

WESTERN AREA POWER ADMINISTRATION
DESERT SOUTHWEST REGION

BOULDER CANYON PROJECT
FISCAL YEAR 2023 BASE CHARGE AND RATES
PUBLIC INFORMATION FORUM

Lakewood, Colorado

Friday, May 13, 2022

ANDERSON COURT REPORTING
1800 Diagonal Road, Suite 600
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

PARTICIPANTS:

THOMAS CORDOVA, ESQUIRE
Attorney
Western Area Power Administration

TINA RAMSEY
DSW Rates Manager
Western Area Power Administration

KEN SALINE
Augustine Band of Cahuilla Indians

CHRISTINA MALDONADO
DSW Webex Host
Western Area Power Administration

JOSEPH STUBITZ
City of Boulder City

KRISTINE MCMINIMY
Arizona Electric Power Cooperative

* * * * *

P R O C E E D I N G S

(11:00 a.m. MDT)

MR. CORDOVA: Okay. Good morning and welcome, everyone, to our forum for the Boulder Canyon Project. My name is Thomas Cordova, and I'm an attorney for the Western Area Power Administration, from our Headquarters Building, here in Lakewood, Colorado.

This WebEx is being recorded for transcription purposes. The recording will be posted on DOE or WAPA's website or used internally. If you do not wish to have your voice recorded, please do not speak during the call. If you do not wish to have your image recorded, please turn off your camera or participate by phone. If you speak during the call or use video connection, you are presumed to consent to recording and the use of your voice or image.

Today, we will be discussing the proposal to renew the Boulder Canyon Project formula rates for electric service and reviewing the proposed Fiscal Year 2023 Boulder Canyon Project base charge. WAPA is proposing no change to the existing formula rates. The formula rates would be effective October 1, 2022,

ANDERSON COURT REPORTING
1800 Diagonal Road, Suite 600
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

through September 30, 2027. The proposed base charge for Fiscal Year 2023 would be effective October 1, 2022 and remain in effect through September 30, 2023.

A verbatim transcript of this forum will be prepared by our transcription service. Everything said while we are in session today, including the presentation, will be part of the official record. Copies of the transcript and the complete record of the public process will be available for review at the Desert Southwest Regional Office.

To facilitate transcription of the meeting, please save all questions and comments about the renewal of the formula rates and the proposed base charge until the end of the presentation. In addition, we will be muting phones during the presentation to avoid background noise and any possible distractions.

The public comment forum for the proposed base charge is scheduled for Monday, June 13, 2022, at 10:00 a.m. Mountain Standard Time, via WebEx. The WebEx information is posted on WAPA's website. If you would like to submit written comments on the renewal of the formula rates and the proposed base charge, they must be

received by the close of the consultation and comment period, which is July 12, 2022. Comments should be sent to Scott R. Lund, Acting Senior Vice President, and Regional Manager of WAPA's Desert Southwest Region. And they are to be sent, by mail, to P.O. Box 6457, Phoenix, Arizona 85005 or by email to dswpwrmrk@wapa.gov. We will provide this mailing and email information on a slide at the end of the presentation.

This presentation, along with the supporting documentation, is available on WAPA's Boulder Canyon Project rate website and a link to that page will be posted in the chat box. Unless anyone has any questions about the procedures of this forum, we will mute any open phone lines, and I will turn the meeting over to Tina Ramsey to begin the presentation. Tina, I think you have to unmute your line.

MS. RAMSEY: Thanks, Thomas. I was trying to put that link in the chat, so, hopefully, everyone sees that, to our webpage, for a copy of the presentation.

So, good morning. My name is Tina Ramsey, and I am the Rates Manager for Western Area Power Administration, or WAPA's Desert Southwest Region.

ANDERSON COURT REPORTING
1800 Diagonal Road, Suite 600
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

Today, we will be discussing the renewal of the Boulder Canyon Project formula rates and also review the proposed Fiscal Year 2023 Boulder Canyon Project base charge.

On the agenda today, we'll begin with briefly discussing the regulations, orders, and procedures applicable for rating making purposes. We will review the formulas for the base charge and the rates, which are specific to the Boulder Canyon Project. And then, we will provide details contributing to the Fiscal Year 2023 proposed base charge. We'll also discuss drought actions and planning. We'll highlight the steps in the rate process, via a review of the timeline, and we'll provide information on where to find additional resources. After that is complete, I will turn the meeting back over to Thomas, and he will open the forum for questions and comments.

