



Western
Area Power
Administration

Budget vs Actual Meeting

December 10, 2019

Intertie & Parker-Davis
Projects



AGENDA

- Welcome
- Work Plan Meeting Schedule
- Financial Strategy Update
- Fiscal Year (FY) 19 Budget vs Actual
- Cash Flow & Reserve Balances



Work Plan Meeting Schedule

- Budget vs Actual Meeting (Today)
 - FY19 Actuals
 - Cash Flow & Reserve Balances
- FY22 Work Plan Meeting (April/May 2020)
 - FY17-19 Actuals
 - FY20-21 Budget Requests
 - FY22 Formulated Work Plan
 - FY23-26 Out Years Work Plan



FY19 Budget vs Actual

Intertie & Parker-Davis Projects

WAPA Headquarters
Colin Marquez

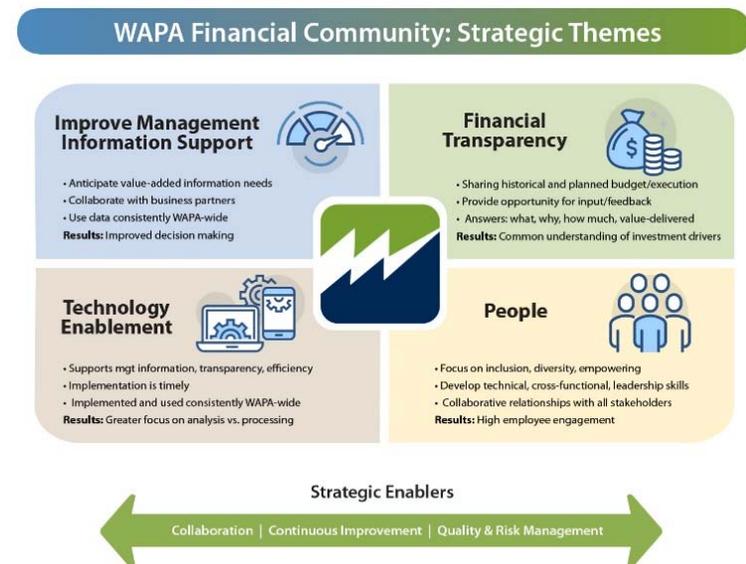
WAPA-wide FY19 Financial Results

- **Annual O&M: \$302M plan**
 - ~\$900K over plan
- **Capital Program: \$172M plan**
 - Executed \$110M or 64%
 - Fully executed appropriations
- **Purchase Power & Wheeling:**
 - Added ~\$80M to reserves
 - Strategy on track for FY20
- **Return to Treasury:**
 - \$281M
- **Financial Statement Audit:**
 - Anticipate unqualified opinion



