibilities for managing data quality
  - Customers to provide one forecast for power and transmission
  - Studies to be completed faster and with consistent data
  - Improved inventory management; e.g., Power will require less safety stock for operations and smaller “load adjustments”; Transmission will improve ATC management
  - Improved Feed Forward modeling for AGC will reduce plant reversals and plant movement.
  - Improved planning accuracy in short- and long-term for Power and Transmission

Revenue Forecasting

- A revenue forecasting role process/activity matrix was developed to
  - Define current revenue forecasting activities for both Transmission and Power
  - To identify current state problems and possible future state resolutions to those problems
  - To establish costs per activity group
  - To identify any restrictions regarding the function associated with Front-Middle-Back office segregation of duties and/or with FERC SOC
- A summary of findings and recommendations

See Appendix C for these complete documents

Analysis of the current state improvement opportunities, resulted in the following recommendations

- Retain separate revenue forecasting function in Power and Transmission Services
- Develop a common Agency reporting template for revenue forecasting
- Develop, document, and implement consistent Agency revenue forecasting methodologies
- Develop and implement common Agency systems, tool, and quality assurance procedures for revenue forecasting

- Additional minor efficiencies for revenue forecasting will result from improvements being made in other functional areas of this EPIP, specifically
  - Agency system and database for customer contracts data will provide efficiencies as customer contracts are the major data source for revenues
  - Improved automated load forecasting will help make revenue forecasts for load-based revenues much more efficient to revise as conditions change. Forecast accuracy should also improve

Customer Analysis

- A customer analysis role process/activity matrix was developed to
  - Define customer analysis activities
  - To identify current state problems and possible future state resolutions to those problems
  - To review and address the recommendations from the May, 2005 Marketing and Sales EPIP report regarding the customer analyst role on Customer Teams
  - To establish costs per activity group
  - To identify any restrictions regarding the function associated with Front-Middle-Back office segregation of duties and/or with FERC SOC
- A summary of findings and recommendations

See Appendix C for these complete documents

Analysis of the current state improvement opportunities, resulted in the following recommendations

- Separate the Front-Office customer analyst role and the Back-Office load forecaster/analyst role
- Maintain the customer analyst role for the PBL retail hubs in the short term (1 to 3 years)
- Over a two to five year period, the Power Customer Analyst position is transitioned to a new Account Specialist position that combines contract negotiation and execution support, customer analysis, rate impact analysis, and other account-facing and AE support activities. This position is within an Account Specialist to Account Executive career path
- Additional minor efficiencies for customer analysis will result from improvements being made in other functional areas of this EPIP, specifically
  - The Agency Load Forecasting system is in place and providing downstream users, including customer analysts, the data, forecasts, and analyses that are needed.
  - Agency automated customer contract system and database is in place and maintained with up-to-date contract modification information to make storage and retrieval of key customer data accurate and efficient
  - Customer analysts are assigned to core customer teams, they report to the same manager as the Account Executive, and have duties clearly delineated from the Back-Office contract specialist duties and the Back-Office load forecaster and analyst duties

5.c.3. Forecasting and Customer Analysis – Future State

CURRENT LOAD FORECASTING	FUTURE LOAD FORECASTING
Duplication of effort across Power and Transmission, and dispersed and non-coordinated processes	A shared Agency load forecasting and analysis function is established, and an Agency load forecasting system has been developed and implemented
Forecast to actual load analyses is conducted on an ad hoc basis	Load analysis is an automated, documented, and ongoing process versus differing across business lines. Load forecasting and analysis addresses both usage quantity and load composition
Forecast data stewardship is done on an ad hoc basis	Duplicate forecast data sources have been eliminated and authorities and responsibilities for managing data quality have been identified
No standards exist for evaluating customer provided forecasts	Customers provide one forecast for power and transmission which is evaluated against consistent standards
No consistent approach to ensure that load forecasts are applied appropriately to specific analytical questions	Studies are completed faster with consistent data, enabling greater focus on analyses

CURRENT REVENUE FORECASTING	FUTURE REVENUE FORECASTING
Separate revenue forecasting functions in Power and Transmission	Separate revenue forecasting functions remain in Power and Transmission
No Agency standard format for monthly revenue reports (analyses of revenues, variance)	A common Agency reporting template for revenue forecasting has been developed and implemented
Documentation of revenue forecast assumptions including inputs and forecasting methodology is inconsistent across functional areas	Consistent Agency revenue forecasting methodologies have been developed, documented, and implemented
Forecast data accessibility to downstream users is poor and the quality of input data is uneven	Common Agency systems, tools, and quality assurance procedures for revenue forecasting have been developed and implemented
Multiple sources for the same revenue forecast data; lack of clarity as to who should have access to what data	Same as above
Inconsistent guidance regarding when to revise revenue forecasts	Same as above
No revenue forecast data stewardship role	Same as above
No Agency financial oversight and review of the Power and Transmission revenue forecasts assumptions, analyses and explanation of variance	Same as above

CURRENT CUSTOMER ANALYSIS	FUTURE CUSTOMER ANALYSIS
Transmission lacks customer analytical support in a Customer Core Team construct, as is currently available in Power	Both Power and Transmission Customer Core Teams include members that provide customer analytical support
Customer Analyst role often a combination of Front Office analytical support and Back-Office load forecasting and analysis. The Front-Office role and focus need to be more clearly defined	Customer analysts are assigned to core customer teams, they report to the same manager as the Account Executive, and have duties clearly delineated from the Back-Office contract specialist duties and the Back-Office load forecaster and analyst duties Over a two-to five-year period, the Power Customer Analyst position has been transitioned to a new Account Specialist position that combines contract negotiation and execution support, customer analysis, rate impact analysis, and other account-facing and AE support activities. This position is within an Account Specialist to Account Executive career path

Implementation of the future state recommendations results in no cost savings. Cost savings associated with transitioning of the Customer Analyst position to a new Account Specialist position can be found in Section 5.e.3.

5.d.1. Metering and Billing – Current State

Metering

Currently there are metering services functions and associated staff resources in both the Power and Transmission business lines.

Metering services staff across both Power and Transmission are typically involved in the following activities

- Usage data retrieval, collection, and storage
- Meter data stewardship
- Meter data validation
- Preliminary estimations
- Settlement estimations

The following were identified as current state opportunities for improvement

- Validation, editing, and estimating are redundant and inconsistent – multiple processes, systems, tools, and methods
- There is a lack of transparency and collaboration in Metering Services processes and decisions

- Existing daily operations resources operate in silos, lacking coordinated, consistent management, performance measures, focus
- Not able to efficiently meet all current and future needs that require multiple meter data types/intervals for
  - GTA Scheduling
  - Load Forecasting
  - Constraint Schedule Management
  - Consolidated Control Area/GridWest/TIG/Convergence
- Lacking a single standard, flexible tool for meter data export, query, analysis, and reporting
- Need more effective coordination of Agency-wide meter data issues
- Need better definition and development of the data steward responsibilities and requirements in the Metering Services function
- There are multiple systems of record for the same data, resulting in
  - Increasingly redundant systems
  - Inconsistent data
  - Convoluted data flows/interfaces
  - Significant avoidable IT development and maintenance costs for redundant systems
  - Inconsistent backup methodologies and network security for systems with similar data

Billing

Currently, there are revenue settlement functions and associated staff resources in both the Power and Transmission business lines.

Billing staff in both Power and Transmission are involved in the following activities

- Set up customer and contract in current systems
- Power schedule data analysis
- PBL transmission schedule data analysis
- TBL transmission schedule data analysis (includes skim & coincidentals)
- TBL retroactive adjustment analysis
- TBL data “check outs” with customers
- TBL ancillary services data analysis
- TBL wheeling report analysis
- Ratchet analysis
- TBL SCADA for power factor penalty charges
- Preparation of detailed bill attachment to explain charges on power bill

- PBL entry of non-automated charges
- Generation of charges
- Generation of bill
- PBL bill review
- TBL quality assurance reviews
- Bill distribution
- Conducting analysis for filling dispute settlement/resolution
- Review and development of internal billing policies and procedures
- Contract review
- PBL General Transfer Agreements – tracking of demand credits
- PBL deviation account – tracking of transferred energy between BPA and customer load areas
- PBL validation/certification of customer's invoice regarding transmission services to BPA power customers not in BPA's load control area
- Data research requests and data reporting
- Quality assurance of billing data

While some of these activities are similar across Transmission and Power, some are unique to Transmission billing and scheduling.