All right, first, let me highlight the regulations, orders, and procedures that outline WAPA's process to update Boulder Canyon Project's base charge and rates. First, we have 10 CFR 903, that details how WAPA administers rate adjustments. This code of Federal

Regulation describes the public process requirements. How we apply these regulations, in seeing those requirements will be part of it when we review our timeline.

Next, we have DOE Order RA 6120.2. And that outlines the financial reporting requirements for Power Marketing Administrations, which WAPA is one of them, and includes the requirement for the Power Repayment Study, which we fondly call the PRS. WAPA maintains the PRS, which is used for only rate setting on the Boulder Canyon Project.

Next, we have 10 CFR 904, which applies specifically to the Boulder Canyon Project. Among other things, this regulation outlines the requirement for a base charge, the collection of the base charge, and the components of the energy rate and the capacity rate, and it also outlines that the base charge is reviewed annually.

Lastly, we have the Boulder Canyon Project Electric Service Contracts and the Amended and Restated Implementation Agreement. These contractual vehicles outline specific responsibilities and expectations for

each applicable party, whether it's WAPA, Reclamation, or the contractors. So, next slide.

So, Boulder Canyon Project has a base charge, much like a revenue requirement, for capacity and energy, rather than a rate. The base charge is considered a formula rate, and calculated by taking the annual project expenses, for both Bureau of Reclamation and WAPA, and subtracting any carryover funds, and carryover funds are unapplied revenues from the previous year, and then we also subtract out any non-power revenues. And non-power revenues are revenues from visitor center services, ancillary services, the sale of renewable energy credits, and any water sales.

And WAPA is proposing that we renew this formula rate, since it will continue to provide sufficient revenue to recover all annual costs, including interest. And as noted, there, on the bottom of the slide, the Boulder Canyon contractors are charged this annual base charge. A contractor's monthly bill is based on their contractual or proportionate share of this annual base charge and consists of both a capacity and an energy component.

So, let's do a little example of how we apply the base charge. So, on the next slide, there we go, thank you. If the base charge calculates to be, this is just an example, \$70 million, to come up with a capacity and an energy component, we split the \$70 million in half, so we want to collect \$35 million through a capacity charge, and \$35 million through an energy charge. And the annual charge for each contractor, is then, on that third level, is then calculated by multiplying the contracted percentage for their contract capacity or their energy amount. In this example, we assume both of these numbers are the same, this 20 percent. So, then they will pay an annual charge of seven million dollars on capacity, and seven million dollars on energy.

And to break that down monthly, for the capacity charge, it is divided evenly. So, it's divided by 12, and the energy charge is actually shaped before the year begins to match how we anticipate the energy will be received throughout the year. All right, so, next, we'll look at the rates.

While we do not bill based on rates, we do

ANDERSON COURT REPORTING
1800 Diagonal Road, Suite 600
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

have formula rates, which are used for comparison purposes, and WAPA is proposing that we renew these rate calculations, or, once again, formula rates with no changes. The composite rate is the base charge divided by the annual energy projection. The energy rate is half of the base charge divided by the same energy projection, and then the capacity rate is half of the base charge divided by the capacity projection.

We use the fiscal year energy and capacity projections from Reclamation's May 24-month study to determine these rates for the following fiscal year. All right, now, let's look at the proposed 2023 base charge and rates. This slide is a high-level summary of the proposed base charge and the projected rates. The 2023 proposed base charge -- well, let me go through the columns first. So, there's multiple columns on this slide. We have the Fiscal Year 2022 base charge, which is used for comparison purposes. The next column is the Fiscal Year 2023 proposed base charge that we published in a Federal Register Notice, on April 13th. We, since April 13th, we have done a mid-year review, and that's in this shaded column, and then it gives us our revised

2023 proposed base charge.

And then, we have this comparison between the 2022 base charge, so what we're collecting this year, and what we're proposing for next year, and then we have any percentage difference. So, from what we -- including this mid-year review value of this \$3.5 million, the 2023 revised proposed base charge is \$66,365,220, which ends up being almost a million dollars less than what is being collected in Fiscal Year '22. That ends up being a 1.5 percent decrease.

