



Western
Area Power
Administration

Arizona Tribal Energy Association Annual Meeting

Steve Johnson – CRSP MC Manager

January 23rd, 2019

Phoenix, Arizona



Updates

- CRSP MC Update
- Environmental Funding
- Basin Fund Status
- CRSP Hydrology
- Olmsted Update
- Mountain West Transmission Group
- Reliability Coordination Changes
- SLCA/IP Contracts and Rates



Changes From Last Year

- New Staff Members
 - Lisa O'Brien – Public Utilities Specialist (Rates)
 - Rachel Bryant – Attorney/Advisor



Non-Reimbursable Environmental Funding

- As of FY19, Administration has directed cash payment to Treasury rather than “constructive returns” for non-reimbursable programs
 - FY19 appropriation of \$21.4M to BOR
 - Pending further direction from Congress
 - WAPA and BOR working closely and monitoring issue



Basin Fund Status

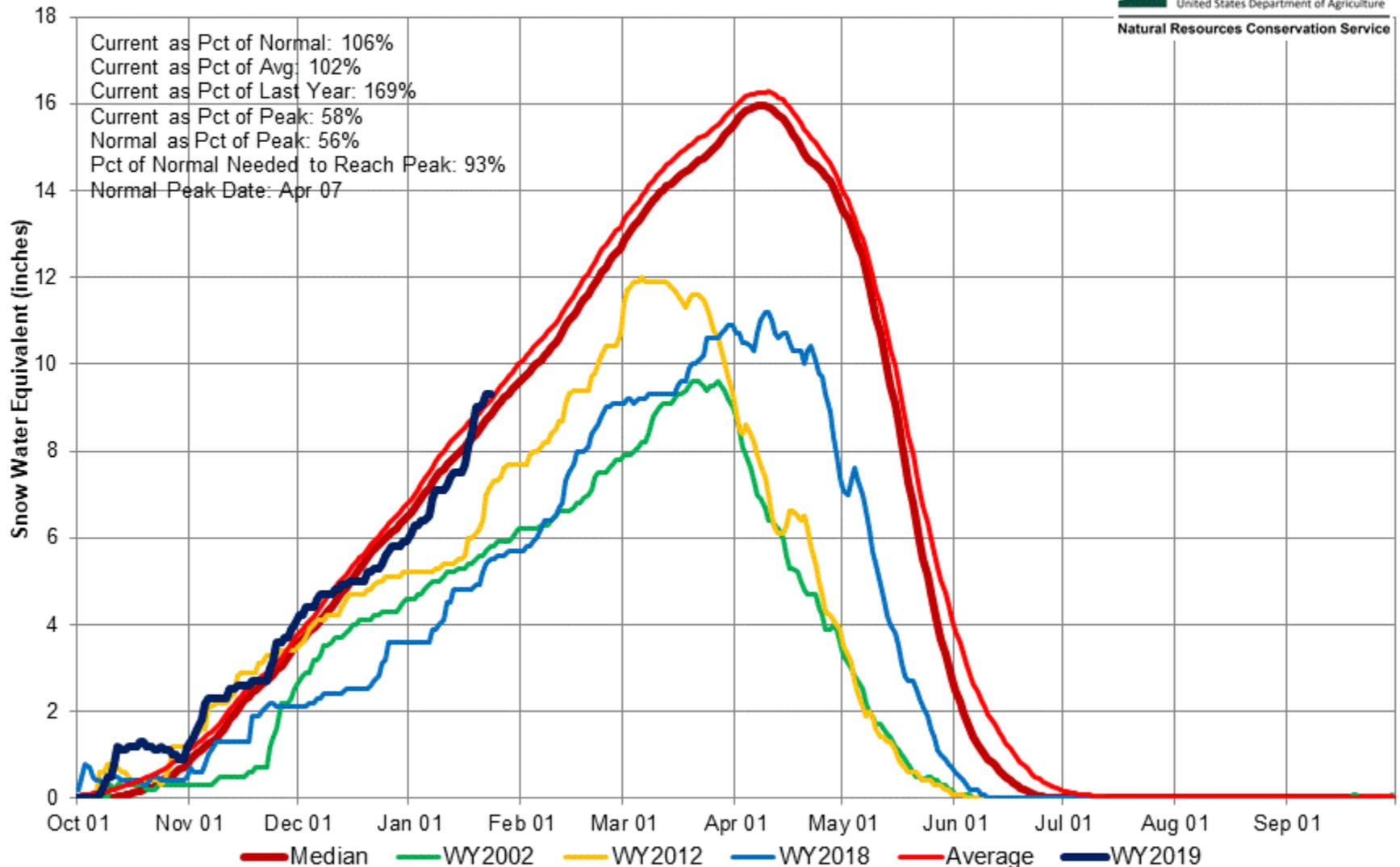
- FY18 Ending Balance - \$126.9M
- FY19 Projected Ending Balance - \$130M
- Current Balance (as of Jan. 2 - \$144M)

