

BOULDER CANYON PROJECT



Public Information Forum
March 28, 2012

Handout

Comparison of Three (3) Fiscal Years Impacting FY 2013 Base Charge			
Reclamation's O&M Program	Actual FY 2011 Base Charge \$	Revised Estimates FY 2012 Base Charge \$	Estimates FY 2013 Proposed Base Charge \$
Operations	5,839,494	5,818,000	7,004,000
Maintenance	13,841,000	16,586,000	16,714,000
A&GE	15,718,617	16,818,000	15,128,000
A&GE Adjusted for Refund	(571,765)	(592,000)	(865,000)
Subtotal	15,146,852	16,226,000	14,263,000
Extraordinary Maintenance	1,488,020	5,508,000	7,064,000
Subtotal	36,315,366	44,138,000	45,045,000
Post Civil Service Retirement/Life/Health	1,640,860	1,420,440	2,035,430
Subtotal O&M Program	37,956,226	45,558,440	47,080,430
Replacements	5,024,202	12,119,000	10,142,000
Reclamation OM&R	42,980,428	57,677,440	57,222,430
Western's O&M Program			
Facility Expenses	1,892,159	1,950,896	1,987,586
System wide Expenses	2,243,625	2,545,749	2,531,041
	4,135,784	4,496,645	4,518,627
Post Civil Service Retirement/Life/Health	225,817	175,560	251,570
Subtotal O&M Program	4,361,601	4,672,205	4,770,197
Replacements	371,517	865,000	725,970
Western OM&R	4,733,118	5,537,205	5,496,167
Total O&M Program	42,689,343	51,095,645	52,576,597
Total OM&R	47,713,545	63,214,645	62,718,597
Other Expenses - Visitor Center	7,698,695	8,947,000	8,623,000
Visitor Center Adjusted for Refund	(85,436)	(52,000)	0
	7,613,259	8,895,000	8,623,000
Payments to States - Reclamation	600,000	600,000	600,000
Upgrading Payments - Interest	5,231,995	4,872,558	4,169,414
Upgrading Payments - Principal	9,926,799	10,436,524	11,001,787
Debt Service Investments - Interest	10,949,281	10,921,290	10,863,350
Other Interest (CME and Warehouse)	10,641	12,000	12,000
Debt Service Investments - Principal Payments	1,960,285	1,931,322	1,910,139
Subtotal Other Annual Expenses	36,292,260	37,668,693	37,179,690
Total Expenses	84,005,806	100,883,338	99,898,288
Prior Year end Carryover	4,119,778	7,384,216	4,738,651
Other Revenues			
Reclamation	15,046,852	12,000,000	12,000,000
Western	1,986,675	1,171,000	1,450,000
Subtotal Other Revenues	17,033,527	13,171,000	13,450,000
Water Sales Revenues	699,847	530,000	530,000
Base Charge/Revenue Requirement	62,152,654	79,798,121	81,179,637
Net of Total Revenues - Total Expenses	13,029,868	4,738,651	0
Change in UDO's	5,351,498	0	0
Net Change in AR	294,154	0	0
Cash Available for Year End Carryover	7,384,216	4,738,651	0

