



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

June 10, 2015

In reply refer to: A-7

MEMORANDUM FOR ELLIOT E. MAINZER, ADMINISTRATOR and CHIEF EXECUTIVE OFFICER,
BONNEVILLE POWER ADMINISTRATION

THROUGH:

CLAUDIA R. ANDREWS

CHIEF OPERATING OFFICER, BONNEVILLE POWER ADMINISTRATION

THOMAS A. MCDONALD

CHIEF COMPLIANCE OFFICER, COMPLIANCE AND GOVERNANCE (ACTING),
BONNEVILLE POWER ADMINISTRATION

FROM:

MICHAEL DEWOLF

AGENCY ASSET MANAGER, CORPORATE STRATEGY, BONNEVILLE POWER
ADMINISTRATION

SUBJECT:

DIRECTIVES EQUIVALENCY APPROVAL MEMORANDUM

PURPOSE: To document BPA's equivalencies for DOE Order 413.3B, *Program and Project Management for the Acquisition of Capital Assets*.

BACKGROUND: BPA has established policies and practices that are leading practice-based to prioritize, select, execute and evaluate the performance of capital investments. These policies and practices, which include 10-year asset management strategies, an agency-wide investment prioritization process, rigorous business case and project authorization requirements, a methodical project status reporting and review process, and post-investment review practices. They apply to all capital investments funded through BPA, including Corps of Engineers and Bureau of Reclamation investments in federal hydro power, transmission, facilities, information technology, and fish and wildlife. The practices were developed and implemented with the aid of leading expert consultants. The investment program is reviewed thoroughly on a recurring basis by BPA customers and other stakeholders who pay for the program through BPA's power and transmission rates.

JUSTIFICATION: BPA recalls that the first precursor to DOE Order 580.1A was DOE Order 4320.2A on “Capital Asset Management Process” and DOE delegated this directive to BPA in June 1994 to determine further actions, if any. BPA has documented and implemented equivalent processes to this sequence of orders for 21 years.

Congress has directly granted to the BPA Administrator broad, independent contracting authority, including under 16 USC 832a(f). BPA uses these authorities in concert with other authorities to develop and implement large capital projects for its own use or ownership. These projects are exclusively for electric power transmission. All of BPA’s transmission capital projects (BPA from time to time implements a few such projects in excess of \$50 million) are undertaken exclusively through procurement actions by BPA. BPA’s “program operations” are exempt from the Federal Property and Administrative Services Act, 40 U.S.C. Subtitle I, Chapter 1, Subchapter II, Section 113(e)(18), and therefore are not subject to the Federal Acquisition Regulations or the Department of Energy Acquisition Regulations (DEER). BPA has developed unique procurement processes reflective of BPA’s role as a provider of essential electric power utility services, as described elsewhere in this response. Similarly, BPA has established a capital project program that meets BPA’s needs as power utility services provider.

In 1974, Congress directly granted to the BPA Administrator direct expenditure authority from the BPA Fund, a permanent indefinite appropriation of BPA’s receipts. 16 U.S.C. 838i. Thus, BPA’s funding is not established through annual or periodic appropriations. The BPA Fund appropriation enables BPA to enter into multi-year funding commitments without regard to available cash in the BPA Fund or borrowing authority from the U.S. Treasury. 16 U.S.C. 12G note (2006). Because of these authorities, BPA’s capital program is not managed to annual federal budget and similar concerns, as other DOE program are.

Apart from transmission capital projects, BPA may acquire electric power capability (but not the generating facilities themselves) under provisions of law made directly available to BPA. 16 U.S.C. 839d (*et seq.*) These resource acquisitions are guided by unique statutory provisions. *Id.* BPA may also acquire electric power conservation (energy savings) under provisions of law made directly available to BPA. 16 U.S.C. 839d (*et seq.*) These conservation resource acquisitions, as with generation resource acquisitions, are guided by unique statutory provisions. *Id.* The program is unique to BPA and involves over 100 utility customers. BPA has developed extensive conservation acquisition program guidance.

BPA funds substantial capital investments in the federal hydropower dams of the Federal Columbia River Power System. BPA has unique direct funding authority to participate in the development of these capital projects with two other federal departments, the Department of Defense (Army Corps of Engineers or “Corps”) and the Department of the Interior (Bureau of Reclamation or “Reclamation”). 16 U.S.C. 839d-1. While BPA is an active participant in the

planning and development of these capital investments, the construction and installation are undertaken by the Corps and Reclamation.

RECOMMENDATION: Recommend that you approve this equivalency document.

Elliot E. Mainzer, Administrator and Chief Executive Officer, Bonneville Power Administration

APPROVE: E. Main DISAPPROVE: _____ DATE: 6/26/15

CONCURRENCES/ CONSULTATIONS: Paul Bosco, Director, Office of Acquisition and Project Management

cc:

Skila Harris

Senior Advisor, Power Marketing Administration, Department of Energy

