Reflect, Recharge, Resolve

Tracey A. LeBeau
Administrator and CEO

CREDA Board Meeting
Jan. 20, 2022
FY 2021 accomplishments

- Marketed 21,916 GWh of hydropower
- Provided 22,500 MWh of emergency energy to SPP
- Saved or avoided $114 million through CPI
- Implemented Modern Workplace
- Evaluated fully integrated market membership
- Educated a new Administration
- Refreshed mission and vision

- Integrated Lidar scans into engineering software
- Increased leadership development opportunities
- Completed WECC audit
- Concluded drone pilot project
- Joined real-time markets for four regions; selected RT market for DSW
- Formalized Human Performance Improvement & Just Culture program
- Initiated third craft leadership development program
- Held fourth leadership summit
- Achieved 0.3 recordable incident rate
- Advanced inclusion and diversity
- Named one of the best places to work in government
FY 2022 theme

REFLECT
• Mission and vision
• Core Values
• Transparency commitments
• Recent successes
• 45-year anniversary

RECHARGE
• New strategic plan
• Future work environment
• Renew our connections & collaborative partnerships

RESOLVE
• Define our future
• Solve today’s challenges
• Evaluate opportunities
• Make best decisions for regions, customers, WAPA and our mission
Touchstone priorities

• Strengthening partnerships
  • Rate stability
  • Grid reliability and resilience
  • Transparency and collaboration
• Organizational resilience
  • Workforce of the future
  • Safe and inclusive organizational culture
Developing our new strategic plan

Mission and Vision
- Refresh (Complete)

Assessment and Analysis
- Research & data gathering
- Surveys
- Employee focus groups
- Senior manager interviews
- Council and functional area workshops
- External stakeholder interviews
- Data analysis

Strategy Formulation
- Senior analysis and formulation of WAPA strategy – define value proposition, validate mission and vision, define critical pathways, strategic objectives, enterprise level risks, performance measures and targets

Action Oriented Plans
- Organizational alignment
- Develop action-oriented plans
- Resource allocation

Phase 1 (Complete)
Phase 2 (Active)
Phase 3 (Future)
COVID-19 and Future of Work

- Reentry processes delayed briefly by DOE.
- Union negotiations underway for represented staff.
- Defining appropriate timelines and expectations for visitors.
- Pilot project to maximize telework opportunities for employees based on position, performance and desire to work from home.
- WAPA continues to have physical presence in offices.
Transmission in Bipartisan Infrastructure Law (BIL)

- BIL: $62 billion for the U.S. Department of Energy (DOE) to deliver a more equitable clean energy future by:
  - Investing in American manufacturing and workers.
  - Expanding access to energy efficiency and clean energy for families, communities and businesses.
  - Delivering reliable, clean, and affordable power to more Americans.
  - Building the technologies of tomorrow through clean energy demonstrations.

- January 2022 Announcements:
  - Building a Better Grid Initiative Notice of Intent
  - Clean Energy Corps

- DOE received authorization and appropriations for “Grid Infrastructure and Resiliency” under three sections of the infrastructure legislation - Fiscal years 2022 through 2026.
  - Transmission Facilitation Program: Revolving loan authority; new program.
  - Authorized matching grant programs for resiliency investments.
  - WAPA focused on strategies to enhance grid resilience, keeping rates stable and identifying partnership opportunities where appropriate.
Focus on critical issues

• Enduring drought in Colorado River Basin.
• Constraints on Basin Fund.
• Markets evaluation, including SPP-RTO West membership evaluation.
• Affordable electricity and power rates.
Leadership updates

- Senior VP and CRSP Manager Tim Vigil retired. Joined Delta-Montrose Electric Association.
  - Rodney Bailey acting for 120 days followed by Adam Arellano for another 120 days.
- Senior VP and TIP Manager selectee going through OPM process.
- Executive VP and COO Kevin Howard retiring at end of February.
- Ron Klinefelter is acting General Counsel.
- Scott Lund to replace Jack Murray as acting Senior VP and DSW Regional Manager Jan. 23.
Tracey A. LeBeau
Administrator and CEO
720.962.7705
lebeau@wapa.gov
CRSP Update

Adam Arellano
Vice President of Power Marketing for CRSP
Markets update – timing and decision process

• Monthly meeting to keep customers up to date on RTO initiative. Next meeting is February 2, 2022, at 1:30 MST.

• Colorado Springs Utilities joined the group looking to join the SPP RTO.

• Performing an updated Brattle Study. Results due in late March/early April.

• If we propose a decision to move forward, we will issue a Federal Register Notice in mid 2022.
  • Administrator will make decision to move forward.
  • Public Process to seek comments.
Purchase Power and DROA

- Reclamation began increasing releases under an emergency provision for Drought Operations in July 2021 through December 2021.

