



Western
Area Power
Administration

Parker-Davis and Intertie Prepayment Funding Meeting

FY2019-2028

Dec 03, 2018

Desert Southwest Region

BLM National Training Center

9828 N 31st Avenue, Phoenix AZ 85051



Welcome!

- Today we will hold the Prepayment Vote for this year's proposed Parker-Davis and Intertie Projects
- This prepayment vote is part one of our two-part Pivot Process, which will conclude with the prepayment vote held in December 2019



AGENDA

1. Action Items
2. Review Completed Prepayment Projects
3. Review Active Prepayment Projects
4. Review Proposed Prepayment Projects
5. Prepayment Vote Overview
6. Prepayment Vote
7. Next Steps



ACTION ITEMS



ACTION ITEMS

Several action items were identified during the meeting held October 4th

- Cost to date will be included for all projects moving forward
- Minor inconsistencies in the materials were addressed and reposted to the website – a secondary internal review process was created to ensure accurate reporting
- All future meetings held at BLM training center
- Information regarding DSW's outage coordination process can be found on the 10-Year Plan Website



REVIEW COMPLETED PREPAYMENT PROJECTS



COMPLETED PREPAYMENT PROJECTS 2018

Completed Prepayment Projects 2018

Project Name	Power System
Tucson Substation	Parker-Davis
Mesa Substation Remediation	Parker-Davis
Gila-Knob 161-kV Transmission Line Reroute	Parker-Davis



Tucson Substation Rebuild

Project Description

- Demolition of an existing warehouse and pump house (including associated site work)
- Construction of a new three-breaker ring bus with two 115-kV bays spaced to 230-kV standards
- Construction of a new control building
- Construction of three (3) new approach spans

Project Updates

- Construction activities are complete
- Substation currently energized
- Removal of the old bay and potential contaminant removal from the soil will be funded separately from this project



Tucson Substation Rebuild



TUCSON

Funding Type	Original Budget	Budget Adjustments	Current Budget	*Cost To Date	Remaining Funds
Prepayment	\$ 7,000,000	\$ -	\$ 7,000,000	\$ 7,266,475	\$ (266,475)
Appropriations	\$ -	\$ 1,905,827	\$ 1,905,827	\$ 1,905,827	\$ -
TOTAL	\$ 7,000,000	\$ 1,905,827	\$ 8,905,827	\$ 9,172,302	\$ (266,475)

*Cost = All executions, obligations, & commitments through 9/30/18



Mesa Substation Remediation

Project Description

- All yard equipment, including support structures, buildings, concrete foundations, and underground oil piping that were left in place have now been fully removed from the site.

Project Updates

- WAPA environmental final report completed
- Received final approval from Arizona Department of Environmental Quality (ADEQ) on the remedial completion report
- Contractor public notice posting time period has ended, public response period has ended.



Mesa Substation Remediation

Land Disposal

- WAPA has inquired about possible land swap options and will continue to seek a land disposal option that maximizes the benefit to the Parker-Davis Project
- If sold, property will be cleared and prepared through the GSA process with the Parker Davis Project receiving any resulting revenues
- The value of the property is undetermined and would depend upon the purchasing entity and provisions provided to them by GSA



Mesa Substation Remediation



MESA						
Funding Type	Original Budget	Budget Adjustments Fiscal Year 2016	Budget Adjustments Fiscal Year 2018	Current Budget	*Cost To Date	Remaining Funds
Prepayment	\$ 1,025,000	\$ 2,510,000	\$ (1,379,481)	\$ 2,155,519	\$ 566,978	\$ 1,588,541
Appropriations	\$ -		\$ 1,379,481	\$ 1,343,263	\$ 1,343,263	\$ -
TOTAL	\$ 1,025,000	\$ 2,510,000	\$ -	\$ 3,498,782	\$ 1,910,241	\$ 1,588,541

**Cost = All executions, obligations, & commitments through 9/30/18*



Gila-Knob 161-kV Rebuild

Project Description

- Install approximately seven (7) government furnished, steel pole structures and contractor furnished hardware, conductor, and OPGW.
- The project required some minor ROW acquisitions.
- A section of proposed new line was eliminated between structures #4/7 to #4/9 due to crossing conflicts

