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Western  
Area Power  
Administration

# Boulder Canyon Project Fiscal Year 2023 Public Information Forum

May 13, 2022

Webex

# Participant Instructions

- For the courtesy of other participants and to facilitate transcription of the meeting, please save all questions and comments until the end of the presentation
- Phones will be muted during the presentation



# Agenda

- Regulations, Orders, and Procedures
- Formulas
- Base Charge and Rates Summary
- FY 2023 Proposed Base Charge and Rates
- Drought Actions and Planning
- Timeline
- Additional Resources



# Regulations, Orders and Procedures

- 10 CFR 903 - describes public participation in power and transmission rate adjustments and extensions
- DOE Order RA 6120.2 - establishes financial reporting policies, procedures, and methodology for all Power Marketing Administrations ---- Outlines Power Repayment Study Requirements
- 10 CFR 904 - applies specifically to the Boulder Canyon Project's (BCP) charges for sales of power ---- Outlines the Base Charge and Rates
- Boulder Canyon Project Electric Service Contract and Amended and Restated Implementation Agreement



# Base Charge Formula

$$\text{Expenses} - \text{Carryover} - \text{Non-power Revenues} = \text{Base Charge}$$

Contractors are charged a proportionate share of the annual base charge divided between capacity and energy – not a rate

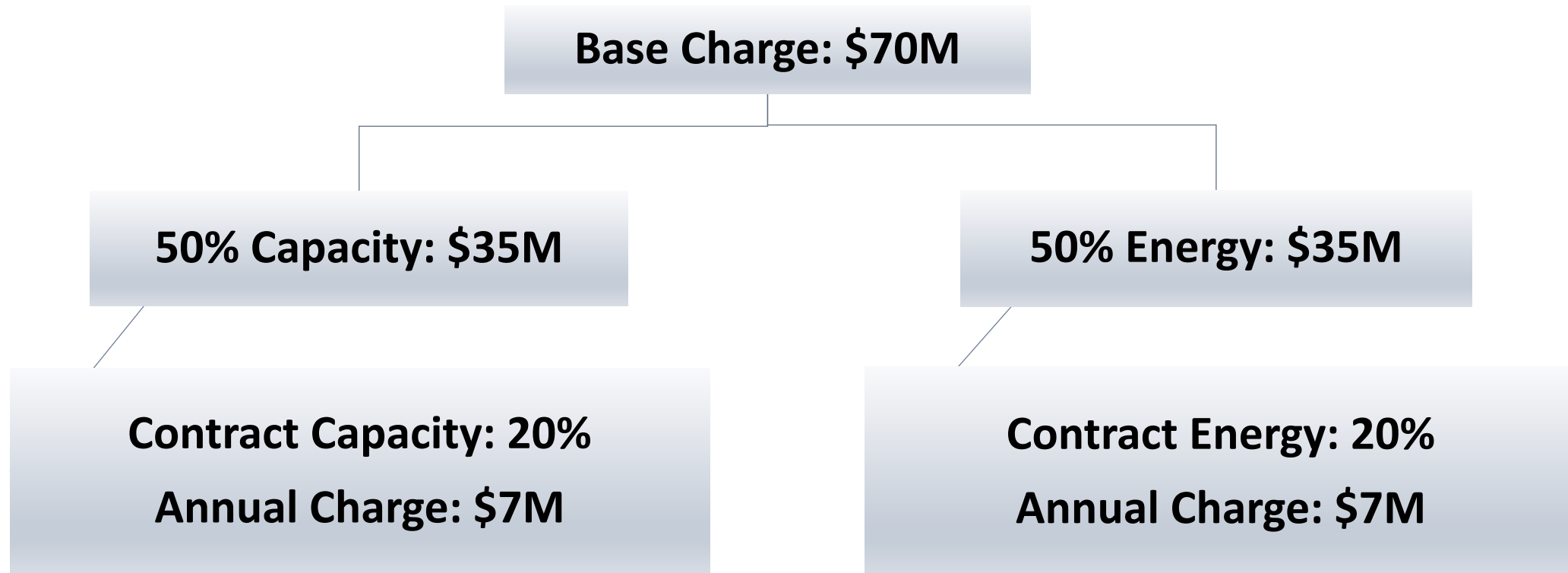


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# Collection of Base Charge



# Rates

Composite Rate = Base Charge / Energy Projections

Energy Rate = (50% of Base Charge) / Energy Projections

Capacity Rate = (50% of Base Charge) / Capacity Projections

Rates calculated for informational purposes



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# FY 2023 Base Charge and Rates Summary

