

WAPA-Wide Program Standardized Budgeting Framework

Colin Marquez
VP of Budget & Analysis

Program and Budget Integration:

WAPA-wide Standardized Budgeting & Reporting

- Costing for WAPA-wide programs is complex, unpredictable, difficult to repeat and administratively burdensome.
 - The standardized framework is an activity-based costing model that efficiently and effectively allocates program costs WAPA-wide.
- ✓ Increases visibility and transparency.
 - ✓ Increases predictability between formulation and execution.
 - ✓ Increases efficiency by reducing administration.
 - ✓ Increases consistency in the method of allocating costs to their beneficiaries.

DATA



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Standardized Budgeting & Reporting:

Enhances consistency & transparency, WAPA-wide

Current State

Management Information Support

- Constrained ability to reprioritize.
- Inconsistent & unpredictable.
- Limited comparability.
- Time intensive for programs and budget.

Financial Transparency

- Inconsistent accounting.
- Unclear allocation methodology.
- Limited program visibility.
- Unpredictable cost shifts.

Future State

Management Information Support

- Allows greater flexibility in re-prioritization.
- Consistent & predictable.
- WAPA-wide comparability.
- Streamlines program and budget administration.

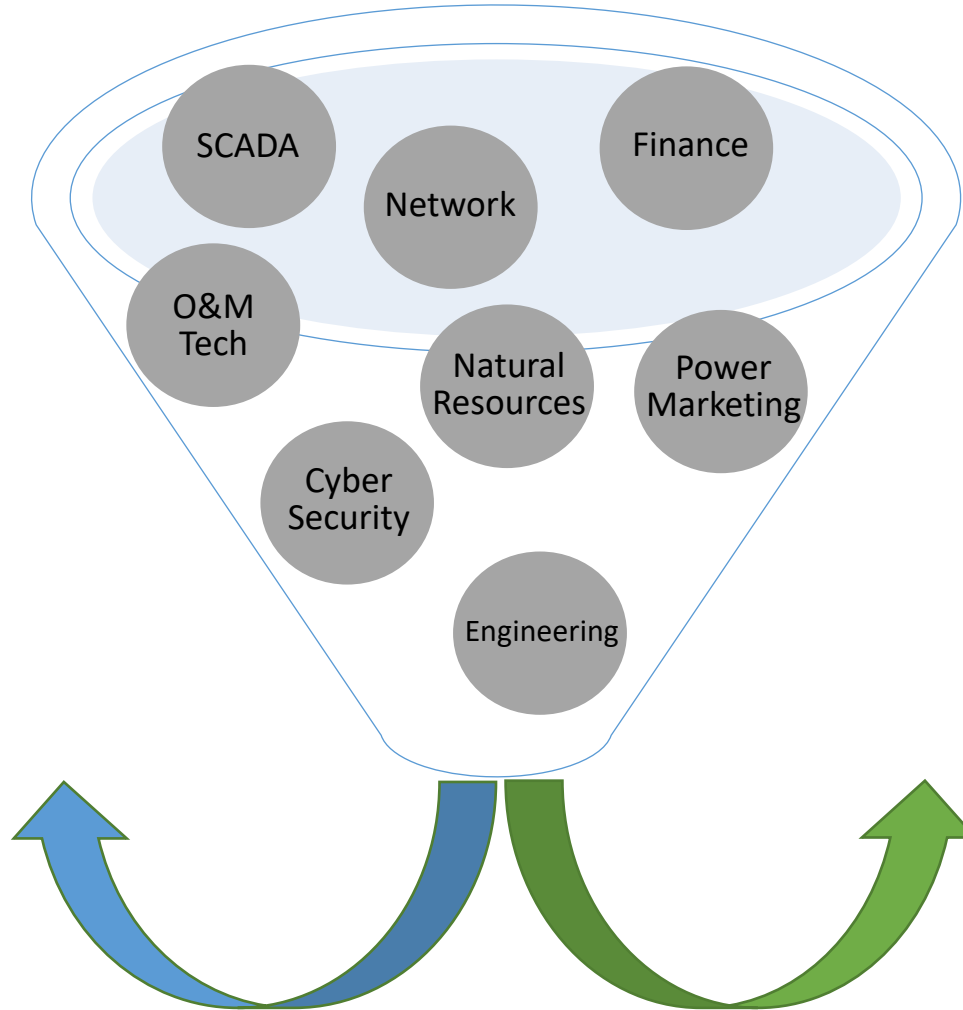
Financial Transparency

- Consistent accounting.
- Documented allocation methodology.
- Enhanced program visibility.
- Greater fidelity in aligning costs with beneficiary.

Regional Direct

- Design & Engineering
- SCADA
- O&M Technology
- Power Marketing
- Security
- General Counsel
- Natural Resources

WAPA-Wide Programs



Enterprise-Wide

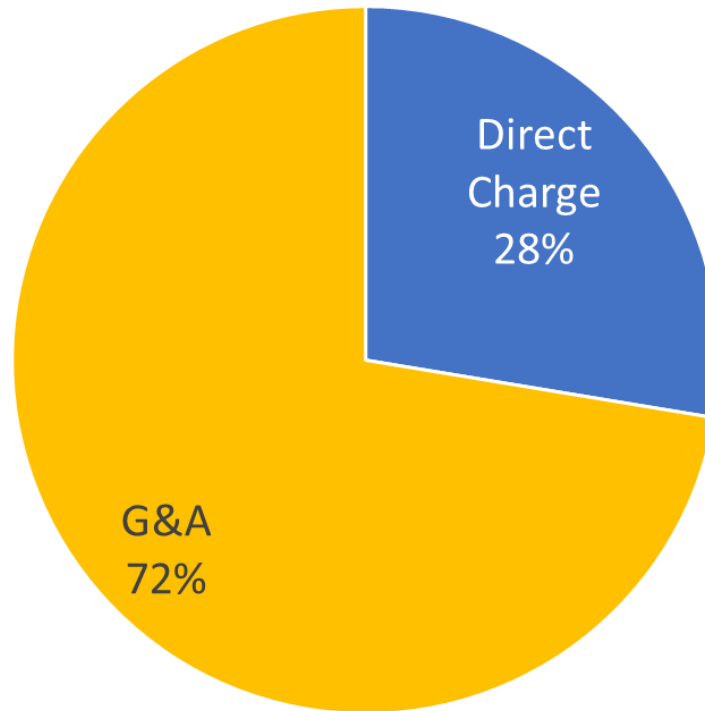
- Network
- Enterprise Applications
- Cyber Security
- Infrastructure
- Finance
- Human Resources
- Public Affairs
- DOE Systems
- Electric Power Training Center