The following were identified as current state opportunities for improvement

Processes

- Contract revisions are not timely, impeding the billing and analysis process. Coordination between contract development and billing process needs improvement
- Duplication of effort between TBL and PBL in the meter point analyses for Full Requirements customers
- Process to true-up for Energy Imbalance EI), Generation Imbalance GI), and Operating Reserves (OR) is primarily dependent on Transmission Scheduling and the Ancillary Service Team determinations, changes, and corrections which can be time consuming and cumbersome
- Manual process for SCADA Power Factor penalty computations/charges
- Inconsistencies in tracking dispute/settlement resolutions
- Not all internal billing policies and procedures are documented or centrally located
- The power bill (P-Attachment) format needs to be automated
- The PBL Deviation Account and OATT is a manual process. The information is not used for any billing purposes. Not sure if activity should be performed in billing
- GTA charges calculated in Excel, losses identified in the exhibits are not updated on a regular basis

Systems

- Need to establish a single billing system of record and specific data stewardship for BPA customer billing information, customer POD to meter relationships, and for meter loss factors
- PBL bill review includes manual entry review log; bills can slip through without review
- Manual process for various ratchet analyses

- Access to upstream data from contracts needs to be improved
- Transmission scheduling account closeouts lag behind billing period analysis requirements
- PBL needs easy identification of which Transmission schedules to user for analysis

Skills/Training

- Lack of standardization in training new Revenue Analysts has caused inconsistencies and "holes" in the existing staff expertise creating a succession planning problem

Today there are 51 FTEs across TBL and PBL primarily involved in metering services and revenue settlement activities. The resulting annual cost across TBL and PBL is $5.3 million. Approximately 45% of the current employees are eligible for retirement by the end of FY 2011.

5.d.2. Metering and Billing – Process Analysis

Metering

It is important to note that the improvement objectives of the Marketing & Sales EPIP for BPA Metering Services are consistent with the Metering Function Review Project and Vision.

The Metering and Billing sub-team conducted a series of analytical steps to assess the current state processes. The results of this analysis include

- A metering services role process/activity matrix was developed to
  - Define metering activities
  - To identify current state problems and possible future state resolutions to those problems
  - To establish costs per activity group
  - To identify any restrictions regarding the function associated with Front-Middle-Back office segregation of duties and/or with FERC SOC
- A summary of BPA Metering Future State by System, Process, and Skills/Training categories, including problem areas, proposed future state fixes, and risks involved
- A summary of findings and recommendations

See Appendix D for these complete documents

Analysis of the current state improvement opportunities, resulted in the following recommendations

- Create a shared Agency Metering Service function
- Implement the recommendations of the Metering Function Review project regarding process streamlining for data validation, data analysis, preliminary estimations, and settlement estimations
- Develop a single system of record for metering data and associated tools that facilitate easy data query, retrieval, and reporting
- Establish a Metering Data Stewardship/Data Quality Management Council
- Establish Agency procedures for metering disputes/issues resolution
- Document and implement standard processes for training Metering Technicians and Analysts
- Identify performance metrics that drive Metering success and accountability, to include
  - Timeliness
  - Accuracy
  - Completeness
  - Customer service

Billing

The Metering and Billing sub-team conducted a series of analytical steps to assess the current state processes. The results of this analysis include

- A billing role process/activity matrix was developed to
  - Define billing activities
  - To identify current state problems and possible future state resolutions to those problems
  - To establish costs per activity group
  - To identify any restrictions regarding the function associated with Front-Middle-Back office segregation of duties and/or with FERC SOC
- A summary of BPA Billing Future State by System, Process, and Skills/Training categories, including problem areas, proposed future state fixes, and risks involved

See Appendix D for these complete documents

Analysis of the current state improvement opportunities, resulted in the following recommendations to address the improvement opportunities defined in the current state.

Organization

- Create a shared Agency billing function, eliminate redundancies between Transmission and Power billing
- There is a subset of activities in Transmission Revenue Settlement currently performed by Transmission Revenue Analysts that should remain in the Transmission Scheduling function, both for efficiencies and to conform to FERC SOC

Processes

- Energy Imbalance, Generation Imbalance, and Operating Reserves data and calculations feed directly into an Agency Billing System (ABS). Reliable, accurate Transmission Scheduling data produced from new E-Tagging & OASIS systems.
- Improve the method for capturing the SCADA Power Factor penalty computations/charges data, resulting in automation of the calculations, summary, and ratchet history
- Implement consistent Agency billing dispute/settlement resolution procedures and an associated tracking system
- Develop and implement a process for documenting and centrally storing Agency billing policies and procedures
- ABS produces automated power bill attachment
- Explore transferring responsibility for the PBL Deviation Account and OATT process to the GTA desk
- General Transfer Agreement charge calculations are included in ABS

Systems

- Development and implementation of the new Agency Billing System

- Standardize ratchet methodology to allow for automation in ABS
- Transmission Scheduling provides more easily identifiable scheduling accounts
- Additional efficiencies for revenue settlement will result from improvements being made in other functional areas of this EPIP, specifically
  - Agency automated customer contract system and database is in place and maintained with up-to-date contract modification information to make storage and retrieval of key customer data accurate and efficient

Skills/Training

- Develop and implement a standardized training process that ensures uniformity in the knowledge base and skill level of Revenue Analysts

5.d.3. Metering and Billing – Future State

CURRENT METERING	FUTURE METERING
Validation, editing, and estimating is redundant and inconsistent – multiple processes, systems, tools, and methods	The recommendations of the Metering Function project regarding process streamlining for data validation, analysis, preliminary estimations, and settlement estimations have been implemented
Lack of transparency and collaboration in Metering Services processes and decisions	There is a shared Agency Metering Services function

CURRENT METERING	FUTURE METERING
Daily operations resources operate in silos, lacking coordinated, consistent management, performance measures, and focus	There is a shared Agency Metering Services function Standard processes for training Metering Technicians and Analysts have been documented and implemented Performance measures that drive Metering success and accountability have been identified and implemented
Lacking a single standard, flexible tool for meter data export, query, analysis, and reporting	A single system of record for metering data and associated tools enabling data query, retrieval, and reporting has been developed and implemented
Need more effective coordination of Agency-wide meter data issues	Recommendations of the Metering Function Review project have been implemented There is a shared Agency Metering Services functions
Need better definition and development of the data steward responsibilities and requirements in the Metering Services function	A Metering Data Stewardship/Data Quality Management Council has been established

CURRENT METERING	FUTURE METERING
There are multiple systems of record for the same data	A single system of record for metering data and associated tools enabling data query, retrieval, and reporting has been developed and implemented

Implementation of the future state recommendations results in no savings

CURRENT BILLING	FUTURE BILLING
Duplication of effort between TBL and PBL in meter point analyses for Full Requirements customers	There is a shared Agency Revenue Settlement function
Not all internal billing policies and procedures are documented or centrally located	A process for documenting and centrally storing Agency billing policies and procedures has been developed and implemented
Need to establish a single billing system of record and specific data	The Agency Billing System has been developed and implemented
Inconsistencies in tracking dispute/settlement resolutions	Consistent Agency billing/dispute settlement resolution procedures and an associated tracking system have been implemented

CURRENT BILLING	FUTURE BILLING
Coordination between contract development and billing process is lacking	An Agency Customer Contract System and database has been developed and implemented
Lack of standardization in training new Revenue Analysts has eroded staff expertise and created a succession planning problem	A standard training process to ensure uniformity in the knowledge base and skill level of Revenue Analysts has been developed and implemented

Implementation of the future state recommendations results in savings of $430,000 from the reduction of 4 BFTE from Power and Transmission Metering and Billing combined.

5.e.1. Customer Teams – Current State

Currently, there are two different organizational constructs and execution approaches employed by the Customer Teams in PBL and TBL respectively.

PBL Customer Core Teams (CCTs)

CCTs are employed in the Eastern Power Business Area (PSE) and Western Power Business Area (PSW) serving BPA requirements customers. The CCTs typically are made up of

- An Account Executive, assigned, on average to 10 to 12 accounts
- Contract Specialists, assigned to, on average, 2 to 3 AEs
- Customer Analysts, assigned to on average, 2 to 3 AEs
- Energy Efficiency Representatives (EERs)
- Revenue Analysts

The AE, Contract Specialist, and Customer Analyst Team members all report into the PSE and PSW organizations, while the EERs and Revenue Analysts are matrixed members.