	FY 2022	FY 2023	Mid-Year	FY 2023	FY 2022 vs.	
	Base Charge	Proposed FRN	Review	Revised	FY 2023 Revised	%
Base Charge	\$ 67,355,778	\$ 69,861,560	(\$3,496,340)	\$ 66,365,220	\$ (990,558)	-1.5%
Energy Projection (MWh)	3,264,831	3,103,826		3,103,826	(161,005)	-4.9%
Composite Rate (Mills/kWh)	20.63	22.51		21.38	0.75	3.6%
Energy Rate (Mills/kWh)						
Capacity Projection (kW)	1,383,000	1,299,750		1,299,750	(83,250)	-6.0%

- FY 2023 Proposed derived from the Final Ten-Year Operating Plan (TYOP) published January 26, 2022
- FY 2023 Proposed includes mid-year review updates
- Mid-year update includes changes since the TYOP
- Energy and capacity projections from the second draft of the Master Schedule, projections finalized by June 1<sup>st</sup>
- Rates are calculated for informational purposes only



# FY 2023 Revised Base Charge

	FY 2022 Base Charge	Mid-Year Review	FY 2023 Revised	Change	%
<b>Bureau of Reclamation</b>					
O&M	56,660,500	-	60,086,500	3,426,000	
Replacements	10,436,500	(275,000)	9,372,500	(1,064,000)	
Visitor Services	11,082,000	-	11,572,000	490,000	
Payments to States	600,000	-	600,000	-	
Principal and Interest	977,548	-	977,548	-	
Post-Retirement Benefits	1,991,582	-	2,062,579	70,997	
	<b>81,748,130</b>	<b>(275,000)</b>	<b>84,671,127</b>	<b>2,922,997</b>	<b>4%</b>
<b>Western Area Power Administration</b>					
O&M	8,435,714	-	7,593,287	(842,427)	
Replacements	450,000	-	830,000	380,000	
Post Retirement Benefits	248,201	-	271,685	23,484	
Interest	29,089	-	29,875	786	
	<b>9,163,004</b>	<b>-</b>	<b>8,724,847</b>	<b>(438,157)</b>	<b>-5%</b>
<b>Total Expense</b>	<b>90,911,134</b>	<b>(275,000)</b>	<b>93,395,974</b>	<b>2,484,840</b>	<b>3%</b>
<b>Prior Year Carryover</b>	<b>2,654,667</b>	<b>2,421,340</b>	<b>5,262,012</b>	<b>2,607,345</b>	<b>98%</b>
<b>Non-power Revenue</b>	<b>20,900,689</b>	<b>800,000</b>	<b>21,768,742</b>	<b>868,053</b>	<b>4%</b>
<b>Base Charge</b>	<b>\$ 67,355,778</b>	<b>\$ (3,496,340)</b>	<b>\$ 66,365,220</b>	<b>\$ (990,558)</b>	<b>-1%</b>



# Reclamation O&M

O&M	FY 2022 Base Charge	Mid-Year Review	FY 2023 Revised	Change	%
<b>Bureau of Reclamation</b>					
Operations	8,023,000	-	8,321,000	298,000	4%
Maintenance	17,594,500	-	19,541,500	1,947,000	11%
A&GE	22,883,000	-	23,874,000	991,000	4%
Extraordinary Maintenance	8,160,000	-	8,350,000	190,000	2%
<b>O&amp;M</b>	<b>\$ 56,660,500</b>	<b>\$ -</b>	<b>\$ 60,086,500</b>	<b>\$ 3,426,000</b>	<b>6%</b>

- Reclamation’s operations increased (\$298K)
  - Increase in regional and other support and services
  - Overhead rate for salaries increased due to an increase in the Bureau-wide Indirect Cost Rate
- Reclamation’s maintenance increased (\$1.9M)
  - Miscellaneous charges and services attributed to additional relocation costs
  - Increase in the trash disposal contract
  - Overhead rate for salaries increased due to an increase in the Bureau-wide Indirect Cost Rate



# Reclamation A&GE

- Reclamation's A&GE budget increased (\$991k)
  - Increase in miscellaneous charges, training and travel
  - Increase for ammunition for the Security Forces
  - Increase in anticipated costs for Workman's Compensation Program
  - Overhead rate for salaries increased due to an increase in the Bureau-wide Indirect Cost Rate