Example of Approach: Network

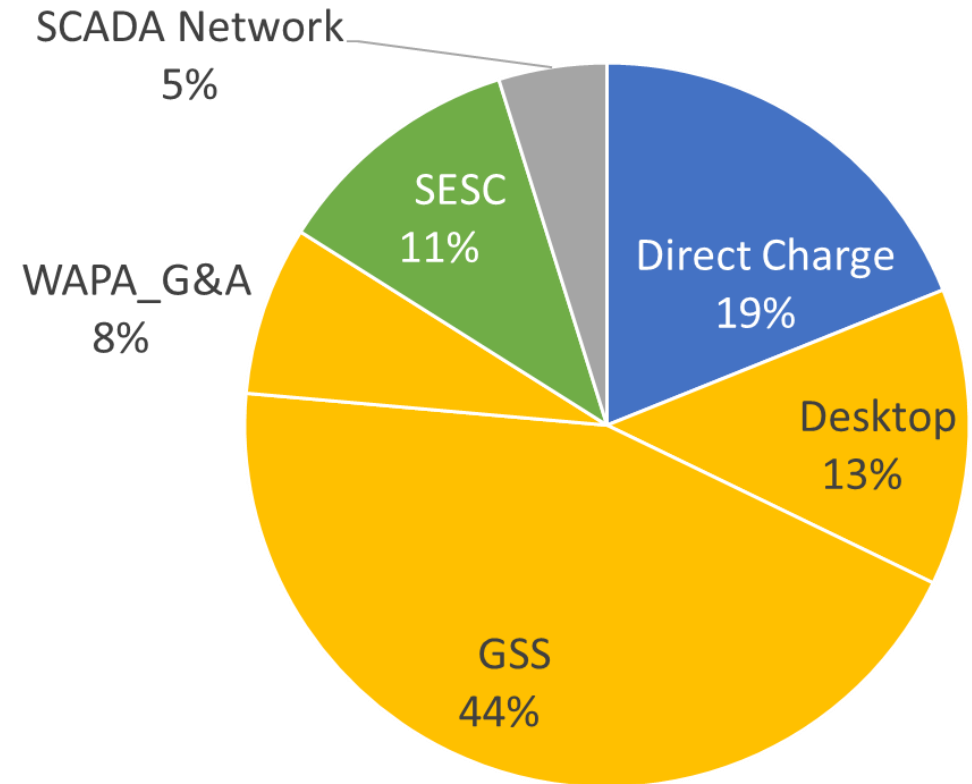
Summary

- Increases fidelity in the allocation of costs
- Greater visibility into programs
- Follows activity-based costing principles
- GSS or the corporate network treated as WAPA-wide
