

Key Strategic Initiatives

June 23, 2016

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Overview

- Focus 2028 highlighted the importance of BPA's ability to execute critical business transformations.
- BPA's Key Strategic Initiatives seek to overhaul the foundational processes, capabilities and systems that underpin BPA's corporate and commercial functions.
- The work of four KSI's (see next page) will be coordinated, prioritized and sequenced to maximize efficiencies and ensure effective execution.
- BPA has constrained cost increases by prioritizing funding for our Key Strategic Initiatives and deferring or eliminating lower priority projects and redeploying resources.
- All spending on KSIs is an "investment to save" to improve BPA's long-term footing.

Priorities and KSI



Additionally, Key Performance Indicators (KPIs) are established annually to track and measure success.

Costs

(\$Millions)

KSI Expense	FY17	FY18	FY19
Safety & Occupational Health	4.5	4.6	4.7
Workforce	6.0	5.9	6.0
Asset Management	5.4	5.0	4.0
Long-Term Finance & Rates	1.6	2.3	2.4
Commercial Operations	10.0	25.0	25.0
Business Information Systems	4.3	4.3	4.6
Fish & Wildlife	0.0	0.0	0.0
Total Redeployed	16.4	16.6	17.1
Total Incremental Expense	15.4	30.5	29.6
Total Expense	31.8	47.1	46.7

Cost Functionalization

- Approximate split of the incremental KSI costs into Power and Transmission revenue requirements for FY2018-19:
 - Power ~\$11M
 - Transmission ~\$19M
- Approximate split of total KSI costs into Power and Transmission revenue requirements for FY2018-19:
 - Power ~\$19.5M
 - Transmission ~\$27.5M

Safety & Occupational Health

- Engage executives, agency leaders and BPA workforce to build a strong safety culture across BPA. Engagement leads to a committed and productive workforce.
- Minimize costs associated with employee injuries on and off the job and maximize resource availability.

KSI Expense (\$Millions)	FY17	FY18	FY19
Redeployed	4.5	4.6	4.7
Incremental	0.0	0.0	0.0
Safety & Occupational Health Total	4.5	4.6	4.7

Safety & Occupational Health

- Some priority focus areas in the next few years:
 - Collaborating with executive management and the workforce to effectively implement a robust safety and health culture at BPA will ensure that accident and injury prevention remains a priority.
 - Safety Program improvements have helped BPA reduce reporting lag time and meet compliance obligations through the adoption of standard requirements. This KSI will help BPA meet OSHA reporting requirements.
 - Heightened awareness of safety throughout BPA has positively increased near-hit reporting.
 - Providing a workplace free of recognized hazards through job observations, physical inspections and corrective action processes within the Safety Organization.
 - Change management, training and employee recognition will encourage safe behaviors in the workplace creating a workplace environment that is conducive to employee satisfaction, recruitment, and operational excellence.

Workforce

- Have a workforce that is the right size and composition.
- Have a workforce that possesses the right skills and competencies.
- Have a workforce that works in a positive environment.

KSI Expense (\$Millions)	FY17	FY18	FY19
Redeployed	6.0	5.9	6.0
Incremental	0.0	0.0	0.0
Workforce Total	6.0	5.9	6.0

Workforce

- Some priority focus areas in the next few years:
 - Access to talent - Improving quality of applicant pool, timeliness of hiring, position strength and applicant experience
 - Bench strength - Targeting leadership and individual development, retention, mission critical occupations and compensation
 - Managing performance - Establishing clear expectations for workforce and providing meaningful feedback
 - Work environment - Measuring workforce engagement and having a workforce that is diverse and inclusive
 - Total workforce planning and management - Actively managing workforce composition and effective position management

Asset Management

- Improve asset management practices through the development of a comprehensive, standardized, and transparent approach to creating, selecting, executing and evaluating the performance of investment portfolios.
- Advance the agency's asset management capabilities and level of maturity following leading practice-based portfolio management models.