PBL Bulk Hub Core Teams

The Bulk Hub core teams have been established by segment: (DSIs, IOUs, renewables), plus one small team that addresses enabling agreements, and a team that deals with implementation issues.

The core teams typically include 3 to 4 contract staff and up to 3 AEs. The teams also draw on other Agency resources, and deal with a full spectrum of policy, rates, contracts, marketing, customer or contract issues.

PBL CCT members are on consistent assignments to Customer Teams, enabling

- Understanding the full spectrum of individual customer needs, issues, and opportunities
- Rapid response and resolution to customer issues and service requests
- Proactive account planning (impact of industry changes; BPA policy changes, rate changes, service offerings)
- Good team cohesion and team dynamics

TBL Account Teams

The TBL Account Teams are typically made up of

- An Account Executive, assigned, on average to 30 accounts
- Contract Specialists, assigned to customers
- Customer service engineers, assigned to customers
- Revenue Analysts, assigned to customers

The AE and Contract Specialist Team members all report into the Transmission Marketing organization, while the Customer Service Engineers and Revenue Analysts are matrixed members.

The TBL Account Team Contract Specialists report organizationally and in day-to-day practice to a Manager of Account Services, enabling more risk management control as it relates to contract development and administration.

The Contract Specialist reporting structure and practice provides a better construct for employee development and employee resource management.

The following were identified as current state opportunities for improvement:

Power and Transmission

- Lack of clear position and role definitions make it very difficult to adequately address succession planning, training in specific disciplines, career path development, and separation of duties
  - Many current state employees necessary to staff Customer Teams “wear multiple hats”
    - ✓ Contract specialists play a key role in contract administration, but also may provide integral support to AE’s in negotiating and closing new deals
    - ✓ Customer analysts may also play a forecaster/analyst role
    - ✓ Transmission revenue analysts may also play a Transmission scheduling role
  - In addition, many current state employees in the lead AE role on Customer Teams have “learned the ropes” through years of BPA experience, and do not apply any standard Agency approach to account planning, training, or communications (as addressed in Sections 5.a.1 – 5.a.3)

- BPA's implementation of Front-Middle-Back Office separation of duties for internal controls and risk management drives the need for a new Customer Core and Extended Teams construct. This will include team members who report to Front, Middle and Back office functions.

PBL Customer Core Teams

- While the Contract Specialists in the East and West Hubs report organizationally to a Manager of Account Services, in practice they take their day-to-day direction from Customer Team Account Executives. Consequently, there are few risk management controls in place as it relates to contract development and administration.
- Weak competency group/skills development construct
- Like the Contract Specialists, the Customer Analysts in the East and West Hubs report organizationally to a Manager of Account Services, but in practice to the AEs. The Customer Analyst role tends to be split among multiple responsibilities, including policy analysis and the development of load forecasts, depending on the skills and experience of the individuals. The role is not well defined, and there does not appear to be a clear career path for development
- Both the reporting situation (for contract specialists and customer analysts), and the lack of position/role definition (for the customer analysts) present difficulties for employee development and the creation of strong professional competencies in these Customer Team positions

TBL Account Teams

- Team member assignment to accounts is not correlated with other member assignments; there are not consistent customer "Teams". This creates barriers to
  - The ability to prioritize competing customer account work

- The ability of team members to understand the overall needs, issues, and opportunities associated with the account
- These teams do not include Customer Analyst resources, a skill set that can add significant value in proactive account planning and rapid issue resolution

5.e.2. Customer Teams – Process Analysis

Analysis of the current state improvement opportunities, resulted in the following recommendations

- Employ the Customer Core Team approach, currently used in PBL, where members are on consistent assignments to Customer Teams. Establish one consistent core team for each customer
- Assign team members (Core and Extended) to customer accounts and customer teams using a combination of criteria including existing customer account assignments, account type, complexity, and geographic location to make these assignments. The customer segmentation work completed for the M&S May 2005 draft report could be used as a starting point (*see Appendix E*)

The following table portrays roles that were identified as necessary for adequately staffing Power and Transmission Core and Extended Customer Teams.

		Future State Organizational Home	
Team Role	Team Type	Short-Term (1 to 3 years)	Longer-Term (2 to 5 years)
Account Executive	Core	• Transmission Account Management • Power Account Management	• Transmission Account Management • Power Account Management
Account Specialist (Future State Role)	Core	• Transmission Account Management	• Transmission Account Management • Power Account Management
Customer Analyst (Legacy Role)		• Power Account Management	N/A
Contract Specialist	Core	• Transmission Customer Contract Administration • Power Customer Contract Administration	Agency Shared Customer Contract Administration Function (some or all of short-term T&P function)
Energy Efficiency Representative	Core: Power	Agency Shared Energy Efficiency Function	Agency Shared Energy Efficiency Function
Revenue Analyst	Core	Agency Shared Revenue Settlement Function	Agency Shared Revenue Settlement Function
Customer Service Engineer	Core: Transmission	Transmission Operations & Planning	Transmission Operations & Planning
Administrative Assistant	Core	• Transmission Customer Contract Support • Power Customer Contract Support	• Transmission Customer Contract Support • Power Customer Contract Support
Legal Analyst	Core: Transmission Extended: Power	Office of General Counsel	Office of General Counsel
Forecaster/Analyst	Extended	Agency Shared Forecasting and Analysis Function	Agency Shared Forecasting and Analysis Function
Financial Analyst	Extended	Finance	Finance
Metering Technician	Extended	Agency Shared Metering Function	Agency Shared Metering Function
Risk Analyst	Extended	Agency Risk Management	Agency Risk Management
ATC management	Extended	• Power Operations • Transmission Operations	• Power Operations • Transmission Operations
Scheduling	Extended	Transmission Scheduling	Transmission Scheduling

The short term and longer-term organizational areas in which the Customer Team roles reside are a reflection of the proposed future state Marketing & Sales Management/Organizational Structure as described in the Executive Summary and in Section 8 of this report.

Note: While the Power Issue Resolution Specialists (IRS) are not noted as team members above, we acknowledge their important role in getting customer issues resolved, particularly policy issues. These four FTE are included in the Future State in the Policy/Other category and we have not made any reductions to the current state IRS FTE. We will consider these positions for inclusion on the Customer Teams during implementation.

- While today it is generally acknowledged that the Customer Core Team members work for the AE's, future state improvements should acknowledge that many Core and Extended Customer Team members, report to and are responsible for adequately representing the professional functional area they represent (e.g. contract administration, billing, legal). As such, they are assigned to Customer Teams and work on behalf of the Agency to provide superior service to the customer accounts assigned to them. The AE, as today, still plays the lead customer interface role on the Teams. For this new Customer Team construct to work efficiently, team members will need to be delegated authority to make certain decisions on behalf of their functional area. In addition, the Front-Middle-Back Office construct will require staff to work as integrated teams in ways that are unfamiliar to them during the transition period.
- All team members would be assigned to teams and associated customer accounts. There is one Core and Extended customer team for each customer. The time commitment of Core Team members is substantially greater than that of Extended Team members. However, Core and Extended Team member time commitments must be acknowledged, and decision-making authority within their functional areas of responsibility clearly defined to achieve customer service and efficiency performance measures. For further detail on Marketing & Sales EPIP performance measures, see Section 7.
- As mentioned above, the current state Customer Analyst role provides significant value in account planning and sales analysis for Power CCT's, and it is recommended that this analytical

support also be provided for Transmission CCT's. However, we believe this support could be more efficiently provided through the introduction of a new future state Account Specialist position. The new position provides customer analysis, rate impact analysis, contract negotiation and execution support, and other account-facing and AE support activities. This position is within an Account Specialist to Account Executive career path

- To adequately address succession planning, training in specific disciplines, career path development, and separation of duties in the future state, it is recommended that specific team roles and disciplines shed ancillary duties to focus on their core areas of expertise. This will require some reassignment to new positions/roles for some current employees, the creation of at least one new position (Account Specialist), and will provide opportunities in the future state for hiring new employees with desired skill sets to meet future state objectives.