- Network of communication sites and substations (SESC) follow Maintenance distribution
- SCADA network follows Operations distribution

Current State



Proposed State

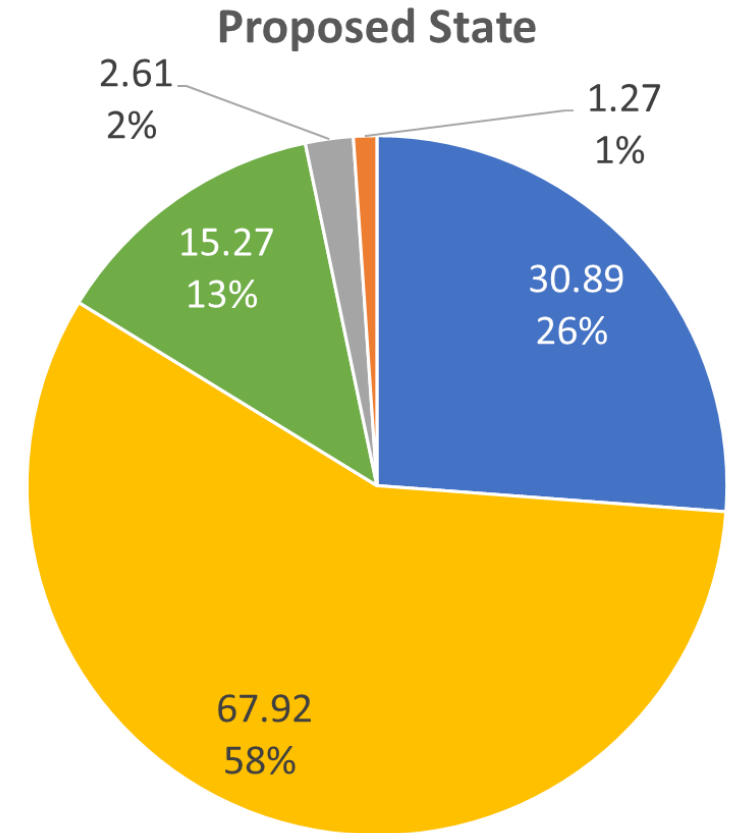
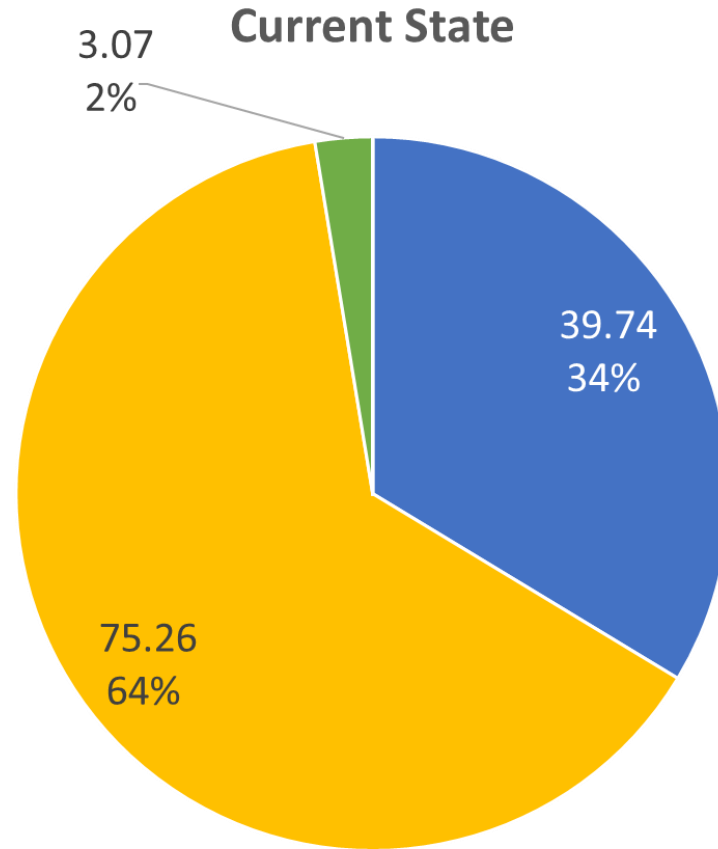