Comparison of FY 2011 Actual and Approved			
	Approved FY 2011 Base Charge \$	Actual FY 2011 Base Charge \$	Changes \$
Reclamation's O&M Program			
Operations	5,919,000	5,839,494	(79,506)
Maintenance	14,236,000	13,841,000	(395,000)
A&GE	14,965,250	15,718,617	753,367
A&GE Adjusted for Refund	(261,250)	(571,765)	(310,515)
Subtotal	14,704,000	15,146,852	442,852
Extraordinary Maintenance	4,262,000	1,488,020	(2,773,980)
Subtotal	39,121,000	36,315,366	(2,805,634)
Post Civil Service Retirement/Life/Health	1,782,670	1,640,860	(141,810)
Subtotal O&M Program	40,903,670	37,956,226	(2,947,444)
Replacements	9,533,000	5,024,202	(4,508,798)
Reclamation OM&R	50,436,670	42,980,428	(7,456,242)
Western's O&M Program			
Facility Expenses	1,535,919	1,892,159	356,240
System wide Expenses	2,350,679	2,243,625	(107,054)
	3,886,598	4,135,784	249,186
Post Civil Service Retirement/Life/Health	220,330	225,817	5,487
Subtotal O&M Program	4,106,928	4,361,601	254,673
Replacements	441,420	371,517	(69,903)
Western OM&R	4,548,348	4,733,118	184,770
Total O&M Program	45,452,018	42,689,343	(2,762,674)
Total OM&R	54,985,018	47,713,546	(7,271,472)
Other Expenses - Visitor Center	9,186,750	7,698,695	(1,488,055)
Other Expenses - Adjusted for Refund	(13,750)	(85,436)	(71,686)
Subtotal	9,173,000	7,613,259	(1,559,741)
Payments to States - Reclamation	600,000	600,000	0
Upgrading Payments - Interest	5,200,404	5,231,995	31,591
Upgrading Payments - Principal	9,925,567	9,926,799	1,232
Debt Service Investments - Interest	10,981,025	10,949,281	(31,744)
Other Interest (CME and Warehouse)	22,604	10,641	(11,963)
Debt Service Investments - Principal Payments	1,950,331	1,960,285	9,954
Subtotal Other Annual Expenses	37,852,931	36,292,260	(1,560,671)
Total Expenses	92,837,950	84,005,806	(8,832,143)
Prior Year end Carryover	3,954,428	4,119,778	165,350
Other Revenues			
Reclamation	12,000,000	15,046,852	3,046,852
Western	1,171,000	1,986,675	815,675
Subtotal Other Revenues	13,171,000	17,033,527	3,862,527
Water Sales Revenues	530,000	699,847	169,847
Base Charge/Revenue Requirement	75,182,522	62,152,654	(13,029,868)
Net of Total Revenues - Total Expenses			13,029,868
Change in UDO's	0	5,351,498	5,351,498
Net Change in AR	0	294,154	294,154
Cash Available for Year End Carryover			7,384,216

Bureau of Reclamation's Explanations

Operations: Decreased expenditures primarily due to lower than anticipated costs for Services & Relocation (see FY2011 Fund Status Report).

Maintenance: Decreased expenditures primarily due to unused funds for Unscheduled Necessary Work; and Quagga Mussel Management funds obligated but scheduled for expenditure in FY12 (see FY2011 Fund Status Report).

A&GE: Increased expenditures primarily due to higher than anticipated costs for Reclamation Enterprise System and Region/Denver/Other support (see FY2011 Fund Status Report). FY11 Actual Security Refund includes the adjustments of \$128,340 in FY10 and \$443,425 in FY11.

Extraordinary Maintenance: Decreased expenditures primarily due to further delaying Paradox Valve repairs until FY15; and funds obligated but scheduled for expenditure in FY12 for the following items: PRV overhauls, Penstock Int/Ext coating, 300-Ton Powerhouse Crane repairs, Cableway Head/Tail Towers spot coating, Penstock Anchor Point repairs, and Warehouse Indoor Crane purchase (see FY2011 Fund Status Report).

Visitor Services: Decreased expenditures primarily due to lower than anticipated costs for Salary/Benefits/Overhead and Contract Services (see FY2011 Fund Status Report). Security Refund includes the adjustments of \$19,177 in FY10 and \$66,259 in FY11. Visitor Center FY 2011 revenues were \$14,852,063, Expenditures \$7,613,259, and debt service of \$9,122,532.

Replacements: Decreased expenditures primarily due to delaying Drum Gate Seal replacement until FY14; and funds under-expended or obligated but scheduled for expenditure in FY12 for the following items: PRV modernization, HVAC Control Center, Wicket Bushings & Wear Plates, Spare Seal Rings, Police Hand-held and Vehicle Radios, Deltec UPS Equipment, A8 Wide Head Turbine, Station Service Pelton Turbine, Elevator Compensating Ropes, Station Service Transfer Bus Breaker and Microwave Radio (see FY2011 Fund Status Report).

Western's Explanations

Facility Expenses: Increased \$356,240 due to Helicopter usage not budgeted for Transmission Line Maintenance.

