Agenda:

Looking back, looking forward & planning ahead

• FY 2020 Recap
• FY 2021/22/23 Budgets
• Strategic Roadmap
• Standardized Budgeting & Reporting
• Financial Transparency
FY 2020 WAPA-wide Financials:

Preliminary results reflect balanced performance

- Annual O&M: $296M or $0.012/kWh
  ✓ Executed 98% of plan

- Capital Program: $248M plan
  ✓ Executed 96% of WAPA controlled capital plan (SLTP deferred)

- Purchase Power & Wheeling:
  ✓ Realized CROM target of $393M

- Returns to Treasury:
  ✓ $272M in FY20 ($2.6B over 8 years)

- Financial Statement Audit:
  ✓ Anticipate unqualified opinion
WAPA’s Reserve Strategy:  
*Balancing market forces across multiple years*

<table>
<thead>
<tr>
<th></th>
<th>Annual O&amp;M</th>
<th>Capital funding</th>
<th>Purchase power &amp; wheeling</th>
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<tbody>
<tr>
<td><strong>Example</strong></td>
<td>Salaries, supplies and equipment</td>
<td>Building new transmission lines and related structures</td>
<td>Buying power on behalf of customers when water conditions require it</td>
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<tr>
<td><strong>Purpose</strong></td>
<td>Allows WAPA to sustain operations during emergencies, continuing resolutions or lapses in appropriations</td>
<td>Provides funding in advance of starting capital construction projects and flexibility with schedule / priority changes in collaboration with customers</td>
<td>Improves both WAPA and customer cash management while minimizing energy rate spikes during a drought</td>
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<td><strong>Strategy</strong></td>
<td>Retain 31% of annual funding need</td>
<td>Retain sufficient funding to cover up to 3 years of capital investments</td>
<td>Retain 3 years estimated funding during drought</td>
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Sustainable funding tool to support WAPA’s mission

➢ *Carrying reserve balances do not impact power rates*
Budget Timeline:
Expectations and Opportunities

Capital Planning
- Regional/HQ 10-Year Capital Plan Process
- Multiple Customer Interactions
- WAPA-Wide 10-Year Capital Plan Cust. Briefing
- State of Capital Appropriations
- Review Annual Budget Guidance

Annual Expense Planning
- Annual Expense Process
- Senior Review of Annual O&M Work Plan
- Customer Work Plan Meetings
- Final Changes to Work Plan

Submission Process
- Submit Budget Request to DOE
Planning for Continued Success: 
*Tactical Action Plan to Realize Strategic Objectives*

**WAPA’S MISSION**
Market and deliver clean, renewable, reliable, cost-based federal hydroelectric power and related services.

**WAPA’S VISION**
Continue to provide premier power marketing and transmission services to our customers, as well as contribute to enhancing America’s energy security and sustaining our nation’s economic vitality.

**TACTICAL ACTION PLAN**
- Preparing for Markets
- Fiber Partnerships
- Data as a Strategic Asset
- Human Performance/Just Culture
- Program and Budget Integration

**STRATEGIC ENABLERS**
- Safety
- Communication
- Inclusion and Diversity
- Partnership and Innovation
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 accuracy of allocating costs to beneficiary.
Standardized Budgeting & Reporting:
Enhances consistency & transparency, WAPA-wide

**Current State**

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

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

**Future State**

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

- Consistent accounting.
- Documented allocation methodology.
- Enhanced program visibility.
- Greater fidelity in aligning costs with beneficiary.
Financial Transparency:  
*The Source*

Contents
- Financial Results
- Power and transmission rates
- Capacity sold
- Expenditures itemized by region and category
- Unobligated balances

Benefits
- Historical data readily available to stakeholders
- Standardized presentation and uniform categorization aids comparability
- System enhancements improve reporting and analysis tools

Questions
- Submit questions to: [TheSource@wapa.gov](mailto:TheSource@wapa.gov)
- Answers posted to the Financial Transparency webpage as FAQs

Location
- [www.wapa.gov](http://www.wapa.gov)
- Click on “Visit the Source”
- Click on “Financial Transparency”
Thank you for your time and interest.