

MECA Update

June 20, 2018 | Fort Benton, MT

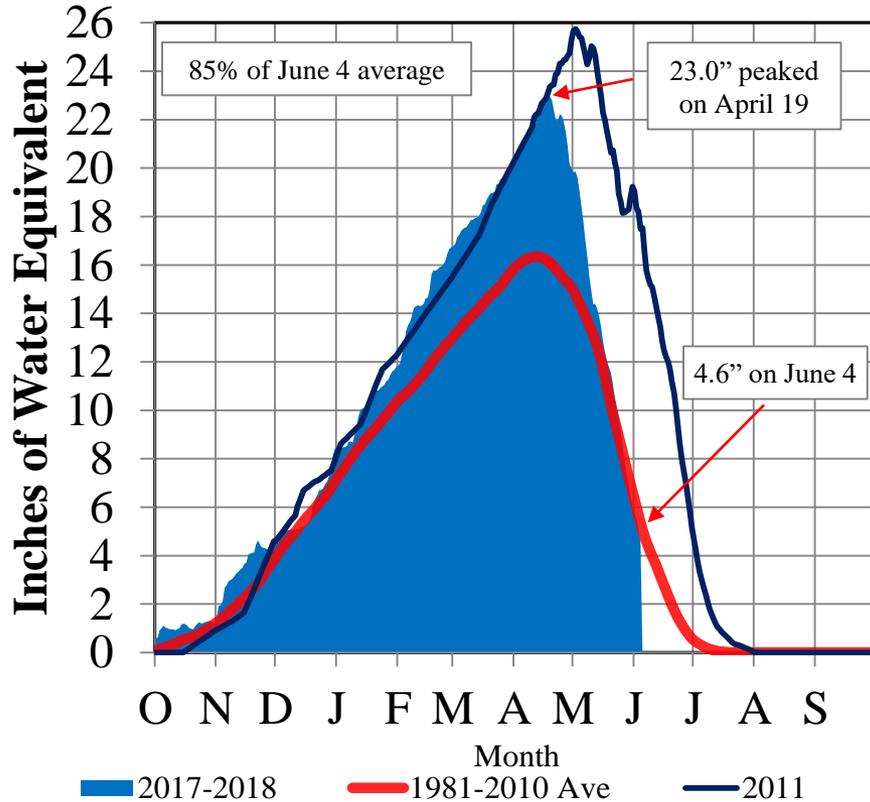
Jody Sundsted
SVP and UGP Regional Manager

Hydrology Missouri River Basin

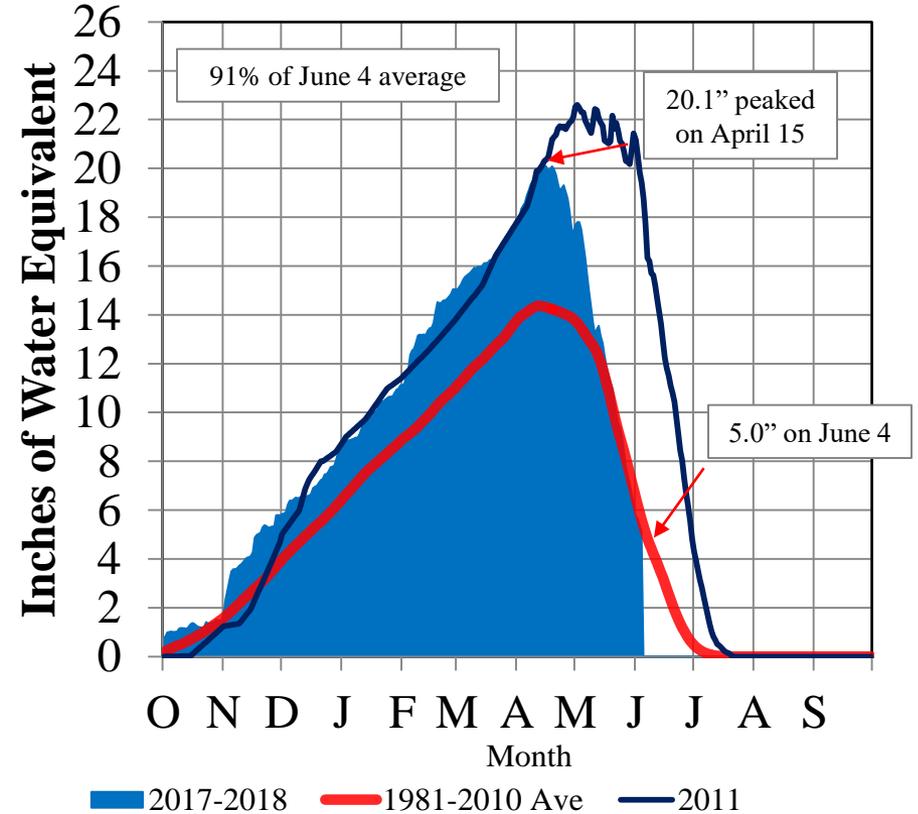
Missouri River Basin Mountain Snowpack Water Content