5.e.3. Customer Teams – Future State

CURRENT CUSTOMER TEAMS	FUTURE CUSTOMER TEAMS
Different organizational constructs and execution approaches employed by Customer and Account Teams in PBL and TBL	A consistent approach for Customer Core and Extended Teams has been implemented for Power and Transmission. There is one consistent core team for each customer
In the TBL Account Teams, member assignments are not correlated with other member of the Teams; there are not consistent Customer Teams	Core and Extended Team members are on consistent assignment to Customer Teams
TBL Account Teams do not include a customer analysis skill set	Customer analytical skills are included in all Customer Core Teams

CURRENT CUSTOMER TEAMS	FUTURE CUSTOMER TEAMS
PBL Core Team members take their day-to-day direction from AE's; there are not sufficient internal risk controls in place, especially as it relates to contracts	Core Team members reside in both Front and Back office functions. As such, they are assigned to Customer Teams and work on behalf of the Agency to provide superior service to the customer accounts assigned to them. The AE, as today, still plays the lead customer interface role on the teams. All team members have clear delegation of authority to make certain decisions on behalf of their functional area are made in a timely and efficient manner
Many team members wear "multiple hats"; making it difficult to adequately address training in specific disciplines, career path development, succession planning, and separation of duties for internal controls	Specific team roles and members are in defined positions focused on their core areas of expertise
Extended Customer Team Members are often not committed to the team or acknowledged as a team resource	All Customer Team members, Core and Extended, are assigned to Teams and associated customer accounts. Team member time commitments are acknowledged, and decision-making authority within their functional areas of responsibility is clearly defined

Implementation of the future state recommendations results in savings of $107,000 from the reduction of one BFTE resulting from the combination of the front office contract positions and the customer analyst positions in the future state account specialist.

5.f.1. Energy Efficiency as A Shared Function – Current State

BPA's Energy Efficiency organization completed an EE EPIP planning project in early 2005, and has implemented, or is in the process of implementing, many of the resulting EPIP recommendations.

The inclusion of Energy Efficiency in this Marketing & Sales EPIP was meant to address the following

- Integration of the EE contracts function with the other M&S contracting functions and processes
- EE front-middle-back office separation of duties
- EE as a shared Agency function
- Determination of Power AE authority and responsibility regarding EE contracting

5.f.2. Energy Efficiency as A Shared Function – Process Observations and Recommendations

Integration of the EE contracts function with the other M&S contracting functions and processes

- Energy Efficiency estimates that it spends less than 2 FTE on contract related actions for the following reasons:
  - One of the many EPIP recommendations that EE has implemented includes automating its contract development process. Now, when a customer wants to sign a standard offer, this contract will already be available through the Web and can be personalized, reviewed, agreed to, and finalized very quickly. This eliminates task duplication, the need for much of the quality control reviews that had been occurring, and the numerous, time-consuming, review cycles. Other contract work, such as signing, distributing, and filing contracts; approving invoices, making budget changes, and reviewing potential contract changes is

kept to a minimum by the people involved. Some management and administrative support is included in the FTE estimate

- EE's standard offer contracts for the post 2006 rate period are finalized and have been offered to our customers. These contracts won't be redrafted or reviewed for nearly two years. Thus, the people who had been spending time on these contracts are now available for other EE duties

- The functions performed by the COTR, EER, Program Manager, engineers, and others are done in support of designing, developing, administering, managing, and marketing our programs. These functions include: program oversight, reviewing measurement, and verification plans, determining if measures are actually installed and installed correctly, assisting customers in determining which measures qualify for BPA's programs, advising customers on how best to participate in BPA's programs, answering questions about the program designs, providing customer feedback to EE management, account executives, and others

EE front-middle-back office separation of duties

- A review of EE's activities, roles, responsibilities, and organizational structure was conducted by the risk management office, and was determined to be consistent with internal controls guidelines *(see Appendix G for detailed document)*

EE as a shared Agency function

- There are no FERC SOC restrictions preventing the EE organization from being a shared Agency function

Determination of Power AE authority and responsibility regarding EE contracting

- The contract signing authority for EE contracts with BPA's power sales customers should continue to be delegated by the EE VP to the Power Marketing and Sales VP, with further delegation to Power Marketing and Sales AEs. To ensure the efficient operation of this process, the following conditions should accompany those delegations
  - The EE contract procedures, formats, and administration will consistently follow the results of EE's EPIP contracting process improvements, and other policies, procedures and standards resulting from the Marketing and Sales EPIP for Agency contract administration
  - AEs will directly involve EE when any EE contract execution or modification occurs
  - EE will retain review and approval rights for all EE contracts and any modifications
  - The review and approval process for EE contracts will be as efficient as possible, consistent with the EE and Marketing and Sales EPIP recommendations, as approved by the BOB
  - AEs will be consistent across all customers in their implementation and administration of EE contracts
  - The service standard for informing EE when an EE contract action may take place will be informed within a specified standard time period (e.g., 2 business days). (Note: EE, Shared Contract Management, and Power Marketing and Sales should consider this contracting metric when developing an Agency Contact Management tool.)
  - The Front, Middle, and Back office separation of responsibilities will be clearly defined and followed
- The EE VP retains dispute resolution and settlement responsibility for EE contracts, to include final settlement amount, method of calculation, and re-payment schedule.

5.f.3. Energy Efficiency as A Shared Function – Future State

CURRENT ENERGY EFFICIENCY	FUTURE ENERGY EFFICIENCY
The Energy Efficiency organization resides in the Power Business Line	Energy Efficiency is a shared Agency function within the an Agency Services Tier and remains intact in its recent post-EPIP organizational structure
Customer contracts function in EE is not integrated with other contracting functions in Marketing and Sales	The shared Agency Contracts oversight function develops Agency contracts policy, procedures, and standards that are adhered to by all the customer contracting functions, including EE
Contract signing authority for EE contracts with BPA's power sales customers is delegated by the EE VP to the Power Marketing and Sales VP, with further delegation to Power Marketing and Sales AEs	The contract signing authority for EE contracts with BPA's power sales customers continues to be delegated by the EE VP to the Power Marketing and Sales VP, with further delegation to Power Marketing and Sales AEs

5.g.1. Market and Public Policy Strategy/Public Policy and Product Development – Current State

The following were identified as current state observation and opportunities for improvement

- Strategy and Product Development
  - There is no explicit, overall Agency governance structure in place to provide oversight for public policy strategy and market strategy, defining Agency direction and objectives against a longer-term planning horizon
  - New product direction is generally decided within the existing Transmission and Power business lines, without a concerted Agency-level design process for the fit of new products in achieving overall Agency objectives
- Public Policy Coordination and Project Management
  - Employees at various levels in M&S are often asked to become involved in Public Policy analysis and/or management of public policy development
  - The development of Public Policy is a significant drain on M&S resources, and one that is often unmeasured. Employee involvement in Public Policy development is a managed through matrix teams, often on an ‘ad hoc’ basis
  - AE’s are often assigned responsibility for leading teams or participating in the public policy development process, distracting from their primary customer-facing role
  - Other M&S employees, such as Contract Specialists and Customer Analysts, Lead Revenue Analysts frequently spend time working on public policy analysis, work that is typically not a part of their major job responsibilities

- Public Policy decision-making is slow, time consuming, and costly
- At any given time, there is not a clearly communicated (internally or externally) Agency plan as to the prioritization and sequencing of all upcoming public policy issues and development
- There is a need for better internal communications and training for staff that are expected to implement follow-up actions for certain public policy decisions
- There is no clear connection between the Agency balanced scorecard initiatives and public policy processes that support them
- Customers are asked to participate in multiple policy initiatives, often with conflicting or overlapping schedules, causing them to devote an inordinate amount of time and resources engaging in BPA processes

The following future state recommendations for Market and Public Strategy & Product Development involve, and are dependent upon, the establishment of several new SHARED (in terms of FERC SOC restrictions) senior executives, including those executives that oversee the Transmission and Power Business Lines. Since any decisions regarding these shared senior executives will be made in the framework of the Change Initiatives, Organization, and Governance (COG) project currently underway, the future state proposal for this area has been handed-off to the COG project for further consideration.

