



— BUREAU OF —  
RECLAMATION



Western  
Area Power  
Administration

# Boulder Canyon Project Fiscal Year 2023 Informal Rate Meeting

March 16, 2022

Webex

# Webex Housekeeping

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# Agenda

- Regulations, Orders, and Procedures
- Formulas
- FY 2021 Actuals
- FY 2022 Revised Budget
- FY 2023 Proposed Base Charge and Rates
- Tentative Rate Timeline
- Additional Resources

# Regulations, Orders and Procedures

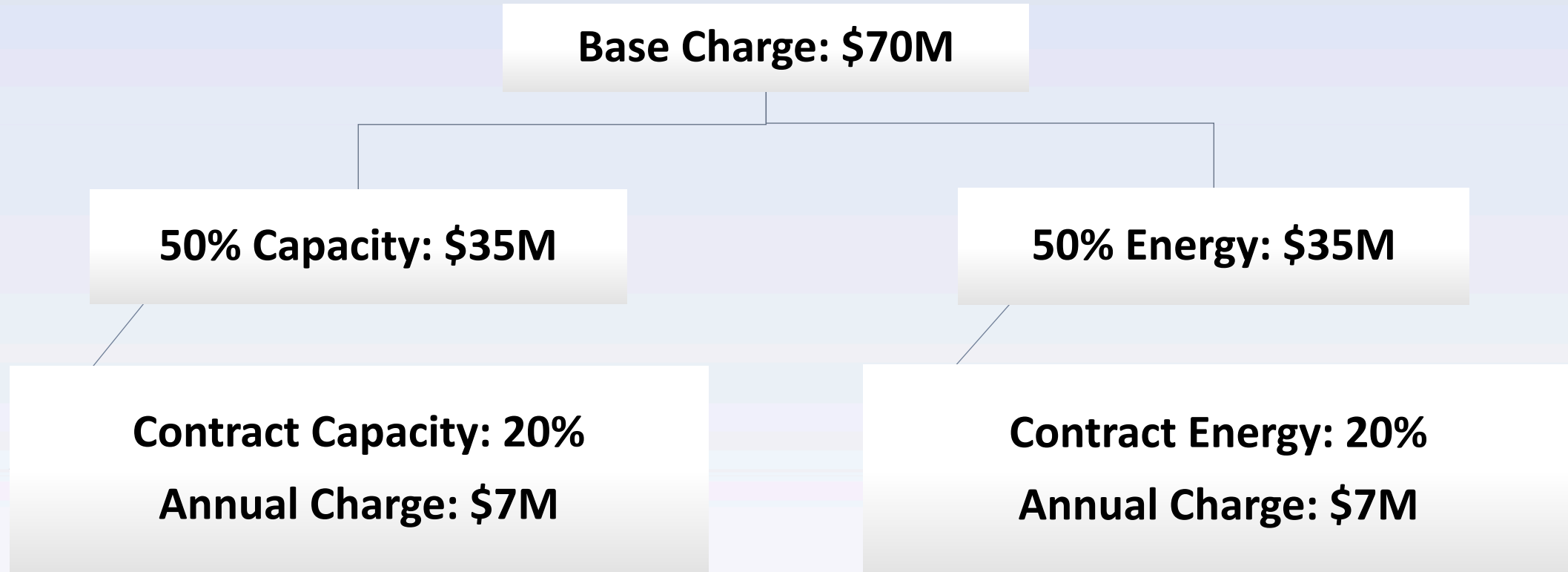
- 10 CFR 903 - describes public participation in power and transmission rate adjustments and extensions
- DOE Order RA 6120.2 - establishes financial reporting policies, procedures, and methodology for all Power Marketing Administrations ---- **Outlines Power Repayment Study Requirements**
- 10 CFR 904 - 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