June 4, 2018

Total above Fort Peck

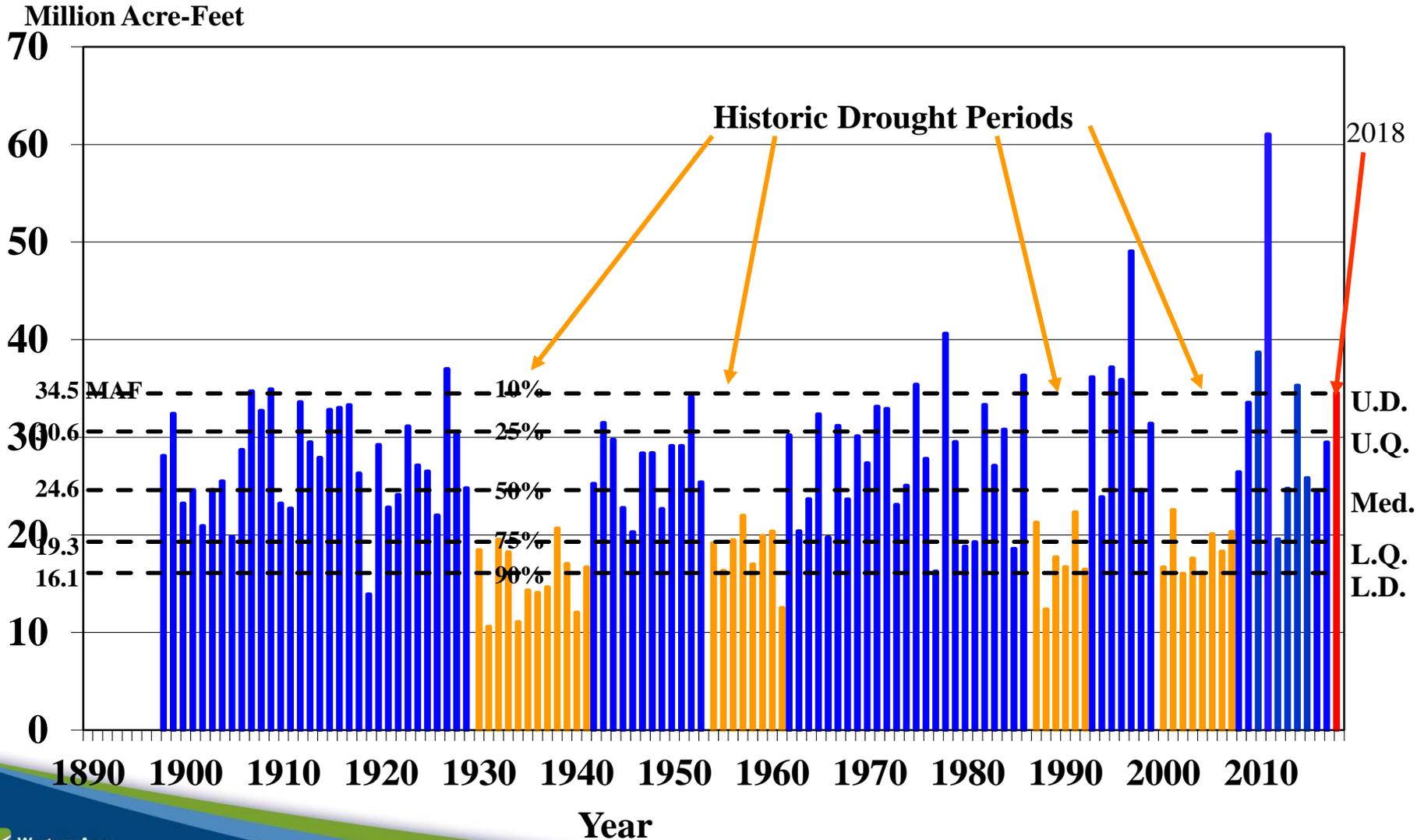


Total Fort Peck to Garrison



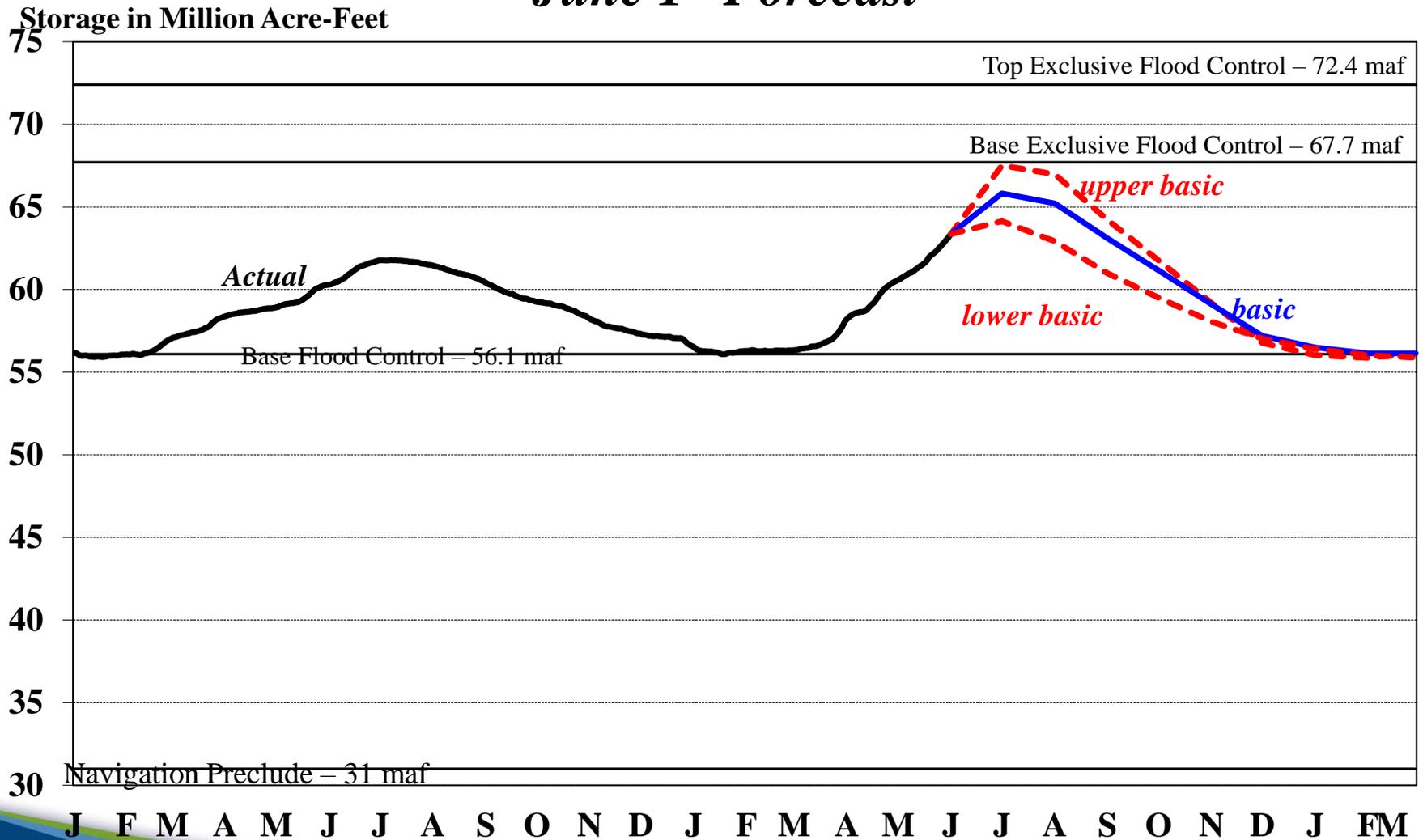
Fort Peck peaked on April 19 at 141% of the normal
Fort Peck to Garrison peaked on April 15 at 137% of the normal