■ Direct Charge ■ G&A ■ Maintenance ■ Operations ■ Power Marketing

Key Drivers and Benefits

Summary

- Associated Direct Expense (ADE) increases to 16% of total
- General & Administrative (G&A) decreases to 5% of total
- ~\$22M shift from region to WAPA-wide
- Increases predictability
- Allows greater flexibility for reprioritization
- Reduces program and budget administrative burden

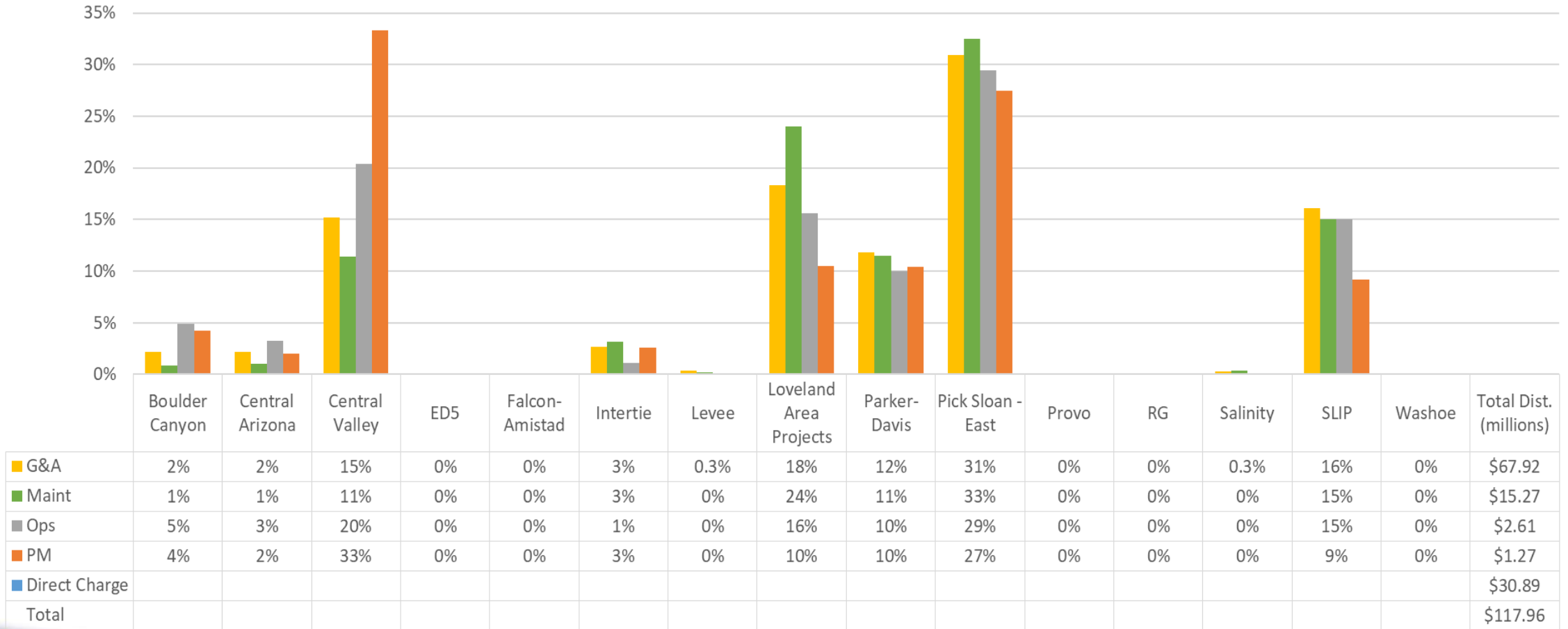


■ Direct Charge
 ■ G&A
 ■ Maintenance
 ■ Operations
 ■ Power Marketing

Estimated Distributions by Percent

Subject to change based on Direct Charging and Direct Labor

