Overview

• WAPA Funding
• Purpose and Background
• The Plan
WAPA Funding Sources

FY17 Budget Request totals $1.2 billion

- Offsetting Collections $811M (69%)
- Alternative Customer Financing $265M (23%)
- Appropriations $96M (8%)
WAPA Appropriation Breakout

FY17 Capital Appropriations Request totals $96 million

- Construction and Rehabilitation: $19M (19%)
- Program Direction: $35M (37%)
- Capital O&M (RRADS): $42M (44%)

Total: $96M
Problem Statement/Scope/Parameters

Problem Statement

Given an expectation of flat appropriations and the increased costs of maintaining and upgrading our systems, WAPA needs a process to make funding allocation decisions to distribute appropriated funding for WAPA’s capital O&M (RRADs).
Problem Statement/Scope/Parameters

Scope

• **In scope:** WAPA-wide 10-Year Plan (TYP) funding allocation process to include framework, participants, requirements and schedule

• **Out of scope:** Regional/HQ TYP development processes; revolving fund TYP process (i.e. CRSP); process for developing and merging the TYP into WAPA-wide budget process
Problem Statement/Scope/Parameters

Project-Specific Parameters

• WAPA will request appropriations to fund programs within established parameters

• Process must balance WAPA-wide needs with Region-specific authorities and customer relationships

• Process must include collaboration with customers before a final decision is made
The Plan
Existing Capital Appropriations Priority by Tier

<table>
<thead>
<tr>
<th>Tier</th>
<th>Description</th>
<th>Funding Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Program Direction (PD)</td>
<td>Fully Funded</td>
</tr>
<tr>
<td>2</td>
<td>Replacements, Retirements and Additions (RRADS)</td>
<td>Fully Funded</td>
</tr>
<tr>
<td>3</td>
<td>C&amp;R</td>
<td>Prioritized</td>
</tr>
</tbody>
</table>

WAPA seeks customer advanced funding for unfunded C&R
## New Plan’s Capital Appropriations

### Priority by Tier

<table>
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<th>Tier</th>
<th>Description</th>
</tr>
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</table>
| **1** | **Program Direction (PD)**  
• All capital PD |
| **2** | **Critical Need Contingency**  
• Imminent outage/high-risk project with no customer funding  
• WAPA Senior leaders must agree to put project in this category  
• Expect this will rarely be used |
| **3** | **WAPA Initiatives and Projects with Multi-Region Allocation**  
• Examples: IT, Physical Security, Aviation |
| **4** | **Regional Direct RRADS**  
• Regions determine to request funding at the program or project level or both  
• Includes IT Direct assigned costs |
| **5** | **C&R**  
• Use existing process to evaluate and prioritize WAPA-wide |
Example FYXX WAPA Capital Program – Program Needs

- **FULL NEED $120M**
  - TIER 1: $40M for Program Direction (salaries and other related costs)
  - TIER 2: $5M for Multi-region WAPA initiatives/projects
  - TIER 3: $40M for Region-Specific Capital O&M (RRADS)
  - TIER 4: $35M for Construction and Rehabilitation
  - TIER 5: $X for Critical Need Contingency
Example FYXX WAPA Capital Program – Actual Appropriations Allocation

- $120M in capital funding needed
- Received $80M in appropriations
- Result: Can fund Tier 1, 2, 3, and part of Tier 4

<table>
<thead>
<tr>
<th>Tier</th>
<th>Budget Allocation</th>
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</thead>
<tbody>
<tr>
<td>TIER 1</td>
<td>$40M</td>
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<tr>
<td>TIER 2</td>
<td>$X</td>
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<tr>
<td>TIER 3</td>
<td>$5M</td>
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<tr>
<td>TIER 4</td>
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</tr>
<tr>
<td>TIER 5</td>
<td>$35M</td>
</tr>
</tbody>
</table>

- GAP $40M
- APPROP. $80M

Construction and Rehabilitation
Region-Specific Capital O&M (RRADS)
Multi-region WAPA initiatives/projects
Critical Need Contingency
Program Direction (salaries and other related costs)
Appropriations will be prorated to regions based on their respective Tier 4 (RRADs) and Tier 5 (C&R) as a percentage of the total WAPA Tier 4 and Tier 5.
TYP Process Cycle

Note: Green arrows are points of customer interaction
The TCC (Total Capital Committee)

• Purpose:
  – Implement “art” to the process when the unexpected occurs (funding cuts, unable to obtain customer funding, significant changes in the TYP)

• Members:
  – Cross-regional, cross-functional subject matter experts

• Criteria used:
  – Ability to execute; cash flow/customer bill limitations; project risk