Missouri River Mainstem System Annual Runoff above Sioux City, IA

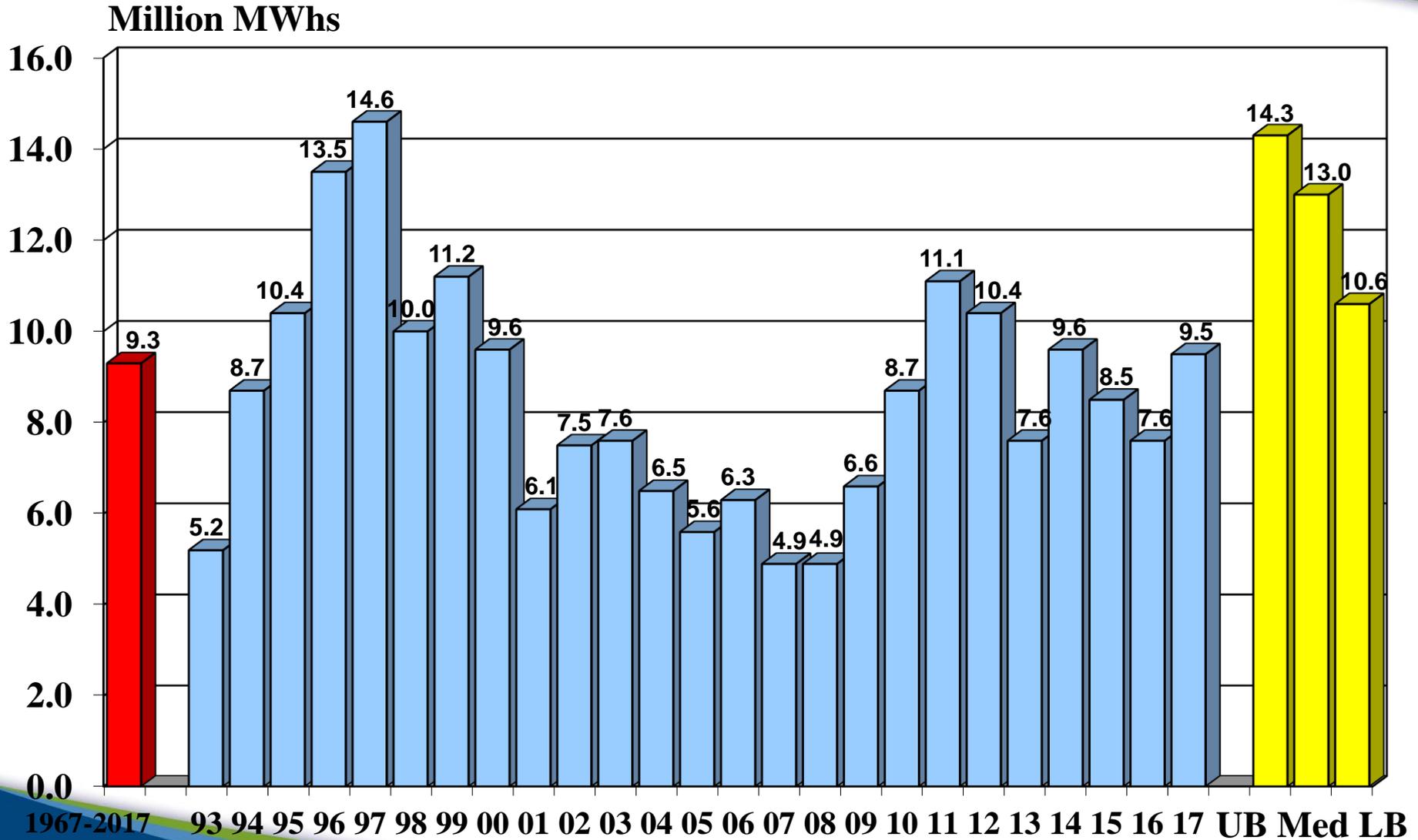


System Storage

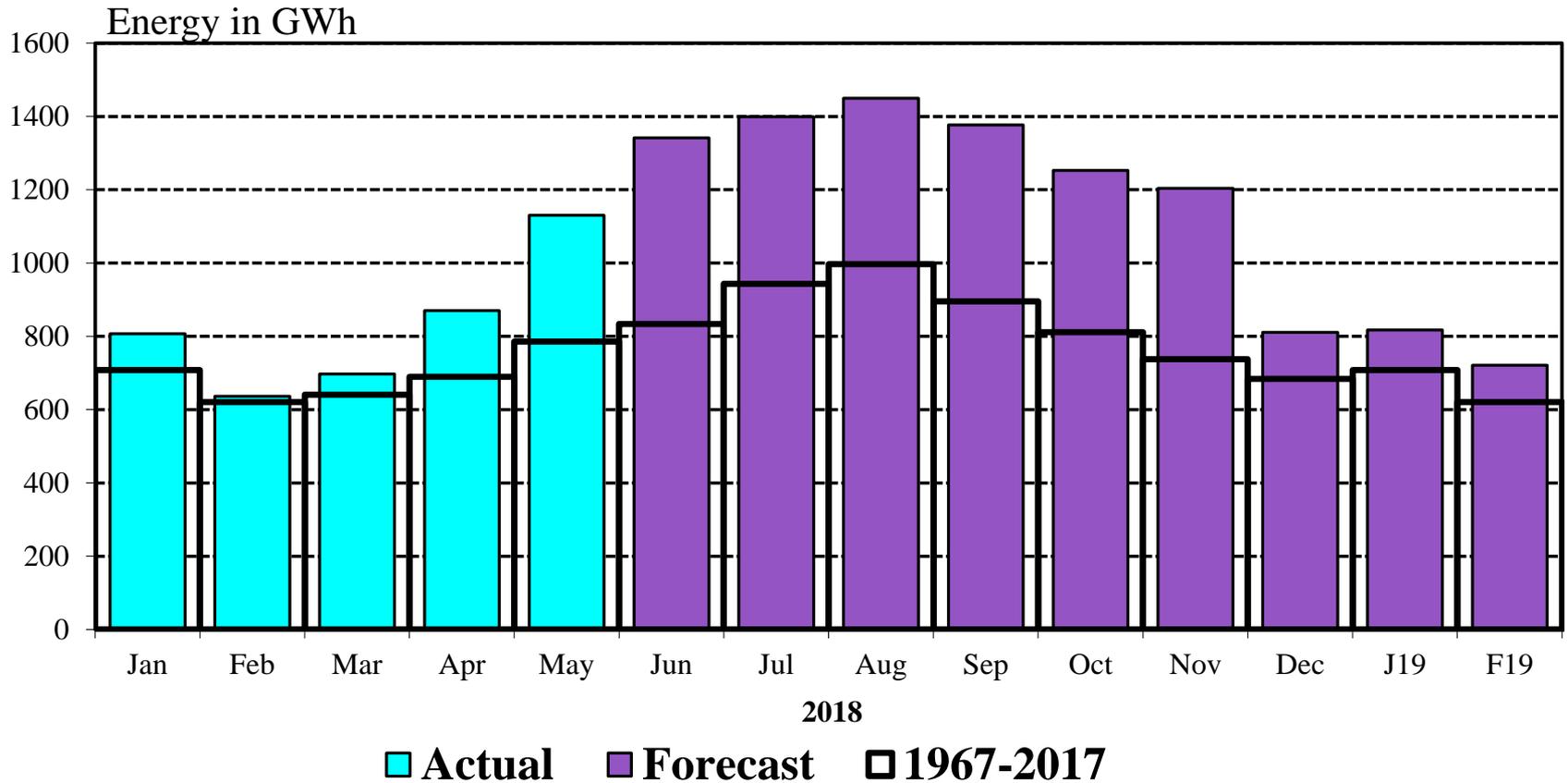
June 1st Forecast



Mainstem System Generation



Missouri River Mainstem System Forecasted Energy Generation



Basic: 13,000 GWh

UGP Resource Pool

P-SMBP — UGP

2021 New Customer Resource Pool

– 2021 New Customer Resource Pool

