

Hoover Coordinating Committee

Western Area Power Administration Summary Report

June 4, 2013

Presented by: Jack Murray

DSW, Rates Manager

Topics of Discussion

- ✓ Maintenance Update
- ✓ Energy and Capacity Status, FY13 and FY14
- ✓ Resource Integration Exchange
- ✓ Hoover Reconciliation Report
- ✓ Rates Update
- ✓ Finance Update
- ✓ Other Western News

Maintenance and Construction Update

Basler Relay Replacement

- ✓ Western successfully replaced 18 Basler relays.
- ✓ Western will complete the as-built drawings and project closeout by the end of FY2013

Hoover Panel 6 COMM Replacement

- ✓ Western has added an RTU and replaced the DDM+ equipment with IMUX 2000 on Unit Panels 1 - 5, 7 & 8.
- ✓ Giving each unit its own RTU prevents the disturbance of unit data if the communications room master RTU fails.
- ✓ Due to funding, resources and outage restrictions, Panel 6 has not been upgraded.
- ✓ Installations are tentatively planned for FY2014, when the required outages will be available.

Maintenance and Construction Update

Facility Ratings Project

- ✓ Assessment of all transmission lines in excess of 100-kV is required by a NERC alert issued in 2010.
- ✓ All of the Boulder Canyon lines have been flown for the initial assessment using LiDAR equipment mounted on a helicopter.
- ✓ Six discrepant spans have been identified and must now be mitigated to meet minimum design standards within 12-24 months.
- ✓ The remaining three will be mitigated with a construction contract that was awarded in April 2013.
- ✓ The estimated cost of remediation is \$850k; \$250k in FY12 & \$600k in FY13.

Maintenance and Construction Update

Jumper Repair Project for Hoover - Mead Transmission Lines

- ✓ A study to determine scope of the project has been completed in April 2013.
- ✓ A total of 372 repairs are needed (6 per structure on 62 structures)
- ✓ The Estimated Cost and Schedule will be provided at a later date.

Energy and Capacity Status

FY13 Energy Status:

Final FY13 Master Schedule Published Jun 1, 2012 (MWH)	Current FY13 Final FY14 Master Schedule Published June 1, 2013 (MWH)	Difference (MWH)
Total 3,871,041	3,829,057	(41,984)

- ✓ Current FY13 energy through Apr 2013 is actual.
 - ✓ Current FY13 forecasted energy from May to Sep 2013 based on USBR projections (24-Month Study, dated May 9, 2013).
- ✓ Hoover energy production is direct result of water released to meet downstream water demands, river regulation, losses and to a lesser extent lake elevation.
 - ✓ Final FY13 Master Schedule (MS) forecasted higher releases than Current FY13 actual and forecasted releases resulting in less energy production for Current FY13.

Energy and Capacity Status

FY13 Capacity Status:

Final FY13 Master Schedule Published Jun 1, 2012 (MW)	Current FY13 Final FY14 Master Schedule Published June 1, 2013 (MW)	Difference (MW)
Average: 1,752	1,783	31

- ✓ Current FY13 capacities listed through Jun-13 based on Reclamation unit capacity letters.
- ✓ Hoover generating capacity very dependent on Lake Mead elevations.
- ✓ Final FY13 MS underestimated lingering effects of FY11 snowpack in the western Rockies. The Current FY13 capacities are an average of 31 mw per month higher than the Final FY13 capacities.
- ✓ Unit capacity letters issued when Lake Mead elevation decreases by 4' or rises by 2'. USBR 17-Month Operating Schedule dated 5/20/13 – used for Current FY13 July through September capacity forecast.

FY14 Forecasted Energy and Capacity

Final FY14 Master Schedule

June 1, 2013

Energy
(MWH)

Capacity
(MW)

Total/Average:	3,770,993	1,694
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- ✓ Total energy & monthly capacity forecasted for FY14 are somewhat less than Current FY13 actual and forecasted capacity & energy.
 - ✓ Yearend FY14 forecasted releases are less than yearend Current FY13.
 - ✓ Forecasted FY14 Lake Mead elevations are significantly less than Current FY13 observed and forecasted elevations.
 - ✓ Energy values are based on the May 9, 2013, 24-Month Study and capacity values were taken from the May 20, 2013 17-Month Operating Schedule.