5.g.2. Market and Public Policy Strategy/Public Policy and Product Development – Process Analysis

Analysis of the current state improvement opportunities, resulted in the following recommendations

- Define and implement Agency level responsibility for overall oversight and development of public policy strategy and market strategy (2 to 10 year planning horizon). This would set the direction and objectives driving the development of public policy and market planning in Power

Management Services and Transmission Services, consistent with Agency strategic direction. While Shared BPA Senior Executives would develop strategy, some minimal staff resources are moved to this responsibility area to provide consultative and analytical support (2 FTE), and public policy coordination and project management (2 FTE)

- Agency Public Policy and Market Strategy would address, coordinate, and manage “big picture” public policy issues such as Regional Dialogue and Industry Restructuring. It would not address or engage in the day-to-day Transmission or Power function activities. It would set overall Agency policy that would then be implemented by Power and Transmission Services
- Agency Public Policy and Market Strategy would conduct an Agency review and approval process for new products. The review would assess the fit of new products (such as bundled transmission and power services for full requirements customers or a new version of Slice) in achieving overall Agency objectives. Once approved, the staff work required to operationalize the product would occur in either the Power or Transmission organizations.
- The coordination and project management function within Agency Public Policy and Market Strategy would work with the BPA executive team to develop and manage a comprehensive public policy plan, schedule, and calendar. This function would also manage “big picture” public policy projects, including the identification and mobilization of Agency resources, communications, tracking resource utilization and costs, and ensuring public policy consistency.

High-level criteria for determining which public policy issues the Agency Public Policy and Market Strategy decision is responsible for include

- Inter-business line impact
- Impact on distribution of regional benefits (equity, long-term implications)
- Extensive public involvement process
- Others TBD

Following are some examples of policy and “new product” decisions that Agency Public Policy and Market Strategy would be responsible for

- Establish DSI product strategy
- Establish long-term strategy for residential exchange benefits for utility customers
- Determine policy regarding Slice product offerings
- Determine requirements for resource adequacy that BPA will include in new long-term
- contracts
- Renewable resource policy development
- Determine the general approach to commercial redispatch
- Develop policy for new ATC methodology
- Develop policy on conditional firm product

For those examples above, the following table illustrates the activities and roles that Agency Public Policy and Market Strategy would be responsible for

Steps	Roles			
	Do*	Approve*	Consult*	Coordinate*
Define policy alternatives		X	X	X
Define decision criteria	X		X	
Evaluate alternatives against decision criteria			X	X
Conduct public involvement process				X
Write drafts and final policy documents		X	X	
Make policy recommendations to decision makers	X		X	
Communicate and coordinate Agency activities necessary to Implement new policy decisions				X

***Do** = Agency level staff performs
***Approve** = Review and approve, and recruit staff from other Agency areas to conduct the work
***Consult** = Staff consults to/are members of work teams comprised of staff from other Agency areas
***Coordinate** = Staff coordinates with other Agency areas and conducts project management activities

Agency Public Policy and Market Strategy decision makers are BPA Shared Senior Executives, including the Senior Vice-President of Power Management Services, the Senior Vice-President of Transmission Services, as well as other key shared senior executives

The following defines what are permissible and restricted activities for a transmission provider's shared senior executives under FERC SOC

Shared Senior Executives May

- Approve major expenditures
- Establish strategic and financial goals for each business line
- Set performance goals
- Make major construction decisions
- Approve transmission and power rates
- Make policies and rules of general application
- Make major resource acquisition decisions
- Resolve disputes between business lines
- Simultaneously direct both shared employees as well as Power or Transmission function employees

Shared Senior Executives May Not

- Qualify as a Transmission Function Employee, including having access to EMS terminal (i.e. BPA RODS) or a Power Marketing function employee
- Have access to transmission information if the shared senior officer participates in directing, organizing, or executing transmission system operations or marketing functions

- Act as a conduit to share transmission information with a Marketing or Energy Affiliate
- Serve on an team that also includes senior officers that are engaged in the day-to-day operations of either the transmission or marketing function
- Offer or respond to requests for transmission service or power service
- Execute transmission agreements or power agreements
- Apply rate schedules and tariffs
- Monitor transmission system status
- Make short-term power purchases
- Attend daily strategy sessions of the marketing function

Agency Public Policy and Market Strategy staff

- Senior Strategy Consultant (internal): Leads public policy development activities for which Agency Public Policy and Market Strategy have decision responsibility. Serves as lead staff to Shared Senior Executives and others
- Business/Industry Analyst: Conducts independent market research as required
- Project Manager: Performs project management tasks for Agency public policy projects. Develops schedules and resource requirements in consultation with Power, Transmission, Public Affairs, and other Shared organizational units
- Project Coordinator: Monitors and insures schedules are met, and serves as the conduit to Public Affairs

While this EPIP has identified several Marketing and Sales related strategic and inter-business line issues that should be addressed at the shared Agency executive level, we believe that there will be other EPIPs that will identify additional issues, such as Asset Management strategy.

The Agency Public Policy and Market Strategy staffing recommendations that we have included here are meant to address the Marketing and Sales related issues only, and we have not made an attempt to define the structure in which the staff would function, deferring these recommendations to the broader organization and governance project now underway, with recommendations expected in April.

Establishing an Agency-level public policy and market strategy decision-making body would result in some efficiencies as it could replace other policy decisions forums, such as

- Regional Dialogue Advisory Group
- Industry Restructuring Steering Committee
- Business Operations Board (as it relates to Public Policy and Market Strategy issues)
- Others TBD

For working examples of the interaction of Agency Public Policy and Market Strategy with Other Agency Marketing & Sales areas, see Section 6 of this report.

5.g.3. Market and Public Policy Strategy/Public Policy and Product Development – Future State

CURRENT PUBLIC POLICY/PRODUCT DEVELOPMENT	FUTURE PUBLIC POLICY/PRODUCT DEVELOPMENT
No overall Agency governance structure in place to provide oversight for public policy strategy and market strategy	An Agency governance structure and process for overall oversight and development of public policy strategy and market strategy has been established. Agency Public Policy and Market Strategy decision makers are BPA Shared Senior Executives, including the Senior Vice-President of Power Management Services, the Senior Vice-President of Transmission Services, as well as other key shared senior executives
New product direction is generally decided by the existing Transmission and Power business lines, without an Agency-level process to determine fit of new products in achieving overall Agency objectives	Agency Public Policy and Market Strategy reviews and approves new products and public policies that have an inter-business line impact for consistency with overall Agency goals and strategic direction
No central Agency coordination of public policy development process	Public policies that have an inter-business line impact, an impact on distribution of regional benefits, and an extensive public involvement process are coordinated and managed by Agency Public Policy and Market Strategy

CURRENT PUBLIC POLICY/PRODUCT DEVELOPMENT	FUTURE PUBLIC POLICY/PRODUCT DEVELOPMENT
No comprehensive Agency plan as to the prioritization and sequencing of all upcoming public policy issues and development	Agency public policy management works with the BPA executive team and Public Affairs to develop and manage a comprehensive public policy plan, schedule, and calendar
Employees assigned in an ad hoc manner to work on public policy development initiatives	Agency public policy management identifies and mobilized resources for public policy project teams
Customers asked to participate in multiple policy initiatives, often with conflicting or overlapping schedules	Agency public policy management works with the BPA executive team and Public Affairs to develop and manage a comprehensive public policy plan, schedule, and calendar

Implementation of the future state recommendations results in savings of $430,000 from the reduction of 4 BFTE from Power and Transmission combined.

6. Marketing & Sales Future State: Working Examples

Process diagrams of the following examples can be found in the foldouts following this section

Example No. 1: Error for Power Service and Exchange Product is Resolved

Background: During the development of the new Power Service & Exchange product, a contract error was discovered in the expiring Service & Exchange. This error resulted in approximately $470,000 of over-credits to 3 customers over a period of 7 years.

Process:

- The Power Services AE notifies the appropriate shared Back Office groups to scope out the magnitude of the error, such as billing, finance, legal, and contract administration.
- The Power Services AE is responsible for the initial contact to the customers regarding the error and potentially correcting the error as soon as possible.
- Power Services AE and Account Specialist continue to consult with Back and Middle Offices (e.g. legal, contract administration, billing, finance, risk) and scheduling and trading floor to come to a recommendation on historical amounts.
- Power Services AE presents proposal to Power Services VP's for approval to offer settlement.
- Power Services AE presents approved proposal to customer.
- If customer declines or wishes to negotiate further, proposal is then brought back to BPA and shared Back Office groups for re-review and re-approval by Power Services VP.
- Proposed Settlement Agreement is reviewed by Shared Back Office.
- Settlement Agreement is signed by Power Services AE.
- Contract and Settlement Agreement are "turned over" to Shared Back Office contract Administration and billing groups for processing and implementation internally.