# 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

# FY 2021 Actuals Summary

	FY 2021 Base Charge	FY 2021 Actuals	Change	%
<b>Bureau of Reclamation</b>				
O&M	61,044,500	43,068,541	(17,975,959)	
Replacements	6,036,000	4,660,679	(1,375,321)	
Visitor Services	9,570,000	6,646,006	(2,923,994)	
Payments to States	600,000	600,000	-	
Principal and Interest	977,548	963,889	(13,659)	
Post-Retirement Benefits	1,947,257	2,145,524	198,267	
	<b>80,175,305</b>	<b>58,084,639</b>	<b>(22,090,666)</b>	<b>-28%</b>
<b>Western Area Power Administration</b>				
O&M	7,915,289	7,418,621	(496,668)	
Replacements	202,584	320,266	117,682	
Post Retirement Benefits	254,455	355,232	100,777	
Interest	28,441	31,350	2,909	
	<b>8,400,769</b>	<b>8,125,469</b>	<b>(275,300)</b>	<b>-3%</b>
<b>Total Expense</b>	<b>88,576,074</b>	<b>66,210,108</b>	<b>(22,365,966)</b>	<b>-25%</b>
<b>Prior Year Carryover</b>	<b>4,306,534</b>	<b>21,554,983</b>	<b>17,248,449</b>	
<b>Non-power Revenue</b>	<b>18,826,078</b>	<b>6,004,043</b>	<b>(12,822,035)</b>	<b>-68%</b>
<b>Total</b>	<b>\$ 65,443,462</b>	<b>\$ 38,651,082</b>	<b>\$ (26,792,381)</b>	<b>-41%</b>
Cash Available		26,792,381		
Less Change in UDO & AR		9,355,032		
<b>Carryover into FY 2022</b>	<b>\$ -</b>	<b>\$ 17,437,349</b>		



# FY 2021 Reclamation Actuals

Reclamation's execution decreased in O&M, Replacements and Visitor Services expenses

- Costs lower than anticipated due to the COVID-19 pandemic
- Receipt of CARES Act funds to offset losses in Visitor Center revenue due to the COVID-19 pandemic

# FY 2021 WAPA Actuals and Other

## WAPA's O&M expenses decreased

- Due to COVID-19 restrictions

## WAPA's Replacements expenses increased

- Due to projects in FY 2020 completed in FY 2021

## Non-power revenues were \$12.9M lower than budgeted

- Visitor services revenues decreased due to the COVID-19 pandemic and the closure of the Visitor Center

# FY 2022 Revised Budget Summary

	FY 2022 Base Charge	Adjustments (MYPF)	FY 2022 Revised	Change	%
<b>Bureau of Reclamation</b>					
O&M	56,660,500	12,526,257	69,186,757	12,526,257	
Replacements	10,436,500	(1,615,941)	8,820,559	(1,615,941)	
Visitor Services	11,082,000	1,046,113	12,128,113	1,046,113	
Payments to States	600,000	-	600,000	-	
Principal and Interest	977,548	-	963,128	(14,420)	
Post-Retirement Benefits	1,991,582	-	1,991,582	-	
	<b>81,748,130</b>	<b>11,956,429</b>	<b>93,690,139</b>	<b>11,942,009</b>	<b>15%</b>
<b>Western Area Power Administration</b>					
O&M	8,435,714	-	8,435,714	-	
Replacements	450,000	-	450,000	-	
Post Retirement Benefits	248,201	-	248,201	-	
Interest	29,089	-	29,089	-	
	<b>9,163,004</b>	<b>-</b>	<b>9,163,004</b>	<b>-</b>	<b>0%</b>
<b>Total Expense</b>	<b>90,911,134</b>	<b>-</b>	<b>102,853,143</b>	<b>11,942,009</b>	<b>13%</b>
<b>Prior Year Carryover</b>	<b>2,654,667</b>	<b>-</b>	<b>17,437,349</b>	<b>14,782,682</b>	<b>557%</b>
<b>Non-power Revenue</b>	<b>20,900,689</b>	<b>-</b>	<b>20,900,689</b>	<b>-</b>	<b>0%</b>
<b>Total</b>	<b>\$ 67,355,778</b>		<b>\$ 64,515,105</b>	<b>\$ (2,840,673)</b>	<b>-4.2%</b>
<b>Carryover into FY 2023</b>			<b>\$ 2,840,673</b>		