Project Milestones

- Construction began January 2018
- Outage completed April 2018
- Project closeout began May 2018



Gila-Knob 161-kV Rebuild



GILA-KNOB

Funding Type	Original Budget	Budget Adjustments Fiscal Year 2017	Budget Adjustments Fiscal Year 2018	Current Budget	*Cost To Date	Remaining Funds
Prepayment	\$ 2,000,000	\$ 2,030,573	\$ (1,302,415)	\$ 2,728,158	\$ 1,577,052	\$ 1,151,106
Appropriations	\$ -	\$ 647,960	\$ 1,302,415	\$ 1,950,375	\$ 1,950,375	\$ -
TOTAL	\$ 2,000,000	\$ 2,678,533	\$ -	\$ 4,678,533	\$ 3,527,427	\$ 1,151,106

*Cost = All executions, obligations, & commitments through 9/30/18



REVIEW ACTIVE PREPAYMENT PROJECTS



Pre-payment Funding Status

Active Prepayment Construction Project Status 2018

Project Name	Current Project Budget [A]	Prepayment Executions [B]	Appropriated Executions [C]	Remaining Budget [A-B-C]
Crossman Peak Microwave Facility	\$4,525,000	\$1,359,871	\$0	\$3,165,129
Liberty Series Capacitor Bank Replacement	\$10,372,000	\$1,732,545	\$5,426,632	\$3,212,823
Gila Substation 161-kV to 230-kV Rebuild	\$18,983,817	\$14,972,611	\$2,630,936	\$1,380,270
Gila-Wellton Mohawk I-8 Crossing Rebuild	\$7,798,367	\$6,286,369	\$277,713	\$1,234,285



Talking Points for previous slide – NOT INCLUDED IN ACTUAL PRESENTATION

- This slide shows financial status of active construction projects
- Additional information can also be found in the handout booklet provided at this meeting
- Detailed discussion of active construction projects will occur in our march meeting
- For any questions regarding specific status on any of these items please reach out after the meeting



Sources and Uses

Sources and Uses				
FY	Action	Project Name	Sources	Uses
13	Reprogram	Parker-Headgate Rock*	\$16,704,185	
14	Reprogram	Gila Substation 161-kV Rebuild	\$758,880	
16	Reprogram	Liberty Series Capacitor Bank	\$1,650,000	
19	Proposed	Bouse Kofa 161-kV Rebuild Phase 1 & 2		\$26,520,000
19	Proposed	Gila-Dome Tap		\$7,130,000
19	Proposed	Kofa-Dome Tap		\$4,830,000
19	Proposed	Coolidge-Valley Farms		\$1,505,000
		New Prepayment Funding Needed	\$20,871,935	
		FY19 Prepayment	\$39,985,000	\$39,985,000