Example No. 2: Clark County PUD Returns to the BPA Control Area and Settles a Residential Exchange Contract

Background: Clark County PUD requested and received from Power Services in September 2005, a Residential Purchase and Sales Agreement (RPSA). Agency, Power Services, and Clark agreed that a settlement of the Exchange Benefits would be a desirable alternative to implementing the agreement under the Residential Exchange Program.

Process:

- The Power Services AE is responsible for the initial response to Clark concerning their Residential Exchange contract. He/she then notifies the Shared Back Office that the request for a contract has been made. The Residential Exchange Program group handles the process for meeting the obligations of the Exchange and notifies the AE of time tables and actions.
- Power Services AE and Account Specialist meet with Clark to determine needs in new product. (If AE and/or Account Specialist are not expert in product design and pricing, they may need analytical support and developing a proposal.)
- Power Services AE and Account Specialist consult with Back and Middle Offices (e.g., legal, contract Administration, billing, finance, risk) and scheduling and trading floor on proposal.
- Power Services AE presents proposal to Power Services VP's for approval to offer settlement.
- Power Services AE and Account Specialist continue to meet with Clark to develop terms and conditions of Settlement Agreement and new Power Sales Contract.
- Proposed Settlement Agreement is reviewed by Shared Back Office.
- Settlement Agreement is signed by Senior VP for Power Services.
- Power Sales Contract is signed by AE.
- Contract and Settlement Agreement are "turned over" to Shared Back Office contract Administration group for processing and implementation internally.

Example No. 3: Transmission Services Evaluation and Implementation of a FERC Transmission Tariff Revision

Background: Transmission Services reviews, evaluates, and implements a tariff revisions required by FERC in order to comply with its open access transmission requirements.(i.e., Large Generator Interconnection order).

Process:

- The Transmission Services Front Office, in cooperation with the Shared Back and Middle Offices (especially Legal and Risk), reviews and comments on draft FERC rule.
- The final FERC rule is evaluated by Transmission Services, Legal, and Risk to determine policy implications and implementation requirements. The Back Office scopes out and evaluates required changes in planning, customer service engineering, billing, finance, legal and contract administration.
- Transmission Services Policy, in cooperation with Agency Policy and Strategy, determines whether the action requires an Agency decision.
- The AE's Front Office (with support from shared Back Office), determines a customer involvement strategy. The Back Office prepares postings and customer communications. The Transmission Services AE may seek comment from transmission customers on the tariff change.
- The Front Office AE decides on the final Tariff revision. Disputes between the Front and Shared Back office are resolved by Transmission Services upper management (Front Office VP).
- The Shared Back Office including Legal revises the tariff and files the revision with FERC.
- A Transmission Services Business Practice and implementation procedures are developed by the Back Office.

7. Process Improvement Performance Measures

The following performance measures were defined to be used to measure process improvements for the future states. These measures may be refined during the implementation phase. Several of these measures will require more rigor in properly tracking time spent on specific process activities in the BES system.

Account Management and Customer Teams

- Customer satisfaction: Quality of service
- Customer satisfaction: Quality of communications
- Customer satisfaction: Quality of business relationship
- Track average cost per customer: Measure to be base-lined and tracked per customer focused team
- Measure time to resolve customer issues: Conduct customer follow-up for quality assurance

Contract Management and Administration

- Lawsuits and contract disputes to determine risk versus cost
- Level of training and expertise of contracts staff
- Achievement of customer contracts recommendations in this report
- Progress toward development and implementation of contract performance measurement tools

- Contract turnaround time
- Contract career path staffing profile (i.e. more staff in more pay grades)
- Reduction in types of contracts as an indicator of standardization
- Reduction in number of waivers, adjustments, disputes

Load Forecasting

- Reduction in overlapping Agency forecasts

Revenue Forecasting

- Common Agency reporting formats
- Clear and consistent Agency methodology

Metering and Revenue Settlement

- Timeliness
- Accuracy
- Completeness
- Customer satisfaction: Quality of service

Market and Public Policy Strategy and Coordination

- Public policy resource use: Track time spent by project account numbers

8. Future State Organization

The future state Marketing and Sales organization provides a near-term organizational home for shared customer service functions that will migrate from the existing business lines, creates a transitional framework for additional organizational changes over the next 5 years, and addresses the functional interfaces required to develop and manage public policy and market strategy, market planning, and product development.

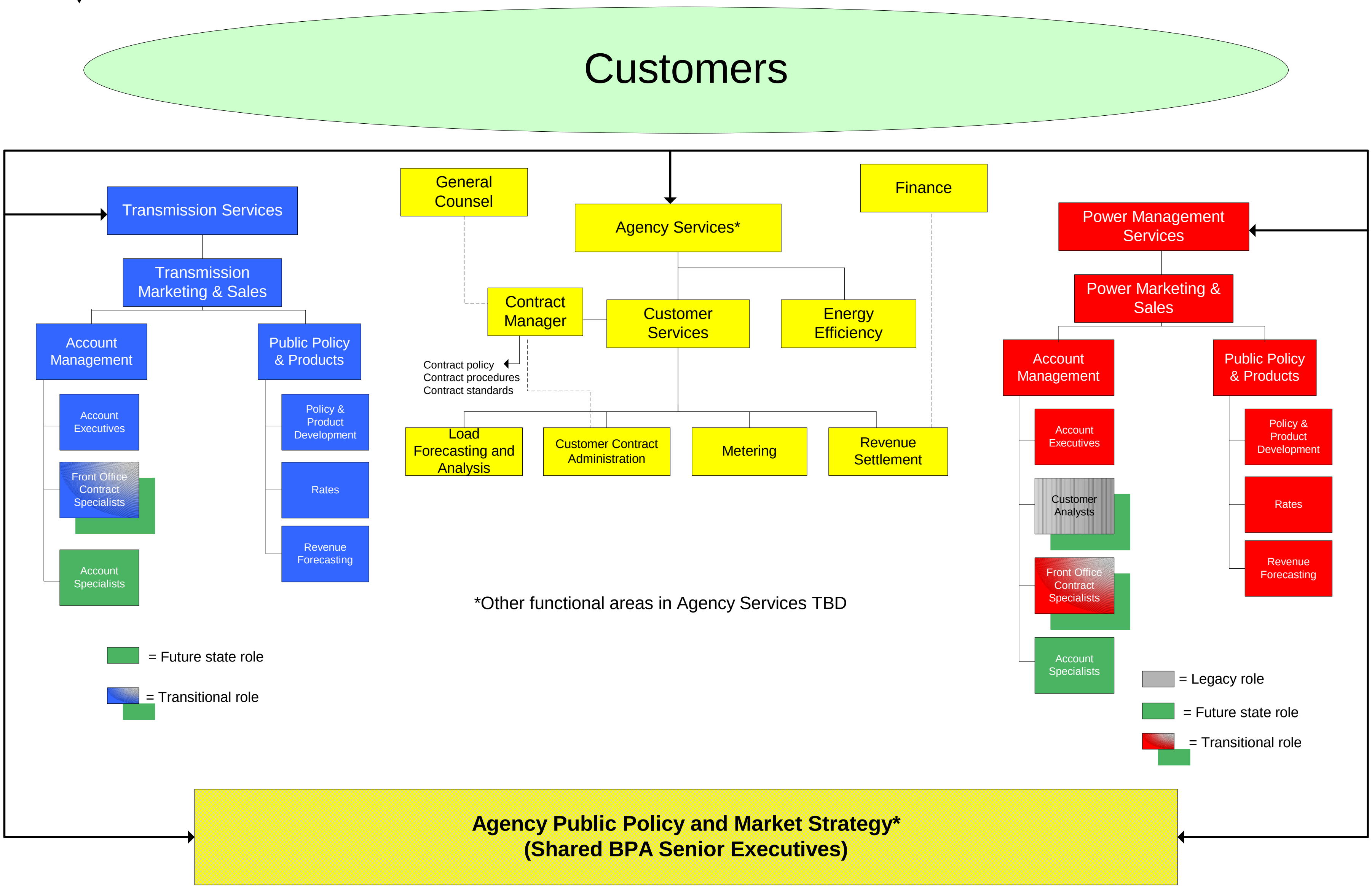
Near-Term Organizational Home for Shared Marketing and Sales Functions

Recommendations from this EPIP will result in five new Shared Agency functions

- Metering
- Revenue settlement
- Customer contract administration and oversight
- Forecasting and analysis
- Energy Efficiency

It is recommended that the first four functions be transitioned to a shared Customer Services organization within a larger Agency Services Tier. Maintaining a customer service focus for these functions will enable a smoother transition and implementation of the Customer Core and Extended Teams in the future state.