Resource Integration Exchange

Stages 1 & 2

Stage 1

- ✓ Resource Integration Exchange for FY14 between Boulder Canyon Project contractors could not be facilitated.

Stage 2

- ✓ Resource Integration Exchange for FY14 between Boulder Canyon Project & Parker-Davis Project contractors was possible.
- ✓ Impacts are included in Final FY14 MS Hoover Energy Entitlement.

*Hoover 2012 Energy Reconciliation Report**

Energy Entitlement (Scheduled A+B)	3,988,252
FY12 Accumulated Deviation MWH	2,769
Net Under Runs/Redistribution of Under Runs MWH	0
Total Adjusted Entitlement MWH	3,990,993
Total Energy Delivered MWH	3,990,704
FY12 Accumulated Deviation MWH	289

**More details on Word document.*

BC FY13 Rate Process for FY14 Base Charge & Rates

Public Meetings held in March and April 2013:

- ✓ -Informal Public Information meeting was held on March 6, 2013
- ✓ -Public Information Forum was held on March 27, 2013
- ✓ -Public Comment Forum was held on April 10, 2013*

*Official Comment Period Ended 5/6/2013

Primary Rates Drivers: The significant decrease in the FY 2014 revenue requirement due to lower than expected FY 2012 costs in several expense categories, additional carryover from FY 2011 into FY 2012 and higher than expected FY 2012 Other Revenues from the Hoover Visitor Center and Ancillary Services, which are used to offset costs recovered from the power customers. The results of FY 2012 allowed additional funds to be carried into FY 2013 and FY 2014.

The FY14 Final Master Schedule forecasted energy is: 3,770,993 MWH

The FY13 Final Master Schedule forecasted energy was: 3,871,041 MWH

The FY14 revenue requirement is: \$76.108M

The FY13 revenue requirement is: \$82.380M

This reflects a decrease of \$6.272M

Proposed Base Charge for FY14: \$76,108,019 (7.61% decrease)

Existing Base Charge for FY13: \$82,379,637

FY14 & FY13 Rate Comparisons

Capacity Rate:	FY14 proposed FY13 existing	\$1.96/kW month \$1.87/kW month	4.4% change
Energy Rate:	FY14 proposed FY13 existing	10.09 mills/kWh 10.64 mills/kWh	5.2% change
Composite Rate:	FY14 proposed FY13 existing	20.18 mills/kWh 21.28 mills/kWh	5.2% change
Energy Sales:	FY14 proposed FY13 existing	3,770,993 mWh 3,871,041 mWh	2.6% change
Capacity Sales:	FY14 proposed FY13 existing	1,693,667 kW 1,752,417 kW	3.4% change

Financial Update

FY12 Overview.

- ✓ WAPA expenses for FY12 were \$6,472M prior to audit changes.
- ✓ Total FY expenses were 99.98% of original FY12 budget: \$5,361M & 100% of our re-allocated FY11 budget of \$821.4 and reprogramming of \$290K
- ✓ Spending increased \$289k between FY11 and FY12; primarily due to Substation Maintenance and Mead Common Facility Project distribution

Financial Update, Continued

Three budget activities had variances which were more than \$20k higher than re-allocated FY2012 Budget.

Activities/Overages were:

- ✓ Substation Maintenance: \$33.1k over budget Preventive Maintenance needed for audit compliance.
- ✓ Transmission and Engineering Studies; 36.2 Studies required for NERC compliance and critical work prioritization.
- ✓ Mead Common Facility Project Costs \$280.6k. Funds were not budgeted for the Mead Common Facilities. Projects closed were: Replacement of Station Service Feed and Video Security at Mead.

Financial Update, Continued

FY2013 Overview

- ✓ As of April 30, 2013, (58% of year completed), our execution rate is 53.67%.
- ✓ Two budget activities executing at slightly more than 58%:
System Operations and Load Dispatching 62.86% and
Mead Common Facilities 86.45%
- ✓ History indicates by reprogramming within our current budget allocation funds will be sufficient for current year execution, barring any emergency requirements.