Once again, this is different than what we published in the April 13th Federal Register Notice. So, how did we get here? To, lower the base charge, for '23, both Reclamation and WAPA completed this mid-year review, where we looked at Fiscal Year 2022 execution levels, and we projected expenses and revenues for both '22 and '23. I don't know what I'm doing, if I need to be on the next slide. No, I think, we're good. Okay, sorry.

So, then we have the energy projection section and the capacity projection section. So, what is in this section, now that 3,103,826 is the value from

January, that was published in the Boulder Canyon Project Final 2023 10-year operating plan. We are fairly certain that both the energy and capacity projections will decrease in 2023. We will know more when the 24-month study is published, likely next week. But for now, we're using that January value, so it gives us an estimated composite rate of \$21.38, which is a 3.6 percent increase from 2022.

And then our capacity projection, that \$1,299,750 which is -- which would give us a capacity rate of \$2.13, which is a 4.9 percent increase over the calculated capacity rate for Fiscal Year 2022. So, we will update these energy and capacity projections once we get that final 24-month study for May. WAPA creates a master schedule, and that is published around June 1st.

So, today, I will review the changes between Fiscal Year 2022 and the Fiscal Year 2023 revised base charge. And we do have the mid-year review column, on the next slide, that illustrates any of those changes that took place. All right, next slide, thank you.

So, this table compares the 2022 base charge,

ANDERSON COURT REPORTING
1800 Diagonal Road, Suite 600
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

in that first column, has that mid-year review, and then has, now, the revised proposed Fiscal Year 2023 base charge value. So, I'll go over this slide a little bit quickly. We repeat this slide, again, at the end of the presentation, and we go into the sections individually, on slides.

So, towards the bottom -- well, actually, for the mid-year review, you see that there is a change of \$275,000, and we'll go into that in more detail. So, that's the change in the expense. And then we have the majority of the change is in our prior year carryover. We're estimating -- we initially were estimating \$2.6 -- 2.7 million, and we're now estimating \$5.2 million. And this is due to looking at our Fiscal Year '22 and Fiscal Year '23 for this mid-year review, and also, we are including some non-power revenues for the sale of RECs, or Renewable Energy Certificates or Credits. And that we're estimating, for Fiscal Year '23, \$800,000 in revenue.

So, let's just go into more detail with the next slide, and go over Reclamation's O&M budget. All right. So, compared to Fiscal Year 2022, Reclamation's

O&M is increasing six percent. There's the categories of operations, maintenance, A&GE, and extraordinary maintenance. For operations, that \$298,000, which is a four percent increase, is due to slight increases in services for a new IT Firewall Support contract and increases in equipment costs, due to replacement of IT equipment. There's Cisco switches, routers, and NAS Network Storage.

Reclamation's maintenance budget, compared to Fiscal Year '22, has an increase of \$1.9 million. That is due to relocation costs, increase in trash disposal contract and also the -- there's a overhead rate for salaries that did increase. That's how Bureau of Reclamation allocates their indirect cost. That actually affects a couple of the different components. And then, the Reclamation A&GE, that \$991,000, is due to an increase in miscellaneous charges, some training and travel costs, and ammunition for security forces, increased costs for Workman's Compensation, and, once again, that change in the overhead rate.

And then the Extraordinary Maintenance Line, \$190,000 is -- we have some more details. We have a

slide specifically on Extraordinary Maintenance. All right, so, thanks Christina. So, here is that detail on the Extraordinary Maintenance, for that \$190,000 increase. So, what you'll see is the projects that are planned to be worked on, both this year and in 2023.

You'll see that if there's a project, like the Power Plant Piping Maintenance Plan, that had \$950,000 for Fiscal Year '22, that we're collecting funds over multiple years to do that project. So, we're collecting \$575,000 for Fiscal Year 2023. And then you'll see some new projects at the bottom, that are set for 2023. And that gives you that small two percent increase of \$190,000. All right, let's move to the next slide.

All right, so, Reclamation's replacements. So, once again, we have the individual projects listed, both for '23 and -- for '22 and '23. And this has the individual budget decrease from '22 to '23, of \$790,000. And this is primarily due to Reclamation's effort to level their extraordinary maintenance project expenses. And this resulted in reduced annual costs for multiple projects. In addition, you see that \$275,000 reduction, and that is for the N7 Oil System replacement project,

which was removed in 2023, and that will be reevaluated before it's added back into the schedule.