WAPA-Wide Distributions by Rate Setting Systems

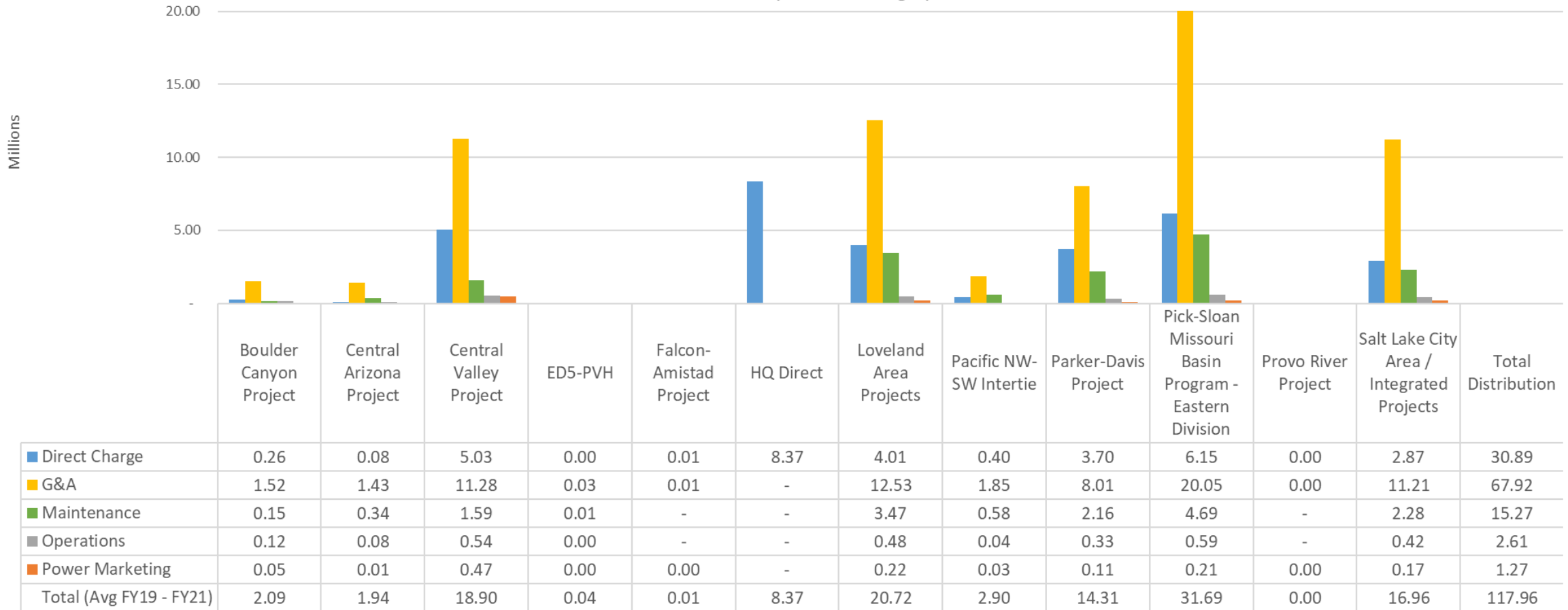


Distributions based on 3-Year Avg. Direct Labor by function

Estimated Distributions by \$

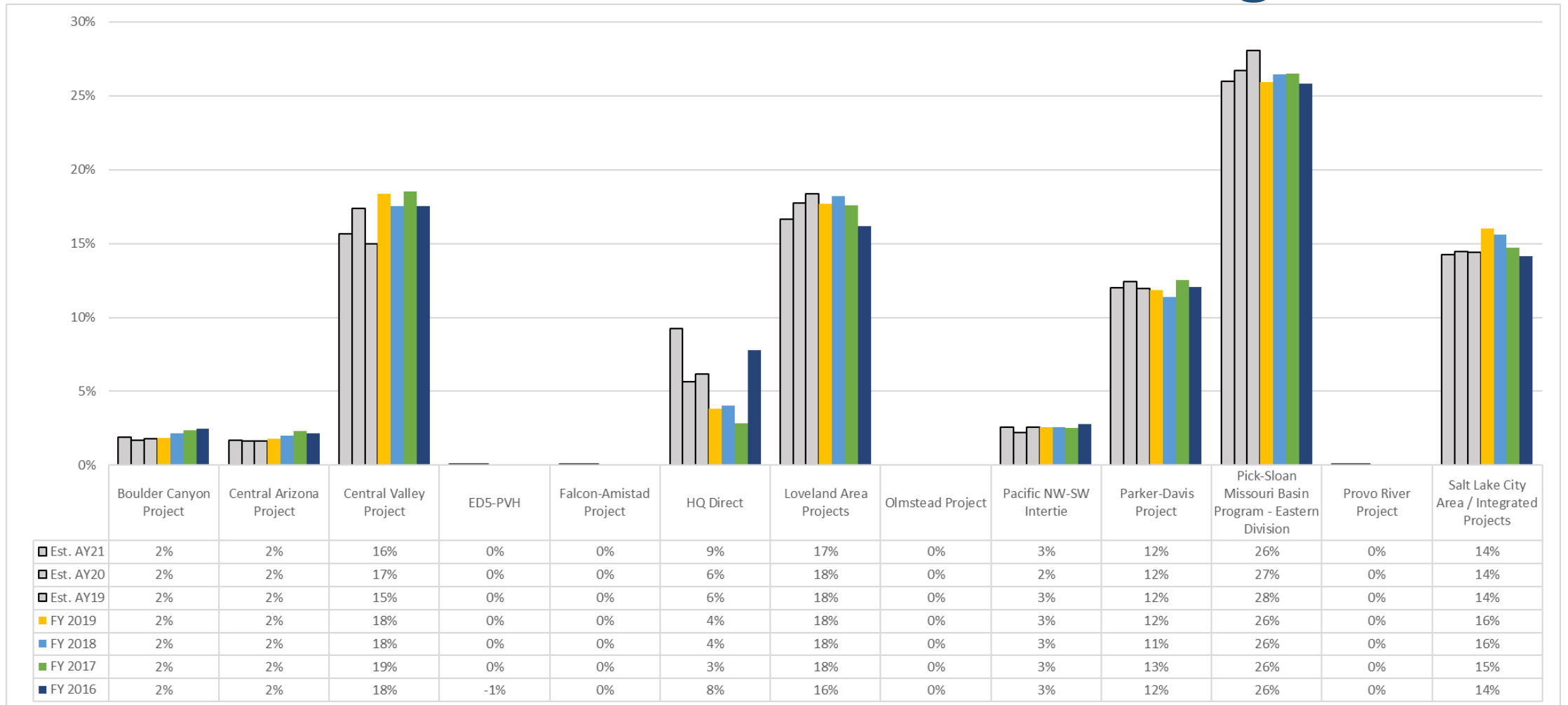
Subject to change based on Direct Charging and Direct Labor