System wide Expenses: Decreased by \$ (107,054) due to Power Marketing vacancies that were filled late in FY 11 (one remains unfilled) and less than expected BCP re-marketing costs.

Post Civil Service Retirement Costs: Increased due to increases in the medical and life insurance cost components.

Other Interest Expense: Decreased from the estimated amount. Western has based future projections on current information using a historical average.

RRAD's costs: Decreased by \$(69,903) due to work completed on Basler relays at Mead Substation being less than estimated.

Other Explanations

Upgrading Credit Payments: Changes are a result of the year end true up through Statement of Credit Differences.

Debt Service Investment - Interest: Decreased due to when the payment was made during the FY.

Debt Service Investments - Principal Payments: Increased from the estimated principal payments as a result of reconciliation between Reclamation and Western's schedules.

Prior Year Carryover: At the end of FY 2010 was \$4,119,778. It was \$165,350 more than the projection of \$3,954,428.

Other Revenues for Reclamation - Visitor Center: Were \$14,852,063. The actual were higher than the estimate of \$12,000,000 due to uncertain outcomes of the bridge completion.

Other Revenues for Western: Increased due to Ancillary Services.

Water Sales Revenues: Increased from the estimate. The estimate is based on snowpack and resulting watershed is an unstable number from year to year, plus Reclamation is still experiencing drought in the West. It is hard to predict water revenues associated with delivery of water to the M&I Customers in advance with unpredictable conditions. Over the past three years, water sales revenue is trending downward and due to the fluctuation of this number, Reclamation is comfortable with the estimate of \$530k.

Comparison of FY 2012 Estimates			
	Approved FY 2012 Base Charge \$	Revised Estimates FY 2012 Base Charge \$	Changes \$
Reclamation's O&M Program			
Operations	5,818,000	5,818,000	0
Maintenance	16,506,000	16,586,000	80,000
A&GE	16,818,000	16,818,000	0
A&GE - Adjusted for Refund	(592,000)	(592,000)	0
Subtotal	16,226,000	16,226,000	0
Extraordinary Maintenance	5,508,000	5,508,000	0
Subtotal	44,058,000	44,138,000	80,000
Post Civil Service Retirement/Life/Health	1,420,440	1,420,440	0
Subtotal O&M Program	45,478,440	45,558,440	80,000
Replacements	12,119,000	12,119,000	0
Reclamation OM&R	57,597,440	57,677,440	80,000
Western's O&M Program			
Facility Expenses	1,950,896	1,950,896	0
System wide Expenses	2,545,749	2,545,749	0
Subtotal	4,496,645	4,496,645	0
Post Civil Service Retirement/Life/Health	175,560	175,560	0
Subtotal O&M Program	4,672,205	4,672,205	0
Replacements	865,000	865,000	0
Western OM&R	5,537,205	5,537,205	0
Total O&M Program	51,015,645	51,095,645	80,000
Total OM&R	63,134,645	63,214,645	80,000
Other Expenses - Visitor Center	8,947,000	8,947,000	0
Other Expenses - Adjusted for Refund	(52,000)	(52,000)	0
Subtotal	8,895,000	8,895,000	0
Payments to States - Reclamation	600,000	600,000	0
Upgrading Payments - Interest	4,665,693	4,872,558	206,865
Upgrading Payments - Principal	10,437,582	10,436,524	(1,058)
Debt Service Investments - Interest	10,921,290	10,921,290	0
Other Interest (CME and Warehouse)	9,433	12,000	2,567
Debt Service Investments - Principal Payments	1,931,330	1,931,322	(8)
Subtotal Other Annual Expenses	37,460,328	37,668,693	208,365
Total Expenses	100,594,973	100,883,338	288,365
Prior Year end Carryover	2,357,201	7,384,216	5,027,015
Other Revenues			
Reclamation	12,000,000	12,000,000	0
Western	1,171,000	1,171,000	0
Subtotal Other Revenues	13,171,000	13,171,000	0
Water Sales Revenues	530,000	530,000	0
Base Charge/Revenue Requirement	84,536,772	79,798,121	(4,738,651)
Net of Total Revenues - Total Expenses			4,738,651
Change in UDO's	0	0	\$0
Net Change in AR	0	0	\$0
Cash Available for Year End Carryover			\$4,738,651

Bureau of Reclamation's Explanations

Maintenance: Increasing by \$80,000 for an examination and analysis of six damaged/broken exciters that Reclamation has in temporary storage in their warehouse. This is critical to have working exciters for replacements. The exciters will be sent to a vendor for the examination.

