

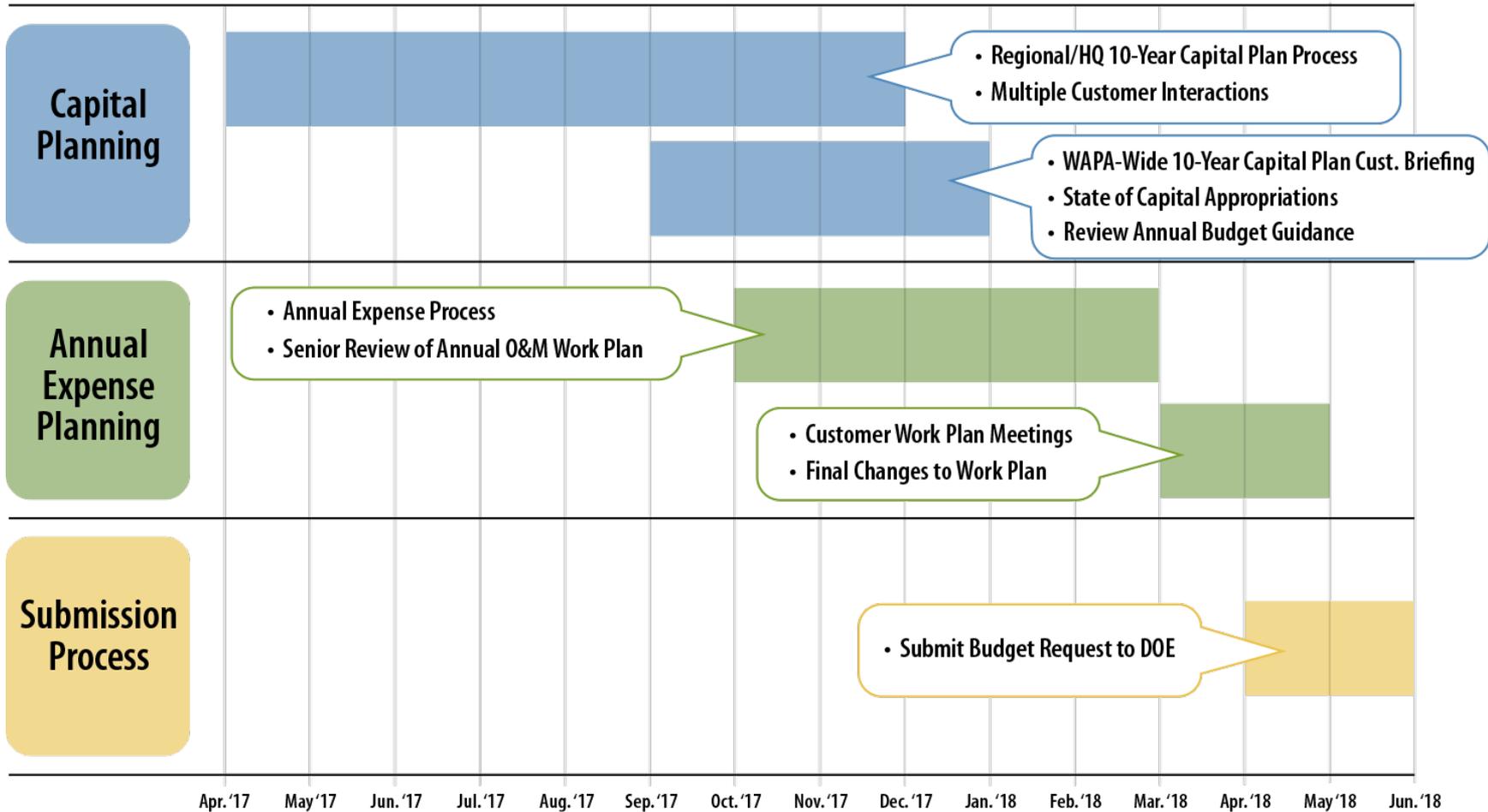
Financial Updates

Headquarters Ten-Year Capital Plan Meeting

Lakewood, CO
October 2, 2018

Dennis R. Sullivan, CFO

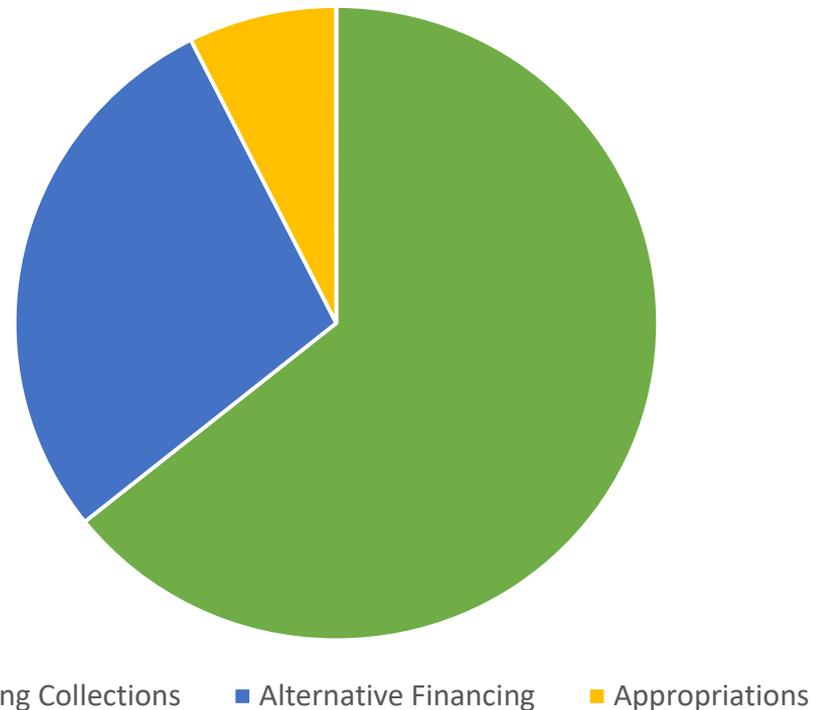
Budget Timeline



Budgets ...

- FY18
 - Unfunded priorities
 - Closing out the FY
- FY19
 - First full budget since FY 1997
 - Appropriations reduced by \$4M
- FY20
 - Submission to Congress Feb 2019
 - PPW authority / CBO scoring
- FY21
 - Developing internal guidance
 - Starting formulation

Funding Mix



WAPA Reserve Balances Strategy

Sustainable funding tool in support of WAPA's mission

	Annual O&M	Capital funding	Purchase power & wheeling
Example	Salaries, supplies and equipment	Building new transmission lines and related structures	Buying power on behalf of customers when water conditions require it
Purpose	Allows WAPA to sustain operations during emergencies, continuing resolutions or lapses in appropriations	Provides funding in advance of starting capital construction projects and flexibility with schedule / priority changes in collaboration with customers	Improves both WAPA and customer cash management while minimizing energy rate spikes during a drought
Strategy	Retain 31% of annual funding need	Retain sufficient funding to cover up to 3 years of capital investments	Retain 3 years estimated funding during drought