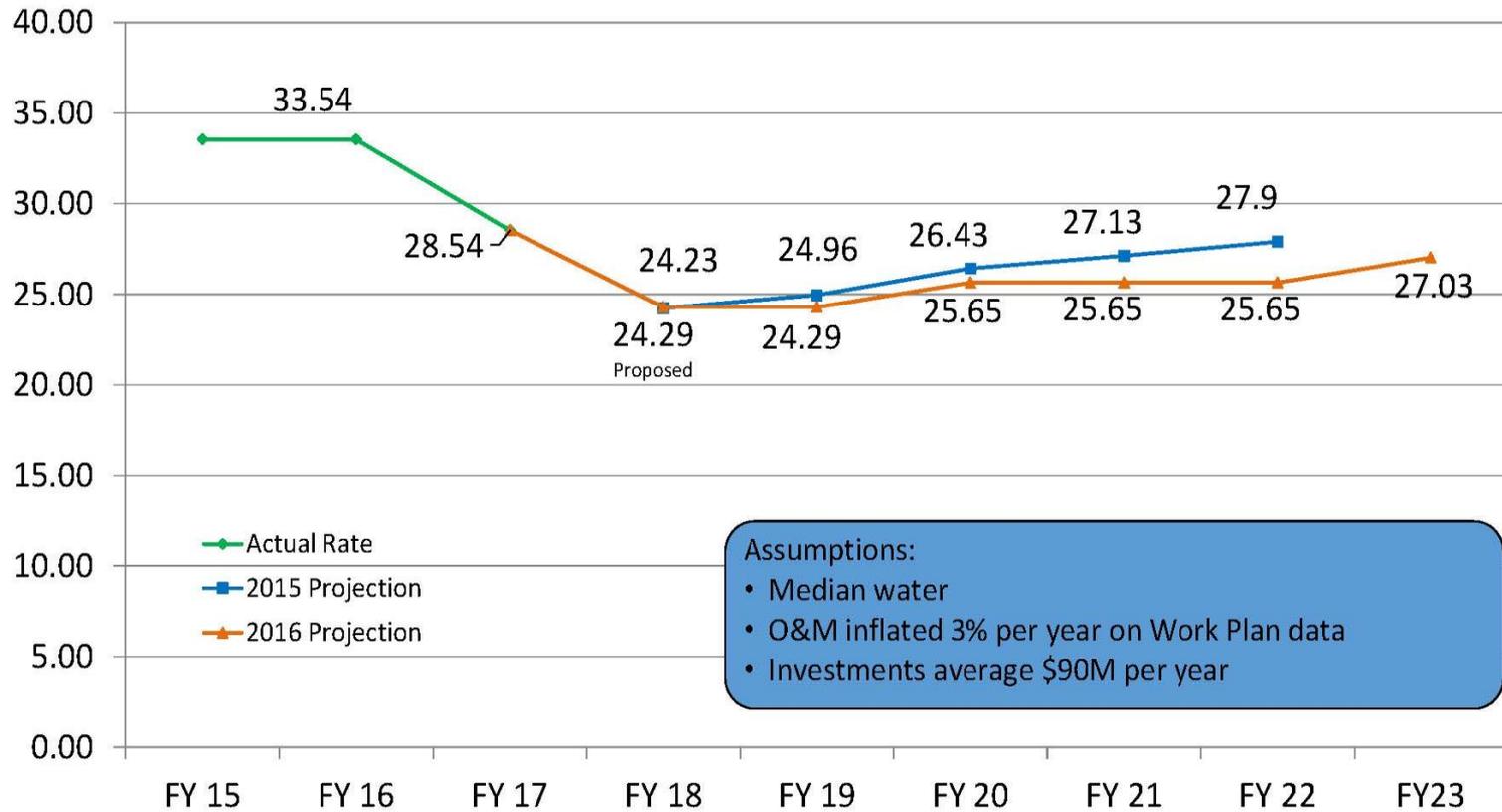
- Pool Size
 - Up to 1 percent – approximately up to 20 MW
- Carry forward Post-2010 Final Procedures
 - This means the same procedures as the last resource pool
 - Streamline the public process with 3 Federal Register notices
- Public Process to began May 29, 2018 – ends July 30, 2018

Pick-Sloan Rates

New Rates (Effective Jan. 1, 2018)

Firm Power Service	Current Rates Effective January 1, 2017	Proposed Rates Effective January 1, 2018	% Change
P-SMBP-ED Revenue Requirement	\$282.7 million	\$230.1 million*	-19%
P-SMBP-ED Composite Rate	28.25 mills/kWh	24.00 mills/kWh	-15%
Firm Capacity	\$6.50 kW-month	\$5.25 kW-month	-19%
Firm Energy	16.18 mills/kWh	13.27 mills/kWh	-18%
Firm Peaking Capacity	\$5.85 kW-month	\$4.75 kW-month	-19%
Firm Peaking Energy ^{1/}	16.18 mills/kWh	13.27 mills/kWh	-18%