A&GE and Other Expense: Adjusted for Refund is the projected Security Reimbursability Credit based on Bureau-wide FY 2011 expenditures over the Reimbursable Ceiling.

Other Explanations

Upgrading Credits Payments: Changes are a result of incorporating the FY 2011 Statement of Credit Differences.

Other Interest Expense: Increase is based on a historical average.

Debt Service Investments - Principal Payments: A result of reconciliation between Reclamation and Western's schedules.

Comparison of FY 2013 Estimates			
	Approved FY 2012 Base Charge \$	Estimates FY 2013 Proposed Base Charge \$	Changes \$
Reclamation's O&M Program			
Operations	5,818,000	7,004,000	1,186,000
Maintenance	16,506,000	16,714,000	208,000
A&GE	16,818,000	15,128,000	(1,690,000)
A&GE Adjusted for Refund	(592,000)	(865,000)	(273,000)
Subtotal	16,226,000	14,263,000	(1,963,000)
Extraordinary Maintenance	5,508,000	7,064,000	1,556,000
Subtotal	44,058,000	45,045,000	987,000
Post Civil Service Retirement/Life/Health	1,420,440	2,035,430	614,990
Subtotal O&M Program	45,478,440	47,080,430	1,601,990
Replacements	12,119,000	10,142,000	(1,977,000)
Reclamation OM&R	57,597,440	57,222,430	(375,010)
Western's O&M Program			
Facility Expenses	1,950,896	1,987,586	36,690
System wide Expenses	2,545,749	2,531,041	(14,708)
Subtotal	4,496,645	4,518,627	21,982
Post Civil Service Retirement/Life/Health	175,560	251,570	76,010
Subtotal O&M Program	4,672,205	4,770,197	97,992
Replacements	865,000	725,970	(139,030)
Western OM&R	5,537,205	5,496,167	(41,038)
Total O&M Program	51,015,645	52,576,597	1,560,952
Total OM&R	63,134,645	62,718,597	(416,048)
Other Expenses - Visitor Center	8,947,000	8,623,000	(324,000)
Other Expenses - Adjusted for Refund	(52,000)	0	52,000
Subtotal	8,895,000	8,623,000	(272,000)
Payments to States - Reclamation	600,000	600,000	0
Upgrading Payments - Interest	4,665,693	4,169,414	(496,279)
Upgrading Payments - Principal	10,437,582	11,001,787	564,205
Debt Service Investments - Interest	10,921,290	10,863,350	(57,940)
Other Interest (CME and Warehouse)	9,433	12,000	2,567
Debt Service Investments - Principal Payments	1,931,330	1,910,139	(21,191)
Subtotal Other Annual Expenses	37,460,328	37,179,690	(280,638)
Total Expenses	100,594,973	99,898,288	(696,686)
Prior Year end Carryover	2,357,201	4,738,651	2,381,450
Other Revenues			
Reclamation	12,000,000	12,000,000	0
Western	1,171,000	1,450,000	279,000
Subtotal Other Revenues	13,171,000	13,450,000	279,000
Water Sales Revenues	530,000	530,000	0
Base Charge/Revenue Requirement	84,536,772	81,179,637	(3,357,136)

Bureau of Reclamation FY12 to FY13 Explanations:

Operations: Increased estimate primarily due to increased Salaries/Benefits/Overhead, Services, and Region/Denver/Other support based on the Bargaining Board pay raise and increased SCADA charges.

Maintenance: Increased estimate primarily due to increased Salaries/Benefits/Overhead based on the Bargaining Board pay raise and the most recent payroll schedule.