- FY18 Purchase Power - \$19.5M (Gross)
- FY19 Projected Purchase Power - \$33.4M (Gross)



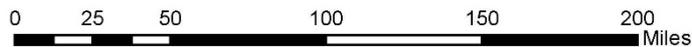
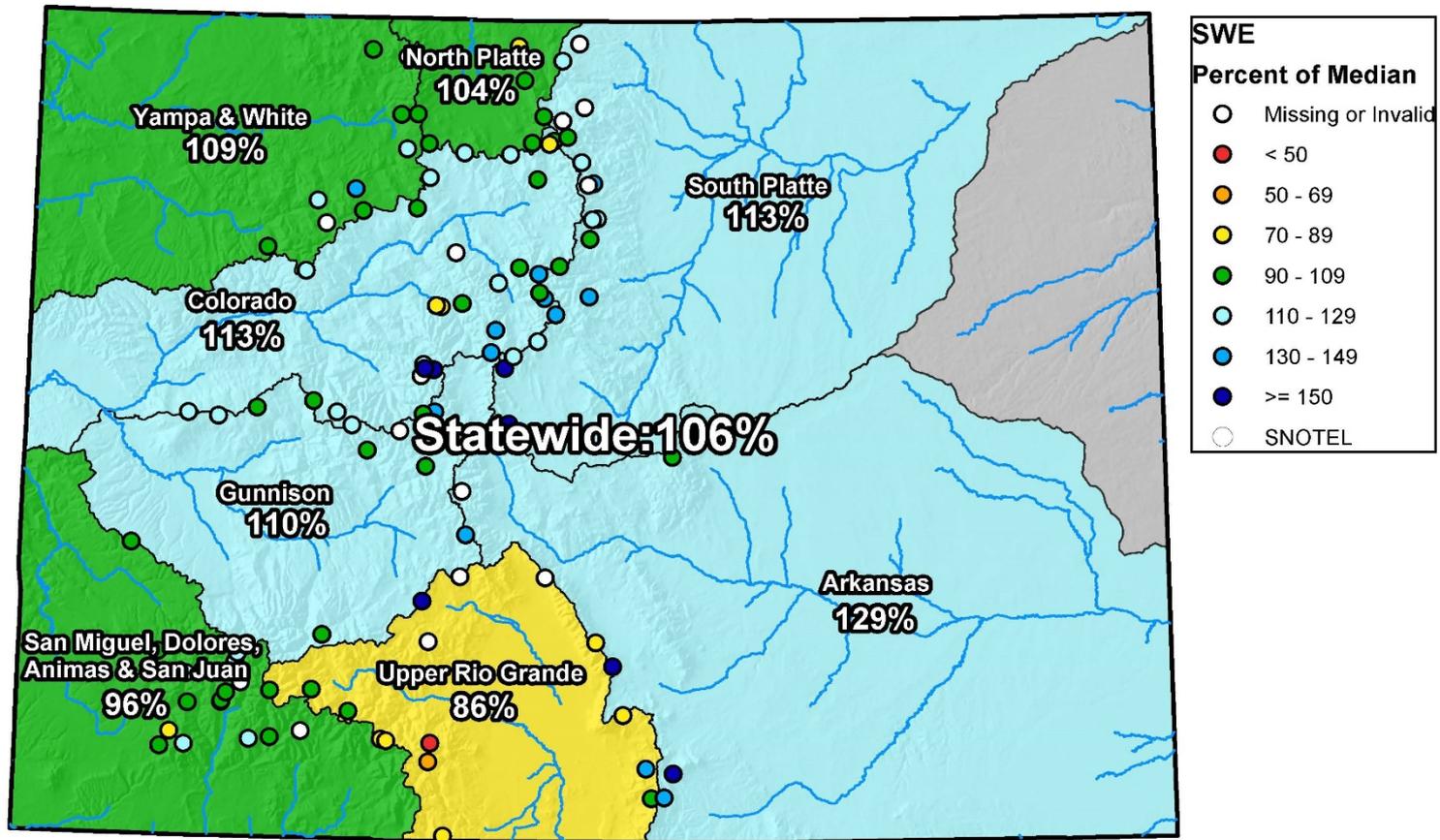
Colorado Statewide Time Series Snowpack Summary

