1 IN THE UNITED STATES DEPARTMENT OF ENERGY
2 WESTERN AREA POWER ADMINISTRATION
3 PHOENIX, ARIZONA
4
5
6 BOULDER CANYON PROJECT
7 PUBLIC INFORMATION FORUM
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10 REPORTER'S TRANSCRIPT OF PROCEEDINGS
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12
13 Phoenix, Arizona
March 27, 2013
14 10:37 a.m.
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19 REPORTED BY: CHRISTINE JOHNSON, RPR, RMR
Certified Reporter #50383
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22
23 PREPARED FOR:
24 WESTERN AREA POWER ADMINISTRATION
25

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1 Be it remembered that heretofore on March 27,
2 2013, commencing at 10:37 a.m., at the offices of the
3 Western Area Power Administration, Phoenix, Arizona, the
4 following proceedings were had, to wit:
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6
7 OPENING REMARKS Page
8 BY MR. JACK MURRAY 3
9 PRESENTATION:
10 BY MS. GLORIA JORDAN 4
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12 COMMENTS BY:
13 LYNCH, Bob 12
14 DELANEY, Dennis 13
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1 MR. MURRAY: Good morning. I'd like to welcome
2 you to today's Public Information Forum. My name is Jack
3 Murray. I'm the Rates Manager for Western Area Power
4 Administration here in the Phoenix office, and I'm going to
5 be the moderator for today's Forum.
6 This Public Information Forum has been scheduled
7 so that we would have the opportunity to give you a full
8 explanation of the proposed adjustment to the Boulder Canyon
9 Project Electric Service Base Charge and Rates. The current
10 base charge and rates will expire September 30th, 2013.
11 This Forum also gives you the opportunity to ask
12 any questions you might have regarding the proposed base
13 charge and rates. Please keep in mind that all rates -- all
14 issues raised today should be relevant to this process.
15 Please wait to ask any questions until after our formal
16 presentation has been completed.
17 The Public Comment Forum for the proposed
18 adjustment is scheduled to be held on April 10th, 2013 at
19 10:30 a.m. at this same location. Written comments on the
20 proposed base charge and rate adjustment may be submitted at
21 any time during the comment period. These comments should
22 be sent to Mr. Darrick Moe, Regional Manager, Desert
23 Southwest Customer Service Region, P.O. Box 6457, Phoenix,
24 Arizona 85005-6457; e-mail at moe@wapa.gov. Written
25 comments may also be faxed to (602) 605-2490. All comments

1 should be submitted so that they are received by May 6th,
2 2013, the end of the comment period.
3 A verbatim transcript of today's Forum is being
4 prepared by our court reporter. Everything said while we
5 are in session today, together with all exhibits, will be a
6 part of the official record. Copies of today's transcript
7 will be available upon payment of the required fee to the
8 court reporter. The court reporter's name, address and
9 telephone number may be obtained at any time during or after
10 today's Forum and copies of the transcript and the complete
11 record of this public process will also be available for
12 review here at the Desert Southwest Regional Office and at
13 Western's Corporate Services Office in Lakewood, Colorado.
14 Any questions which we're not able to answer this
15 morning will be answered for you in writing before the end
16 of the comment period.
17 Unless anyone has any questions about our
18 procedures, I'm going to turn this over to Gloria Jordan to
19 start today's presentation.
20 MS. JORDAN: Thank you, Jack. Good morning and
21 welcome to the Boulder Canyon Public Information Forum. My
22 name is Gloria Jordan, G-L-O-R-I-A, J-O-R-D-A-N. I'm a
23 Public Utilities Specialist with Western Area Power
24 Administration in the Rates Division.
25 When you signed in today, you should have picked

1 up copies of three documents, the Power Repayment Study, the
2 handout with detail and today's presentation. If you don't
3 have copies, raise your hand and somebody will make sure you
4 get them.
5 Today's presentation will give you a brief
6 overview of the three-year comparison that affect the
7 FY 2014 base charge and rates. It'll also show the true
8 actual results at the end of FY '12, any revision we made to
9 2013 and the proposed FY 2014 base charge and rates.
10 The base charge data is taken from the FY 2012
11 financial statements and the FY 2014 final ten-year
12 operating plan.
13 The rates data, the hydrology is taken from the
14 April 2013, 24-month study and the 17-month schedule. And
15 that'll be published in Western's second draft of the Master
16 Schedule and sent out later this week or the first part of
17 next week.
18 The first slide shows or displays the three fiscal
19 years that impact FY 2014. Total expenses were actually
20 $90,165,813. The prior year carryover at the end of 2011
21 came in at $7,384,216. Other revenues were $15,327,614, and
22 water sale revenues were 601,130. That resulted in an
23 adjusted base charge for FY 2012 of 66,852,852.
24 However, we collected $84,536,772 for FY 2012.
25 That left an excess of revenue over expenses of 17,683,920