* Reprogrammed due to Cancellation



REVIEW PROPOSED PREPAYMENT PROJECTS



BOUSE-KOFA 161-KV REBUILD PHASE I & II

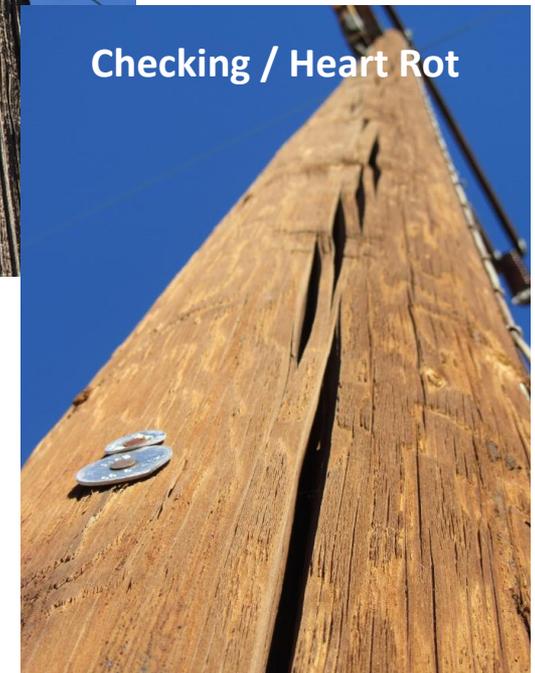
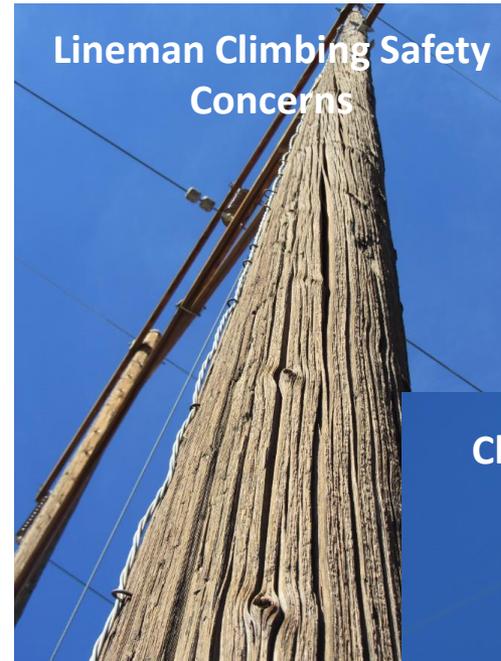
AOA Study Phase: September 2016 ✓
Study Financial Revalidated: September 2018 ✓
Prepayment Vote: December 2018



Bouse-Kofa 161-kV AOA Study

Project Justification

- 106 NERC/NESC violations require corrective action
- Significant deteriorated and unsafe wood structures
- Vintage 1943 300 kcmil hollow core copper conductor experiencing significant sag
- Access roads and Right Of Way (ROW) require rehabilitation
- 20-30% of wood poles require replacement immediately
- Additional communication bandwidth is required via fiber optic ground wire to meet current and future protection, control, communication, and security requirements



Bouse-Kofa Rebuild Scope



- Reconductor with 336.4-kcmil ACSS to reduce sag, eliminating the majority of the NERC/NESC violations
 - The existing copper conductor has an estimated salvage value of ~\$1.7M, which was taken into account in the estimate
- Upgrade the remaining 82 wood structures to light duty steel H-frames
 - ~5-10 replacements will be dead-end structures
 - Additional steel structures may be needed to correct any remaining NERC/NESC clearance issues
- Add Optical Overhead Ground Wire (OPGW)
- Repair/Reclaim ROW access



Bouse-Kofa Rebuild Cost Estimate

- During preliminary design, the funds will be allocated between Phase 1 and Phase 2
- Once preliminary design has been completed, total line miles within each project will be determined and the individual project phasing budgets will be adjusted accordingly

BOUSE-KOFA PHASE 1 & 2		
Line Item	Phase 1 Cost	Phase 2 Cost
Administrative	\$305,000	\$305,000
EVMS	\$0	\$0
Design	\$150,000	\$150,000
Environmental	\$295,000	\$295,000
Land and Land Rights	\$155,000	\$155,000
Government Furnished Equipment (GFE)	\$2,030,000	\$2,030,000
Construction	\$9,545,000	\$9,545,000
Commissioning Activity	\$150,000	\$150,000
Subtotal	\$12,630,000	\$12,630,000
Management Reserve (5%)	\$630,000	\$630,000
Total Project Budget	\$26,520,000	



GILA— DOME TAP UPDATE

Seed Funding Phase: September 2018
Prepayment Vote: December 2018



Project Scope

- 7.5 mile transmission line from Gila Substation to Dome Tap
- This project will replace 17 wood structures with light-duty steel
- Upgrade the conductor from 300-kcmil copper core to 336.4-kcmil ACSS
- Replace one OGW with OPGW
- Replace second OGW with new OGW
- 3 light-duty steel structures will be replaced with new taller structures to rectify NESC/NERC clearance issues
- The two structures inside Dome Tap (one on GLA-DME line, one on KOF-DME) support each other. Replacing both at same time would be more efficient and less costly.