So, the next slide is Reclamation's other expenses. Yeah, so, in this slide deck, we do have the descriptions written out. So, we're just skipping those, so that you see the numbers. So, for Reclamation's other expenses, there's an increase of \$490,000, when you compare '22 numbers to '23 proposed numbers. And that's due to -- for the visitor services. That's due to higher projected contract costs, for janitorial, memorabilia, ticketing, and trash disposal services. That Payment to States, that is a static annual payment, so, there is no changes there.

And the principal and interest remains unchanged, as we work to pay off that one remaining asset for flood control. And that asset is scheduled to be repaid -- or paid off in 2037. So, the next slide shows Reclamation's post-retirement benefits. That's the imputed retirement health and life insurance costs. We use a five-year average to estimate for 2023 and since the 2021 actual is higher than the actual for 2016. So, we dropped off '16 and added '21, and that is

a small change of \$70,997 for that estimation for PRBs. And I think that's the Reclamation -- oh, that's the end of the Reclamation only cost.

And so, now, let's look at WAPA's O&M for Fiscal Year 2023. We have a 17 percent decrease in that top section, which is our Facility Expenses. And then we have an eight percent decrease in our systemwide expenses. So, the majority of the decrease in that Facility Expenses is that we shift from O&M to capital. So, you'll see it on the next slide, when we have our replacements, that the replacements have increased. But our Facility Expenses have decreased.

And then we have systemwide expenses, that eight percent, and that's due to just refining our budget and trying to fine tune everything. So, overall, WAPA had a 10 percent decrease in our O&M, that \$842,000. And so, next slide.

Here's WAPA's replacements, and similar to Reclamation's, we have a list of all the different projects, for -- to compare between 2022 and 2023. And like I said, on the previous slide, we did do that shift. We reduced the O&M, and we increased the

capital. These projects are listed, like the 69-kV breaker replacements. We're targeting to replace two to three breakers a year, starting in 2023 and going through 2025.

And the same thing with the relay replacements. I believe we are just replacing about four relays in 2023. This equipment that we're replacing, these relays, is vintage 1980's equipment, which is no longer manufactured. And so, we want to eliminate the risk of any part availability, if we encounter any problems. All right, so, then the next is WAPA's Post Retirement Benefits.

Once again, despite how it's calculated, for Reclamation, we do that five-year average of the most recent actuals. And we have the same situation where 2016 is lower than the 2021 year that we're adding on. So, that was a nine percent increase, or an increase of \$23,000, in '23, as compared to what we're collecting in '22.

The next category is WAPA's capitalized moveable equipment, that's CME, and warehouse. Once again, we used that five-year average, and the same

thing happened again. 2016, that year we're dropping off, is less than the year that we're adding, that 2021, with the \$31,000. Overall, it's a \$786 increase, compared from '22 to '23, which, for this category, is a three percent increase. All right, so, next slide.

So, this is where the majority of the change is, is in this prior-year carryover. And this is a project amount, which means it represents both amounts from both WAPA and Reclamation. And so, prior-year carryover was originally estimated, when we published the Federal Register Notice, to be about \$2.8 million. And now, we're projecting \$5.3 million in carryover. And this \$2.6 million increase in carryover is due to that mid-year review process, that I have been talking about.

For Fiscal Year 2022, Reclamation decreased their O&M, their replacement, and their visitor services expenses. And those are outlined on that slide, those amounts, that \$878K, \$510K, and \$400,000. WAPA also, in our mid-year review, we wanted to factor in the revenue that we will be giving -- I think that we've already received, for -- so, go back a slide, Christina -- that

we'll be receiving -- I think we've already received that \$633,000 for the sale of renewable energy credits, or RECs, in current -- in this year, that were sold in April.

And then, yeah, so, then, thanks Christina, now, you can move to the next slide. All right. So, for non-power revenues, so, this is what offsets the expenses. So, we have that \$633 that we are estimating for Fiscal Year '22. We're estimating for Fiscal Year '23, so for next year, that we'll collect at least \$800,000. So, we wanted to factor that in, so that we could offset the base charge, and that then provides that increase of four percent, and it also includes a increase of our estimated ancillary service revenue. We use a five-year average of the most recent actuals, and we're showing that that's an increase.

