



Western
Area Power
Administration

Fiscal Year 2020 Work Plan Meeting

April 30, 2018

Parker-Davis & Intertie



AGENDA

- Welcome
- Work Plan Meeting Schedule
- FY20 Work Plan Introduction
- HQ FY20 Work Plan
- FY18 Budget vs Actual
- DSW FY20 Work Plan & Rate Analysis
- Cash Flow & Unobligated Balances
- WAPA Financial Updates



Work Plan Meeting Schedule

- FY20 Work Plan Meeting (Today)
 - FY15-17 Actuals
 - FY18-19 Budget Requests
 - FY20 Formulated Work Plan
 - FY21-24 Out Years Work Plan
- FY21 Work Plan Preview Meeting (Nov-Dec 2018)
 - FY18 Final Budget Execution
 - FY21 Strategic Budget Guidance
 - FY21 New FTE Requested





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Area Power
Administration

Fiscal Year 2020 Work Plan – Introduction

Dennis R. Sullivan, CFO

April 30, 2018

Parker-Davis & Intertie

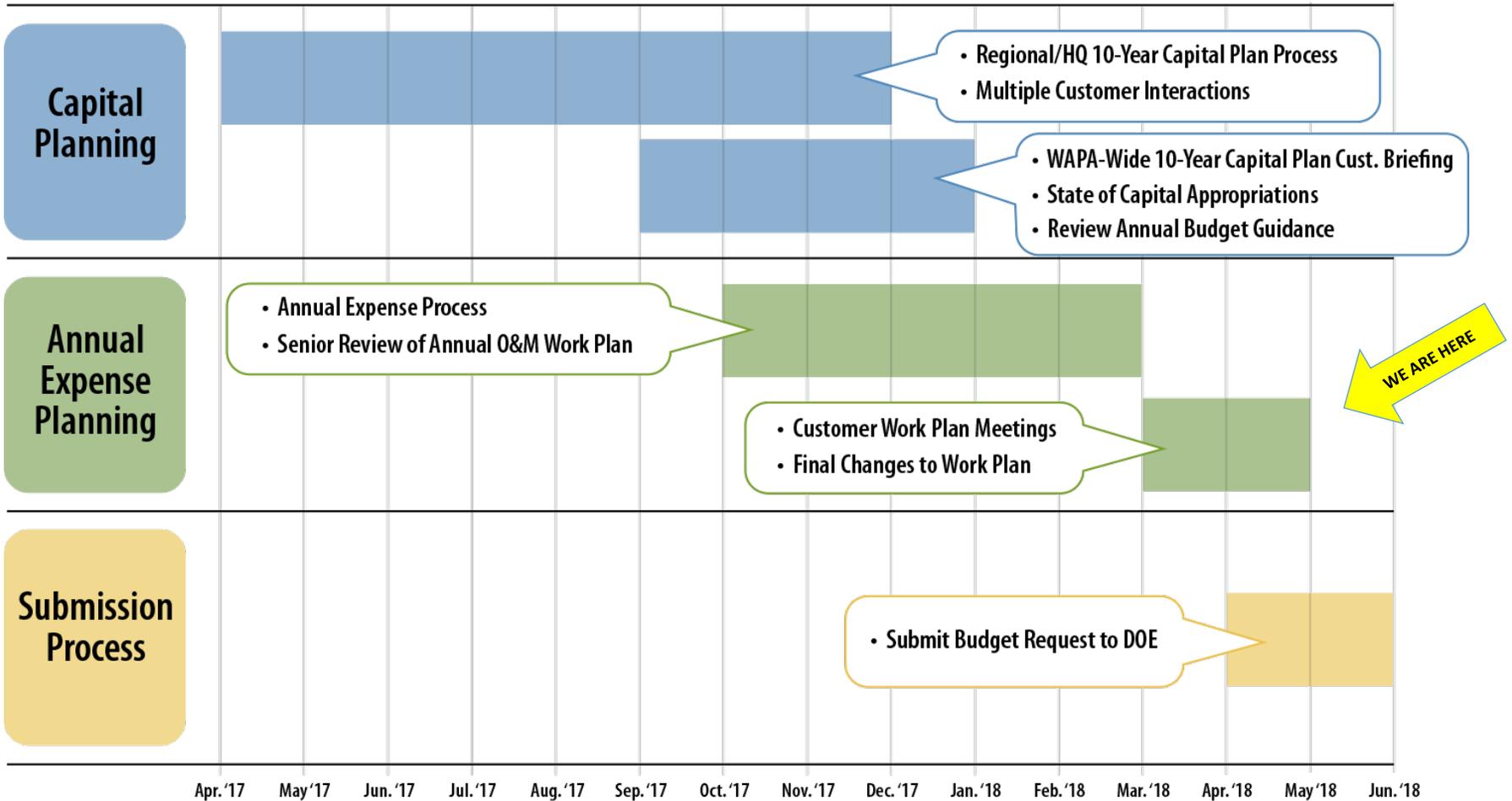


Introduction

- Budget Timeline
- FY20 Budget Guidance Reminder
- WAPA-wide annual expense snapshot



Budget Timeline



FY20 Strategic Budget Guidance

- Investment drivers
- Assumptions / constraints
- Cost savings / avoidance

- Read more: [The Source - Budget Allocation](#)



Investment Drivers



- Engineering salary increases ~ \$1.2M
- Leadership development
- Cyber risk
- Market start-up costs



Assumptions / Constraints

- Investment drivers must be offset
- FTE neutral
- Inflation at 2% for labor / non-labor
- Revalidate Trust & Reimbursable assumptions
- Increases over FY19 work plan require approval



Cost savings / avoidance



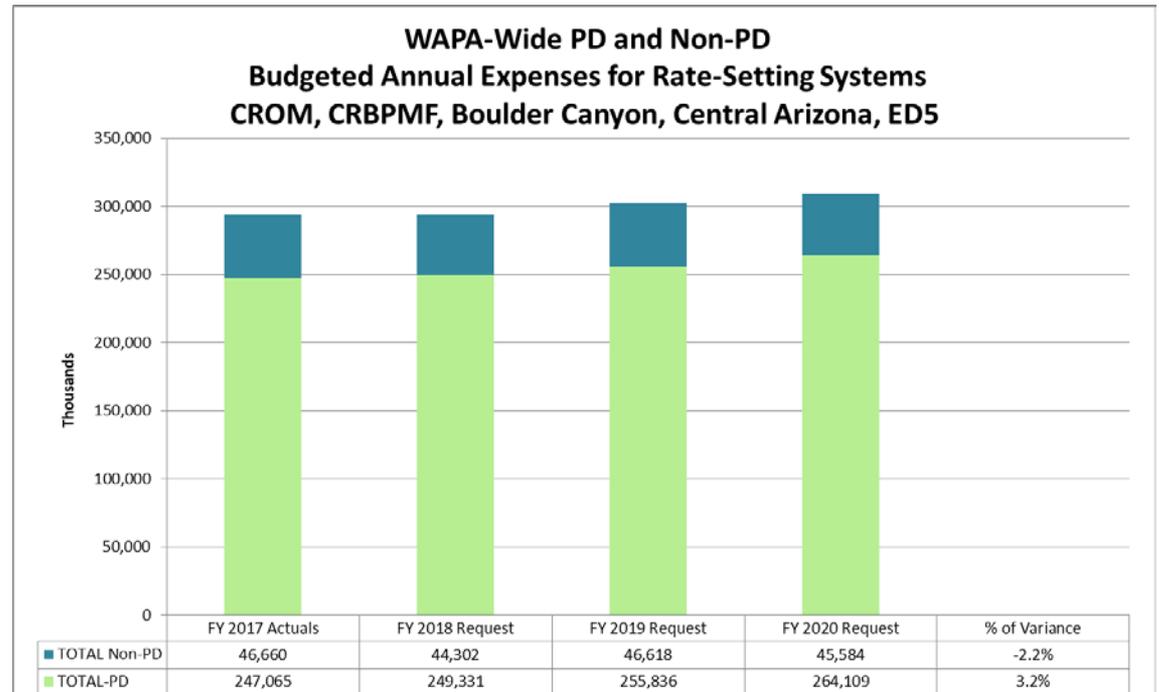
- Organizational Approach to Markets (OAM)
- Program assessments
- Reduction in facility footprint / cost
- Strategic sourcing



WAPA-wide Annual Expense Budget

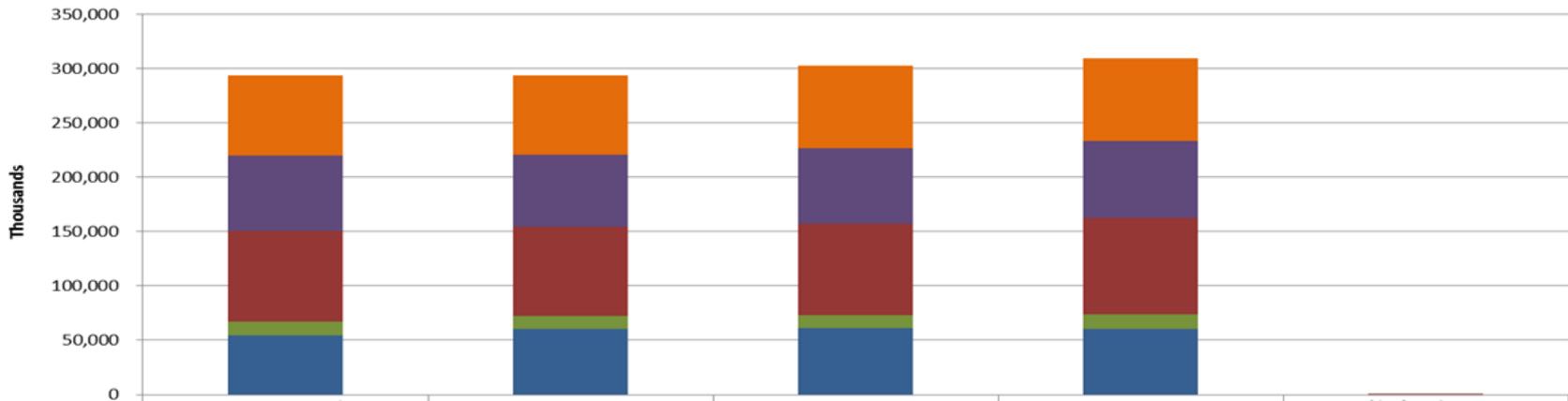
Summary

- Annual O&M and PD exceed 2% threshold by 0.4% or ~\$1.2M
 - Labor over 2% threshold by \$3.1M
 - Engineering salaries +\$1.2M WAPA-wide
- Budget reflects investments per guidance
 - Training at ~2% of payroll WAPA-wide
 - Engineering salaries
 - Market start up costs
- Labor shifts between annual, capital, work for others
- Budget shifts from regions to WAPA-wide programs
- Regional cost allocations resulting from mission program requirements
- WAPA senior management decision to move forward at this budget level



WAPA Annual Expenses by Region

**WAPA-Wide
Budget Annual Expenses for Rate-Setting Systems
CROM, CRBPMF, Boulder Canyon, Central Arizona, ED5**



	FY 2017 Actuals	FY 2018 Request	FY 2019 Request	FY 2020 Request	% of Variance
HQ	0	0	0	0	
UGPR	73,999	72,893	75,480	76,219	1.0%
DSWR	69,169	66,429	69,557	70,790	1.8%
RMR	83,687	82,356	84,234	88,707	5.3%
CRSP	12,141	11,779	12,186	13,914	14.2%
SNR	54,732	60,175	60,996	60,061	-1.5%
Total Regions	\$293,728	\$293,632	\$302,453	\$309,691	2.4%





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HQ FY 2020 Work Plan

Colin Marquez

April 30, 2018

Parker-Davis & Intertie

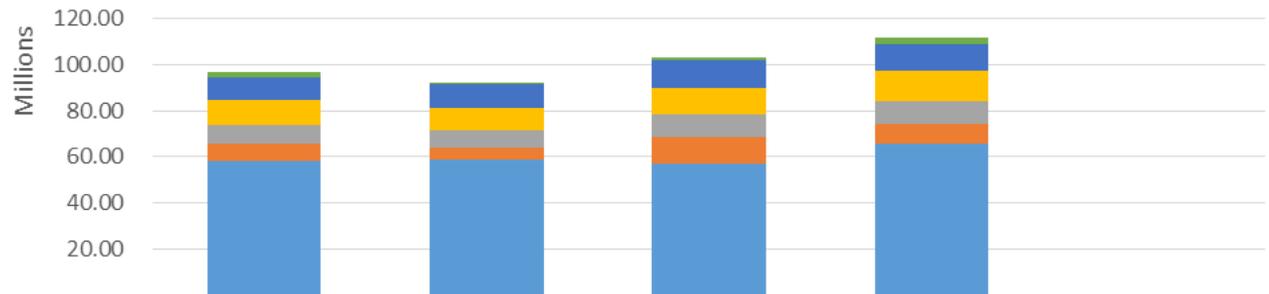


HQ Wide – Indirect & Direct Request

Summary

- \$0.6M above inflation
- Retention of Engineers
- Continued investment in training and development
- Travel, Lands and Engineering to avoid rework and enhance coordination
- Budget shifts from regions to WAPA-wide programs
- Regional cost allocation to align with functional program requirements

HQ Wide
Indirect and Direct Expenses for Rate-Setting Systems



	FY2017	FY2018	FY2019	FY2020	% of Variance
■ CRSP	2,064,394.00	569,832.66	988,987.14	2,838,748.55	187%
■ SNR	9,817,507.00	10,581,860.39	12,586,547.39	11,507,755.25	-9%
■ RMR	11,165,804.00	9,754,083.82	11,526,066.41	13,391,419.44	16%
■ DSWR	7,831,211.00	7,197,167.55	9,624,004.72	9,433,425.39	-2%
■ UGPR	7,922,648.00	5,201,639.92	11,321,133.79	8,769,771.36	-23%
■ HQ	57,975,792.00	58,954,631.26	57,121,864.71	65,704,250.90	15%
Grand Total	96,777,356.00	92,259,215.61	103,168,604.16	111,645,370.88	8%



FY20 Total HQ Budget Request

\$7.9M Increase over FY19

(\$2.1M) Allowable 2% inflation

(\$1.0M) Web trader application

(\$2.9M) Security (guard services)

(\$0.5M) DOE overhead

(\$0.8M) WW leadership development (regions)

(\$0.6M) Engineering retention, training & development, and travel

**\$4.4M in
Budget Shifts**



FY20 Parker-Davis / Intertie

- (\$0.3M) decrease after inflation and budget shifts over FY19
 - \$7.4M increase in WW indirect program (~12% to Parker-Davis; ~3% to Intertie)
 - Work plan adjusted for regional cost allocation to align with functional program requirements
 - Work plan adjusted for labor shifts from expense to capital
- Budget shifts for WAPA-wide Programs
- HQ 10YCP – FIMS Upgrade, standardize EMMO tools, LCM

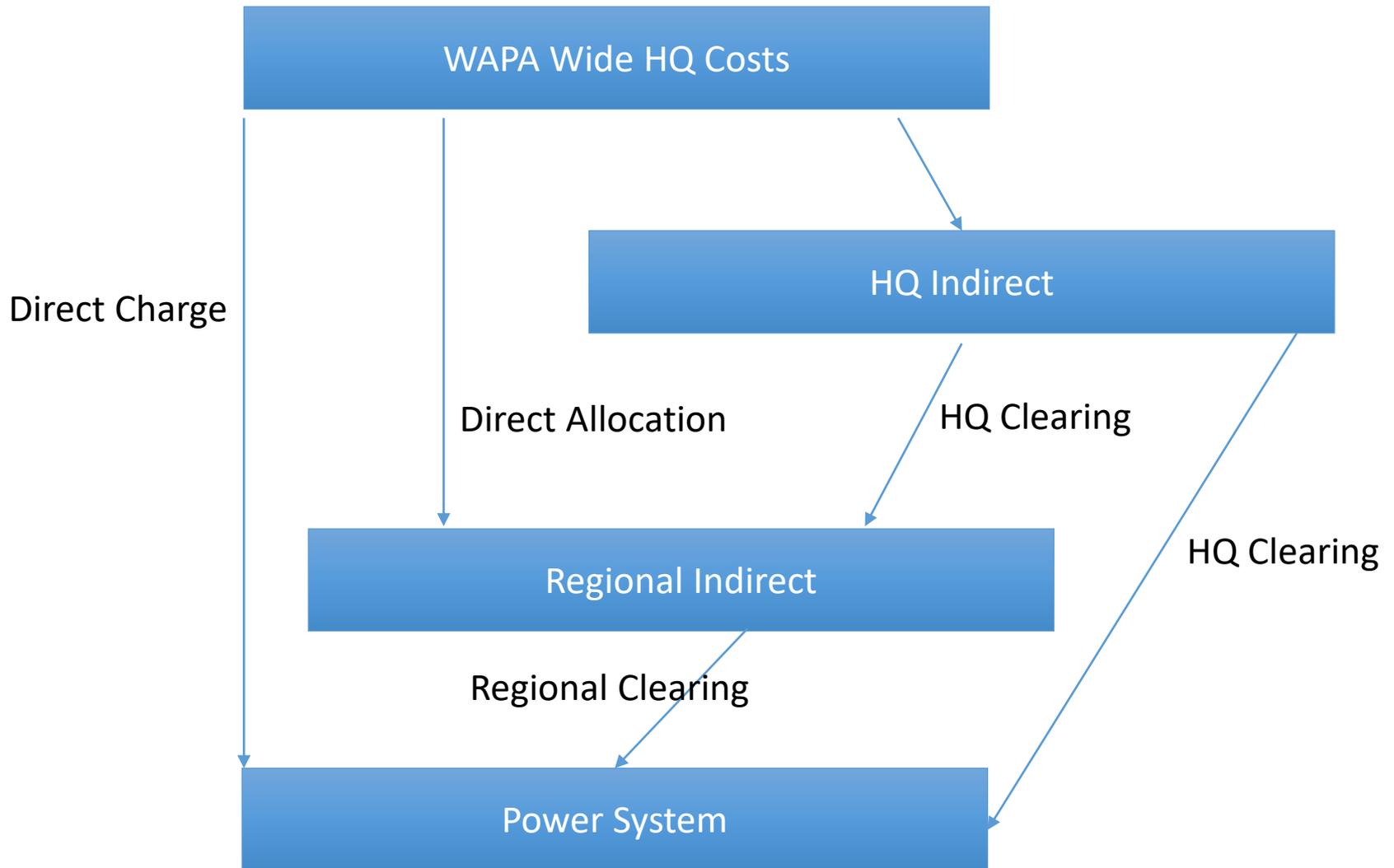


FY19 Request vs FY18 Request

- \$9.5M increase above inflation
 - \$6M in budget shifts (Watertown, Web Trader App, wireless services, desktop support, HR reorganization)
 - \$3.4M WAPA-Wide Strategic Emphasis expense
 - \$1.8M IT Support Service contract conversion/renewal
 - \$1.2M Power Marketing contractors and maint. expense
 - \$.4M TIBCO and SCADA contractor
- Capital – includes Common SCADA/EMS vendor



Reference - Flow of Costs





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FY18 Budget vs Actual

Jennifer Hultsch

April 30, 2018

Parker-Davis & Intertie



Parker-Davis O&M

Budget Activity	Description	FY18 Budget	FY18 Actuals	Available (Shortfall)	FY18 % Executed
Maintenance					
* N/FGPD ADMSM	Admin Maintenance Support	\$ -	\$ 22,698	\$ (22,698)	N/A
N/FGPD COMMM	Communication & Control	\$ 1,196,611	\$ 422,668	\$ 773,943	35%
* N/FGPD ENVTM	Environmental	\$ -	\$ 261,240	\$ (261,240)	N/A
N/FGPD LINCM	Lines, Direct Hrs, No Specific Job	\$ 1,356,828	\$ 599,248	\$ 757,580	44%
N/FGPD LINSM	O&M of Trans Lines	\$ 3,260,695	\$ 757,700	\$ 2,502,994	23%
N/FGPD STUDM	Transmission/Engineering Studies	\$ 1,994,971	\$ 982,385	\$ 1,012,586	49%
N/FGPD SUBCM	Subs, Direct Hrs, No Specific Job	\$ 2,858,145	\$ 1,609,418	\$ 1,248,727	56%
* N/FGPD SUBSM	O&M of Subs & Related Facilities	\$ 6,689,140	\$ 2,273,265	\$ 4,415,875	34%
Total Maintenance		\$17,356,390	\$ 6,928,623	\$10,427,767	40%
Non-Maintenance					
N/FGPD BILLM	Power Billing	\$ 536,589	\$ 233,492	\$ 303,097	44%
N/FGPD CAREM	Conserv & Renew Energy	\$ 76,196	\$ 14,270	\$ 61,926	19%
N/FGPD FINAM	Financial Management	\$ 435,540	\$ 28,812	\$ 406,729	7%
N/FGPD GWAMM	General Western Allocation	\$ 2,671,576	\$ 1,292,017	\$ 1,379,559	48%
N/FGPD MRKTM	Power Marketing	\$ 3,461,701	\$ 919,606	\$ 2,542,095	27%
N/FGPD SAFEM	Safety & Security	\$ 707,955	\$ 193,824	\$ 514,131	27%
N/FGPD SOLDM	Sys Ops & Load Dispatch	\$ 6,128,398	\$ 3,028,870	\$ 3,099,528	49%
N/FGPD SUPTM	Data Activities Charges	\$ -	\$ 1,564,116	\$ (1,564,116)	N/A
N/FGPD SVCFM	DSWR Service Facility Clearing	\$ 1,056,479	\$ 380,726	\$ 675,753	36%
Total Non-Maintenance		\$15,074,435	\$ 7,655,733	\$ 7,418,702	51%
Subtotal O&M		\$32,430,825	\$ 14,584,355	\$ 17,846,469	45%

* ADMSM and ENVTM not previously broken out from SUBSM, consolidated execution 38%



50% of year complete

Parker-Davis Capital and PPW Program

Budget Activity	Description	FY18 Budget	FY18 Actuals	Available (Shortfall)	FY18 % Executed
Replacements					
N/FGPD COMMB	Replace Comm & Control Equip	\$ 1,152,000	\$ 66,771	\$ 1,085,229	6%
N/FGPD LINSB	Transmission Lines	\$ 3,000,000	\$ 2,952,954	\$ 47,046	98%
N/FGPD MOVPM	Movable Property	\$ 1,845,000	\$ 563,482	\$ 1,281,518	31%
N/FGPD SUBSB	Replace Substation Equip	\$ 1,225,000	\$ 984,339	\$ 240,661	80%
	Subtotal RRADs	\$ 7,222,000	\$ 4,567,546	\$ 2,654,454	63%
Construction					
Appropriated	Multiple Projects	\$ 1,000,000	\$ 3,693	\$ 996,307	0%
Prepayment	Multiple Projects	\$21,531,000	\$ 6,643,648	\$ 14,887,352	31%
	Subtotal Construction	\$ 22,531,000	\$ 6,647,341	\$ 15,883,659	30%
PPW					
N/FGPD PPW	Purchased Power & Wheeling	\$10,000,000	\$ 3,767,875	\$ 6,232,125	38%
	Subtotal PPW	\$ 10,000,000	\$ 3,767,875	\$ 6,232,125	38%
	Grand Total	\$ 72,183,825	\$ 29,567,118	\$ 42,616,707	41%

50% of year complete



Intertie O&M

Budget Activity	Description	FY18 Budget	FY18 Actuals	Available (Shortfall)	FY18 % Executed
Maintenance					
* N/FGIN ADMSM	Admin Maintenance Support	\$ -	\$ 5,513	\$ (5,513)	N/A
N/FGIN COMMM	Communication & Control	\$ 240,598	\$ 96,273	\$ 144,325	40%
* N/FGIN ENVTM	Environmental	\$ -	\$ 30,755	\$ (30,755)	N/A
N/FGIN LINCM	Lines, Direct Hrs, No Specific Job	\$ 55,403	\$ 49,310	\$ 6,093	89%
N/FGIN LINSM	O&M of Trans Lines	\$ 507,258	\$ 136,310	\$ 370,947	27%
N/FGIN STUDM	Transmission/Engineering Studies	\$ 381,067	\$ 118,591	\$ 262,476	31%
N/FGIN SUBCM	Subs, Direct Hrs, No Specific Job	\$ 1,369,509	\$ 573,856	\$ 795,653	42%
* N/FGIN SUBSM	O&M of Subs & Related Facilities	\$ 3,657,538	\$ 1,053,395	\$ 2,604,143	29%
Total Maintenance		\$ 6,211,373	\$ 2,064,002	\$ 4,152,883	33%
Non-Maintenance					
N/FGIN BILLM	Power Billing	\$ 121,424	\$ 29,334	\$ 92,090	24%
N/FGIN FINAM	Financial Management	\$ 137,192	\$ 12,645	\$ 124,547	9%
N/FGIN GWAMM	General Western Allocation	\$ 807,879	\$ 308,835	\$ 499,044	38%
N/FGIN MRKTM	Power Marketing	\$ 1,014,917	\$ 316,222	\$ 698,695	31%
N/FGIN SAFEM	Safety & Security	\$ 149,797	\$ 42,798	\$ 106,999	29%
N/FGIN SOLDM	Sys Ops & Load Dispatch	\$ 792,443	\$ 318,993	\$ 473,450	40%
N/FGIN SOLWM	Mead-Phoenix O&M	\$ 1,502,104	\$ 1,900,136	\$ (398,032)	126%
N/FGIN SUPTM	Data Activities Charges	\$ -	\$ 388,492	\$ (388,492)	N/A
N/FGIN SVCFM	DSWR Service Facility Clearing	\$ 298,107	\$ 87,573	\$ 210,534	29%
Total Non-Maintenance		\$ 4,823,863	\$ 3,405,030	\$ 1,418,834	71%
Subtotal O&M		\$ 11,035,236	\$ 5,469,032	\$ 5,571,717	50%

* ADMSM and ENVTM not previously broken out from SUBSM, consolidated execution 30%

SOLWM execution 126% due to FY17 invoices received late and paid in FY18. Anticipate no further obligations for FY18.

50% of year complete



Intertie Capital and PPW Program

Budget Activity	Description	FY18 Budget	FY18 Actuals	Available (Shortfall)	FY18 % Executed
Replacements					
N/FGIN COMMB	Replace Comm & Control Equip	\$ 100,000	\$ 128	\$ 99,872	0%
N/FGIN LINSB	Transmission Lines	\$ 1,500,000	\$ -	\$ 1,500,000	0%
N/FGIN MOVVPB	Movable Property	\$ 40,000	\$ -	\$ 40,000	0%
N/FGIN SUBSB	Replace Substation Equip	\$ 3,600,000	\$ 264,400	\$ 3,335,600	7%
	Subtotal RRADs	\$ 5,240,000	\$ 264,528	\$ 4,975,472	5%
Construction					
Appropriated	Multiple Projects	\$ -	\$ 4,312	\$ (4,312)	N/A
Prepayment	Multiple Projects	\$ 3,003,000	\$ 3,397,591	\$ (394,591)	113%
	Subtotal Construction	\$ 3,003,000	\$ 3,401,903	\$ (398,903)	113%
PPW					
N/FGIN PPW	Purchased Power & Wheeling	\$ 4,000,000	\$ 1,497,765	\$ 2,502,235	37%
	Subtotal PPW	\$ 4,000,000	\$ 1,497,765	\$ 2,502,235	37%
	Grand Total	\$23,278,236	\$10,633,228	\$12,650,521	46%

50% of year complete





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FY20 Work Plan

Jennifer Hultsch

April 30, 2018

Parker-Davis & Intertie



Parker-Davis O&M

Budget Activity	Description	FY19 Work Plan	FY20 Work Plan	% Change FY19-FY20
Maintenance				
* N/FGPD ADMSM	Admin Maintenance Support	\$ 576,553	\$ 1,924,861	234%
N/FGPD COMMM	Communication & Control	\$ 1,244,975	\$ 1,392,399	12%
* N/FGPD ENVTM	Environmental	\$ 545,309	\$ 390,376	-28%
N/FGPD LINCM	Lines, Direct Hrs, No Specific Job	\$ 1,627,460	\$ 1,335,273	-18%
N/FGPD LINSM	O&M of Trans Lines	\$ 6,562,788	\$ 6,745,210	3%
N/FGPD STUDM	Transmission/Engineering Studies	\$ 2,254,069	\$ 2,106,497	-7%
N/FGPD SUBCM	Subs, Direct Hrs, No Specific Job	\$ 3,258,397	\$ 3,892,087	19%
* N/FGPD SUBSM	O&M of Subs & Related Facilities	\$ 6,314,090	\$ 5,008,087	-21%
Total Maintenance		\$ 22,383,641	\$ 22,794,790	2%
Non-Maintenance				
N/FGPD BILLM	Power Billing	\$ 677,037	\$ 1,438,863	113%
N/FGPD CAREM	Conserv & Renew Energy	\$ 82,730	\$ 117,217	42%
N/FGPD FINAM	Financial Management	\$ 381,402	\$ 278,379	-27%
N/FGPD GWAMM	General Western Allocation	\$ (63,206)	\$ -	-100%
N/FGPD MRKTM	Power Marketing	\$ 4,373,529	\$ 3,734,931	-15%
N/FGPD SAFEM	Safety & Security	\$ 643,129	\$ 899,601	40%
N/FGPD SOLDM	Sys Ops & Load Dispatch	\$ 7,053,804	\$ 7,801,474	11%
N/FGPD SVCFM	DSWR Service Facility Clearing	\$ 1,210,279	\$ 1,310,792	8%
Total Non-Maintenance		\$ 14,358,704	\$ 15,581,257	9%
Subtotal O&M		\$ 36,742,345	\$ 38,376,047	4%

*ADMSM and ENVTM not previously broken out from SUBSM
 Consolidated change FY19 \$7,435,952 to FY20 \$7,323,324 is 2% decrease



Parker-Davis Capital and PPW Program

Budget Activity	Description	FY19 Work Plan	FY20 Work Plan	% Change FY19-FY20
Replacements				
N/FGPD COMMB	Replace Comm & Control Equip	\$ 3,037,000	\$ 505,000	-83%
N/FGPD LINSB	Transmission Lines	\$ 3,220,000	\$ 2,520,000	-22%
N/FGPD MOVPB	Movable Property	\$ 350,000	\$ 3,435,000	881%
N/FGPD SUBSB	Replace Substation Equip	\$ 2,660,000	\$ 3,696,000	39%
	Subtotal RRADs	\$ 9,267,000	\$ 10,156,000	10%
Construction				
Appropriated	Multiple Projects	\$ 5,770,000	\$ 20,174,000	250%
Prepayment	Multiple Projects	\$ 8,838,000	\$ 9,322,000	5%
	Subtotal Construction	\$ 14,608,000	\$ 29,496,000	102%
PPW				
N/FGPD PPW	Purchased Power & Wheeling	\$ 10,000,000	\$ 10,000,000	0%
	Subtotal PPW	\$ 10,000,000	\$ 10,000,000	0%
	Grand Total	\$ 70,617,345	\$ 88,028,047	25%



Parker-Davis Project Transmission Work Plan Analysis

Budget Activity	Description	FY18		FY19		
		Avg Annual FY18 - FY22	Contribution to Rate	Avg Annual FY19 - FY23	Contribution to Rate	% Change Avg Annual
Work Plan Maintenance						
N/FGPD ADMSM	Admin Maintenance Support	\$ 478,219	\$ 0.18	\$ 1,702,015	\$ 0.65	256%
N/FGPD COMMM	Communication & Control	1,257,868	0.48	1,381,826	0.53	10%
N/FGPD ENVTM	Environmental	452,182	0.17	430,858	0.16	-5%
N/FGPD LINCM	Lines, Direct Hrs. No Specific Job	1,620,201	0.62	1,426,187	0.55	-12%
N/FGPD LINSM	O&M of Trans Lines	5,071,471	1.94	6,872,780	2.63	36%
N/FGPD STUDM	Transmission/Engineering Studies	2,267,350	0.87	2,174,690	0.83	-4%
N/FGPD SUBCM	Subs, Direct Hrs. No Specific Job	3,272,624	1.25	3,860,011	1.48	18%
N/FGPD SUBSM	O&M of Subs & Related Facilities	6,570,788	2.52	5,391,093	2.06	-18%
		\$ 20,990,703	\$ 8.04	\$ 23,239,460	\$ 8.90	
Work Plan Non-Maintenance						
N/FGPD BILLM	Power Billing	\$ 421,014	\$ 0.16	\$ 831,043	\$ 0.32	97%
N/FGPD CAREM	Conserv & Renew Energy	-	-	-	-	0%
N/FGPD FINAM	Financial Management	253,286	0.10	192,279	0.07	-24%
N/FGPD GWAMM	General Western Allocation	502,840	0.19	-	-	-100%
N/FGPD MRKTM	Power Marketing	2,583,290	0.99	2,056,875	0.79	-20%
N/FGPD SAFEM	Safety & Security	675,445	0.26	870,187	0.33	29%
N/FGPD SOLDM	Sys Ops & Load Dispatch	7,013,138	2.68	7,724,111	2.96	10%
N/FGPD SVCFM	DSWR Service Facility Clearing	1,208,955	0.46	1,322,570	0.51	9%
		\$ 12,657,968	\$ 4.85	\$ 12,997,065	\$ 4.98	
Total Work Plan		\$ 33,648,671	\$ 12.88	\$ 36,236,525	\$ 13.87	8%
Other Expenses		(203,258)	(0.08)	(203,258)	(0.08)	0%
Purchase Power & Wheeling		1,900,000	0.73	1,900,000	0.73	0%
Principal & Interest		23,654,779	9.06	23,654,779	9.06	0%
	Total Expenses	\$ 59,000,192	\$ 22.59	\$ 61,588,046	\$ 23.58	
Other Revenue		\$ 10,882,905	\$ (4.17)	\$ 10,882,905	\$ (4.17)	0%
Carryover Revenue		2,352,392	(0.90)	2,352,392	(0.90)	0%
	Total Offsets	\$ 13,235,297	\$ (5.07)	\$ 13,235,297	\$ (5.07)	
Revenue Requirement		\$ 45,764,895		\$ 48,352,749		6%
Sales (kW)		2,612,152		2,612,152		0%
Transmission Rate (kW-Year)		\$ 17.52		\$ 18.50		6%

Parker-Davis Project Generation Work Plan Analysis

Budget Activity	Description	FY18		FY19		
		Avg Annual FY18 - FY22	Contribution to Rate	Avg Annual FY19 - FY23	Contribution to Rate	% Change Avg Annual
Work Plan Maintenance						
N/FGPD ADMSM	Admin Maintenance Support	\$ -	\$ -	\$ -	\$ -	0%
N/FGPD COMMM	Communication & Control	13,612	0.01	14,954	0.01	10%
N/FGPD ENVTM	Environmental	-	-	-	-	0%
N/FGPD LINCM	Lines, Direct Hrs. No Specific Job	-	-	-	-	0%
N/FGPD LINSM	O&M of Trans Lines	-	-	-	-	0%
N/FGPD STUDM	Transmission/Engineering Studies	-	-	-	-	0%
N/FGPD SUBCM	Subs, Direct Hrs. No Specific Job	-	-	-	-	0%
N/FGPD SUBSM	O&M of Subs & Related Facilities	-	-	-	-	0%
	Total	\$ 13,612	\$ 0.01	\$ 14,954	\$ 0.01	
Work Plan Non-Maintenance						
N/FGPD BILLM	Power Billing	\$ 248,467	\$ 0.17	\$ 490,451	\$ 0.34	97%
N/FGPD CAREM	Conserv & Renew Energy	83,875	0.06	113,171	0.08	35%
N/FGPD FINAM	Financial Management	149,480	0.10	113,476	0.08	-24%
N/FGPD GWAMM	General Western Allocation	31,475	0.02	-	-	-100%
N/FGPD MRKTM	Power Marketing	1,735,522	1.22	1,896,616	1.33	9%
N/FGPD SAFEM	Safety & Security	-	-	-	-	0%
N/FGPD SOLDM	Sys Ops & Load Dispatch	68,402	0.05	74,778	0.05	9%
N/FGPD SVCFM	DSWR Service Facility Clearing	-	-	-	-	0%
	Total	\$ 2,317,221	\$ 1.63	\$ 2,688,492	\$ 1.89	
Total Work Plan		\$ 2,330,833	\$ 1.64	\$ 2,703,446	\$ 1.90	16%
WAPA Other Expenses		134,651	0.09	134,651	0.09	0%
BOR O&M		10,855,700	7.62	10,855,700	7.62	0%
BOR Replacements		1,453,000	1.02	1,453,000	1.02	0%
Purchase Power & Wheeling		2,352,000	1.65	2,352,000	1.65	0%
Principal & Interest		85,682	0.06	85,682	0.06	0%
	Total Expenses	\$ 17,211,866	\$ 12.08	\$ 17,584,479	\$ 12.34	
Other Revenue		\$ 250,000	\$ (0.18)	\$ 250,000	\$ (0.18)	0%
Carryover Revenue		502,597	(0.35)	502,597	(0.35)	0%
	Total Offsets	\$ 752,597	\$ (0.53)	\$ 752,597	\$ (0.53)	
Revenue Requirement		\$ 16,459,269		\$ 16,831,882		2%
Sales (kWh)		1,425,045		1,425,045		0%
Generation Rate (mills/kWh)		11.55		11.81		2%

Intertie O&M

Budget Activity	Description	FY19 Work Plan	FY20 Work Plan	% Change FY19-FY20
Maintenance				
* N/FGIN ADMSM	Admin Maintenance Support	\$ 134,690	\$ 509,342	278%
N/FGIN COMMM	Communication & Control	\$ 287,959	\$ 298,429	4%
* N/FGIN ENVTM	Environmental	\$ 148,542	\$ 159,618	7%
N/FGIN LINCM	Lines, Direct Hrs, No Specific Job	\$ 158,813	\$ 140,698	-11%
N/FGIN LINSM	O&M of Trans Lines	\$ 188,483	\$ 237,102	26%
N/FGIN STUDM	Transmission/Engineering Studies	\$ 444,595	\$ 516,247	16%
N/FGIN SUBCM	Subs, Direct Hrs, No Specific Job	\$ 1,369,475	\$ 1,537,553	12%
* N/FGIN SUBSM	O&M of Subs & Related Facilities	\$ 3,185,019	\$ 2,389,160	-25%
Total Maintenance		\$ 5,917,576	\$ 5,788,149	-2%
Non-Maintenance				
N/FGIN BILLM	Power Billing	\$ 141,020	\$ 167,896	19%
N/FGIN FINAM	Financial Management	\$ 99,810	\$ 138,999	39%
N/FGIN GWAMM	General Western Allocation	\$ (13,254)	\$ -	-100%
N/FGIN MRKTM	Power Marketing	\$ 1,236,185	\$ 1,137,736	-8%
N/FGIN SAFEM	Safety & Security	\$ 150,339	\$ 152,231	1%
N/FGIN SOLDM	Sys Ops & Load Dispatch	\$ 836,448	\$ 778,671	-7%
N/FGIN SOLWM	Mead-Phoenix O&M	\$ 1,500,000	\$ 1,502,513	0%
N/FGIN SVCFM	DSWR Service Facility Clearing	\$ 283,491	\$ 307,034	8%
Total Non-Maintenance		\$ 4,234,039	\$ 4,185,080	-1%
Subtotal O&M		\$ 10,151,615	\$ 9,973,229	-2%

*ADMSM and ENVTM not previously broken out from SUBSM

Consolidated change FY19 \$3,468,251 to FY20 \$3,058,120 is 12% decrease



Intertie Capital and PPW Program

Budget Activity	Description	FY19 Work Plan	FY20 Work Plan	% Change FY19-FY20
Replacements				
N/FGIN COMMB	Replace Comm & Control Equip	\$ 380,000	\$ -	-100%
N/FGIN LINSB	Transmission Lines	\$ 1,500,000	\$ 1,500,000	0%
N/FGIN MOVPB	Movable Property	\$ 40,000	\$ 200,000	400%
N/FGIN SUBSB	Replace Substation Equip	\$ 520,000	\$ 1,015,000	95%
	Subtotal RRADs	\$ 2,440,000	\$ 2,715,000	11%
Construction				
Appropriated	Multiple Projects	\$ -	\$ -	0%
Prepayment	Multiple Projects	\$ 3,195,000	\$ -	-100%
	Subtotal Construction	\$ 3,195,000	\$ -	-100%
PPW				
N/FGIN PPW	Purchased Power & Wheeling	\$ 4,000,000	\$ 4,000,000	0%
	Subtotal PPW	\$ 4,000,000	\$ 4,000,000	0%
	Grand Total	\$ 19,786,615	\$ 16,688,229	-16%



Intertie Project Work Plan Analysis

Budget Activity	Description	FY19		FY20		% Change Amount
		Amount	Contribution to Rate	Amount	Contribution to Rate	
Work Plan Maintenance						
N/FGIN ADMSM	Admin Maintenance Support	\$ 134,690	\$ 0.08	\$ 509,342	\$ 0.32	278%
N/FGIN COMMM	Communication & Control	287,959	0.18	298,429	0.19	4%
N/FGIN ENVTM	Environmental	148,542	0.09	159,618	0.10	7%
N/FGIN LINCM	Lines, Direct Hrs. No Specific Job	158,813	0.10	140,698	0.09	-11%
N/FGIN LINSM	O&M of Trans Lines	188,483	0.12	237,102	0.15	26%
N/FGIN STUDM	Transmission/Engineering Studies	444,595	0.28	516,247	0.32	16%
N/FGIN SUBCM	Subs, Direct Hrs. No Specific Job	1,369,475	0.86	1,537,553	0.97	12%
N/FGIN SUBSM	O&M of Subs & Related Facilities	3,185,019	2.00	2,389,160	1.50	-25%
		\$ 5,917,576	\$ 3.72	\$ 5,788,149	\$ 3.64	
Work Plan Non-Maintenance						
N/FGIN BILLM	Power Billing	\$ 141,020	\$ 0.09	\$ 167,896	\$ 0.11	19%
N/FGIN FINAM	Financial Management	99,810	0.06	138,999	0.09	39%
N/FGIN GWAMM	General Western Allocation	(13,254)	(0.01)	-	-	-100%
N/FGIN MRKTM	Power Marketing	1,236,185	0.78	1,137,736	0.72	-8%
N/FGIN SAFEM	Safety & Security	150,339	0.09	152,231	0.10	1%
N/FGIN SOLDM	Sys Ops & Load Dispatch	836,448	0.53	778,671	0.49	-7%
N/FGIN SOLWM	Mead-Phoenix O&M	1,500,000	0.94	1,502,513	0.94	0%
N/FGIN SVCFM	DSWR Service Facility Clearing	283,491	0.18	307,034	0.19	8%
		\$ 4,234,039	\$ 2.66	\$ 4,185,080	\$ 2.63	
Total Work Plan		\$ 10,151,615	\$ 6.38	\$ 9,973,229	\$ 6.27	-2%
Other Expenses		1,278,326	0.80	1,278,326	0.80	0%
Purchase Power & Wheeling		1,946,369	1.22	1,946,369	1.22	0%
Principal & Interest		24,639,760	15.49	24,639,760	15.49	0%
	Total Expenses	\$ 38,016,070	\$ 23.90	\$ 37,837,684	\$ 23.79	
Other Revenue		\$ 7,282,664	\$ (4.58)	\$ 7,282,664	\$ (4.58)	0%
Revenue Requirement		\$ 30,733,406		\$ 30,555,020		-1%
Sales (kW)		1,590,756		1,590,756		0%
Transmission Rate (kW-Year)		\$ 19.32		\$ 19.21		-1%



Western
Area Power
Administration

Cash Flow & Unobligated Balances

Jennifer Hultsch

April 30, 2018

Parker-Davis & Intertie



Unobligated Balances Strategy

- <https://www.wapa.gov/About/Documents/financial/unobligated-balances-strategy.pdf>
- 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)



Parker-Davis & Intertie
Fiscal Years 2018 Through 2022 Forecast

	Beg Bal	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Prepayment Inflows	102,648,281	68,448,463	68,448,463	68,448,463	68,448,463	68,448,463
Outflows						
O&M Budget	-	48,149,736	46,893,960	48,349,290	49,316,276	50,302,601
RRADs Budget	-	-	-	-	-	-
Construction	-	28,931,000	17,803,000	29,496,000	23,654,000	8,883,000
Total Outflows	-	77,080,736	64,696,960	77,845,290	72,970,276	59,185,601
Net Prepayment Total	102,648,281	(8,632,273)	3,751,503	(9,396,827)	(4,521,813)	9,262,862
Non-Prepayment Inflows	-	26,991,000	26,991,000	26,991,000	26,991,000	26,991,000
Outflows						
Purchased Power Expense	-	9,788,000	9,788,000	9,788,000	9,788,000	9,788,000
Transfers Within Western - 45910 (Line Loss)	-	230,000	230,000	230,000	230,000	230,000
Total Outflows	-	10,018,000	10,018,000	10,018,000	10,018,000	10,018,000
Net Non-Prepayment Total	-	16,973,000	16,973,000	16,973,000	16,973,000	16,973,000
Return to Treasury	11,986,281	16,973,000	25,813,532	16,973,000	16,973,000	16,973,000
Net Cash	90,662,000	(8,632,273)	(5,089,029)	(9,396,827)	(4,521,813)	9,262,862
End of Year Cash	90,662,000	82,029,727	76,940,698	67,543,871	63,022,058	72,284,920
Unobligated Balance						
3 years construction	76,230,000	70,953,000	62,033,000	61,588,000	58,964,000	74,980,000
O&M 111 days	14,432,000	14,458,971	14,907,698	15,205,852	15,509,969	15,820,168
Unobligated Balance Total	90,662,000	85,411,971	76,940,698	76,793,852	74,473,969	90,800,168

Approved Prepayment Budget vs Prepayment Unobligated Balance

Project	Project Budget	Remaining Budget as of 9/30/17	Unobligated Balance for Construction Current 3 year strategy	
Parker-Headgate Rock	\$ 17,954,000	\$ 16,689,353	FY18	\$ 70,953,000
Mesa Substation Remediation	\$ 3,535,000	\$ 1,532,658	FY19	\$ 62,033,000
Gila-Knob 161-kV Double Circuit Upgrade	\$ 4,704,200	\$ 1,019,078	FY20	\$ 61,588,000
Gila Substation 161-kV Rebuild	\$ 18,994,500	\$ 13,730,534	FY21	\$ 58,964,000
Tucson Substation Rebuild	\$ 9,002,167	\$ 124,904	FY22	\$ 74,980,000
Crossman Peak Microwave Facility	\$ 4,525,000	\$ 3,562,420		
Gila-Welton Mohawk 161kV I-8 Crossing	\$ 7,300,511	\$ 7,300,511		
Coolidge Valley Farms	\$ 800,000	\$ 800,000		
Liberty Series Capacitor Bank	\$ 10,372,000	\$ 6,198,123		
Total	\$ 88,925,422	\$ 51,460,043		





Western
Area Power
Administration

WAPA Financial Updates

Dennis R. Sullivan, CFO

April 30, 2018

Parker-Davis & Intertie



Updates

- Reserve balance update
- WAPA Cost transparency – Expanding “The Source”
- FY18 WAPA-wide budget execution pressures



WAPA Reserve Balances Strategy

Sustainable funding tool in support of WAPA's mission

	Annual O&M	Capital funding	Purchase power & wheeling
Example	Salaries, supplies and equipment	Building new transmission lines and related structures	Buying power on behalf of customers when water conditions require it
Purpose	Allows WAPA to sustain operations during emergencies, continuing resolutions or lapses in appropriations	Provides funding in advance of starting capital construction projects and flexibility with schedule / priority changes in collaboration with customers	Improves both WAPA and customer cash management while minimizing energy rate spikes during a drought
Strategy	Retain 31% of annual funding need	Retain sufficient funding to cover up to 3 years of capital investments	Retain 3 years estimated funding during drought

Carrying reserve balances do not impact power rates

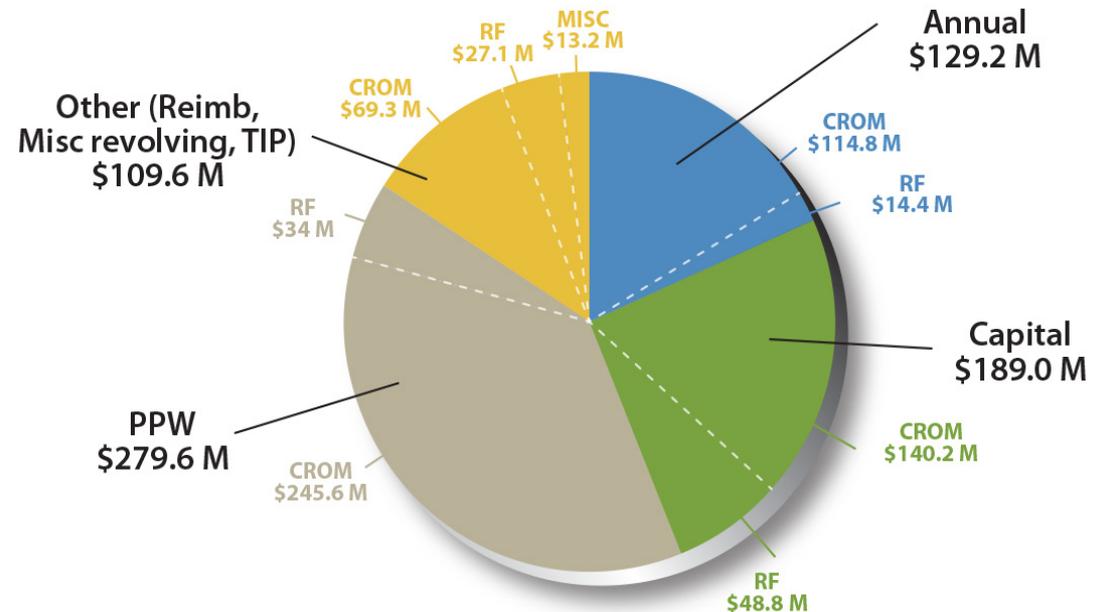


Fiscal Year End 2017 Summary

All Accounts

- Strategy progress: 2016-17
 - Total: Reduced ~ \$85M
 - Annual: Reduced ~ \$22M
 - Capital: Reduced ~ \$182M
 - PPW: Increased ~ \$97M
- Returns to Treasury Reclamation Fund
 - 2016: \$328M
 - 2017: \$338M

FYE 17 Unobligated / Reserve Balances
By purpose: \$707.5 (in Millions)



Planned FYE 18 Targets / Actions

CROM Account Strategies**

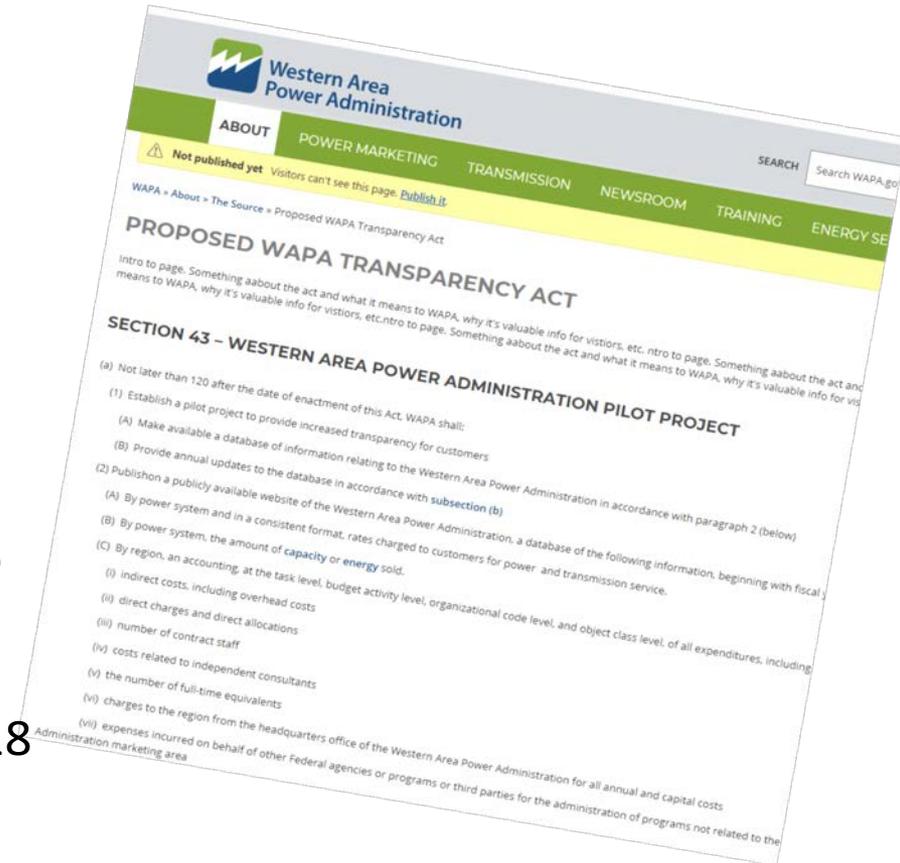
Program	FYE 17 Balance	Strategy Target
Annual O&M <ul style="list-style-type: none"> FY18 enacted budget authorized ~\$44M use of PY balance Monitoring closely Re-evaluate current strategy 	\$114.8M	\$65.6M
Capital <ul style="list-style-type: none"> Regions collaborate with customers on amount to retain Returns to treasury as needed Re-evaluate current strategy 	\$140.2M	\$166.1M
Purchase Power & Wheeling <ul style="list-style-type: none"> Incremental increase, up to \$50M, planned Reach target by FYE 2020 Requires solution to CBO budget authority “scoring” issue 	\$245.6M	\$393.0M

** Does not include: CROM “Other”; CRBPMF; TIP; Falcon & Amistad; Emergency Fund



WAPA Cost Transparency Expanding “The Source”

- Part-time, 23-person project team actively working requirements
 - Power and transmission rates
 - Capacity or energy sold
 - Expenditure detail
 - Unobligated balances
 - Annual summary report
- Working from latest version of Senate bill S.930 (Jan 2018 amendment)
- Deploying FYs 2008 - 2017 in May 2018



FY 2018 WAPA-wide Budget Execution Pressures

- Administrator's budget guidance called for flat budget including no inflation
- Capital & Annual expense execution challenges
 - "Tiger" system replacement accelerated to support potential for MWTG / SPP implementation
 - Engineer retention incentives
 - NARA Records Management mandates and efficiencies
 - Cyber security / Network investments
 - IT support services contract consolidation and anticipated bill rates
 - Miscellaneous
- Mitigating through various mechanisms including
 - Reduced capital investment needs
 - Incremental funding of cross-FY contracts
 - Delayed hiring
 - Annual expense dollars under-executed in FY17
- Expect some over execution compared to initial work plans – Mid-year est. ~ \$4M in annual program direction



Questions?