A&GE: Decreased estimate primarily due to decreases in Salaries/Benefits/Overhead/Overtime and Services, attributed to increased in-house labor support, more efficient project and overhaul planning, and continued emphasis on discretionary funding. Estimates include a projected Security Reimbursability Credit of \$592,000 in FY2012 and \$865,000 in FY2013

Extraordinary Maintenance: Increased estimate is attributed primarily to increased contract work for the following projects: PRV Overhauls, Penstock Lateral Exterior Spot Coating, 300-Ton Powerhouse Crane Repair, Turbine Pit Area Machining, and Turbine Shift Ring Refurbishment.

Visitor Services: Decreased estimate is attributed primarily to reduced Region/Denver/Other support and a shared costs adjustment to include eight offices instead of seven. FY2012 estimate includes a Security Reimbursability Credit of \$52,000. FY2013 credit will be applied entirely to A&GE.

Replacements: Decreased estimate is attributed primarily to reduced or no contract work for the following projects: Wicket Gate Bushings and Wear Plates, Turbine Seal Rings, A2/A4/A7 PRV Modernization, Chiller & Control System, Unit A8 Wide Head Turbine, Larus 5702 Microwave /Fiber Optic Switches, Unit Station Service Transfer Bus Breaker. Decrease was partially offset by the following projects' additional contract work: Generator Coolers, Stainless Steel Wicket Gates, Drum Gate Hose, Elevator Motor & Controller, Station Service Pelton Turbine, Electrical Panel, PRV Modernization, Wide Head Range Turbine, and 16.5KV Generator Breaker.

Western's Explanations

Facility Expenses: The majority of the \$36,690 increase is due to Operation costs being redistributed between categories to better represent the mission of the groups. That is why the increase in Substation Maintenance. GWA increase is DSWR and CSO related to the costs not directly associated with specific projects; and some security costs were moved to Safety which increased that budget activity.

System wide Expenses: Are decreasing \$ (14,708), majority of decrease related to Power Marketing budget. Not as much being charged to BCP.

Post Civil Service Retirement: Increase in costs of \$76,010 are increasing approx 6% and the estimate is based on the FY11 actual. The Health and Life Insurance components in this cost does increase from year to year.

RRAD's costs: Are decreasing \$(139,030) due to MOI equipment transfer, Relay replacements on Hoover-Mead lines, channel banks, and the line erosion work was less costs in FY 13 than what was completed in FY12. Although the Digital Fault Recorders are a new item in FY13, the increase costs was offset by the reduced costs in above items.

Other Explanations

Upgrading Credit Program payments: Are a result of incorporating the FY 2011 Statement of Credit Differences.

Other Interest Expense: Increase is based on a more current historical average.

Debt Service Investments - Principal Payments and Interest Expense: Changes in projections are a result of reconciliation between Reclamation and Western's schedules.

Other Revenues for Reclamation: Remain at the \$12,000,000 estimate based on previous request of the Contractors, due to uncertain outcome of bridge completion.

Other Revenues for Western: Are increasing based on actual historically average (FY2008-2011).

Water Sales Revenues - Reclamation: The estimate is based on snowpack and resulting watershed is an unstable number from year to year, plus Reclamation is still experiencing drought in the West. It is hard to predict water revenues associated with delivery of water to the M&I Customers in advance with unpredictable conditions. Over the past three years, water sales revenue is trending downward and due to the fluctuation of this number, Reclamation is comfortable with the estimate of \$530k.

Comparison of FY 2013 Proposed Base Charge and FY 2012 Approved Base Charge				
	Approved FY 2012 Base Charge	Proposed FY 2013 Base Charge	Changes	Changes %
BASE CHARGE (REVENUE REQUIREMENTS)	\$84,536,772	\$81,179,637	-\$3,357,136	-3.97%
COMPOSITE RATE (Mills/kWh)	21.12	20.88	-0.24	-1.14%
ENERGY RATE (Mills/kWh)	10.56	10.44	-0.12	-1.09%
Energy Sales mWh	4,003,600	3,887,087	-116,513	-2.91%
CAPACITY RATE (\$/kW/Month)	\$1.84	\$1.89	\$0.05	2.72%
Capacity Sales	1,910,167	1,787,167	-123,000	-6.44%
Energy Sales are taken from the second draft of Western's Master Schedule (March 24-Month Study). The Capacity Sales are taken from the April 17-Month Schedule. This data has been updated since the informal customer meeting.				