Projection of Pick-Sloan Composite Rate



Assumptions:

- Median water
- O&M inflated 3% per year on Work Plan data
- Investments average \$90M per year



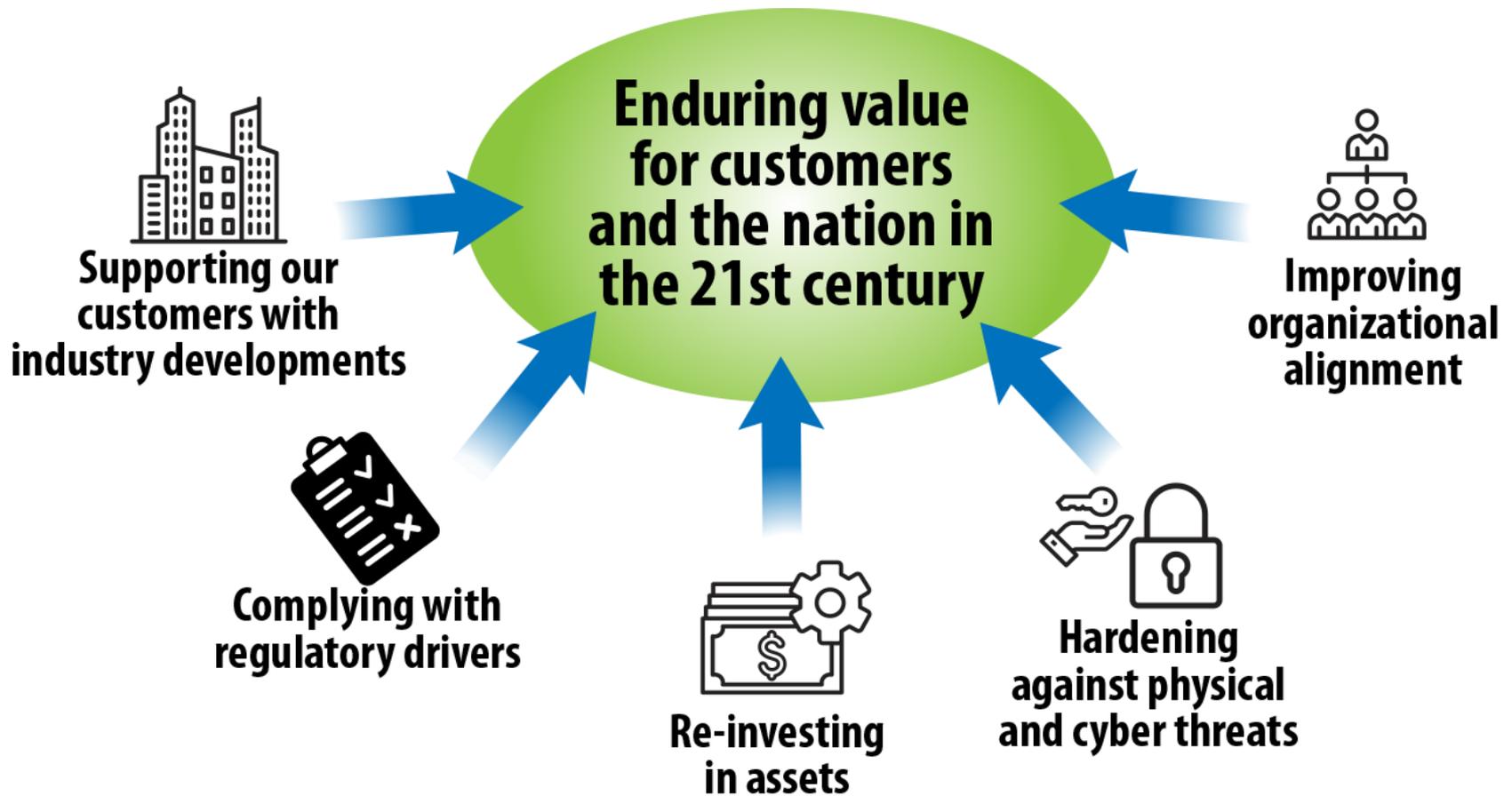
August 10, 2017

UGP SPP Activity

SPP Energy Market Results

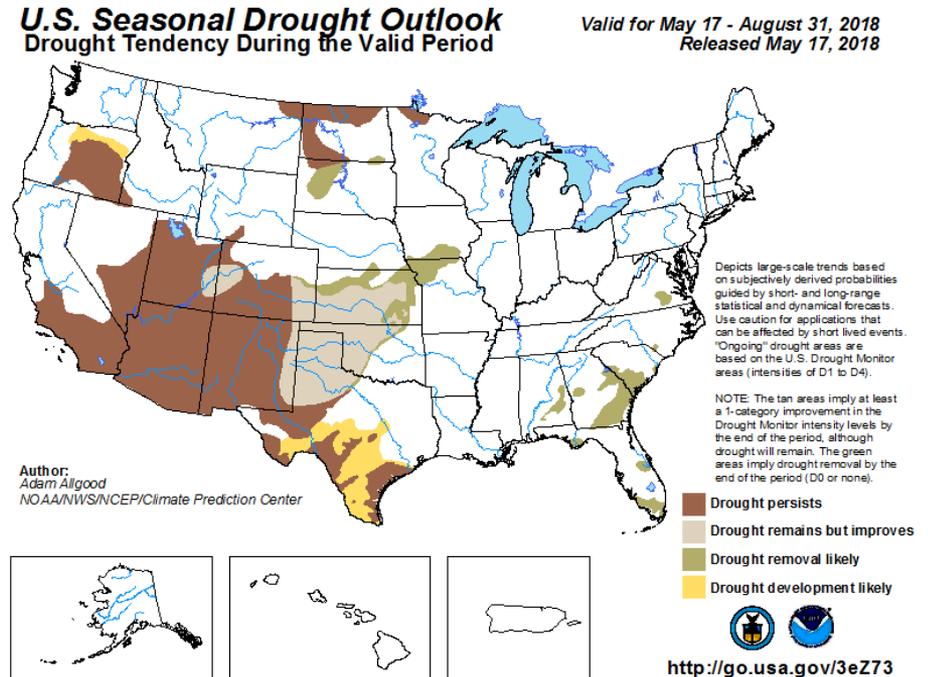
- FY2016
 - Bought ~\$26M
 - Sold ~\$10M
- FY2017
 - Bought ~\$29M
 - Sold ~\$37M
 - Net increase in revenues over FY16 of \$24M