# FY 2022 Reclamation Revised Budget

Reclamation's budget update includes \$12M in unobligated funds from FY 2021 projects

- O&M and extraordinary maintenance (\$12.5M)
  - FY 2021 Multi-year Project Funds carryover
- Replacements (-\$1.6M)
  - FY 2021 Multi-year Project Funds carryover and reduction for prior year carryover funds not applied previously
- Visitor Services (\$1.1M)
  - FY 2021 Multi-year Project Funds carryover

# FY 2022 WAPA Revised Budget

There were no changes in WAPA's budget for FY 2022

- Continued effort to stabilize budgets

# FY 2023 Proposed Base Charge and Rates

	FY 2022 Base Charge	FY 2023 Proposed	Change	%
Base Charge	\$67,355,778	\$69,861,560	\$2,505,782	3.7%
Energy Projection (MWh)	3,264,831	3,103,826	(161,005)	-4.9%
Composite Rate (Mills/kWh)	20.63	22.51	1.88	9.1%
Energy Rate (Mills/kWh)	10.32	11.25	.93	9.0%
Capacity Projection (kW)	1,383,000	1,299,750	(83,250)	-6.0%
Capacity Rate (\$/kW-Mo)	\$2.03	\$2.24	\$0.21	10.3%

- Derived from Final Ten-Year Operating Plan published January 26, 2022
- Energy and capacity projections will be finalized annually by June 1st
- Rates are calculated for informational purposes only

# FY 2023 Proposed Base Charge Summary

	FY 2022 Base Charge	FY 2023 Proposed	Change	%
<b>Bureau of Reclamation</b>				
O&M	56,660,500	60,086,500	3,426,000	
Replacements	10,436,500	9,647,000	(789,500)	
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>84,945,627</b>	<b>3,197,497</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>8,724,847</b>	<b>(438,157)</b>	<b>-5%</b>
<b>Total Expense</b>	<b>90,911,134</b>	<b>93,670,474</b>	<b>2,759,340</b>	<b>3%</b>
<b>Prior Year Carryover</b>	<b>2,654,667</b>	<b>2,840,672</b>	<b>186,005</b>	<b>7%</b>
<b>Non-power Revenue</b>	<b>20,900,689</b>	<b>20,968,742</b>	<b>68,053</b>	<b>0%</b>
<b>Base Charge</b>	<b>\$ 67,355,778</b>	<b>\$ 69,861,060</b>	<b>\$ 2,505,282</b>	<b>4%</b>

# FY 2023 Proposed Reclamation O&M

O&M	FY 2022 Base Charge	FY 2023 Proposed	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>\$ 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
  - Fabrication of elevator doors
  - Overhead rate for salaries increased due to an increase in the Bureau-wide Indirect Cost Rate



# FY 2023 Proposed 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

# FY 2023 Proposed Extraordinary Maintenance

Line #		FY 2022 Base Charge	FY 2023 Proposed	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	Lower 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>\$ 8,350,000</b>	<b>\$ 190,000</b>	<b>2%</b>

\*SNPLMA Projects

# FY 2023 Proposed 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 (GSU) Transformers Maintenance
  - Lower Portal Road Erosion Control
  - Partial Discharge Monitors
  - Spillway, Penstock and Dam Abutment Drains Cleaning

# FY 2023 Proposed Reclamation Replacements

Line #		FY 2022 Base Charge	FY 2023 Proposed	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>\$ 9,647,500</b>	<b>\$ (789,000)</b>	<b>-8%</b>

# FY 2023 Proposed Reclamation Replacements

(continued)

## Reclamation's replacements decreased (\$790k)

- Hoover Management's effort to levelize the RAX projects resulting in reduced funding request for projects
  - A9 Wicket Gates
  - Escalator Replacement
  - Wastewater Treatment Facility and Control Center Renovation