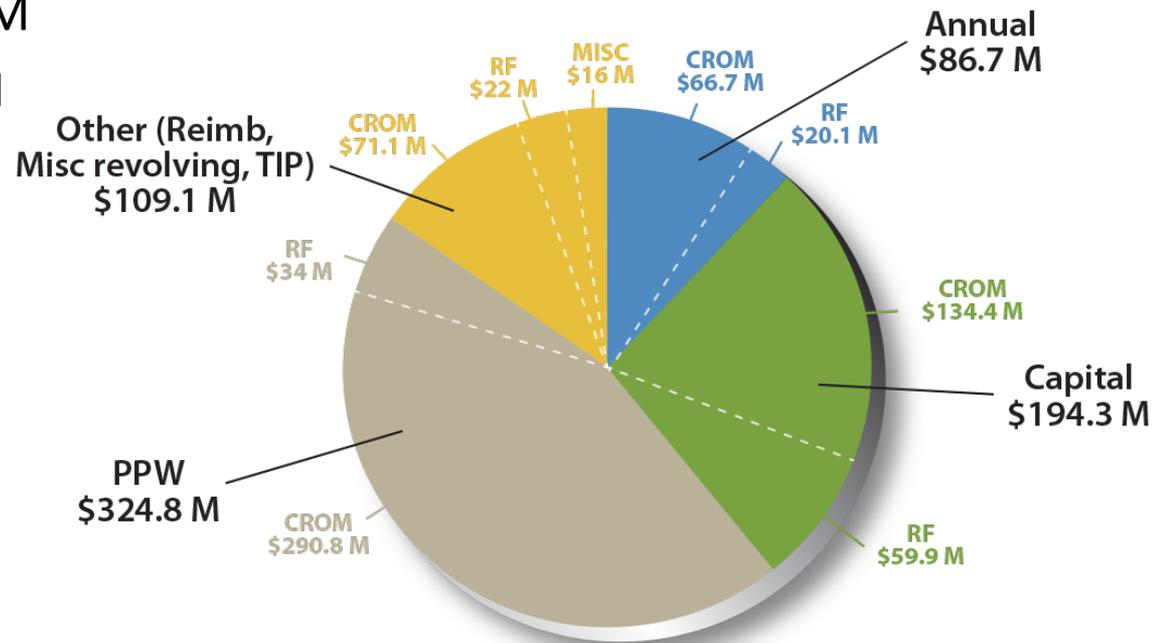
Carrying reserve balances do not impact power rates

Fiscal Year End 2018 Summary

All Accounts – Preliminary

- Strategy progress: 2016-18
 - Annual: Reduced ~ \$64M
 - Capital: Reduced ~ \$177M
 - PPW: Increased ~ \$142M
- Returns to Treasury Reclamation Fund
 - 2016: \$328M
 - 2017: \$338M
 - 2018: \$266M

FYE 18 Unobligated / Reserve Balances
By purpose: \$715.0 (in Millions)



FYE 18 Targets / Results - Preliminary CROM Account Managed Strategies*

Program	FYE 18 Balance	Strategy Target
Annual O&M <ul style="list-style-type: none"> FY18 enacted budget authorized ~\$44M use of PY balance Target changes annually based on program year Use of PY balances through budget formulation as needed 	\$66.7M	\$68.5M
Capital <ul style="list-style-type: none"> Regions collaborate with customers on amount to retain Target changes annually based on rolling 10-year plans Returns to treasury as needed 	\$134.4M	\$166.1M
Purchase Power & Wheeling <ul style="list-style-type: none"> Executed incremental increase of ~\$45M Reach target by FYE 2020 Requires solution to CBO budget authority “scoring” issue 	\$290.8M	\$393.0M

* Does not include: CROM “Other”; CRBPMF; TIP; Falcon & Amistad; Emergency Fund

Transparency

- Created “The Source” in 2016
- Expanded financial data in May 2018
- Ongoing enhancements to capital and annual “work plan” reviews
- Programmatic insight





WAPA Annual Customer Meeting

Date: December 10, 2018
Time : 8:30 am to 12:00 pm, MDT
Location: Hilton Garden Inn Downtown Denver
1400 Welton St.
Denver, CO 80202

RSVP: A formal invitation with tentative agenda, and a request for RSVPs, will be sent in the next month.

Contact/follow me

Dennis Sullivan

720.962.7500

dsullivan@wapa.gov



wapa.gov



@westernareapowr

@D_Sullivan03



Dennis Sullivan



WesternAreaPower1