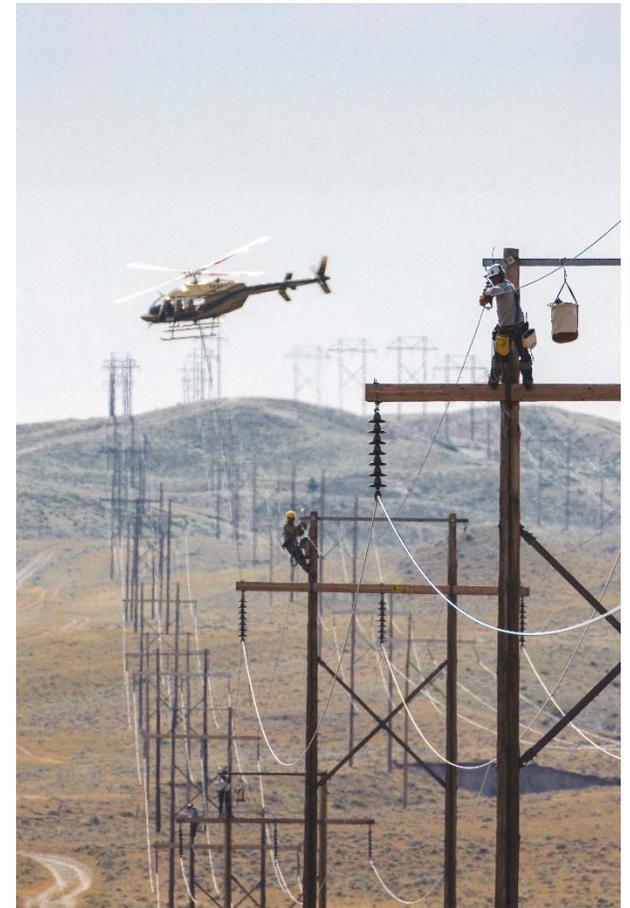
OCFO – Select Accomplishments

- **Financial Transparency**
 - Annual update: The Source
 - PPW Congressional report
- **Improve Management Information Support**
 - Enhanced credit card monitoring
 - WAPA-wide program execution
- **Technology Enablement**
 - Budget system enhancements
 - Use cases: Robotics process automation
- **People**
 - FEVS results: 3 year improvement
 - Students of the business: ~20 details



COO – Select Accomplishments

- Helicopter human external cargo operations increased 900% over 2018
- Began transition to use internal security staff to perform physical security risk assessments
- 177k transmission line structures were added to asset management program and inspections are leading to health and risk scores



CIO – Select Accomplishments

- Reliability coordinator service transition
- Common SCADA vendor progress
- Network uptime 99.986% availability for all core WAN infrastructure components
- SCADA uptime 100% - no reportable outages



CAO & Strategy – Select Accomplishments

- Led the WAPA-wide FY19 TAP refresh
- Stood up category management oversight board to improve strategic sourcing
- Partnered with US Forest Service to conduct machine clearing in two forests to reduce fire risk
- Completed the WAPA-wide records inventory to prepare for the Dec 2020 electronic records mandate



Handout – WAPA-HQ

Power System	Cost Type	Organization	FY17 Actuals	FY18 Actuals	FY19 Actuals	FY19 Work Plan	FY19 Revaliated	Over (Under) Expended	FY19 % Spent
WAPA-HQ									
Indirect		A0 Administrative	\$ 6,468,174	\$ 8,003,152	\$ 7,017,168	\$ 7,136,600	\$ 6,830,171	\$ 186,996	3%
		A2 OCIO	\$ 20,578,705	\$ 22,976,866	\$ 23,227,953	\$ 19,640,850	\$ 19,640,850	\$ 3,587,103	18%
		A7 OCOO	\$ 24,611,682	\$ 24,089,371	\$ 15,678,463	\$ 23,319,978	\$ 13,555,573	\$ 2,122,890	16%
		A8 OCFO	\$ 6,869,637	\$ 6,741,825	\$ 6,739,347	\$ 6,687,944	\$ 6,402,828	\$ 336,520	5%
		A9 OCAO	\$ -	\$ -	\$ 11,207,503	\$ -	\$ 10,355,949	\$ 851,554	8%
		Total Indirect	\$ 58,528,198	\$ 61,811,214	\$ 63,870,434	\$ 56,785,371	\$ 56,785,371	\$ 7,085,063	12%
		Expense	A0 Administrative	\$ -	\$ -	\$ -	\$ 1,500	\$ 1,500	\$ (1,500)
	A7 OCOO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%	
	Total Expense	\$ -	\$ -	\$ -	\$ 1,500	\$ 1,500	\$ (1,500)	0%	
Capital		A2 OCIO	\$ 8,024,169	\$ 4,354,668	\$ 6,384,222	\$ 6,222,450	\$ 6,222,450	\$ 161,772	3%
		A7 OCOO	\$ 626,239	\$ 2,935,671	\$ 244,049	\$ 750,000	\$ 750,000	\$ (505,951)	-67%
		A8 OCFO	\$ (72,584)	\$ 92,168	\$ 142,138	\$ -	\$ -	\$ 142,138	100%
		Total Capital	\$ 8,577,824	\$ 7,382,507	\$ 6,770,409	\$ 6,972,450	\$ 6,972,450	\$ (202,042)	-3%
Direct		Indirect (Direct Allocation)	\$ 19,885,523	\$ 20,935,302	\$ 18,777,734	\$ 26,762,029	\$ 28,208,366	\$ (9,430,632)	-33%
		Expense	\$ 14,235,076	\$ 19,720,678	\$ 24,091,982	\$ 20,050,030	\$ 23,153,583	\$ 938,399	4%
		Capital	\$ 6,742,853	\$ 6,318,253	\$ 6,890,211	\$ 12,161,347	\$ 12,161,347	\$ (5,271,136)	-43%
		Total Direct	\$ 40,863,452	\$ 46,974,233	\$ 49,759,928	\$ 58,973,405	\$ 63,523,296	\$ (13,763,368)	-22%
Total WAPA-HQ			\$ 107,969,474	\$ 116,167,954	\$ 120,400,770	\$ 122,732,726	\$ 127,282,617	\$ (6,881,847)	-5%

FY19 Work Plan to Revalidated

Senior Leadership Decisions – budget shifts	Amount
Guard Services	\$3M
OATI	\$1M
Working Capital Fund	\$.5M
Total	\$4.5M

Handout – Direct

Power System	Cost Type	Organization	FY17 Actuals	FY18 Actuals	FY19 Actuals	FY19 Work Plan	FY19 Revaliated	(Surplus) / Shortfall	FY18 % Spent
DSW - Indirect									
	Indirect	A0 Administrative	\$ 185,899	\$ 249,141	\$ 246,712	\$ 46,068	\$ 185,868	\$ 60,844	33%
		A2 OCIO	\$ 3,976,122	\$ 4,382,489	\$ 3,870,875	\$ 5,194,563	\$ 5,194,563	\$ (1,323,688)	-25%
		A7 OCOO	\$ 360,186	\$ 310,805	\$ 285,392	\$ 484,854	\$ 252,838	\$ 32,554	13%
		A8 OCFO	\$ 98,495	\$ 94,337	\$ 137,608	\$ 230,305	\$ 230,305	\$ (92,697)	-40%
		A9 OCAO	\$ -	\$ -	\$ 233,330		\$ 484,854	\$ (251,524)	-52%
		Total Indirect	\$ 4,620,702	\$ 5,036,772	\$ 4,773,917	\$ 5,955,790	\$ 6,348,428	\$ (1,574,511)	-25%
		Total DSW-Indirect	\$ 4,620,702	\$ 5,036,772	\$ 4,773,917	\$ 5,955,790	\$ 6,348,428	\$ (1,574,511)	-25%
Power System	Cost Type	Organization	FY17 Actuals	FY18 Actuals	FY19 Actuals	FY19 Work Plan	FY19 Revaliated	(Surplus) / Shortfall	FY18 % Spent
Parker-Davis									
	Expense	A0 Administrative	\$ (7,508)	\$ 57,630	\$ 27,682	\$ 68,964	\$ 75,964	\$ (48,282)	-64%
		A2 OCIO	\$ 1,088,626	\$ 1,174,263	\$ 1,607,010	\$ 2,011,699	\$ 2,175,854	\$ (568,844)	-26%
		A7 OCOO	\$ 600,693	\$ 562,390	\$ 711,346	\$ 551,733	\$ 562,958	\$ 148,388	26%
		A8 OCFO	\$ 38,428	\$ 38,299	\$ 24,818	\$ -	\$ -	\$ 24,818	100%
		A9 OCAO	\$ -	\$ -	\$ 128,591	\$ -	\$ -	\$ 128,591	100%
		Total Expense	\$ 1,720,239	\$ 1,832,582	\$ 2,370,856	\$ 2,632,396	\$ 2,814,776	\$ (443,920)	-16%
	Capital	A0 Administrative	\$ 94,238	\$ 518	\$ -	\$ -	\$ -	\$ -	#DIV/0!
		A2 OCIO	\$ 641,244	\$ 495,728	\$ 749,331	\$ 1,501,550	\$ 1,501,550	\$ (752,219)	-50%
		A7 OCOO	\$ 622,061	\$ 605,785	\$ 231,490	\$ 810,812	\$ 635,456	\$ (403,966)	-64%
		A8 OCFO	\$ 54	\$ -	\$ -	\$ -	\$ -	\$ -	100%
		A9 OCAO	\$ -	\$ -	\$ 13,495		\$ 175,356	\$ (161,861)	100%
		Total Capital	\$ 1,357,597	\$ 1,102,031	\$ 994,316	\$ 2,312,362	\$ 2,312,362	\$ (1,156,185)	-50%
		Total Parker-Davis	\$ 3,077,836	\$ 2,934,613	\$ 3,365,172	\$ 4,944,758	\$ 5,127,138	\$ (1,600,105)	-31%

Handout – Direct

Power System	Cost Type	Organization	FY17 Actuals	FY18 Actuals	FY19 Actuals	FY19 Work Plan	FY19 Revaluated	(Surplus) / Shortfall	FY18 % Spent
Intertie									
	Expense	A0 Administrative	\$ 1,218	\$ 16,492	\$ 12,422	\$ 46,068	\$ 46,068	\$ (33,646)	-73%
		A2 OCIO	\$ 144,368	\$ 155,996	\$ 278,516	\$ 358,760	\$ 377,020	\$ (98,504)	-26%
		A7 OCOO	\$ 106,858	\$ 141,731	\$ 256,190	\$ 92,900	\$ 262,920	\$ (6,730)	-3%
		A8 OCFO	\$ 10,636	\$ 11,755	\$ 7,758	\$ -	\$ -	\$ 7,758	100%
		A9 OCAO	\$ -	\$ -	\$ 5,995			\$ 5,995	100%
		Total Expense	\$ 263,080	\$ 325,974	\$ 560,881	\$ 497,728	\$ 686,008	\$ (131,122)	-19%
	Capital	A0 Administrative	\$ 4,481	\$ 22,853	\$ 23,826	\$ -	\$ -	\$ 23,826	#DIV/0!
		A2 OCIO	\$ 3,959	\$ 6,356	\$ -	\$ -	\$ -	\$ -	#DIV/0!
		A7 OCOO	\$ 129,800	\$ 158,096	\$ 170,333	\$ 61,282	\$ 50,547	\$ 119,786	100%
		A9 OCAO	\$ -	\$ -	\$ 5,031	\$ -	\$ 10,735	\$ (5,704)	100%
		Total Capital	\$ 138,240	\$ 187,305	\$ 194,159	\$ 61,282	\$ 61,282	\$ 143,612	234%
		Total Intertie	\$ 401,320	\$ 513,279	\$ 755,040	\$ 559,010	\$ 747,290	\$ 12,490	2%

WAPA-HQ FY19 Budget vs Actual

- Expense Under spent - \$1.4M
 - IT under spent in total to absorb
 - Stand up of Strategy office
 - Engineering retention incentives
 - Aviation payroll
- Capital - \$5.4M under spent
 - Common SCADA vendor pushed to FY2020
 - Shift of engineering labor spent from capital to expense
 - Aviation equipment executed but not expended

Estimated Post Allocation Impact

- Parker-Davis estimated (\$.4M) under spent (expense)
- Parker-Davis estimated (\$1.2M) under spent (capital)
- Intertie estimated (\$.1M) under spent (expense)
- Intertie estimated (\$.1M) under spent (capital)

FY20-22 Top Anticipated Projects

- FIMS Upgrade (\$3M)
- Standardize EMMO and Settlements Tools Phases I & II (\$3.7M)
- Common SCADA vendor system purchase & SNR/UGP implementation (\$10M)
- Helicopter replacement \$4M

Terms and Definitions

Term	Definition
Indirect	Program requirements that are not assignable to specific projects (i.e. overhead)
Expense	Program requirements that are not capitalized but are related to specific projects
Capital	Program requirements that are capitalized and related to specific projects
Direct	Program requirements from HQ organizations that are charged directly to regional projects (expense/capital)
Direct Allocation	Program requirements from HQ organizations that are charged to a regional indirect cost pool (i.e. regional overhead)
Work Plan	Requirements identified during formulation
Revalidated	Requirements identified after formulation during the beginning of the execution year – remains within formulated control totals



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FY19 Budget vs Actual

Ron Brumble

December 10, 2019

Intertie & Parker-Davis
Projects



Parker-Davis O&M

Budget Activity	Description	FY19 Revaluated Budget	FY19 Actuals	Balance	FY19 Execution %
Maintenance					
ADMSM *	Admin Maintenance Support	\$576,553	\$1,928,881	(\$1,352,328)	335%
COMMM	Communication & Control	\$1,244,975	\$1,297,049	(\$52,074)	104%
ENVTM *	Environmental	\$603,284	\$691,287	(\$88,003)	115%
LINCM	Lines, Direct Hrs, No Specific Job	\$1,627,460	\$2,828,981	(\$1,201,521)	174%
LINSM	O&M of Trans Lines	\$6,562,788	\$4,689,600	\$1,873,188	71%
STUDM	Transmission / Engineering Studies	\$2,254,069	\$2,229,671	\$24,399	99%
SUBCM	Subs, Direct Hrs, No Specific Job	\$3,258,397	\$4,985,004	(\$1,726,608)	153%
SUBSM *	O&M of Subs & Related Facilities	\$6,256,116	\$5,428,299	\$827,817	87%
	Total Maintenance	\$22,383,642	\$24,078,772	(\$1,695,130)	108%
Non-Maintenance					
BILLM	Power Billing	\$677,037	\$401,012	\$276,025	59%
CAREM	Conserv & Renew Energy	\$82,730	\$46,419	\$36,311	56%
FINAM	Financial Management	\$381,402	\$219,324	\$162,077	58%
GWAMM	General Western Allocation	(\$63,206)	\$0	(\$63,206)	0%
MRKTM	Power Marketing	\$4,373,529	\$3,598,459	\$775,070	82%
SAFEM	Safety & Security	\$643,129	\$507,778	\$135,351	79%
SOLDM	Sys Ops & Load Dispatch	\$7,053,804	\$7,047,328	\$6,476	100%
SVCFM	DSWR Service Facility Clearing	\$1,210,279	\$1,216,175	(\$5,896)	100%
	Total Non-Maintenance	\$14,358,703	\$13,036,496	\$1,322,207	91%
	Subtotal O&M	\$36,742,345	\$37,115,267	(\$372,923)	101%

* ADMSM and ENVTM not previously broken out from SUBSM, consolidated execution is 108%



Parker-Davis Capital and PPW Program

Budget Activity	Description	FY19 Revaluated Budget	FY19 Actuals	Balance	FY19 Execution %
Capital O&M (RRADs)					
COMMB	Replace Comm & Control Equip	\$630,000	\$887,944	(\$257,944)	141%
LINSB	Transmission Lines	\$3,000,000	\$3,508,928	(\$508,928)	117%
MOVPM	Movable Property	\$0	\$140,158	(\$140,158)	N/A
SUBSB	Replace Substation Equip	\$4,087,000	\$5,211,064	(\$1,124,064)	128%
	Subtotal Capital O&M (RRADs)	\$7,717,000	\$9,748,095	(\$2,031,095)	126%
Construction					
Appropriated	Multiple Projects	\$3,219,000	\$2,551,975	\$667,025	79%
Prepayment	Multiple Projects	\$14,243,000	\$5,508,563	\$8,734,437	39%
	Subtotal Construction	\$17,462,000	\$8,060,538	\$9,401,462	46%
PPW					
PPW	Purchased Power & Wheeling	\$10,000,000	\$11,419,658	(\$1,419,658)	114%
	Subtotal PPW	\$10,000,000	\$11,419,658	(\$1,419,658)	114%
	Grand Total	\$71,921,345	\$66,343,558	\$5,577,787	92%