WAPA-Wide Distributions by Rate-Setting System



Distributions based on 3-Year Avg. Direct Labor by function

Estimated Allocation of WAPA-Wide Programs



2016 – 2019 Data from [The Source](#)

Estimated Results by the Numbers

Subject to change based on Direct Charging and Direct Labor

3-Yr Average (FY 2019 - FY 2021) in Millions				
Rate-Setting System	Current State	Proposed State	Increase (Decrease)	%
Boulder Canyon Project	\$ 2.29	\$ 2.28	\$ (0.01)	-0.4%
Central Arizona Project	\$ 1.97	\$ 2.13	\$ 0.16	8.1%
Central Valley Project	\$ 21.49	\$ 20.18	\$ (1.31)	-6.1%
ED5-PVH	\$ 0.04	\$ 0.04	\$ -	0.0%
Falcon-Amistad Project	\$ 0.01	\$ 0.01	\$ -	0.0%
HQ Direct ** (shown post allocated for illustrative purposes)	**	**	**	**
Loveland Area Projects	\$ 21.79	\$ 22.26	\$ 0.47	2.2%
Pacific NW-SW Intertie	\$ 3.06	\$ 3.13	\$ 0.07	2.3%
Parker-Davis Project	\$ 15.28	\$ 15.31	\$ 0.03	0.2%
Pick-Sloan Missouri Basin Program - Eastern Division	\$ 34.03	\$ 34.30	\$ 0.27	0.8%
Provo River Project	\$ -	\$ -	\$ -	0.0%
Salt Lake City Area / Integrated Projects	\$ 18.12	\$ 18.32	\$ 0.20	1.1%
Grand Total	\$ 118.08	\$ 117.96	\$ (0.12)	-0.1%

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Questions?

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Reference

Glossary

Term	Definition
O&M	These costs directly benefit functional programs including Power Marketing (PM), Operations (Ops), and Maintenance (Maint) . These costs can be either direct charged or indirect charged .
G&A (“Overhead”)	Often referred to as “overhead” costs , these costs cannot be linked to a specific project or functional program and consequently must be distributed to all benefiting activities on a calculated basis . The most common components of G&A costs include administrative services, general training, space, utilities, miscellaneous supplies and materials, etc. The costs are distributed based on total Direct Labor.
Capital	Costs incurred for capital projects.
Indirect Cost	Costs that are not directly assignable to specific projects or jobs and are therefore distributed to benefiting activities on a calculated basis . Can be O&M, G&A or Capital .
Direct Charge	Costs that are directly assignable to specific projects or jobs . Can be O&M, G&A, or Capital .
Regional Allocation	Indirect costs from WW programs that are assignable to a specific region but not assignable to specific projects or jobs. These costs can be O&M, G&A, Capital . These costs are distributed to benefiting activities within the region on a calculated basis.