I think, before, with the five-year average on cost, we're showing increases. The good news is that we're also showing increases on revenues. So, we're projecting, now, that \$1.4 million for ancillary services revenue, which is that \$86,000 increase. So, overall, a four percent increase in non-power revenues.

All right, so, I think that's all the categories.

So, I think the next slide is, once again, the summary that brings it all together, that shows comparing against Fiscal Year 2022. We're looking at our proposed revised base charge for Fiscal Year '23 of \$66,365,220, which is \$990,000 dollars less than we are collecting in Fiscal Year 2022. So, I'm thinking, hopefully, if we move past, we're not going too fast. But let's go to the next slide.

So, we've all been concerned with the ongoing drought in the Colorado River Basin, that's decreasing, lake elevation level at Mead, the decreasing energy and capacity projections, and knowing what planning may be needed. So, last year, WAPA, working with Reclamation, hosted a Drought Impact Analysis Spreadsheet. We posted that last July. We did post again on March 31st. We updated the analysis, based on the most that -- in March, that changing hydrology. And we anticipate periodically posting updates, so that we're capturing the impacts of the hydrology and any changes to the estimates for -- any estimated releases are shown in this impact analysis.

While this spreadsheet includes analysis for both the Boulder Canyon and Parker-Davis Projects, this information is not used for calculating the base charge or for any rate calculations. The data is used to demonstrate and monetize this impact of the ongoing drought. So, while we posted this spreadsheet, we haven't really spent the time to review the spreadsheet and go through all the different components. So, we'll be taking some time at our Boulder Canyon Master Schedule Meeting, that's scheduled for Thursday, May 26th, at 10:00. That is both Mountain Standard Time and Pacific Daylight Time. It is Arizona time and California and Nevada time, it's all the same now, at 10:00. And so, we'll review that information, and go through the analysis, and explain what's included in that spreadsheet.

So, in addition, we did include some language in the proposed FRN. We really wanted to demonstrate, both WAPA and Reclamation, our commitment to continued customer consultation. So, next slide.

While reviewing Section 10 of the Boulder Canyon Project Implementation Agreement, which is

Implementation Agreement to the electric service contract. On the next slide, Christina. Sorry. Okay, it looks like we're trying to move to the next slide. All right, so, the next slide shows some -- shows some of the summary of what is in Section 10 of that Implementation Agreement, where it defines thresholds for a loss of capacity and any adverse changes, which triggers meetings to confer with contractors. While we have not yet reached these capacity thresholds, that are defined in the Implementation Agreement, both WAPA and Reclamation want to encourage more discussion and planning. Reclamation will convene a subcommittee under the Boulder Canyon Engineering and Operating Committee, the E&OC, which will be discussed at next week's committee meeting.

At this point, drought planning is a contract implementation issue, which will be addressed via this new subcommittee and is outside of the rate process. Of course, if it's necessary, it can be included in the future. Oh, there we go, thank you. Maybe we'll just leave that on there. So, like I said, Section 10 of the Implementation Agreement, which is with Reclamation,

WAPA, and all the contractors, does define specific thresholds. And while we're not yet at those thresholds, we would like to have a contractor subcommittee to kind of do some further -- some further planning and analysis.

All right, so, now, let's discuss the timeline for the rate actions that we've proposed today. So, on this next slide, it shows that we've published our proposal in the Federal Register on April 13th, that started -- kicked off this 90-day public comment and consultation period. And so, 30 days from that notice, we have the Public Information Forum, which is today, and that's where we're briefing you on the rates and the base charge. And we have that recorder that will transcribe, and we'll post the transcription.

30 days from today. It's actually, I think, 31 days. So, it's a Monday, June 13th, at 10:00 a.m. We will have a Public Comment Forum, that will also be via WebEx. And this forum provides the public the opportunity to make comments about these rate actions. There's no formal presentation. And then on the next slide.

So, we have a 90-day public process period, that started on April 13th. That will conclude on July 12th. And then we're planning to publish our final notice, in the Federal Register, in August timeframe, so that we can provide 30-days' notice, and also get all the billing documents ready, and what is needed to have that effective formula rate, base charge, and all the other rates, by October 1, 2022. So, that's our timeline.

