Financial Discussion
Sierra Nevada Region
O&M Governance Board

Folsom, CA
August 22, 2019

Dennis R. Sullivan, CFO
Topics

• Updates
  • Fiscal year (FY) 2019 financials
  • Capital appropriations
  • Purchase power & wheeling
  • Environmental funding

• Financial model challenges
  • Symptoms of a broader problem
  • Shared objectives

• HQ 10-Year Capital Plan Meeting
WAPA-wide FY19 Financial Execution

- **Annual O&M**: Forecasting full execution of $302M work plan
- **Appropriations**: Forecasting full execution of $89M work plan
- **Purchase Power & Wheeling**: Forecasting +$59M reserves
- **Return to Treasury**: Forecasting $206M
Capital Appropriations Status

Capital Appropriations
FY 2010 - FY 2025

<table>
<thead>
<tr>
<th>Year</th>
<th>Enacted</th>
<th>Proposed</th>
<th>2% Inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2010</td>
<td>109</td>
<td>109</td>
<td>109</td>
</tr>
<tr>
<td>FY 2011</td>
<td>109</td>
<td>111</td>
<td>111</td>
</tr>
<tr>
<td>FY 2012</td>
<td>96</td>
<td>114</td>
<td>114</td>
</tr>
<tr>
<td>FY 2013</td>
<td>96</td>
<td>116</td>
<td>116</td>
</tr>
<tr>
<td>FY 2014</td>
<td>92</td>
<td>118</td>
<td>118</td>
</tr>
<tr>
<td>FY 2015</td>
<td>93</td>
<td>121</td>
<td>121</td>
</tr>
<tr>
<td>FY 2016</td>
<td>95</td>
<td>123</td>
<td>123</td>
</tr>
<tr>
<td>FY 2017</td>
<td>93</td>
<td>125</td>
<td>125</td>
</tr>
<tr>
<td>FY 2018</td>
<td>89</td>
<td>128</td>
<td>128</td>
</tr>
<tr>
<td>FY 2019</td>
<td>89</td>
<td>130</td>
<td>130</td>
</tr>
<tr>
<td>FY 2020</td>
<td>85</td>
<td>133</td>
<td>133</td>
</tr>
<tr>
<td>FY 2021</td>
<td>80</td>
<td>136</td>
<td>136</td>
</tr>
<tr>
<td>FY 2022</td>
<td>76</td>
<td>138</td>
<td>138</td>
</tr>
<tr>
<td>FY 2023</td>
<td>73</td>
<td>141</td>
<td>141</td>
</tr>
<tr>
<td>FY 2024</td>
<td>69</td>
<td>144</td>
<td>144</td>
</tr>
<tr>
<td>FY 2025</td>
<td></td>
<td>147</td>
<td>147</td>
</tr>
</tbody>
</table>
WAPA Capital Plan through 2025

<table>
<thead>
<tr>
<th></th>
<th>FY 2019 Enacted</th>
<th>FY 2020 President</th>
<th>FY 2021 Workplan</th>
<th>FY 2022 Workplan</th>
<th>FY 2023 Workplan</th>
<th>FY 2024 Workplan</th>
<th>FY 2025 Workplan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital C&amp;R</td>
<td>33</td>
<td>46</td>
<td>40</td>
<td>40</td>
<td>41</td>
<td>42</td>
<td>43</td>
</tr>
<tr>
<td>Capital O&amp;M</td>
<td>43</td>
<td>39</td>
<td>46</td>
<td>47</td>
<td>48</td>
<td>49</td>
<td>50</td>
</tr>
<tr>
<td>Capital PD</td>
<td>41</td>
<td>45</td>
<td>41</td>
<td>42</td>
<td>43</td>
<td>45</td>
<td>46</td>
</tr>
<tr>
<td>Total</td>
<td>116</td>
<td>129</td>
<td>127</td>
<td>129</td>
<td>132</td>
<td>136</td>
<td>139</td>
</tr>
<tr>
<td>Appropriations</td>
<td>89</td>
<td>89</td>
<td>85</td>
<td>80</td>
<td>76</td>
<td>73</td>
<td>69</td>
</tr>
</tbody>
</table>
Purchase Power & Wheeling

- FY18 Congressional report status
- The greater of:
  - Actual PPW obligations in current year, or ...
  - PPW estimate in PRS
- Reserve strategy progress
  - FY18 reserve: $291m
  - FY19 projection: +$59M
  - FY20 budget markup: -$90M
- FY20 Congressional report request
  - Options for new PPW account structure
Basin Fund – Environmental Programs Funds Transfer

- Fiscal Year 2019
  - OMB administrative direction to return $23M to Treasury
  - USBR secured appropriations

- Fiscal Year 2020
  - DRAFT House EWD bill
  - $21.4M shall be transferred to USBR

- Indirect implications?
Symptoms of a broader problem

• “Cobbled together” legislative authorities
  • Not well understood
  • Reinterpretation risk

• 100% reliant on cash
  • All receipts not discretionary
  • Alternative financing approach

• No borrowing mechanism

• Sub-optimal decisions

• Complexity implications
Shared objectives

DISCUSSION
WAPA HQ Ten-Year Capital Plan Technical Meeting

Date: October 9, 2019
Time: 1:00 PM – 5:00 PM, MDT
Location: WAPA’s Electric Power Training Center
1667 Cole Blvd. Building 19
Golden, CO 80401
Contact/follow me

Dennis Sullivan
720.962.7500
dsullivan@wapa.gov

wapa.gov

@westernareapowr
@D_Sullivan03

Dennis Sullivan

WesternAreaPower1