Parker Davis Talking Points

- ADMSM and ENVTM are new categories and were previously included in SUBSM. We continue to evaluate the proper charging for each of these categories. The combined FY19 execution was 108%.
- For Maintenance, recent increases in Engineering and Craft Salaries were not sufficiently budgeted for during FY19 formulation (in FY17). For FY21 we have accounted for the new Engineering and Craft Salaries, this should mitigate any over execution moving forward.
- For BILLM, Power Billing staff had vacancies which lowered their expenditure rates under Non-Maintenance.
- Projects were added to the FY19 Capital O&M program, utilizing appropriated funding available from Intertie.
 - SUBSB - The Phoenix Office Security Gate Improvement project strengthens security and safety. The Yuma office and equipment trailer improves the work environment and safety.
 - LINSB – End of life replacement for Utility Ascender kit and Bobcat
- For Construction spending, the Crossman Peak Project is on hold pending additional study.
- PPW executed at 114% of the authority request. The authority request is not an execution target, just a placeholder so funding is available if required. PPW execution was lower than the estimate presented at the May 2019 AOP meeting.



Intertie O&M

Budget Activity	Description	FY19 Revalidated Budget	FY19 Actuals	Balance	FY19 Execution %
Maintenance					
ADMSM *	Admin Maintenance Support	\$134,690	\$466,370	(\$331,680)	346%
COMMM	Communication & Control	\$262,959	\$277,007	(\$14,047)	105%
ENVTM *	Environmental	\$149,294	\$67,719	\$81,576	45%
LINCM	Lines, Direct Hrs, No Specific Job	\$158,813	\$223,033	(\$64,220)	140%
LINSM	O&M of Trans Lines	\$188,483	\$138,312	\$50,171	73%
STUDM	Transmission / Engineering Studies	\$444,595	\$397,423	\$47,172	89%
SUBCM	Subs, Direct Hrs, No Specific Job	\$1,369,475	\$1,939,776	(\$570,302)	142%
SUBSM *	O&M of Subs & Related Facilities	\$3,023,939	\$2,321,065	\$702,873	77%
	Total Maintenance	\$5,732,248	\$5,830,706	(\$98,457)	102%
Non-Maintenance					
BILLM	Power Billing	\$141,020	\$62,943	\$78,077	45%
FINAM	Financial Management	\$71,810	\$63,831	\$7,979	89%
GWAMM	General Western Allocation	(\$13,254)	\$0	(\$13,254)	0%
MRKTM	Power Marketing	\$1,236,185	\$1,169,026	\$67,159	95%
SAFEM	Safety & Security	\$105,339	\$115,986	(\$10,647)	110%
SOLDM	Sys Ops & Load Dispatch	\$836,448	\$772,709	\$63,738	92%
SOLWM	Mead-Phoenix O&M	\$1,500,000	\$1,297,983	\$202,017	87%
SVCFM	DSWR Service Facility Clearing	\$283,491	\$291,731	(\$8,240)	103%
	Total Non-Maintenance	\$4,161,039	\$3,774,209	\$386,830	91%
	Subtotal O&M	\$9,893,287	\$9,604,915	\$288,372	97%

* ADMSM and ENVTM not previously broken out from SUBSM, consolidated execution is 86%



Intertie Capital and PPW Program

Budget Activity	Description	FY19 Revaluated Budget	FY19 Actuals	Balance	FY19 Execution %
Capital O&M (RRADs)					
COMMB	Replace Comm & Control Equip	\$0	\$38,571	(\$38,571)	N/A
LINSB	Transmission Lines	\$1,500,000	\$255,852	\$1,244,148	17%
MOVPB	Movable Property	\$40,000	\$0	\$40,000	0%
SUBSB	Replace Substation Equip	\$900,000	\$712,830	\$187,171	79%
	Subtotal Capital O&M (RRADs)	\$2,440,000	\$1,007,253	\$1,432,747	41%
Construction					
Appropriated	Multiple Projects	\$0	\$162,241	(\$162,241)	N/A
Prepayment	Multiple Projects	\$2,622,000	\$734,632	\$1,887,368	28%
	Subtotal Construction	\$2,622,000	\$896,873	\$1,725,127	34%
PPW					
PPW	Purchased Power & Wheeling	\$4,000,000	\$2,986,813	\$1,013,187	75%
	Subtotal PPW	\$4,000,000	\$2,986,813	\$1,013,187	75%
	Grand Total	\$18,955,287	\$14,495,854	\$4,459,433	76%