# Extraordinary Maintenance

Line #		FY 2022 Base Charge	Mid-Year Review	FY 2023 Revised	Change	%
<b>Bureau of Reclamation</b>						
4	Tail Bay Stop Logs Coating	640,000	-	-		
10	Rock Fall Mitigation	100,000	-	-		
17	N3 Rotor Repair	125,000	-	-		
19	A2 Stator - Epoxy Steel Laminate	600,000	-	-		
9	Paradox Valve Repairs	815,000	-	-		
1	Power Plant Piping Management Plan	950,000	-	575,000		
2	Fire Piping Plan	600,000	-	550,000		
3	Crane Inspection and Repair	500,000	-	600,000		
5	Penstocks and Lateral Spot Coating	2,000,000	-	430,000		
8	Penstock Lateral Tunnels - Safety Doors Refurbishment	500,000	-	200,000		
11	Erosion Repair	800,000	-	500,000		
21	Generator Step-Up Transformers Maintenance	500,000	-	2,300,000		
23	*Hoover Dam Observation Areas Enhancements	30,000	-	55,000		
6	Butterfly Valve Recoating	-	-	395,000		
12	Spillway, Penstock & Dam Abutment Drain Cleaning	-	-	500,000		
14	Portal Road Erosion Control, Slope Stabilization & Safety Improv.	-	-	1,575,000		
20	Partial Discharge Monitors	-	-	500,000		
22	Butterfly Valve Overhaul	-	-	170,000		
<b>Extraordinary Maintenance</b>		<b>\$ 8,160,000</b>	<b>\$ -</b>	<b>\$ 8,350,000</b>	<b>\$ 190,000</b>	<b>2%</b>

\*SNPLMA Projects



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# Extraordinary Maintenance

(continued)

- Reclamation's extraordinary maintenance increased (\$190k)
  - Due to the need to accomplish several projects in FY 2023 including but not limited to:
    - Generator Step-Up Transformers Maintenance
    - Lower Portal Road Erosion Control
    - Partial Discharge Monitors
    - Spillway, Penstock and Dam Abutment Drain Cleaning



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# Reclamation Replacements

Line #		FY 2022 Base Charge	Mid-Year Review	FY 2023 Revised	Change	%
#	<b>Bureau of Reclamation</b>					
2	A9 Wicket Gates and Facing Plates	2,500,000	-	-		
11	Replace Wastewater Treatment Facility	200,000	-	-		
15	Escalator Replacement	500,000	-	-		
17	Central Section HVAC Replacement	330,000	-	-		
18	Control Center Renovation	500,000	-	-		
20	Upgrade CISCO ONS 15454	310,000	-	-		
21	Flow Meter	100,000	-	-		
1	Rebuild and Replace Generator Coolers	581,000	-	610,000		
4	Cylinder Gate Stem Evaluation and Replacement	2,750,000	-	3,750,000		
5	N7 Oil System Replacement	60,000	(275,000)	-		
7	Additional Tail Bay Stop Log	110,000	-	500,000		
8	Replace 480-Volt Switchgear	2,335,500	-	3,237,500		
10	Unit Control Modernization (UCM) Life Cycle Replacement	60,000	-	60,000		
13	Water Plant and Wastewater Plant Controls Replacment	100,000	-	215,000		
19	Central Section 7th and 8th Floor Renovation	-	-	1,000,000		
	<b>Replacements</b>	<b>\$ 10,436,500</b>	<b>(275,000)</b>	<b>\$ 9,372,500</b>	<b>\$ (1,064,000)</b>	<b>-10%</b>

# Reclamation Replacements

(continued)

- Reclamation's replacements decreased (\$1.1M)
  - Hoover Management's effort to level the cost of projects resulting in reduced funding request for projects
    - Control Center Renovation
    - A9 Wicket Gates
    - Escalator Replacement
    - Wastewater Treatment Facility and Control Center Renovation
  - N7 Oil System Replacement was removed for FY 2023 pending reevaluation



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# Reclamation Other

Other Expenses	FY 2022 Base Charge	Mid-Year Review	FY 2023 Revised	Change	%
<b>Bureau of Reclamation</b>					
Visitor Services	11,082,000	-	11,572,000	490,000	4%
Payments to States	600,000	-	600,000	-	0%
Principal and Interest - Flood Control	977,548	-	977,548	-	0%

- Hoover Dam Visitor Services budget increased (\$490,000)
  - Higher costs for large contracts: Janitorial, Memorabilia, Ticketing and Trash Disposal
  - Overhead rate for salaries increased due to an increase in the Bureau-wide Indirect Cost Rate
- Payment to States is static from year-to-year
- Flood Control P&I is remaining unchanged as well – payoff in 2037