So, for additional resources, I've listed Jim Kendrick, my boss, myself, and then Christina Maldonado for WAPA. And Christina works specifically on the Boulder Canyon Project. Also identified, Len Schilling, the Lower Colorado Area Manager, and then Matt Stemmer and Laura Henning, as points of contact with Bureau of Reclamation.

And then, as always, we do post this presentation and supporting documents on our website, which I had put in the -- I can put that in the chat again, in case folks joined later. But it's also on the bottom of this slide. So, the next slide is where we have the contact information, for Scott Lund, to provide

any written comments, either via mail, at the P.O. Box 6457, Phoenix, Arizona, or via email at dswpwrmrk@wapa.gov. We must receive comments by July 12th.

And I think that's the end of my presentation. So, I will now turn the meeting back over to Thomas for the question and comment portion of the forum.

MR. CORDOVA: Okay, thank you, Tina. We will now open the forum for questions or comments. And we ask that you keep in mind that the questions should be relevant to the renewal of the formula rates and the Fiscal Year 2023 base charge for the Boulder Canyon Project. Any questions that we're not able to answer today will be answered in writing and posted on WAPA's website, before the close of the comment and consultation period.

For questions or comments, you may use the features in WebEx, such as raising your hand or entering a comment using the chat box. And to unmute your phone, you may use WebEx unmute feature or press *6 on your phone. We do have folks managing the WebEx that will be helping out. After you have been recognized, please

give your name, and the name of your organization that you represent.

Also, to help with the transcription, please spell your first name. So, without any further ado, are there any questions here today?

MR. STUBITZ: Hello, this is Joseph Stubitz, with the City of Boulder City.

MR. CORDOVA: Hello, Joseph.

MR. STUBITZ: Yeah, so, I had a question about the sale of the RECs. I thought I had heard that there was a savings of \$800,000. Now, is there a possibility for that sale to -- for a continued sale of RECs, or if a contractor has RECs to contribute back to further lower the rate, or how does that work?

MS. RAMSEY: Okay, I can take that. So, what we're doing with the program is we're sending out notification in the December timeframe to let us know whether you're interested in your RECs, or if you're -- if you're interested. If you're not interested in your RECs, they become unclaimed RECs that we then sell on behalf of the project for Boulder Canyon. So, in 2023, we're estimating that we'll have unclaimed RECs to sell,

that will give us \$800,000 in revenue.

And so, we're thinking that next year, about this time, we'll be able to better estimate what that cost is or what that estimated revenue is. So, for right now, we might be a little conservative with \$800,000 because, for 2021 unclaimed RECs, we've already sold that for 20 -- we've collected, in 2022, that \$633,000. So, we're hoping that that \$800,000 does increase, based on our projection and the value of unclaimed RECs.

So, right now, we're probably estimating a little conservative. Does that make sense? And that is going -- that would offset, right, that amount that we're estimated to receive would offset any collection. So, let's just say, for '22, we've already collected \$633,000. If we get additional revenue in 2022, that will be carryover that will apply to the '23 rate and also to the '24 base charge.

MR. STUBITZ: So, if RECs had previously been claimed, within WREGIS, is there any possibility to transfer those back to get the rate lowered because the City of Boulder City had claimed RECs, with the idea

that they could be monetized for the rate payers. So, if that's not allowed, and the RECs are tied to the firm powers, as we're coming to believe, then is there any way to transfer the RECs back to WAPA?

MS. RAMSEY: Yes.

MR. STUBITZ: Or how does that work?

MS. RAMSEY: Yes, I believe so. Our point of contact is Patricia Weeks.

MR. STUBITZ: Okay. Perfect.

MS. RAMSEY: And I can put her email in the -- I think she's using a generic email. So, we can put that email in the chat box.

MR. STUBITZ: Okay, great. Thank you.

MS. RAMSEY: And I did see a comment that the presentation gives an error on the web page. And I know it was working earlier, but it looks like there is an error. So, we will check that after the meeting, the presentation because I know, I grabbed it at 9:30, and it was there, but I see that there is -- but it's not there anymore.

MS. MALDONADO: No, I'm looking at that now, Tina.

MS. RAMSEY: Okay, thanks, Christina.