Project Financials

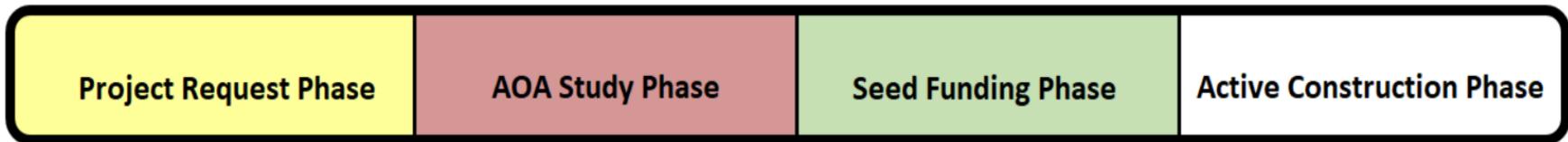
Project Name	Original AOA Estimate	Seed Estimate [A]	Seed Funds [B]	Prepayment Vote [A-B]
Gila - Dome Tap 161-kV Rebuild	\$7,450,000	\$7,630,000	\$500,000	\$7,130,000

Category	Seed Estimate	% of Revised Budget
Administrative	\$540,000	7%
Design	\$180,000	2%
Environmental	\$130,000	2%
Land and Land Rights	\$180,000	2%
Government Furnished Equipment (GFE)	\$1,470,000	20%
Construction	\$4,730,000	65%
Commissioning Activity	\$30,000	0%
Subtotal	\$7,260,000	
Management Reserve (5%)	\$370,000	
Total Project Budget	\$7,630,000	



KOFA – DOME TAP UPDATE

Seed Funding Phase: September 2018
Prepayment Vote: December 2018



Project Scope

- 7.3 mile transmission line from Kofa Substation to Dome Tap
- This project will replace 7 wood structures with light-duty steel
- Upgrade the conductor from 300-kcmil copper core to 336.4-kcmil ACSS
- Replace one OGW with OPGW
- Replace second OGW with new OGW
- 3 light-duty steel structures will be replaced with new taller structures to rectify NESC/NERC clearance issues



Project Financials

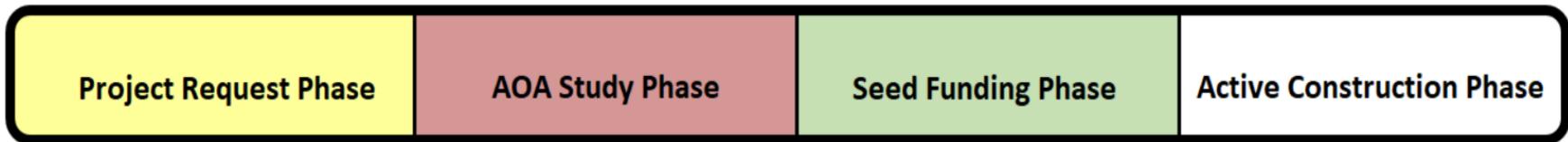
Project Name	Original AOA Estimate	Seed Estimate [A]	Seed Funds [B]	Prepayment Vote [A-B]
Kofa - Dome Tap 161-kV Rebuild	\$5,360,000	\$5,330,000	\$500,000	\$4,830,000

Category	Seed Estimate	% of Revised Budget
Administrative	\$480,000	9%
Design	\$180,000	4%
Environmental	\$130,000	3%
Land and Land Rights	\$30,000	1%
Government Furnished Equipment (GFE)	\$320,000	6%
Construction	\$3,750,000	74%
Commissioning Activity	\$190,000	4%
Subtotal	\$5,080,000	
Management Reserve (5%)	\$250,000	
Total Project Budget	\$5,330,000	