1 and we'll get into that in the next few slides.
2 The revisions to FY 2013, we're now projecting
3 total expenses to be $100,657,945. The prior year carryover
4 at the end of FY '12 into FY '13 was $13,062,332. Other
5 revenues are estimated to be 13,450,000 and water sale
6 revenues are estimated at 530,000.
7 So the revised FY 2013 base charge is now
8 projected at $73,615,612. However, we're collecting in FY
9 2013, $82,379,637. That's $8,764,025 more than what the
10 projection is today.
11 In FY 2014, we're now proposing total expenses to
12 be $98,852,044 and then you see the carryover at the end of
13 FY '13 we're now projecting to be $8,764,025. Other
14 revenues are held at a projection of 13,450,000, water sale
15 revenues at 530,000, resulting in a proposed FY 2014 base
16 charge of $76,108,019. There's more detail to all this
17 slide on page 1 of your handout.
18 The next slide is taking a look at just FY 2012.
19 Reclamation's operation, maintenance and replacements under
20 the approved FY 2012 base charge was projected at
21 $57,597,440. It actually came in at $49,552,550. That's an
22 $8,044,890 change from the estimates to actuals for
23 operation, maintenance and replacements.
24 Western's operations, maintenance and replacements
25 were projected at $5,537.205 when the FY 2012 base charge

1 was approved. They actually came in at $5,114,864, which is
2 $422,341 additional, or I should say change from what the
3 estimate was for 2012.
4 Other annual expenses, which includes your Visitor
5 Center, your investment principal and interest and uprating
6 program had been projected at $37,460,328. It actually came
7 in at 35,498,400. That's a $1,961,928 change over all total
8 expenses. The change was $10,429,159. Now, that's a
9 decrease to the total expenses in FY 2012 from what we had
10 estimated them to be.
11 The prior year carryover at the end of 2011 when
12 FY '12 was approved, we were anticipating a projection of
13 $2,357,201 for carryover at the end of 2011. It was
14 actually 7,384,216, which was $5,027,015 additional
15 carryover at the end of 2011.
16 Other revenues resulted in $15,327,614 versus the
17 estimate of 13,171,000. That was a change of $2,156,615.
18 Water sale revenues resulted in $601,130, which is an
19 additional $71,130 over the estimate of 530,000.
20 So overall, other revenues had an increase of
21 $2,227,745. So if you take the decrease in total expenses
22 of 10.4 million and the 5 million additional carryover at
23 the end of 2011 and the additional other revenues of
24 2.2 million, we have a total change for an excess of revenue
25 over expenses in 2012 of $17,683,920.

1 However, if we take into consideration undelivered
2 orders, which are obligated funds in 2012 that did not get
3 expensed. They were $3,995,301. The accounts receivable
4 were $626,286 in 2012. Those two items reduced the excess
5 revenues over expenses to result in a cash available for
6 carryover at the end of 2012 of $13,062,332. So that
7 13 million carries over into 2013.
8 The next slide is focusing in on 2013. We have
9 some -- a few changes. Western's operation, maintenance and
10 replacements had been projected at $6,096,167 when we
11 developed the FY 2013 base charge. We have revised that to
12 $6,056,167. That's a $40,000 decrease in their OM and
13 replacements and that's basically related to the Mead Common
14 Facilities and the Basler Project being under estimate.
15 The other annual expenses is strictly related to
16 the operator credits and that resulted from the statement of
17 credit differences at the end of FY 2012. Those were
18 $150,343 less than what we had projected that to be.
19 The prior year carryover at the end of 2012 when
20 we developed 2012 -- or 2013 base charge, which was a year
21 ago, we were anticipating $4,488,651 at the end of FY '12.
22 We now have $13,062,332, which is $8,573,681 additional in
23 carryover at the end of FY 2012.
24 So if you take the decrease in Western's O&M and
25 replacements and the other annual expenses and the

1 additional carryover, we now are projecting a carryover at
2 the end of FY 2013 of $8,764,025. Now, that rolls into FY
3 '14.
4 Next slide is comparing what you're paying today
5 in FY 2013 versus what we're proposing you pay in FY 2014.
6 MR. DELANEY: Gloria, questions are at the end?
7 MS. JORDAN: Yes. Total expenses under the
8 approved FY 2013 were projected at $100,848,288. We're
9 proposing total expenses for FY 2014 of $98,852,044. That's
10 a $1,996,242 decrease or change from what you're paying
11 today versus what you'll pay in FY 2014 in total expenses.
12 The prior year carryover at the end of 2012 into
13 2013 had been estimated at $4,488,651. Now, we're
14 projecting a carryover at the end of FY '13 into FY 2014 of
15 $8,764,025, so the change of 4.2 million. Other revenues
16 are held at 13,450,000 for both FY '13 and FY '14, so there
17 is no change. Water sale revenues are projected at 530,000
18 in both fiscal years, so there is no change.
19 So under the approved FY 2013 base charge that
20 we're collecting today is $82,379,637. We're now proposing
21 the base charge for FY 2014 of $76,108,019. That's
22 $6,271,618 less than what you're paying in FY 2013.
23 The next slide is incorporating the rates, along
24 with the base charge and, again, there's a $6,271,618
25 decrease in the base charge from FY 2013 to FY 2014. That's

about an 8 percent decrease in the base charge. The composite rate currently is at 21.28 mills/kWh. We're projecting 20.29 mills/kWh in FY 2014. That's -0.99 of a mill/kWh hour less or approximately 5 percent decrease in the composite rate.