# FY 2023 Proposed Reclamation Other

Other Expenses	FY 2022 Base Charge	FY 2023 Proposed	Change	%
<b>Bureau of Reclamation</b>				
Visitor Services	11,082,000	11,572,000	490,000	4.4%
Payments to States	600,000	600,000	-	0.0%
Principal and Interest - Flood Control	977,548	977,548	-	0.0%

- 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

# FY 2023 Proposed Reclamation PRB's

Post-Retirement Benefits (PRB)		FY 2022	FY 2023	Change	%
Bureau of Reclamation		Base Charge	Proposed		
	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>\$ 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

# FY 2023 Proposed WAPA O&M Summary

	FY 2022 Base Charge	FY 2023 Proposed	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>\$ 7,593,287</b>	<b>\$ (842,428)</b>	<b>-10%</b>



# FY 2023 Proposed WAPA O&M

WAPA's O&M budget is decreasing (\$842K)

- Due to a shift in costs from O&M to capital

# FY 2023 Proposed WAPA Replacements

Replacements	FY 2022 Base Charge	FY 2023 Proposed	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>\$ 830,000</b>	<b>\$ 380,000</b>	<b>84%</b>

# FY 2023 Proposed WAPA PRB's

Post Retirement Benefits (PRB)		FY 2022 Base Charge	FY 2023 Proposed	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>\$ 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

# FY 2023 Proposed Interest Expense

Interest - CME & Warehouse	FY 2022 Base Charge	FY 2023 Proposed	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>\$ 29,875</b>	<b>\$ 786</b>	<b>3%</b>

- Based on 5-year average of most recent actuals

# FY 2023 Proposed Non-Power Revenue

Non-Power Revenue	FY 2022 Base Charge	FY 2023 Proposed	Change	%
<b>Prior Year Carryover</b>	<b>2,654,667</b>	<b>2,840,672</b>	<b>186,005</b>	<b>7%</b>
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	-	
<b>Non-power Revenue \$</b>	<b>20,900,689</b>	<b>\$ 20,968,742</b>	<b>\$ 68,053</b>	<b>0%</b>

- Prior year carryover increased (\$186,000)
- Non-power revenue increased (\$68,000)
  - Ancillary Services based on 5-year average of most recent actuals
    - Higher FY 2018 and FY 2021 revenues are increasing this average

# FY 2023 Proposed Base Charge

	FY 2022 Base Charge	FY 2023 Proposed	Change	%
<b>Bureau of Reclamation</b>				
O&M	56,660,500	60,086,500	3,426,000	
Replacements	10,436,500	9,647,500	(789,000)	
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>84,946,127</b>	<b>3,197,997</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>8,724,847</b>	<b>(438,157)</b>	<b>-5%</b>
<b>Total Expense</b>	<b>90,911,134</b>	<b>93,670,974</b>	<b>2,759,840</b>	<b>3%</b>
<b>Prior Year Carryover</b>	<b>2,654,667</b>	<b>2,840,672</b>	<b>186,005</b>	<b>7%</b>
<b>Non-power Revenue</b>	<b>20,900,689</b>	<b>20,968,742</b>	<b>68,053</b>	<b>0%</b>
<b>Base Charge</b>	<b>\$ 67,355,778</b>	<b>\$ 69,861,560</b>	<b>\$ 2,505,782</b>	<b>4%</b>

# FY 2023 Tentative Timeline

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April  
2022

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

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May  
2022

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

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June  
2022

**Public Comment Forum:** The public is provided the opportunity to make comments about the rate action; 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  
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  
2022

**Effective date of formula rates, base charge, and rates (October 1<sup>st</sup>)**

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# FY 2023 Tentative Meetings

## Public Information Forum

- 30 days after *Federal Register* notice publication
- May 2022, at 10 am MST
- Webex

## Public Comment Forum

- 60 days after *Federal Register* notice publication
- June 2022, at 10 am MST
- Webex

# 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>