MR. SALINE: Tina, this is Kenneth Saline, on behalf of the Augustine Tribe of Cahuilla Indians. And I would also like to ask another follow up question on the REC revenues. It's my understanding that your REC program allows certain Hoover contractors to take their RECs, and then the ones that are unused get put into this program. Through rates, each contractor pays their individual cost of Hoover. Therefore, has Western looked at the option of providing those REC revenues to the people that provide the RECs, versus giving them to everybody, including those who kept their RECs? Thank you.

MS. RAMSEY: I would think -- so, what we're doing now, is -- I think it might be -- so, what we're doing now is consider -- any unclaimed RECs are considered to the project. I think part of our concerns -- we can certainly look at it again. I think part of our concern was the cost to keep everything separate.

MR. SALINE: Thank you. I understand that.

MS. RAMSEY: Yeah. We can certainly look at that.

MR. SALINE: It just -- it seems to me that you already have an invoice to it, for our part of MSCP, you know, Hoover, you know, Capital Advancements, all of those other issues. And so, then, you know, deciding who had contributed the RECs, and what -- maybe what hours they were based upon, and then allocating those revenues back to those contributing the RECs should be a fairly straight forward calculation. Thank you.

MS. RAMSEY: Okay. I'm not as familiar with WAPA's policy on RECs. But we can get with Patricia.

MR. CORDOVA: All right, thank you, Tina. I don't see any additional hands up, in the WebEx. So, anybody else who has additional questions on the proposal for the renewal of the Boulder Canyon Project formula rates or for electric service in the proposed Fiscal Year 2023 Boulder Canyon Project base charge, you can either speak up or put it in the chat. Any additional questions from the attendees?

MS. MALDONADO: I do show Kristine McMinimy, I'm sorry about that, if I --

MS. McMINIMY: McMinimy.

MS. MALDONADO: -- McMinimy has a question.

Sorry.

MS. McMINIMY: Yeah, could you go back to slide 18, please? And I'm with the Arizona Electric Power Cooperative. I'm a little -- I don't know if I'm not reading this slide correctly, the Facility Expense says a negative 17, and systemwide says minus eight. But then, the total O&M is minus 10? Is that correct? Are they all decreases, but --?

MS. RAMSEY: Yeah, I'll answer that, Kristine. Yeah, so, we've decreased. So, the Facility Expense, it's a smaller portion of the total, that \$7.5 million. So, therefore, it's a 17 percent decrease, comparing '22 to '23. And then, that eight percent decrease in systemwide expenses is that larger \$500,000 decrease. So, together it's \$800,000 which is a 10 percent, overall, a 10 percent decrease. While we have --

MS. McMINIMY: Okay, I understand. I think I --

MS. RAMSEY: Yeah. While we decrease in Facility Expenses, we did have an increase in our replacements.

MS. McMINIMY: Okay. I think as you were

talking, I heard you wrong earlier. So, I'm good. I understand now, thank you.

MS. RAMSEY: Okay.

MR. CORDOVA: All right, thank you for that question. Anyone else? Any additional questions here today? All right, one more call for any questions or comments. Okay. Not seeing any.

Since there are no further questions, we'd like to thank everybody for participating in this forum today. As mentioned earlier, the Public Comment Forum for the renewal of the formula rates and the proposed base charge is scheduled for June 13, 2022, at 10:00 a.m. Mountain Standard Time, Phoenix time.

And let's see, we may have just gotten one more comment in the chat box. Let me take a look here. So, the comment from Mr. Ken Saline says, thank you to WAPA and the United States Bureau of Reclamation for the Drought Mitigation activities and identifying these in the formula rate process for transparency of what is occurring at Hoover. We support E&OC Committee to address situational awareness of the project generation. So, thank you for that additional comment, Mr. Saline.

So, to repeat, the Public Comment Forum for the renewal of the formula rates and the proposed base charge is scheduled for June the 13, 2022, at 10:00 a.m. Mountain Standard Time, Phoenix time, Pacific Daylight Time. And any written comments must be received by the close of the consultation and comment period, on July 12, 2022.

We appreciate your attendance and your participation today. This forum is now closed. Have a very nice day.

(Whereupon, at 11:53 a.m. MDT, the
PROCEEDINGS were adjourned.)

* * * * *

CERTIFICATE OF NOTARY PUBLIC

I, Nate Riveness, do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Nate Riveness

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia