

HOOVER COORDINATING COMMITTEE MEETING

Boulder Canyon Project

June 3, 2014

MAINTENANCE AND CONSTRUCTION UPDATE:

Basler Relay Replacement and Mead 230 kV RTU Upgrade:

Both of these projects are completed.

Hoover Panel 6 COMM Replacement:

Due to resource constraints, Panel 6 upgrade was postponed again, in FY 2014. At this time, the installation schedule is TBD. Western has added an RTU and replaced the DDM+ equipment with IMUX 2000 on Unit Panels 1 - 5, 7 & 8. Giving each unit its own RTU prevents the disturbance of unit data if the communications room master RTU fails.

Facility Ratings Project

- All Construction complete
- In January 2014 Western reported to NERC that all “High Priority” violations are now compliant
- Project will be closed out in July

Jumper Repair Project for Hoover - Mead Transmission Lines

- The construction specification should be complete by September 2014
- Contract awarded January 2015
- Construction to start March 2015
- All work complete November 2015
- All work is contingent on outage availability

Hoover Instrument Transformer Replacement

- 6 out the 12 have been replaced
- 3 of the remaining will be done in the fall of 2014 and the last 3 in the Spring of 2015
- The work will be coordinated when the Bureau has outages on their turbines

Mead CCVT Support Replacement

- Replace 27 concrete support structures that are cracked and failing with steel
- Engineering and Construction Spec complete September 2014
- Contract awarded January 2015
- All work complete December 2015
- Work schedule is dependent on outage availability
- Total cost \$1,250,000
- Boulder Canyon portion \$137,500

HOOVER ENERGY AND CAPACITY STATUS FY14 and FY15:

FY14 Energy Status

	Final	Current FY14	
	FY14 Master Schedule	Final FY15 Master Schedule	
	Published June 1, 2013	Published June 1, 2014	Difference
	<u>(MWH)</u>	<u>(MWH)</u>	<u>(MWH)</u>
Oct-13	213,287	297,832	84,545
Nov-13	249,298	201,572	(47,726)
Dec-13	209,603	222,611	13,008
Jan-14	298,902	254,986	(43,916)
Feb-14	294,550	315,948	21,398
Mar-14	413,868	455,411	41,543
Apr-14	458,656	474,354	15,698
May-14	400,754	416,583	15,829
Jun-14	363,866	366,308	2,442
Jul-14	330,225	345,587	15,362
Aug-14	312,430	303,487	(8,943)
Sep-14	225,554	244,539	18,985
Total	3,770,993	3,899,217	128,225

Current FY14 energy quantities are actual through Mar-14 and are based on the Boulder Canyon Accounting letters. The Hoover energy production is a direct result of water releases to meet downstream water demands, river regulation and losses. The **Current FY14** actual and forecasted releases are higher than what was forecasted in last year's Final FY14 Master Schedule resulting in more energy production for **Current FY14**.

FY14 Capacity Status

	Final		
	FY14 Master Schedule		
	Published Jun 1, 2013	Current FY14	Difference
	<u>(MW)</u>	<u>(MW)</u>	<u>(MW)</u>
Oct-13	1723	1737	14
Nov-13	1719	1737	18
Dec-13	1737	1737	0
Jan-14	1744	1745	1
Feb-14	1742	1745	3
Mar-14	1719	1723	4
Apr-14	1690	1676	(14)
May-14	1666	1651	(15)
Jun-14	1645	1616	(29)
Jul-14	1642	1606	(36)
Aug-14	1648	1606	(42)
Sep-14	1649	1602	(47)
Average:	1694	1682	(12)

The **Current FY14** capacities listed through May-14 are based on USBR unit capacity letters. Hoover power plant generating capacity is highly dependent on the elevation of Lake Mead. Due to the dismal FY2013 snowpack, the Lake Powell operational tier for FY2014 was reduced to the Mid-Elevation Release Tier which will result in total releases to Lake Mead of only 7.48 million acre-feet (maf) instead of the normal 8.23 maf of releases (reduction of 0.75 maf). Since Lake Mead is still releasing the same amount of water to be able to meet all downstream water demands, the Lake Mead elevation has dropped by 16 feet since Jan 24, 2014 and the capacity has been reduced by 94 MW. This downward trend will continue for the duration of FY2014.

Unit capacity letters are issued every time the Lake Mead elevation decreases by four (4) feet, rises by two (2) feet, or when plant modifications increase unit capacity. USBR's 17-Month Operating Schedule dated 4/16/14 (May 2014 Schedule) is the basis for the **Current FY14** Jun – Sept capacity forecast.

FY15 Forecasted Energy and Capacity

Final FY15 Master Schedule

Published June 1, 2014

	Energy (MWH)	Capacity (MW)
Oct-14	227,329	1603
Nov-14	245,772	1602
Dec-14	224,670	1620
Jan-15	289,963	1627
Feb-15	296,520	1626
Mar-15	409,786	1602
Apr-15	463,164	1569
May-15	383,828	1544
Jun-15	351,847	1531
Jul-15	318,911	1538
Aug-15	300,379	1554
Sep-15	235,039	1565
Total/Average:	3,747,208	1582

The total energy and monthly capacities forecasted for FY15 are somewhat less than the Current FY14 actual & forecasted energy and capacities. The year-end FY15 forecasted releases from Hoover are less than the year end Current FY14 releases which results in less FY15 energy production. The FY15 forecasted Lake Mead elevations are significantly less than the Current FY14 observed and forecasted elevations. This results in less energy production per unit of water released. The forecasted energy is based on the 05/12/2014 24-Month Study and the forecasted capacity values are based on the 04/16/14 17-Month Operating Schedule.

RESOURCE INTEGRATION EXCHANGE STAGES 1 & 2 (RIE):

A Stage 1 RIE for FY15 between BCP contractors could not be facilitated as there was only one participant. However, a Stage 2 RIE for FY15 between BCP & PDP contractors was possible with 1,697 mWh of exchanges. The impacts of the Stage 2 RIE are included in the Final FY15 Master Schedule Hoover Energy Entitlement.

HOOVER ENERGY RECONCILIATION:

The reconciliation report presented below has been agreed to by the contractors and there are no outstanding issues.

RECONCILIATION OF 2013 HOOVER FISCAL YEAR

SUMMARY	ENERGY ENTITLEMENT			NET UNDRRNS/ REDRISTIB OF UNDRRNS			TOTAL	TOTAL	
	SCH. A B	SCH. C	TOTAL	ACCUM		TOTAL	ADJUSTED	ENERGY	ACCUM
	MWH	MWH	SCH. A, B C	DEVIATIO		ADJUSTMENTS	ENTITLEMENT	DELIVERED	DEVIATION
	COL. 1	COL. 2	COL. 3 = 1+2	N		COL. 6	COL. 7	COL. 8	COL. 9 = 7-8
		MWH	MWH		MWH		MWH	MWH	MWH
ANAHEIM	42,934	0	42,934	34	(42)	0	42,926	43,181	(255)
APA-CAWCD	150,456	0	150,456	(4,519)	29	0	145,966	148,994	(3,028)
APA-SRP	557,917	0	557,917	4,321	105	0	562,343	559,567	2,776
AZUSA	4,126	0	4,126	(2)	0	0	4,124	4,140	(16)
BANNING	1,652	0	1,652	(1)	(12)	0	1,639	1,641	(2)
BOULDER CITY	66,051	0	66,051	2,161	12	0	68,224	66,294	1,930
BURBANK	21,962	0	21,962	11	4	0	21,977	22,027	(50)
COLTON	3,304	0	3,304	10	(10)	0	3,304	3,296	8
CRC	792,763	0	792,763	(2,192)	(179)	0	790,392	796,428	(6,036)
CRC-CAISO	29,934	0	29,934	0	0	0	29,934	31,522	(1,588)
CRC-WAPA	50,798	0	50,798	286	3	0	51,087	48,273	2,814
GLENDALE	59,330	0	59,330	0	(254)	0	59,076	59,265	(189)
LADWP	576,444	0	576,444	(229)	80	0	576,295	578,490	(2195)
MWD	1,066,681	0	1,066,681	22	202	0	1,066,905	1,069,997	(3,092)
PASADENA	50,940	0	50,940	0	10	0	50,950	51,097	147
RIVERSIDE	32,199	0	32,199	2	5	0	32,206	32,299	(93)
SCE	206,976	0	206,976	383	39	0	207,398	205,230	2,168
VERNON	23,117	0	23,117	2	4	0	23,123	23,190	(67)
TOTAL	3,737,585	0	3,737,585	289	(4)	0	3,737,870	3,744,931	(7,061)

Col. 1 = Schedule A and Schedule B Entitlement

Col. 2 = Schedule C Energy Entitlement

Col. 3 = Total Schedule A, Schedule B and Schedule C Entitlements - (col. 1 + col. 2)

Col. 4 = Prior Year Accumulated Deviation; **negative is amount owed to the Project**

Col. 5 = Net Adjustment due to Underruns and Redistribution of Underruns (Final Energy Reconciliation Report col. L - col. K for each entity)

Col. 6 = Total Adjustments

Col. 7 = Total Adjusted Entitlement - (col. 3 + col. 4 + col. 5 + col. 6)

Col. 8 = Total Energy Delivered (Final Energy Reconciliation Report col. J)

Col. 9 = Current Year Accumulated Deviation - (col. 7 - col. 8); **positive is amount owed to Contractor**

RATES UPDATE:

Boulder Canyon FY 2014 Rate Process (FY 2015 Base Charge & Rates) Status

- Public Meetings held in March and April 2014:
 - Informal Public Information meeting 3/5/14
 - Public Information Forum 3/26/14
 - Public Comment Forum 4/16/14
- Official Comment Period Ended 5/6/14

Primary rate drivers: The significant decrease in the revenue requirement for FY 2015 contributes to the decrease in the rates. The major contributing factor to the decrease is from the FY 2012 results, which allowed additional funds to be carried over into FY 2013. FY 2013 costs were also lower than anticipated and Other Revenues from the Hoover Dam Visitor Center and Ancillary Services, which are used to offset costs to be recovered from power customers, were higher than expected. In addition, the BCP Contractors paid off the Visitor Facilities and Air Slots capitalized investment debt in FY 2014, which allowed additional funds from interest savings to be carried over into FY 2015 and thus makes it possible for the FY 2015 Base Charge to be reduced significantly from the current level.

- The FY15 Final Master Schedule forecasted energy was 3,747,208 MWH.
- The FY14 Final Master Schedule forecasted energy is 3,770,993 MWH.
- The FY15 revenue requirement is \$61.009 million.
- The FY13 revenue requirement is \$76.108 million.

This decrease of \$15.1 million is explained in the table below:

- Proposed Base Charge for FY 15: **\$61,008,518** (19.84% decrease)
- Existing Base Charge for FY 14: **\$76,108,019**

The \$15.1 million base charge decrease is comprised of the following components:

	<u>FY2014</u>	<u>FY2015</u>	<u>FY15 – FY14</u>
Total Expenses	\$ 98,852,044	\$ 90,871,573	-\$ 7,980,472
Prior Year Carryover	-\$ 8,764,025	-\$ 15,883,055	-\$ 7,119,030
Water Sales Revenue	-\$ 530,000	-\$ 530,000	-\$ 0
Other Revenue	-\$ 13,450,000	-\$ 13,450,000	-\$ 0
<u>Base Charge/ Rev Rqmt</u>	\$ 76,108,019	\$ 61,008,518	-\$ 15,099,501

FY 15 & FY 14 Rate Comparisons:

- Resulting FY 15 proposed capacity rate: \$1.61/kW month
- Existing FY 14 capacity rate: \$1.87/kW month

- Resulting FY 15 proposed energy rate: 8.14 mills/kWh
- Existing FY 14 energy rate: 10.09 mills/kWh

- Proposed FY 15 Composite Rate: 16.28 mills/kWh
- Existing FY 14 Composite Rate: 20.18 mills/kWh

- FY15 Capacity Sales: 1,581,750 kW
- FY14 Capacity Sales: 1,693,667 kW

- FY15 Energy Sales: 3,747,208 mWh
- FY14 Energy Sales: 3,770,993 mWh

Western's O&M Expenses:

<u>FY14</u>	<u>FY15</u>	
\$6,562,046	\$7,268,320	Includes Replacements (RRADS) Excludes Post CSRS

FINANCE DATA UPDATE:

FY2013 Overview

- WAPA expenses for FY13, prior to audit adjustments, were \$5,335,744 with undelivered orders of \$1,954,955.
- Total FY13 execution was 99.63% of budget (including carryover for ongoing RRADs projects). Spending increased between FY12 and FY13; primarily due to increases in System Operations and Load Dispatching related to the Operations Consolidation Implementation.

Four budget activities had variances which were more than \$20k higher than their re-allocated FY2013 Budget.

Activities/Overages were:

- Substation Maintenance - \$96,868. This overage was due to Hoover instrument transformer replacements started at the end of FY13 and increased security costs.
- Systems Operations and Load Dispatching (SOLDM) - \$124,239. This overage was offset by the Transmission/Engineering Studies (STUDM) activity. The Hoover-Mead line lease was budgeted in STUDM, but executed in SOLDM.
- Power Marketing - \$25,619. This overage was primarily due to the Boulder Canyon remarketing effort.
- Multi-project - \$76,131. This overage was due to higher than budgeted cost allocations of capital projects supporting the Phoenix Service Center, Mead Service Center, and the SCADA system.

FY2014 Overview

As of April 30, 2014, (58% of the year completed), we are at 49.90% execution (52.54% for operations and maintenance).

Based on current projections, conditions suggest that the reallocated budget should be sufficient for current year execution. Reprogramming within the existing FY14 budget has been accomplished to cover both FY14 and FY15 increases in projected General Western Allocation costs.