- WAPA estimates these increased releases, particularly in high load and energy price months, avoided $6.6 million in purchase power and wheeling expenses.
Annual Generation WYs 2016 - 2022

- 2016: 5,447,748
- 2017: 5,646,338
- 2018: 5,593,634
- 2019: 5,117,626
- 2020: 5,093,750
- 2021: 4,309,356
- 2022: 3,713,106
# Basin Fund Target Balance

<table>
<thead>
<tr>
<th>FY2022 Basin Fund Target Balance (in 000s)</th>
<th>WAPA</th>
<th>Reclamation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>25% of FY22 Annual O&amp;M</td>
<td>$14,896</td>
<td>$13,269</td>
<td>$28,165</td>
</tr>
<tr>
<td>3 Year Capital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY23</td>
<td>$9,163</td>
<td>$16,177</td>
<td>$25,340</td>
</tr>
<tr>
<td>FY24</td>
<td>$16,052</td>
<td>$10,152</td>
<td>$26,204</td>
</tr>
<tr>
<td>FY25</td>
<td>$10,157</td>
<td>$14,289</td>
<td>$24,446</td>
</tr>
<tr>
<td>Total</td>
<td>$35,372</td>
<td>$40,618</td>
<td>$75,990</td>
</tr>
<tr>
<td>3 yr Net Purchase Power not collected in WAPA 199</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY23</td>
<td>$5,000</td>
<td></td>
<td>$5,000</td>
</tr>
<tr>
<td>FY24</td>
<td>$5,000</td>
<td></td>
<td>$5,000</td>
</tr>
<tr>
<td>FY25</td>
<td>$5,000</td>
<td></td>
<td>$5,000</td>
</tr>
<tr>
<td>Total</td>
<td>$15,000</td>
<td></td>
<td>$15,000</td>
</tr>
</tbody>
</table>

Total: $119,155
Basin Fund Target Balance vs. Forecasted Cash

<table>
<thead>
<tr>
<th>Forecasts</th>
<th>FY2022</th>
<th>FY2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BASIN FUND TARGET BALANCE</strong></td>
<td></td>
<td>$119,155</td>
</tr>
<tr>
<td>FORECASTED ANNUAL BASIN FUND CASH BALANCES (in $000s)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basin Fund Cash, Beginning of FY</td>
<td>$79,434</td>
<td>$70,039</td>
</tr>
<tr>
<td>Projected Revenues</td>
<td>$206,233</td>
<td>$200,229</td>
</tr>
<tr>
<td>Projected Expenditures *</td>
<td>$215,628</td>
<td>$213,774</td>
</tr>
<tr>
<td>Basin Fund Cash, End of FY</td>
<td>$70,039</td>
<td>$56,494</td>
</tr>
<tr>
<td><strong>Additional funds needed to meet Target</strong></td>
<td>$49,116</td>
<td>$62,661</td>
</tr>
</tbody>
</table>

* Includes Non-reimbursable Environmental Costs

$21,400 $12,500
WAPA-199- Going forward

• Because of the many variables (hydrology, purchase power, discussions with our customers), there is a likelihood of another rate action in the near future.

• Possibility of going below minimum power pool at Glen Canyon Dam.

• Possibility of another 2-year rate.
Contracts and Energy Services

• Embarking on Provo River Project Remarketing effort with publication of draft Marketing Plan sometime in March 2022.
  • 5 MW, 5-year net average 23,500 MWh.
  • Currently marketed to UMPA (Provo, Salem, Spanish Fork); UAMPS (Lehi, Springville, Strawberry, Payson); and Heber.

• Kicking off Olmsted Project Remarketing effort with publication of draft Marketing Plan sometime in March 2022.
  • 12 MW, 3-year net average 24,600 MWh.
  • Currently marketed to UMPA, UAMPS (CUWCD, Lehi, Kaysville, Weber, Springville).
Renewable Energy Credits Program

• Hosting a January 24 (3 p.m. MST) CRSP Renewable Energy Certificate Update virtual meeting to explore idea of selling unclaimed SLCA/IP RECs.
  • RECs offered to SLCA/IP customers since August 2014.
  • Proportionately dispersed annually through letter sent in June.
  • WAPA revised its WAPA-wide REC Policy (September 24, 2021).
  • Policy allows sale of unclaimed RECs.
  • 18 million unclaimed RECs accumulated in SLCA/IP WREGIS subaccounts.
  • Large hydro RECs can sell anywhere from 10 cents to 2 dollars or more depending on vintage).
  • Could be revenue stream for Upper Colorado River Basin Fund.