Based on Provisional SNOTEL data as of Jan 23, 2019



Colorado SNOTEL Snow Water Equivalent (SWE) Update Map with Site Data

Current as of Jan 23, 2019



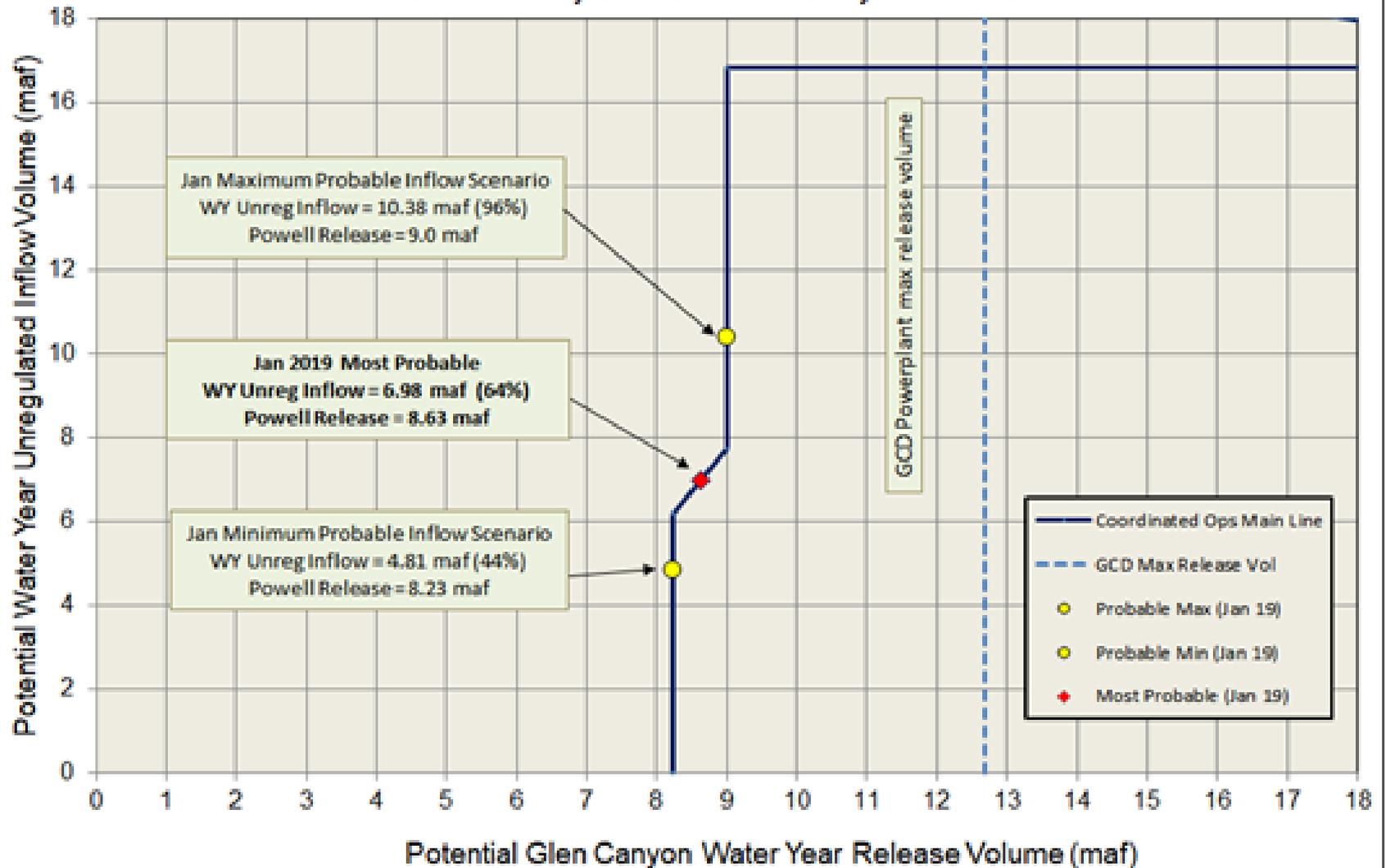
United States Department of Agriculture

Natural Resources Conservation Service



Potential Lake Powell Release Scenarios

Water Year 2019 Release Volume as a Function of Unregulated Inflow Volume
based on January 2019 24-Month Study Conditions



