Financial Discussion
Mid-West Electric Consumers Association
Water & Power Committee

Denver, CO
May 29, 2019

Dennis R. Sullivan, CFO
Topics

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

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

• Other topics
  • Fiber communication plan
  • Financial transparency / Program collaboration
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

![Graph showing Receipts to Recover PPW Expenses WAPA Data (in Millions)]
Capital Appropriations Status

Capital Appropriations
FY 2010 - FY 2021

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- Approps: 109
- 2% Inflation: 109
Capital Appropriations Allocation Plan

- FY21: Projected $2.9M shortfall in Capital O&M
- DOE, OMB discussions
- Long-term solution?
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 – Short-term

• DISCUSSION
Shared objectives – Long-term

• DISCUSSION
Fiber Communication Plan

- **To date**
  - Established WAPA assessment team
  - Assessment plan submitted to DOE
  - Initial stakeholder work group meeting
- **June-September**
  - Regional outreach
- **December**
  - Submit feasibility assessment
- **Website**
  - [https://www.wapa.gov/About/keytopics/Pages/fiber-feasibility-assessment.aspx](https://www.wapa.gov/About/keytopics/Pages/fiber-feasibility-assessment.aspx)
- **Contact**
  - Kirsten McClure
  - FiberOpticPartnerships@WAPA.GOV
Financial Transparency / Program Collaboration

- Enhanced financial reviews
  - Work plans
  - Execution reviews
  - HQ 10YP
  - WAPA program leaders
- Expanded “The Source”
  - Access to historical data
- Technology & Security Symposium
- Financial transparency vs. Programmatic insight?

Financial Transparency

- Sharing historical and planned budget/execution
- Provide opportunity for input/feedback
- Answers: what, why, how much, value-delivered

Results: Common understanding of investment drivers
Contact/follow me

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