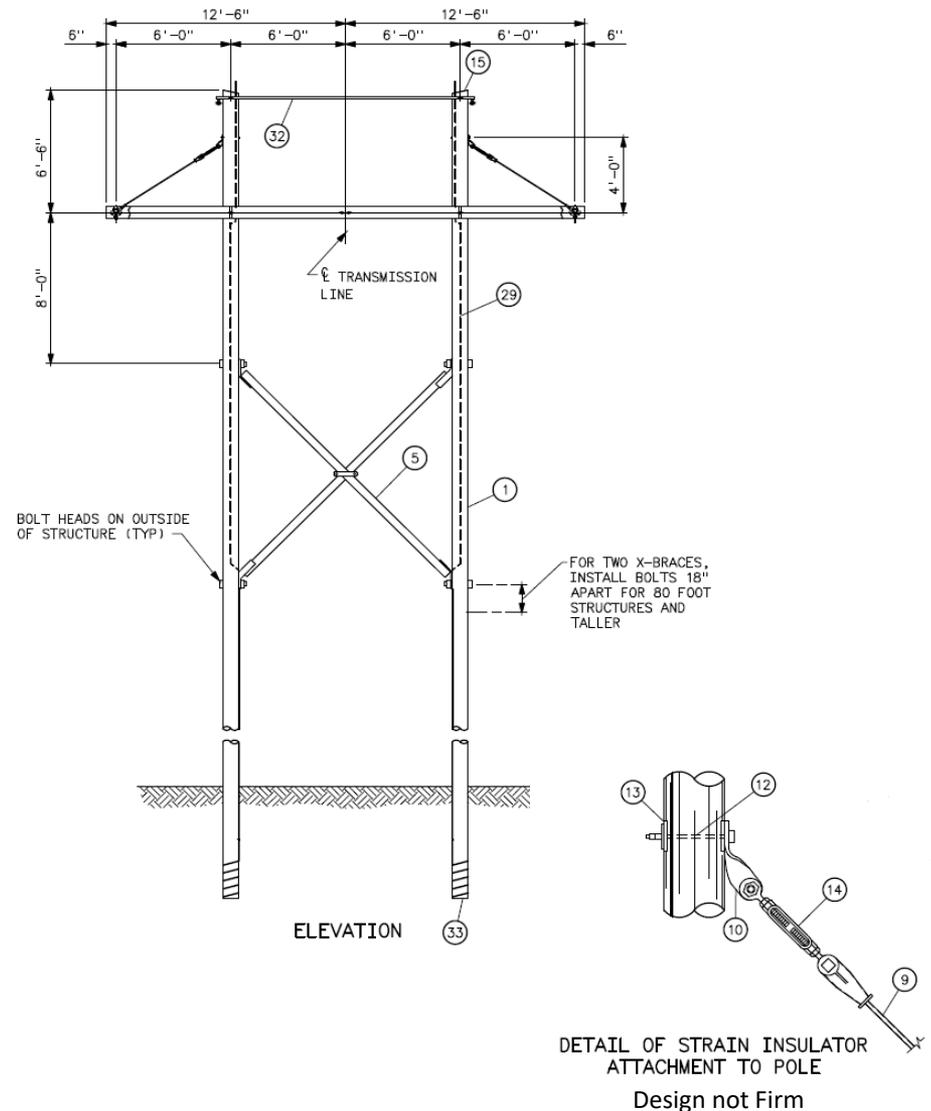
COOLIDGE-VALLEY FARMS UPDATE

Seed Funding Phase: September 2018
Prepayment Vote: December 2018



Project Scope

- Design encompasses approximately 6.1 miles from Coolidge Substation to the Valley Farms Substation, along with possible minor substation work
- Replace existing deteriorated wood poles in-kind
- Structures that are not going to be replaced as part of this effort will require steel angles to mount the new insulators
- Upgrade the conductor from 4/0 copper (88 MVA) to Cardinal 954 kcmil ACSR and add OPGW
- Where possible, the new wood poles will be installed in the same location to avoid environmental and access challenges
- Reduced environmental requirements based on modified scope and construction footprint of project
- Existing 4/0 copper has a salvage value of ~\$91k and has been accounted for in the estimate



Project Financials

Project Name	Seed Estimate [A]	Seed Funds [B]	Appropriations [C]	Prepayment Vote [A-B-C]
Coolige Valley Farms 115-kV Rebuild	\$3,350,000	\$800,000	\$1,045,000	\$1,505,000