# Reclamation Post-Retirement Benefits

Post-Retirement Benefits (PRB)	FY 2022 Base Charge	Mid-Year Review	FY 2023 Revised	Change	%
<b>Bureau of Reclamation</b>					
Actual - 2016	1,790,540	-	-		
Actual - 2017	1,533,544	-	1,533,544		
Actual - 2018	2,230,616	-	2,230,616		
Actual - 2019	2,431,028	-	2,431,028		
Actual - 2020	1,972,181	-	1,972,181		
Actual - 2021	-	-	2,145,524		
<b>PRBs</b>	<b>\$ 1,991,582</b>	<b>\$ -</b>	<b>\$ 2,062,579</b>	<b>\$ 70,997</b>	<b>4%</b>

- Imputed retirement, health insurance, and life insurance costs
- Based on 5-year average of most recent actuals



# WAPA O&M

	FY 2022 Base Charge	Mid-Year Review	FY 2023 Revised	Change	%
<b>Western Area Power Administration</b>					
Transmission Line Maintenance	210,717	-	211,536		
Communication Systems Support	424,899	-	282,784		
Safety Costs	291,961	-	205,251		
Phoenix Service Center Costs	250,558	-	333,371		
Substation Maintenance	796,413	-	599,165		
<b>Facility Expense</b>	<b>1,974,548</b>	-	<b>1,632,107</b>	<b>(342,441)</b>	<b>-17%</b>
Power Billing/Collecting	157,000	-	61,133		
System Operations and Load Dispatching	3,295,923	-	3,534,555		
Transmission/Engineering Studies	154,669	-	78,203		
Conservation and Renewable Energy	14,125	-	41,145		
Financial Management Costs	81,651	-	77,873		
Power Marketing Costs	1,991,039	-	1,515,679		
Multiproject Costs	671,758	-	557,590		
Depreciation	95,002	-	95,002		
<b>Systemwide Expense</b>	<b>6,461,167</b>	-	<b>5,961,180</b>	<b>(499,987)</b>	<b>-8%</b>
<b>O&amp;M</b>	<b>\$ 8,435,715</b>	<b>\$ -</b>	<b>\$ 7,593,287</b>	<b>\$ (842,428)</b>	<b>-10%</b>



# WAPA O&M (continued)

- WAPA's O&M budget is decreasing (\$842K)
  - Due to a shift in costs from O&M to capital



# WAPA Replacements

Replacements	FY 2022 Base Charge	Mid-Year Review	FY 2023 Revised	Change	%
<b>Western Area Power Administration</b>					
Coupling Capacitor Voltage Transformer (CCVT) Replacement	250,000	-	-		
DACS Replacement	200,000	-	-		
MED 69kV Breakers Replacement	-	-	400,000		
Relay Replacements - 69kV Line Relays	-	-	230,000		
Relay Replacements - Line & Transfer Breaker (MED)	-	-	150,000		
Facility Replacement	-	-	50,000		
<b>Replacements</b>	<b>\$ 450,000</b>	<b>\$ -</b>	<b>\$ 830,000</b>	<b>\$ 380,000</b>	<b>84%</b>

# WAPA Post-Retirement Benefits

Post Retirement Benefits (PRB)	FY 2022 Base Charge	Mid-Year Review	FY 2023 Revised	Change	%
<b>Western Area Power Administration</b>					
Actual - 2016	\$ 237,811	-	\$ -		
Actual - 2017	196,001	-	196,001		
Actual - 2018	310,966	-	310,966		
Actual - 2019	346,577	-	346,577		
Actual - 2020	149,649	-	149,649		
Actual - 2021	-	-	355,232		
<b>PRBs</b>	<b>\$ 248,201</b>	<b>\$ -</b>	<b>\$ 271,685</b>	<b>\$ 23,484</b>	<b>9%</b>

- Imputed retirement, health insurance, and life insurance costs
- Based on 5-year average of most recent actuals



# Interest Expense

Interest - CME & Warehouse		FY 2022 Base Charge	Mid-Year Review	FY 2023 Revised	Change	%
<b>Western Area Power Administration</b>						
	Actual - 2016	\$ 27,421	\$ -			
	Actual - 2017	28,549	-	28,549		
	Actual - 2018	31,281	-	31,281		
	Actual - 2019	31,684	-	31,684		
	Actual - 2020	26,511	-	26,511		
	Actual - 2021	-	-	31,350		
<b>Interest - CME &amp; Warehouse</b>		<b>\$ 29,089</b>	<b>\$ -</b>	<b>\$ 29,875</b>	<b>\$ 786</b>	<b>3%</b>

- Based on 5-year average of most recent actuals

# Prior-Year Carryover

Prior-Year Carryover	FY 2022 Base Charge	Mid-Year Review	FY 2023 Revised	Change	%
Prior Year Carryover	2,654,667	2,421,340	5,262,012	2,607,345	98%