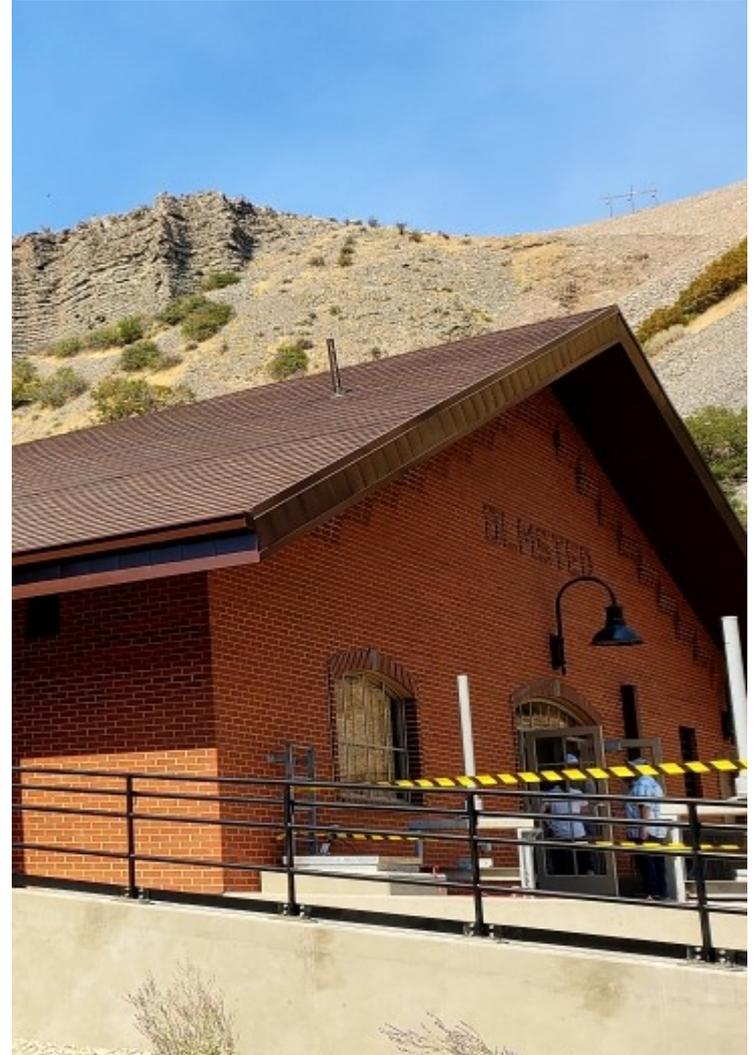
Drought Contingency Planning

- Plan is still not complete
- Lower Basin – Arizona and California still having issues
- Upper Basin – elements are complete
 - Drought Response Operations
 - Demand Management
 - Weather Modification
- More information available on Reclamation website



Olmsted Updates

- Olmsted power plant
 - Marketing plan issued 10/11/17
 - Dedication ceremony 9/19/18
 - Issues with supply canal required repairs after dedication
 - Currently working under interim agreement
 - Contracts expected early 2019



Mountain West Update

- Xcel Energy announced withdrawal from Mountain West efforts on April 20, 2018
- Remainder of group looked at possibilities given Xcel's withdrawal
- Black Hills Energy announced withdrawal from Mountain West efforts on Oct. 3, 2018
- Mountain West on hold indefinitely



Reliability Coordination Changes

- Peak Reliability ceasing operations Dec. 31, 2019
- California ISO to provide RC services
 - July 1, 2019 cutover date within California
 - Nov 1, 2019 for other subscribers
- Southwest Power Pool to provide RC services
 - Dec 3, 2019 cutover date



SLCA/IP Contracts and Rates Updates

- 2025 SLCA/IP Power Marketing Plan
 - Contracts sent to 135 customers
 - Contracts effective Oct. 2024 through Sept. 2057
 - 65 contracts received, represents 72% of CRSP resource
 - 20% of Tribal customers have signed
- Need to begin reviewing and negotiating benefit crediting contracts



SLCA/IP Rate Process

- Existing Rate effective through September 2020.
- Same low rate since Oct 2009 – 10 Years!
- Public Rate Process will begin October 2019 to establish new rate. Last rate process was in 2015.
- Power Repayment Study
 - Document Project Repayment
 - Compute Firm Power Rates



