Investing in a connected future

Central Valley Project Annual Customer Meeting
June 4, 2019 | Folsom, CA

Dennis Sullivan
Senior VP and Chief Financial Officer
A connected WAPA
Mission breakout

**RELIABILITY**
651 people and 28 percent of dollars invested in maintenance and related areas

**DELIVERY**
334 people and 22 percent of dollars dedicated to power operations and engineering areas

**MARKETING**
including purchase power and wheeling
158 people and 42 percent of dollars committed to power marketing areas

**COST-BASED**
and related services
298 people and 8 percent of dollars applied to support the mission
Shared Integrated Grid
Connected world
2019 Tactical Action Plan

**MISSION CRITICAL CUSTOMER SERVICES IN AN EVOLVING INDUSTRY**
- Preparing for Markets
- Organizational Approach to Markets

**GRID RESILIENCE**
- Physical Security
- Cybersecurity
- Emergency Management
- Strategic Transformer Management
- Fiber Partnerships

**ASSET MANAGEMENT 2.0**
- Life Cycle Management of Major Assets
- Life Cycle Management of Additional Assets
- Data as a Strategic Asset

**PEOPLE AND ORGANIZATION**
- Human Performance and Just Culture
- Leadership Development
- Program and Budget Integration
- Acquisition Management
FY19 financial execution

- **Purchase Power & Wheeling**: Forecasting +$39M reserves
- **Annual O&M**: Forecasting $1.4M over work plan
- **Appropriations**: Forecasting $1.6M under work plan
- **Total Capital**: Forecasting $27.9M under work plan
- **Return to Treasury**: Forecasting $226M
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: +$39M
  - FY20 budget markup: -$90M
- FY20 Congressional report request
  - Options for new PPW account structure
Capital Appropriations status

Capital Appropriations
FY 2010 - FY 2021

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- Approps
- 2% Inflation
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
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Shasta Dam