- FY2018 thru May FY2017 thru May
 - Bought ~\$15M ~\$29M
 - Sold ~\$20M ~\$9M
 - Net increase in revenues over same period in FY17 of ~\$25M

Value in all we do

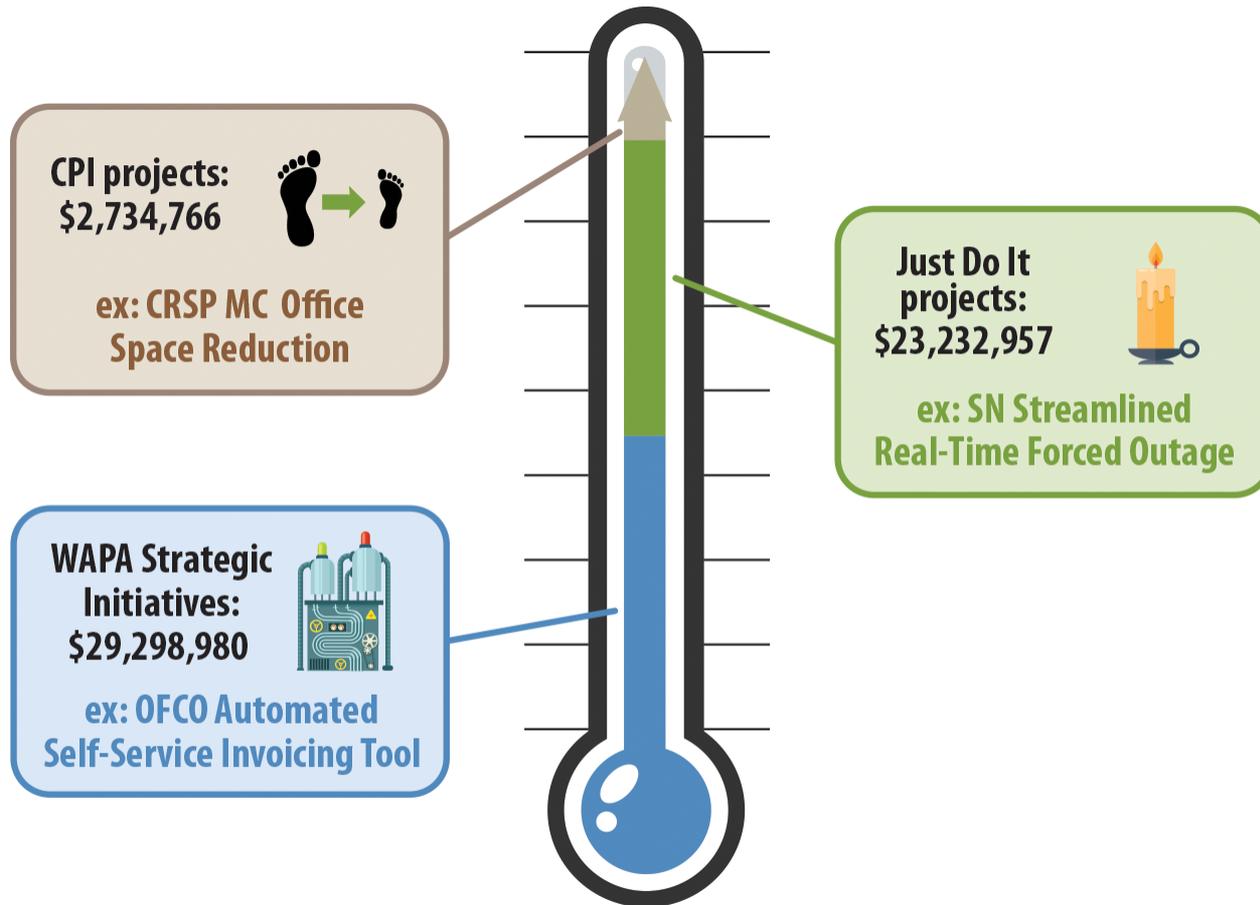


2018/2019 PPW budget status

- 2018 & 2019:
Reduced offsetting collections
- No short-term impacts
- Unobligated balances are essential
- Impact of sustained constraints
- Congressional report due June 23