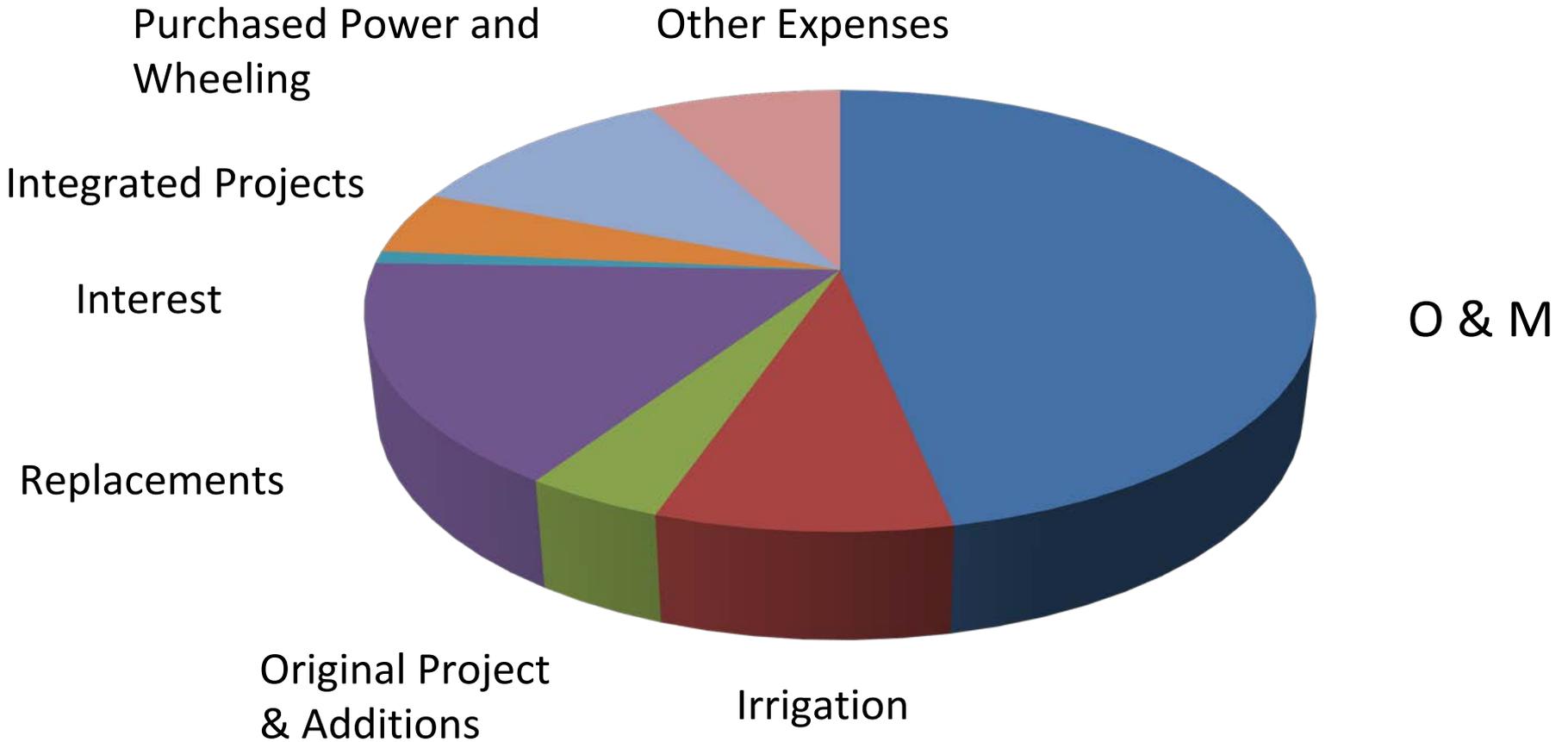
Basic Inputs for Rate

- Costs
 - Annual Expenses: WAPA and Reclamation
 - Purchase Power and Interest/Repayment Expense
 - Capital Investments (largely replacement equipment)
- Revenues
 - Firm Electric Sales
 - Transmission Revenue
 - Surplus Energy Sales
 - Ancillary Service Revenue
 - Facility Use Charges
 - Administrative Charges



Compute Rates

SLIP Components of the Existing Rate



Power Repayment Study (PRS)

Power Repayment Study (PRS) Format							
					Repayment		
Years	Power Sales	Revenue	Expenses	Net Revenue Available for Repayment	Investment with higher interest rate	Investment with lower interest rate	Other Payments
<u>Historic Data</u>				<p style="text-align: center;">Actual Financial/Generation Data Status of Repayment</p>			
Subtotals							
<u>Future Data</u>				<p style="text-align: center;">Projected Financial Data (Workplans) Compute Rates</p>			
Grand Total							