Intertie Talking Points

- ADMSM and ENVTM are new categories and were previously included in SUBSM. We continue to evaluate the proper charging for each of these categories. The combined FY19 execution was 86%.
- For Maintenance, recent increases in Engineering and Craft Salaries were not sufficiently budgeted for during FY19 formulation (in FY17). For FY21 we have accounted for the new Engineering and Craft Salaries, this should mitigate any over execution moving forward.
- For BILLM, Power Billing staff had vacancies which lowered their expenditure rates under Non-Maintenance.
- Capital O&M Transmission Lines was a placeholder for potential Mead-Phoenix Project capital projects. There was not a large requirement in FY19, so the appropriated funds were transferred to Parker-Davis for other Capital O&M requirements.
- For Construction spending:
Liberty Series Cap Bank was delayed due to a contract protest. This required DSW to shift the scheduled outage from January 2019 to September 2019. Funding for the project was carried over for work required in FY20.
- PPW executed at 75% of the authority request. The authority request is not an execution target, just a placeholder so funding is available if required.





Western
Area Power
Administration

Cash Flow & Reserve Balances Strategy

Brandi Taylor-Kelly, Jennifer Hultsch, Allyson Bork

December 10, 2019

Intertie & Parker-Davis



Reserve Balances Strategy

- <https://www.wapa.gov/About/the-source/Pages/financial-transparency.aspx>
- O&M
 - One quarter's annual budget plus 21 days
 - Contingency for Continuing Resolution and/or Government shutdown
- Capital
 - Three years
 - Support the near-term alternatively financed capital and construction program projects
- PPW
 - Highest 3-year cumulative actual amount of net energy needed to meet Pick-Sloan Program's contractual energy obligations (2005-2007)



**Intertie and Parker-Davis
Fiscal Years 2020 Through 2029 Forecast**

	Beg Bal	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Prepayment Inflows	85,753,577	83,378,003	83,378,003	83,378,003	83,378,003	83,378,003	83,378,003	83,378,003	83,378,003	83,378,003	83,378,003
Outflows											
O&M Budget	9,865,166	48,349,290	47,782,961	48,738,620	49,713,393	50,707,660	51,721,814	52,756,250	53,811,375	54,887,602	55,985,355
Capital O&M (RRADs) Budget	-	-	-	-	-	-	-	-	-	-	-
Construction	6,747,495	14,054,000	23,884,000	12,597,000	30,379,000	31,106,000	26,255,000	25,000,000	25,000,000	25,000,000	25,000,000
Total Outflows	16,612,661	62,403,290	71,666,961	61,335,620	80,092,393	81,813,660	77,976,814	77,756,250	78,811,375	79,887,602	80,985,355
Net Prepayment Total	69,140,916	20,974,713	11,711,042	22,042,383	3,285,611	1,564,343	5,401,190	5,621,754	4,566,629	3,490,401	2,392,649
Non-Prepayment Inflows	-	32,584,825	32,584,825	32,584,825	32,584,825	32,584,825	32,584,825	32,584,825	32,584,825	32,584,825	32,584,825
Outflows											
Purchased Power Expense	-	13,340,982	13,340,982	13,340,982	13,340,982	13,340,982	13,340,982	13,340,982	13,340,982	13,340,982	13,340,982
Transfers Within Western (Line Loss)	-	-	-	-	-	-	-	-	-	-	-
Total Outflows	-	13,340,982	13,340,982	13,340,982	13,340,982	13,340,982	13,340,982	13,340,982	13,340,982	13,340,982	13,340,982
Net Non-Prepayment Total	-	19,243,842	19,243,842	19,243,842	19,243,842	19,243,842	19,243,842	19,243,842	19,243,842	19,243,842	19,243,842
Return to Treasury	-	34,893,732	29,802,970	33,784,532	48,527,886	45,301,648	26,023,423	19,243,842	19,243,842	19,243,842	19,243,842
Net Cash	69,140,916	5,324,824	1,151,915	7,501,694	(25,998,433)	(24,493,463)	(1,378,391)	5,621,754	4,566,629	3,490,401	2,392,649
End of Year Cash	69,140,916	74,465,740	75,617,655	83,119,348	57,120,915	32,627,453	31,249,062	36,870,815	41,437,444	44,927,845	47,320,494
Reserve Balances Strategy											
3 years construction	59,494,000	62,520,000	63,433,000	70,691,000	44,444,000	19,697,000	18,060,000	39,021,000	58,971,000	61,411,000	60,000,000
O&M 111 days	14,869,062	11,945,740	12,184,655	12,428,348	12,676,915	12,930,453	13,189,062	13,452,844	13,721,901	13,996,339	13,996,339
Reserve Balances Strategy Total	74,363,062	74,465,740	75,617,655	83,119,348	57,120,915	32,627,453	31,249,062	52,473,844	72,692,901	75,407,339	73,996,339