Cost containment



WAPA cost savings and avoidance: \$55,000,000+ as of March 31, 2018

Washington D.C. update

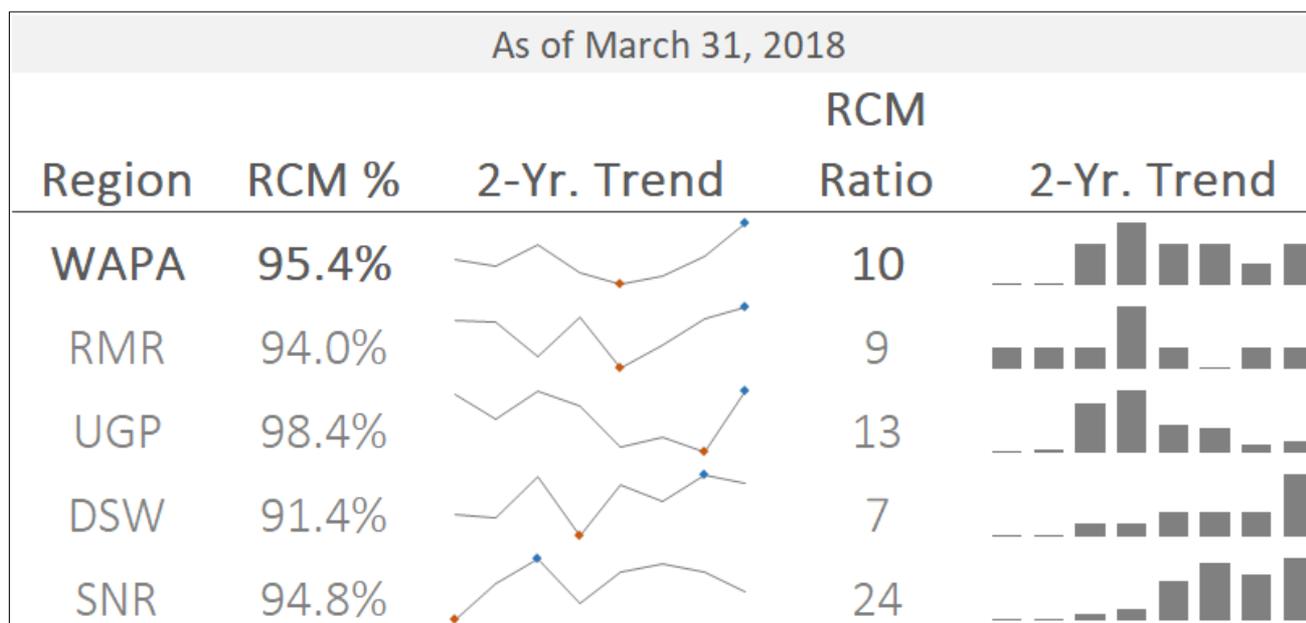
- Change from Deputy Secretary to Assistant Secretary of Electricity
- Inland Waterways Trust Fund
 - Not included in House version of Water Resources Development Act of 2018
 - Impact would depend on when power receipts are collected
 - Also would affect SEPA & SWPA



Asset Management 2.0

Reliability Centered Maintenance

Maintenance established a process for collecting data points to monitor and report



Critical equipment resilience

- Assessing four options for transformer sparing strategy
- HILF events only
- Ongoing customer communications
- Expect decision shortly



Physical security

- Continue to improve security posture
- 319 substation assessments completed FY 2017
- 75 second-round assessments to be completed in 2018
- 18 complete as of Q2



The Source



ANNUAL REPORTS

Find annual reports and statistical appendices for the current and past few years.



BUDGET ALLOCATION

Find WAPA and regional fact sheets and 10-year planning information. Content will be updated yearly.



BY THE NUMBERS

Searchable index created to increase transparency about WAPA's power systems. Content updated yearly.



CUSTOMER NEWS

Get updates, alerts, and news on topics of interest to customers.



KEY TOPICS

Access key topics affecting WAPA's mission or service.



PRESENTATIONS & SPEECHES

Discussions between our CEO, Senior Executive team, and customers.

Transparency

- Expanding available data
 - 10-year history
 - Includes expenditures
 - Narrative to explain increases/decreases
 - How-to guide to help navigate data
- Worked in partnership with customers



Change brings challenges

- Intermittent resources
- Variable hydro production
- More customer-side resources
- Changing markets



Key takeaways

Focus on value and business excellence.
Be aware of industry trends and changes.
Continue delivering on mission.