Category	Seed Estimate	% of Revised Budget
Administrative	\$240,000	8%
Design	\$200,000	6%
Environmental	\$210,000	7%
Land and Land Rights	\$70,000	2%
Government Furnished Equipment (GFE)	\$110,000	3%
Construction	\$2,220,000	70%
Commissioning Activity	\$130,000	4%
Subtotal	\$3,180,000	
Management Reserve (5%)	\$170,000	
Total Project Budget	\$3,350,000	



PREPAYMENT VOTE OVERVIEW



2018 Prepayment Vote

There are two “**types**” of projects proposed for prepayment funding

- **Seed Funded Projects**

- These projects have completed a seed funded design phase and reached a 50%-75% design
- The scope, schedule and estimate of these projects has been refined
- The use of prepayments to fund the projects is being voted on in December

- **Pivot Project**

- These pivot projects require full funding in order to align with the budget formulation
- The scope, schedule and estimate are based on the AOA study that was completed in 2016
- The project estimate has been updated with current labor rates
- As the project moves through preliminary design the estimate accuracy improves and will be shared in detail with the customers



2018 Prepayment Funding Vote

Pivot Project

Project Name

Prepayment Vote

Bouse-Kofa 161kV Rebuild Phase 1 and 2

\$26,520,000

Seed Funded Projects

Project Name

Seed Funding Source

Seed Estimate [A]

Seed Fund [B]

Appropriations [C]

Prepayment Vote [A-B-C]

Gila - Dome Tap

Appropriations

\$7,630,000

\$500,000

\$7,130,000

Kofa - Dome Tap

Appropriations

\$5,330,000

\$500,000

\$4,830,000

Coolidge - Valley Farms

Prepayment

\$3,350,000

\$800,000

\$1,045,000

\$1,505,000



PREPAYMENT VOTE



Prepayment Vote Overview

Per the voting procedures in the Memorandum of Understanding:

- Each participant that has signed the MOU will have one vote
- The FY20 Pivot Project and the FY18 Seed Projects proposed are voted on as a package. In the event the package is voted down, a subsequent vote will take place on each individual project.
- Approval requires an affirmative vote of greater than fifty 50 percent of votes received by the close of the meeting (during the meeting, via e-mail, or by proxy)



Official Proxy Ballot

(Absentee Voting)

WESTERN AREA POWER ADMINISTRATION



Prepayment Funding Process for Construction

Please provide the following information if neither the primary nor the alternate representative is able to attend the meeting.

Check one: Yes No

I vote to approve the entire FY 2019 Prepayment Funding Plan.

If the entire Prepayment Funding Plan is not approved, my vote to approve each individual project proposed is:

- | | | |
|---|--------------------------|--------------------------|
| 1. Bouse – Kofa 161-kV Rebuild | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Gila – Dome Tap 161-kV Rebuild | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Kofa – Dome Tap 161-kV Rebuild | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Coolidge – Valley Farms 115-kV Rebuild | <input type="checkbox"/> | <input type="checkbox"/> |

Company Name: _____

Date: _____ Name: _____
(Please print name legibly)*

Signature: _____

Please return the signed Proxy Ballot to one (1) of the following addresses:

If by First Class Mail:

Western Area Power Administration
Desert Southwest Regional Office
ATTN: G6150
P.O. Box 6457
Phoenix, AZ 85005-6457

If by Overnight Delivery:

Western Area Power Administration
Desert Southwest Regional Office
ATTN: G6150
615 South 43rd Avenue
Phoenix, AZ 85009

Any questions should be directed to Ms. Sandra Jacobs at (602) 605-2446 or sjacobs@wapa.gov.

* Signature must be that of the customer's authorized representative.