- FY 2022 Reclamation Mid- Year Review:
  - O&M decreased \$878K
  - Replacements decreased \$510K
  - Visitor Services decreased \$400K
- FY 2022 WAPA Mid-Year Review Updates:
  - Renewable Energy Credit Revenues \$633K
- Prior year carryover increased (\$3.2M):
  - Originally projected for FY 2022 at \$2.8M, increased \$2.4M during the mid-year review



# Non-Power Revenue

Non-Power Revenue	FY 2022 Base Charge	Mid-Year Review	FY 2023 Revised	Change	%
Visitor Services	19,000,000	-	19,000,000	-	
Ancillary Services	1,350,689	-	1,418,742	68,053	
Water Sales Revenue	550,000	-	550,000	-	
Renewable Energy Certificates (REC)		<b>800,000</b>	800,000	800,000	
<b>Non-power Revenue</b>	<b>\$ 20,900,689</b>	<b>\$ 800,000</b>	<b>\$ 21,768,742</b>	<b>\$ 868,053</b>	<b>4%</b>

- Non-power revenue increased (\$868,000)
  - RECs projected revenues for FY 2023 at \$800K
  - Ancillary services based on 5-year average of most recent actuals
    - Higher FY 2018 and FY 2021 revenues are increasing this average





# FY 2023 Base Charge

	FY 2022 Base Charge	Mid-Year Review	FY 2023 Revised	Change	%
<b>Bureau of Reclamation</b>					
O&M	56,660,500	\$ -	60,086,500	3,426,000	
Replacements	10,436,500	(275,000)	9,372,500	(1,064,000)	
Visitor Services	11,082,000	-	11,572,000	490,000	
Payments to States	600,000	-	600,000	-	
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<b>Total Expense</b>	<b>90,911,134</b>	<b>(275,000)</b>	<b>93,395,974</b>	<b>2,484,840</b>	<b>3%</b>
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<b>Base Charge</b>	<b>\$ 67,355,778</b>	<b>\$ (3,496,340)</b>	<b>\$ 66,365,220</b>	<b>\$ (990,558)</b>	<b>-1%</b>



# Drought Actions and Planning

- Although not an element of the FY 2023 base charge and rates, a Drought Impact Analysis is posted at [Drought Mitigation Options \(wapa.gov\)](https://wapa.gov)
- BCP Master Schedule Meeting 10 a.m. MST on May 26, 2022
- The proposed FY23 Boulder Canyon Project Federal Register notice published on April 13, 2022, included the following language:
  - “With the uncertainty of hydrological conditions, Reclamation and WAPA will work with customers to develop a threshold for prompt consultation should hydrological conditions worsen after the base charge is placed into effect.”



# Drought Actions and Planning (continued)

- Section 10 of the Implementation Agreement to the electric service contract describes thresholds for a loss of capacity and other material adverse changes to BCP
- These events trigger meetings to confer with contractors and plan actions to address them
- Reclamation will convene a contractor subcommittee to further plan for these events under Section 10 – will be discussed at the next Engineering and Operating Committee meeting
- A contract implementation issue outside of the rate process, but can be included again in the future if necessary



# FY 2023 Tentative Timeline

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April 13,  
2022

**Notice** published in the *Federal Register* and emailed to customers; 90-day public comment and consultation period began

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May 13,  
2022

**Public Information Forum:** The public is briefed on the formula rates and the base charge and rates; a recorder transcribes the forum and comments are part of the official record

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June 13,  
2022

**Public Comment Forum:** The public is provided the opportunity to make comments about the base charge and rates; a recorder transcribes the forum; comments are part of the official record and responses are provided in the final *Federal Register* notice.

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# FY 2023 Tentative Timeline (continued)

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July 12,  
2022

**Public Process:** The 90-day public comment and consultation period concludes

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August  
2022

**Final Rate Order:** The final *Federal Register* notice is published

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October 1,  
2022

**Effective date of formula rates, base charge, and rates**

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# Additional Resources

## Western Area Power Administration

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For further information as well as copies of this presentation, visit WAPA's website at <https://www.wapa.gov/regions/DSW/Rates/Pages/boulder-canyon-rates.aspx>

# Written Comments

Please send written comments for the official record to:

Scott R. Lund

Acting Senior VP and Desert Southwest Regional Manager

Mail: P.O. Box 6457, Phoenix, Arizona 85005

Email: [dswpwrnk@wapa.gov](mailto:dswpwrnk@wapa.gov)



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# For Questions/Comments Today

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