Cash flow forecast



Cash Flow & Reserve Balances Strategy Overview

- Looking Back
 - Forecast looks very different from last year
 - No longer projected to run out of cash in FY27
 - Received a settlement and new transmission service agreements
 - Changes to the Ten Year Plan
 - Projected O&M budget decreased – FY21 is \$2M lower than last year's projection
- Where We Are
 - Recent positive impact to cash flow
 - Some years are forecast to have negative net cash to meet Reserve Balances Strategy
 - Beginning in FY26 we are not meeting Reserve Balances Strategy (orange highlight)
 - FY26 end of year cash projection is \$36M and Reserve Balances Strategy is \$52M
- Moving Forward
 - Current trends indicate a potential cash shortfall
 - Continue to monitor and evaluate cash position
 - Report to customers on an annual basis



Cash Flow Summary

- Continue to monitor cash balances
 - Declining appropriations possibly requiring use of Prepayments for Capital O&M as early as FY22
- No access to non-prepayment funds
 - Only used for Purchased Power
 - Unable to use ~\$19.2M/year due to no Net Zero authority
- What happens next?
 - Adjust capital plans – Construction & Capital O&M
 - Identify alternative funding sources
 - Revisit use of some Net Zero authority



Approved Prepayment Budget vs Prepayment Cash Balance

Project Funding as of 9/30/19

Project	Project Budget	Remaining Budget as of 9/30/19	Projected End of Year Cash Balance
Gila-Wellton Mohawk Interstate-8 Crossing Rebuild	\$ 7,520,654	\$ (62,310)	
Liberty Series Capacitor Bank Replacement	\$ 10,372,000	\$ 2,160,221	FY20 \$ 74,465,740
Gila Substation Stage 07 161kV to 230kV Rebuild	\$ 18,994,500	\$ (1,753,358)	FY21 \$ 75,617,655
Dome Tap-Gila 161kV Rebuild	\$ 7,630,000	\$ 5,015,954	FY22 \$ 83,119,348
Coolidge-Valley Farms 115kV Rebuild	\$ 3,350,000	\$ 1,763,600	FY23 \$ 57,120,915
Crossman Peak Microwave Facility	\$ 4,525,000	\$ 3,037,206	FY24 \$ 32,627,453
Kofa-Dome Tap 161kV Rebuild	\$ 5,330,000	\$ 5,005,752	FY25 \$ 31,249,062
Bouse-Kofa 161kV Rebuild	\$ 26,520,000	\$ 26,104,680	
Total	\$ 84,242,154	\$ 41,271,745	



Questions

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