Future State Marketing & Sales Management/Functional Structure



*Depends on the outcome of the Change Initiatives, Organization and Governance (COG) Project recommendations and decisions

It is anticipated that other EPIPs may result in additional shared functions that would also be part of Agency Services. Longer term, this may require a more comprehensive assessment of the governance and overall organizational structure for Agency Services.

Energy Efficiency as a shared Agency function will also transition to the Agency Services Tier and remain intact in its recent post-EPIP organizational structure.

Transitional Framework for Additional Organizational Changes During the Next 5 Years
Several recommendations involve transitional implementation activities that will impact the Marketing and Sales organization during the next 5 years and that influence the ability to achieve the future state cost savings, including

- Establishment of an Agency Contract Manager to oversee contract policy, procedures, and standards
- Assignment of contract staff in Power and Transmission to either front or back office duties
- Transition back office contract activities and staff to the shared Customer Contract Administration function. It is the expectation and intent that a significant portion of contract staff from both Power and Transmission will be transferred to this shared function
- Consolidation of multiple Power and Transmission front office customer contracts operations functions
- Transition load forecasting and analysis staff to a shared Forecasting and Analysis function
- Transition metering and billing staff to shared Metering and shared Billing functions
- Develop the new Account Specialist position
- Transition of roles and staff remaining in the Power customer analyst role, and Power and Transmission front office contract support roles, to the new account specialist role

9. Impact of Future State

Financial

Marketing and Sales Baseline (FY ’04)

	Billing and Metering	Customer Contract Administration	Load / Revenue Forecasting and Analysis	AE Role	Other	Total
Total Personnel Comp & Benefits (a)	$ 4,705,727	$ 5,536,869	$ 2,177,626	$ 4,149,984	$ 2,472,141	$ 19,042,346
General Contracts (b)	$ 579,363	$ 681,692	$ 268,107	$ 510,941	$ 304,367	$ 2,344,470
Materials & Equipment	$ 9,555	$ 11,242	$ 4,421	$ 8,426	$ 5,019	$ 38,664
Rent / Utilities / Land	$ 18,406	$ 21,657	$ 8,518	$ 16,232	$ 9,670	$ 74,483
Total Cost	$ 5,313,051	$ 6,251,461	$ 2,458,672	$ 4,685,583	$ 2,791,197	$ 21,499,963
	0.25	0.29	0.11	0.22	0.13	1.00
Number of BFTE	44	52	20	39	23	178
Number of CFTE	7	7	2	6	2	24
TOTAL FTE	51	59	22	45	25	202
Power BFTE	22	30	12	25	12	100
Power BFTE & CFTE Cost	$ 2,586,061	$ 3,592,406	$ 1,443,383	$ 2,976,977	$ 1,473,454	$ 12,072,282
Transmission BFTE	22	22	8	14	11	77
Transmission BFTE & CFTE Cost	$ 2,699,029	$ 2,626,155	$ 1,002,349	$ 1,683,947	$ 1,303,054	$ 9,314,534
Personnel Cost as % of Total Cost	88.6%	88.6%	88.6%	88.6%	88.6%	88.6%
Average Total Cost per Total BFTE	$ 120,918	$ 120,918	$ 120,918	$ 120,918	$ 120,918	$ 120,918
Average Total Cost per Total CFTE	$ 82,766	$ 97,385	$ 134,053	$ 85,157	$ 152,183	$ 97,686
Average Personnel Comp & Benefit Cost per Total BFTE	$ 107,096	$ 107,096	$ 107,096	$ 107,096	$ 107,096	$ 107,096

(a) Energy Efficiency costs and FTE are excluded. Personnel include expenses for salary and benefits, training, travel and awards.

(b) The majority of General Contract costs are for Ciber, Meter Data Mgmt., and Sales & Marketing Services. About 50% of these costs are Supplemental Labor CFTE.

Future State Cost Savings (FY 2004 baseline)

		Billing and Metering	Customer Contract Administration	Load / Revenue Forecasting and Analysis	AE Role	Other	Total	
				Current State				
Power BFTE		22	30	12	25	12	100	
Transmission BFTE		22	22	8	14	11	77	
Total		44	52	20	39	23	178	
Power BFTE & CFTE Cost		$ 2,586,061	$ 3,592,406	$ 1,443,383	$ 2,976,977	$ 1,473,454	$ 12,072,281.72	
Transmission BFTE & CFTE Cost		$ 2,699,029	$ 2,626,155	$ 1,002,349	$ 1,683,947	$ 1,303,054	$ 9,314,534.28	
Other (materials, Rent , etc)		$ 27,961	$ 32,899	$ 12,939	$ 24,659	$ 14,689	$ 113,147	
Total		$ 5,313,051	$ 6,251,461	$ 2,458,672	$ 4,685,583	$ 2,791,197	$ 21,499,963	
				Future State				
Power BFTE		19	23	11	23	10	86	
Transmission BFTE		21	18	8	11	9	67	
Total		40	41	19	34	19	153	
Power BFTE & CFTE Cost		$ 2,310,718	$ 2,616,888	$ 1,274,252	$ 2,725,653	$ 1,267,227	$ 10,194,738	
Transmission BFTE & CFTE Cost		$ 2,541,790	$ 2,034,087	$ 1,007,266	$ 1,362,826	$ 1,082,680	$ 8,028,649	
Other (materials, Rent , etc)		$ 29,565	$ 30,158	$ 13,930	$ 25,341	$ 14,153	$ 113,147	$ 3,163,429
Total		$ 4,882,073	$ 4,681,133	$ 2,295,448	$ 4,113,821	$ 2,364,060	$ 18,336,534	15%

The future state cost savings will occur over a five year period. It is anticipated that approximately two-thirds of these savings (10%) will occur in the first three years, and the remaining 5% during the last two years. The $3.2 million savings is a gross savings estimate. Some necessary investment costs will be required to achieve these savings, as detailed in Section 9 of this report.

Nearly 90% of the M&S baseline costs are personnel costs. Our future state savings are based on FTE reductions resulting from process improvements included in these EPIP recommendations. These FTE reductions would occur through attrition. Of the 51% of all Marketing & Sales employees (or 90 BFTE) eligible for retirement through FY 2011, a conservative estimate is that at least 60% of these employees (or 54 BFTE) will actually retire over this period. Further, we assume that half of these retired employees will be replaced, while the other half will not due to process, system, and organizational efficiencies. It has been noted, where applicable, in the body of this report the number of employees by job function eligible for retirement by end of FY 2011. Our savings estimates also include reduction in CFTE as well as BFTE.

It is estimated that the necessary transition and implementation activities to support this reduction will take three to five years to complete. These activities are outlined in Section 10. It is important to note that without these supporting activities that enable the reduction in costs associated with fewer FTEs, the efficiency and customer service benefits described in this report will not be achieved.

Required Investments

Training

The project team, in consultation with BPA's Workforce Development staff, estimate that

- A maximum one-time investment of $100,000 ($50,000 in FY06, and $50,000 in FY07) will be required to develop consistent, Agency-wide training and competency development programs across all the marketing and sales functional areas
- An ongoing total investment of $100,000 - $150,000 per year will be required for continuous maintenance training for existing employees and core skill development for new employees across all the marketing and sales functional areas

Systems

The project team, in consultation with BPA's IT staff, estimate that

- For an Agency contract management system, between approximately $3.5 million and $5 million in capital may be required over the next 3 years. This range will be further refined during transition and implementation
- For common Revenue Forecasting tools, including common Agency software, development, testing, production, and training, up to $1 million in capital may be required over a 2-year period.

Other System Issues

The assumption is made that phase one of the current Agency Load Forecasting System project (short-term load forecasts - already funded) will be completed in FY06, and phase two (long-term load forecasts - already funded) will be completed in FY07

The Agency Billing System (already funded) is assumed to be completed in FY08.

It is also assumed that the new OASIS system initiative will be completed and will enable the Account Management/Sales future state, and resulting AE savings.