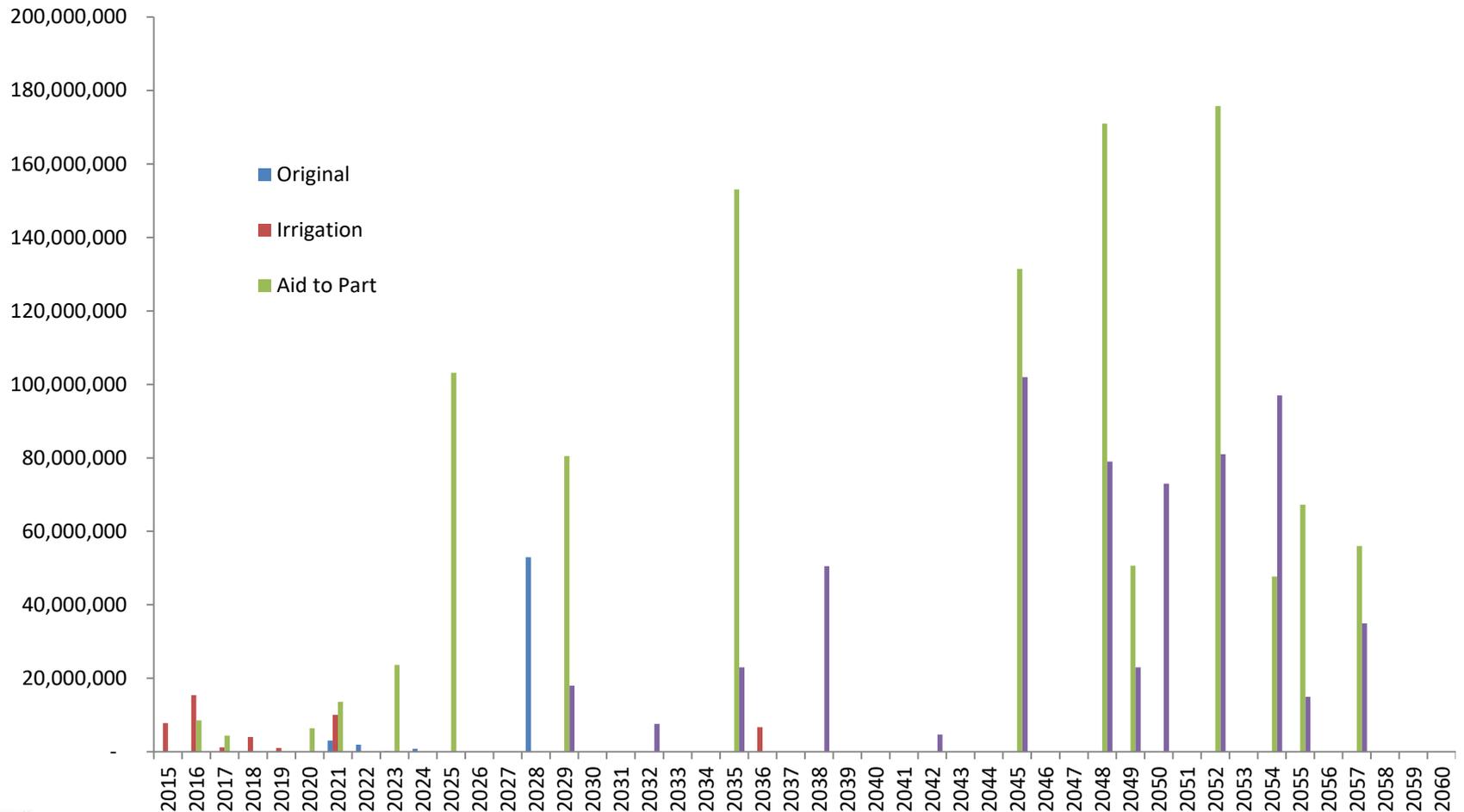
Balloon Payments

- Allows prepayment of highest interest investments first, with no penalty
- Maximum Repayment Period
 - Uses 50-year balloon period for original investment and additions
 - Uses expected service life for repayment of replacements



Pinch Point for Rate Calculations

Similar to “Equal Payment” Plans for Your Utility Bills



SLCA/IP Rate Process

Issues to address for upcoming rate process

- Firming purchases
- Impacts of Drought
- Cost Recovery Charge Adjustments
- Obligations toward future irrigation projects
- Treatment of environmental costs



Questions?

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