Western Area Power Administration



NEXT STEPS

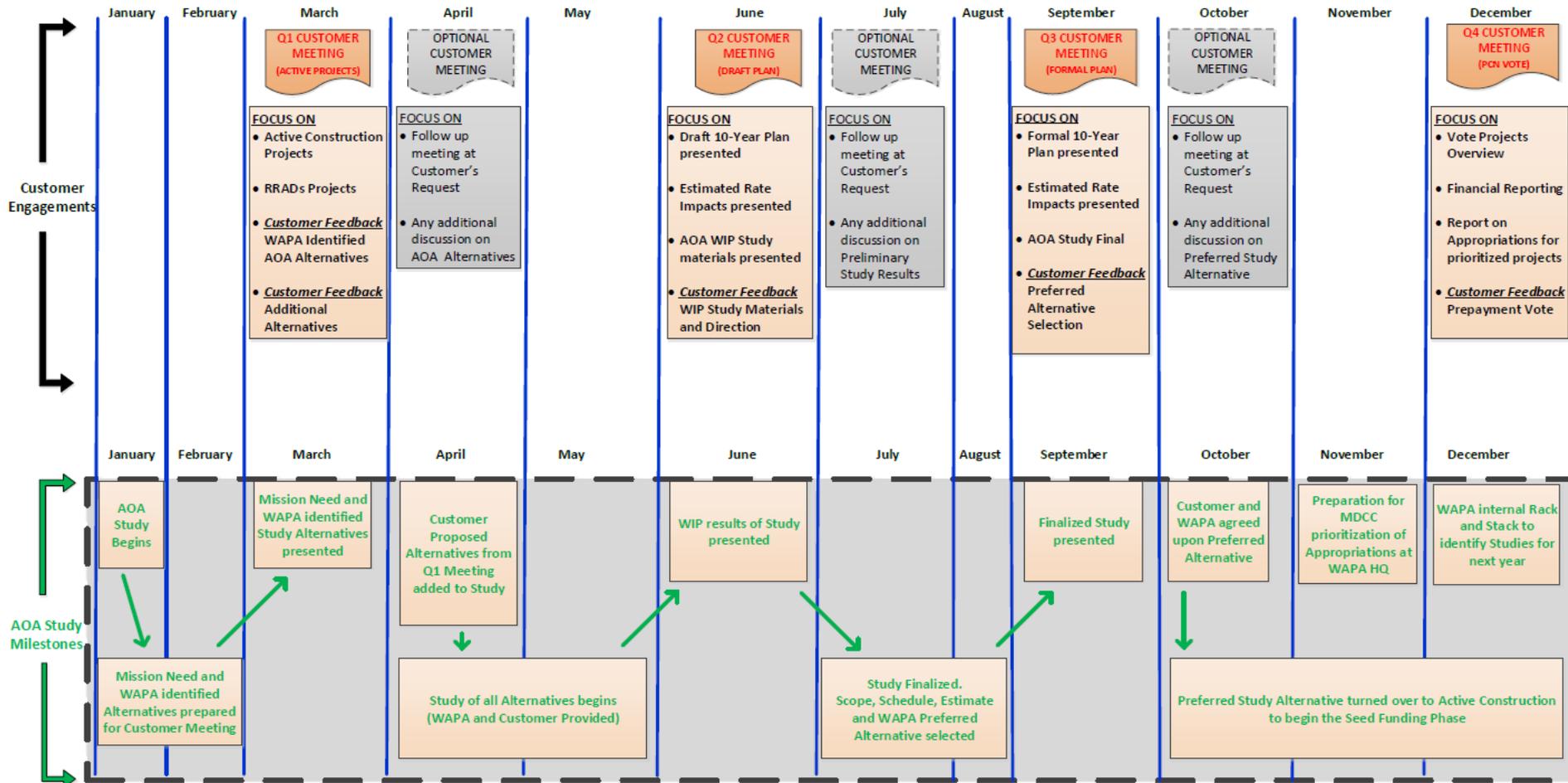


10-YEAR Plan 2019 Look Ahead

- Formal Customer Meetings
 - Q1 Active Construction Update
 - Q2 Draft 10-Year Plan
 - Q3 Formal 10-Year Plan
 - Q4 Customer Vote – Conclusion of Pivot Year 2
 - The dates identified for each Quarterly Customer Meeting will be provided in January
- Customer Working Sessions
 - Performed as required based on events occurring through 2019
- 2019 Projects for Vote
 - Bouse Upgrade Project
 - Currently in Seed Funding
 - Parker-Blythe #2 Rebuild Project
 - AOA being revised – More on this in March 2019



10-YEAR Plan 2020+ Look Ahead



THANK YOU

