



Department of Energy

Bonneville Power Administration
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EXECUTIVE OFFICE

October 29, 2012

In reply refer to: DK-7

To Bonneville Power Administration customers and interested parties:

Bonneville Power Administration (BPA) employees have accepted a great responsibility: to earn and sustain your confidence in our ability to carry out this agency's mission. That means not only sharing with you our successes, but also informing you of our missteps and demonstrating our commitment to continuous improvement.

I talked to stakeholders earlier this year about BPA's decision to end the Work Planning and Scheduling System project. BPA invested three years toward the goal of establishing a centralized, automated system to help us carry out our capital and expense projects more efficiently. During the project, there were setbacks and indications that the software we purchased would not fulfill all of our objectives. But we remained optimistic that we could gain value from continuing the project and reconfiguring the software.

In February 2012, we determined that the cost of continuing the project would exceed its value. As a result, we decided to write off a \$6.14 million investment in March. We were extremely disappointed. To help us understand where the project went wrong, we conducted a thorough root cause analysis.

As a result of the findings, we added a new element to our process of conducting root cause analyses: a formal presentation of the findings to the BPA executive board. The purpose is to challenge the findings to ensure the root causes are correctly identified, and to ensure the lessons learned are shared throughout the agency. We concluded this exercise in August.

The root cause analysis identified a number of things we should have done differently. First, we did not start the project on the right foot. We launched this automation project and several other projects simultaneously. These other projects were to develop data and process changes that the planning and scheduling system would rely on. The risk of this dependence was not clearly identified early on. Looking back, we should have sequenced the work. We also underestimated the complexity of this automation project, which led us to establish an unreasonable project timeline and staff the project inadequately.

In hindsight, we also should have conducted a more thorough vendor research process. The vendor facilitated our visits to its customer references, and we more likely could have gained valuable information from interviewing references independently. Once we selected the vendor, we failed to manage the contract in a way that served the needs of both our Information

Technology and Transmission organizations. This highlighted a need to enhance coordination and clarify the roles different organizations play in cross-agency projects.

The Administrator, Chief Information Officer, Transmission Executives and I have combed through the root cause analysis. We have each considered the findings, identified what we learned and stated how we will use the information to do better. I, for example, have committed to ensuring executives understand how to be effective project sponsors. This includes establishing a protocol to ensure we understand a project's underlying business case, which will require us to gain a more thorough understanding of the technical and resource requirements. We have posted the full list of actions on our website.

As an indication of the executive team's commitment to continuous improvement, these actions will be included in performance contracts for FY 2013, and the impact of this project will be part of our FY 2012 performance appraisals, including mine.

On behalf of the executive team, I want to assure you we are taking proactive steps to learn from and not repeat the causes of the failures we identified in this project. We are proud to work for an agency that has provided low-cost, reliable power and transmission services for 75 years, and we are committed to the responsibility of continuing this mission.

Sincerely,



Anita J. Decker

BPA Chief Operating Officer