KSI Expense (\$Millions)	FY17	FY18	FY19
Redeployed	2.5	2.6	2.6
Incremental	2.9	2.4	1.4
Asset Management Total	5.4	5.0	4.0

Asset Management

- Some priority focus areas in the next few years:
 - Standardize, structure and systemize asset information to ensure activities focus on areas that will provide the most benefit.
 - Strengthen life-cycle delivery practice to ensure a robust, systematic consideration of alternatives to meeting investment needs.
 - Refine risk and review methods to deliver internal controls and audit mechanisms that assure objectives are being met.

Business Information Systems

- Optimize the value and reliability of agency day-to-day business operations and decisions, and enhance the accountability, integrity, insights and value of supported activities for our stakeholders and the region.

KSI Expense (\$Millions)	FY17	FY18	FY19
Redeployed	3.0	3.1	3.4
Incremental	1.3	1.2	1.2
Business Information Systems Total	4.3	4.3	4.6

KSI Capital	FY17	FY18	FY19
Business Information Systems	8.0	9.0	9.0
Total Redeployed	8.0	9.0	9.0
Total Incremental Capital	0.0	0.0	0.0
Total Capital	8.0	9.0	9.0

Business Information Systems

- Some priority focus areas in the next few years:
 - Define a structured process for change and an approach to enterprise application management aligned to BPA's priorities to improve the quality of systems-related expenditures.
 - Redesign business processes and supporting applications, including automation and workflows, to drive efficiencies.
 - Enable better agencywide asset management through processes, information, and technology improvements (connected to the Asset Management KSI).

Commercial Operations

- Ensure BPA is fully enabled with the core functionality required to successfully participate in the management of a regional modernized electric grid.

KSI Expense (\$Millions)	FY17	FY18	FY19
Redeployed	0.0	0.0	0.0
Incremental	10.0	25.0	25.0
Commercial Operations Total	10.0	25.0	25.0

KSIs – Commercial Operations

- Some priority focus areas in the next few years:
 - Invest in internal capabilities to leverage opportunities and minimize risks presented by the evolving market.
 - Coordinate with the California Independent System Operator, regional entities and other participants to:
 - Enhance situational awareness, operational efficiency and congestion management
 - Enhance ability to regionally plan the transmission system more reliably and proactively
 - Capture opportunities to market the flexibilities of the hydro system

Long-Term Financial & Rates

- Deliver cost-based power and transmission services priced to fully subscribe the FCRPS power supply among regional power customers in 2028
- Balance the goals of low rates, reliable operations, sustainable and affordable investment strategies and long-term financial health while meeting BPA’s public purpose and statutory obligations.

KSI Expense (\$Millions)	FY17	FY18	FY19
Redeployed	0.4	0.4	0.4
Incremental	1.2	1.9	2.0
Long-Term Finance & Rates Total	1.6	2.3	2.4

Long-Term Financial & Rates

- Some priority focus areas in the next few years:
 - Develop more robust analytical tools to quickly and systematically analyze scenarios (what-if questions) to evaluate the impact of variables, such as capital and expense spending considerations, on long-term power and transmission rates.
 - Strengthen cost management by further refining the spending level development, execution and monitoring processes.
 - Define a long-term competitive position for BPA through analysis and benchmarking.

Business Value

- **Alignment** with agency strategy to achieve optimal use of resources.
- Drive **business readiness** by changing focus from technology to people and processes *supported* by technology.
- **Business benefits** are clearly identified to ensure value is realized.

Contact Us

Comments can be sent to:

Participants can submit comments on BPA's Initial IPR/CIR Publication and proposed levels during an eight-week public comment period beginning June 16 and concluding Aug. 12. Comments can be submitted:

- Online at www.bpa.gov/comment
- By mail to: BPA, P.O. Box 14428, Portland, OR 97293-4428.
- By email to BPAFinance@BPA.gov

Please send questions to:

BPAFinance@BPA.gov



Thank you

Integrated Program Review

Financial Disclosure

This information was made publicly available on June 22, 2016, and contains information not sourced directly from BPA Financial statements.