10. Current to Future State Transition and Implementation

New Organization

Transition/Implementation Activities	Timeline/Target End Date
Appoint management of the new Customer Services organization	April 2006
Initiate and complete the Federal reorganization process (COG)	September 2006
Select an Agency Contract Manager to oversee contract policy, procedures, and standards	May 2006
Determine and assign contract staff in Power and Transmission to either front or back office primary duties	June 2006
Reassign identified back office contract administration staff from Power and Transmission to a shared Customer Contract Administration function (COG)	September 2006
Reassign identified load forecasting and analysis staff to a shared Forecasting and Analysis function (COG)	September 2006
Reassign identified metering and revenue settlement staff to shared Metering and shared Revenue Settlement functions (COG)	September 2006
Consolidate multiple front office Power and Transmission customer contracts operations functions and processes	June 2006
Develop the new Account Specialist position description, qualifications, KSA's	April 2006
Reassign qualified staff still in the Power customer analyst role and Power and Transmission front office contract support roles to the new account specialist role	June 2006

Account Management and the BPA AE Role

Transition/Implementation Activities	Timeline/Target End Date
Develop and implement a BPA standardized account planning and training program	January 2007
Establish Power AE as contact point and communication link for all BPA Agency activities and issues (for most customers), and communicate to customers	May 2006
Establish the TBL AE communications as those dealing only with Transmission issues (for most customers), and communicate to customers	May 2006
Establish a standard customer to AE to Agency communications loop for all Agency activities and issues	June 2006
Develop and implement similar decision processes and standard framework for both Power and Transmission	July 2006
Complete system development and implementation, and develop procedures for conducting all Transmission tariff business over OASIS	September 2007

Contract Management and Administration

Transition/Implementation Activities	Timeline/Target End Date
Participate with Supply Chain in "Best in Class" Contract Management Study	April 2006
Develop plan for staffing Power Regional Dialogue contract template development	April 2006

Contract Management and Administration (continued)

Transition/Implementation Activities	Timeline/Target End Date
Establish a consistent Agency Contract Administration professional development program	January 2007
Conduct ongoing training for Contract Administration staff	Ongoing
Establish contract decision authority parameters with clear delegations of authority	June 2006
Define and implement customer contract risk controls	July 2006
Measure BPA contracting risks and opportunities for improvement against best practices on an ongoing basis	Ongoing
Define and implement opportunities to standardize and simplify customer contracts, and to reduce the legal and financial risk associated with BPA customer contracts	September 2006
Develop and implement tools to measure the ongoing performance of the contracts function against established performance measures	June 2007
Develop and implement and Agency automated systems for customer contracts management and administration	September 2007

Forecasting and Customer Analysis

Transition/Implementation Activities	Timeline/Target End Date
Complete development and implementation of the Agency Load Forecasting system	September 2007
Develop and implement a common Agency reporting template for revenue forecasting	May 2006
Develop, document, and implement consistent Agency revenue forecasting methodologies	January 2007
Develop and implement common Agency systems, tool, and quality assurance procedures for revenue forecasting	December 2007

Metering and Revenue Settlement

Transition/Implementation Activities	Timeline/Target End Date
Develop and establish standard training programs for Metering Technicians, Metering Analysts, and Revenue Analysts	January 2007
Develop and establish performance measures for Metering success and accountability	July2006
Develop and implement a single Agency Metering system of record	September 2008
Establish a Metering Data Stewardship/Data Quality Management Council	October 2006
Define and implement a process for documenting and centrally storing Agency billing policies and procedures	December 2006
Complete development and implementation of the Agency Billing System	September 2008
Develop and implement consistent Agency billing/dispute settlement resolution procedures and an associated tracking system	December 2006

Customer Focused Teams

Transition/Implementation Activities	Timeline/Target End Date
Review and adjust customer assignment criteria, and assign Core/Extended members to Customer Teams for Power and Transmission	July 2006
Define and establish clear delegation of authority for each Team member role	June2006

Employee Communications

Transition/Implementation Activities	Timeline/Target End Date
AE/CCT meeting to brief BOB "leanings"	January 12
Executive Sponsors review and approval	January 17
Final draft recommendations to BOB	January 19
Draft email to impacted employees and shop	January 20
Finalize email to impacted employees	January 23
BOB presentation and possible approval	January 24
Email to impacted employees/Executive Board—regardless of BOB approval	January 24

Employee Communications (continued)

Transition/Implementation Activities	Timeline/Target End Date
Draft talking points, fact sheet, and shop for review	January 24
Begin preparation of materials for all employee meeting	January 24
Copy of report sent to union	January 25
Report posted to Web	January 25
BPA Today article	January 25
Finalize and distribute talking points, fact sheet, and information on comment process	January 25
Finalize materials for all employee meeting	January 26
Open comment period for employees/union	Jan. 26–Feb. 8
All employee meeting—walkthrough of report with impacted employees—includes CAEs, Tribal AEs, Media, Public Affairs	Week of January 26
Draft subject specific presentation for smaller presentations	Week of January 26
Finalize meeting materials and distribute	January 29
Smaller group employee meetings, specifically, o Account Executives o Energy Efficiency o Contract Management o Load Forecasting and Analysis o Billing and Metering	Week of January 30

Employee Communications (continued)

Transition/Implementation Activities	Timeline/Target End Date
AE/CCT meeting	February 9
Draft external talking points, fact sheet and shop	February 9
Finalize external talking points and fact sheet	February 14
External talking points, fact sheet	Week of February 17
Roll out to customers	February17
Draft email to impacted employees, Executive Board announcing final report and review	February 21
BOB discussion of employee and customer comments and BOB decision	February 21
Final Report posted to Web	February 22
Distribute email to impacted employees; Executive Board announcing final report	February 22
BPA Today article	February 24
Formal announcement of implementation plan and implementation lead	February 27

Customer Outreach

Transition/Implementation Activities	Timeline/Target End Date
Draft external talking points, customer presentations, external fact sheet and shop for review	February 9
Finalize external talking points customer presentations external fact sheet internal presentation to be used by AEs to help roll out EPIP communication	Week of February 17
Outreach to key customer groups and stakeholders begins o PPC o NRU o Customer Collaborative o PNUCC o WAPUDA o Council	February 18
Talking Points, Fact Sheets for AEs to use when speaking to customers about efforts—AEs will be encouraged to be proactive	Week of February 17
AEs contact customers	Week of February 20
Feedback loop with AEs: who they contacted and what questions did they receive	Week of February 20
BOB discussion and consideration of customer comments	February 24
Formal announcement of implementation lead	February 27

SOC: FERC Engagement Plan

Transition/Implementation Activities	Timeline/Target End Date
Determine strategy for engaging FERC (i.e. in person, SOC waiver filing, no action letter)	March 2006
Clarify separate back office and front office activities and duties (e.g. contracts function) for each relevant functional area	April 2006
Further define organizational structure for each shared functional area (define positions and position descriptions; define reporting relationships)	May 2006
Further define organizational structure for front office contracts support (define positions and position descriptions; define reporting relationships)	May 2006
Detail the activities and duties of each shared functional area (roles and responsibilities, activities, and decision making authority for each role)	April 2006
Detail the activities and duties of front office contracts support (roles and responsibilities, activities, and decision making authority for each role)	April 2006
Define positions in Transmission engaged in directing, organizing, and executing for transmission contracts	April 2006
Define positions in Power engaged in directing, organizing, and executing for power contracts	April 2006
Define the touch points between each shared functional group with Transmission and Power (describe each touch point and controls for each touch point)	April 2006
Define the touch points between each shared functional group and customers (describe each touch point and controls for each touch point)	April 2006
Determine BPA shared senior executives	April 2006
Engage FERC in communications	April 2006

Implementation Mobilization

Transition/Implementation Activities	Timeline/Target End Date
Initiate communication plan	January 2006
Identify and mobilize key implementation team resources	March 2006
Initiate FERC engagement plan	April 2006
Develop project implementation team charter	March 2006
Develop project implementation plan	March 2006
Develop change management plan	March 2006

11. Appendices

- ► A: Account Management and the BPA AE Role
- ► B: Customer Contract Management and Administration
- ► C: Forecasting and Customer Analysis
- ► D: Metering and Revenue Settlement
- ► E: Customer Teams
- ► F: Market and Public Policy Strategy/Public Policy & Product Development
- ► G: Energy Efficiency as a Shared Agency Function