The energy rate currently is 10.64 mills/kWh hour. We're proposing 10.14 mills/kWh, which is -.50 of a mill/kWh hour difference or approximately a 5 percent decrease in the energy rate.

The energy sales a year ago under the FY 2013 energy rate was projected at 3,871,041. We're now projecting 3,751,667 mWh in FY 2014. That's -119,374 mWh's decrease in the energy sales or a little over 3 percent decrease in the energy sales.

The capacity rate currently is at $1.96 per kW a month. We're now projecting $1.86 in FY 2014, which is -$0.10 per kW a month less than FY 2013 or a little over 5 percent decrease in the capacity rate from FY 2013.

The capacity sales are also decreasing under the FY 2013. We had projected 1,752,417. We're now projecting 1,704,333 kW. That's -48,084 kW less than FY 2013. This is a 12-year average that we use. The energy and capacity sales numbers are taken from the April 24-month study and the 17-month schedule and those will be published in Western's second draft of the Master Schedule, which I think

1 is due out next week. That's about a 3 percent decrease in
2 capacity sales.
3 So everything's going down and even though the
4 sales and the capacity energy sales are going down, the
5 significant change in the base charge, which is the
6 numerator of the rate formulas, we're still seeing a
7 decrease in all the rates, which is good.
8 I threw in a few slides. It kind of gives you a
9 picture, display of Western's components of their operation
10 and maintenance. You can see our systemwide expenses are
11 our biggest component. The next slide is Reclamation's
12 operation and replacements and theirs is their A&GE and
13 maintenance is their two biggest components. And the third
14 slide is just a total project together, the two agencies.
15 So the big chunk is operation and maintenance and
16 replacements.
17 The next steps in our annual rate process will be
18 to host a Comment Forum on April 10th, 2013. The end of the
19 consultation and comment period is May 6th, 2013. And we'll
20 finalize the rate package on May 31st, 2013.
21 Then we send it to our headquarter's office in
22 Denver by June 3rd, 2013. They deliver it to our Washington
23 liaison office by June 14th, 2013 and from there, it goes
24 through the Department of Energy different divisions and we
25 propose an effective date by October 1, 2013. This is a

1 tentative schedule that we have to follow.
2 There are some Western contacts' information
3 included and Reclamation contact information included in the
4 rate presentation. And now I'm going to turn it back over
5 to Jack.
6 MR. MURRAY: Thank you, Gloria. Now, I'd like to
7 open the Forum for questions and comments. After you've
8 been recognized, since we have at least one person that's
9 calling in, so that they can hear you, we'd ask that you go
10 to the microphone, give your name and the name of the
11 organization that you represent and for the convenience of
12 our court reporter, please spell your last name.
13 So if there are any questions or comments, we'll
14 open up the floor now.
15 MR. LYNCH: Bob Lynch, L-Y-N-C-H, here on behalf
16 of Hoover Customers and the Irrigation Electrical Districts
17 Association of Arizona.
18 Could you give us an explanation of what
19 undelivered orders are and how they come about?
20 MS. JORDAN: They're obligated funds. They're
21 funds that are obligated during the FY, but the work
22 actually doesn't get completed or expensed in that FY.
23 Anybody want to add?
24 MS. COBOS: A lot of it is often --
25 THE COURT REPORTER: I'm sorry, your name?

1 MS. COBOS: Oh, Cobos, Tammy Cobos, C-O-B-O-S. A
2 lot of them are actually materials. Sometimes you'll have
3 some service contracts and things in there, but a vast
4 majority, I think, of both of ours are materials if we have
5 outstanding obligations.
6 MR. DELANEY: Dennis Delaney with KR Saline &
7 Associates. This is more of a request than a question. In
8 the large handout that's the Power Repayment Study, there's
9 a row that's labeled "Prior Year Adjustments" and it has
10 values all the way through the spreadsheet. Is there a
11 breakout of those adjustments by year and, if so, can you
12 please provide it?
13 MS. JORDAN: Some of those come -- some of those
14 adjustments come from the annual crosswalk that we do
15 between the financials and the Power Payment Study. I'm not
16 sure, but we should be able to go back and take a look at
17 that. For the most part, we can break it down.
18 MR. MURRAY: Any other questions, comments?
19 MR. LYNCH: Bob Lynch again. I'm trying to find
20 -- oh, your projection for Visitor Center revenue drops from
21 thirteen five to 12 million and it stays flat for this year
22 and next. I know that was a number that was estimated a
23 long time ago and just sort of plugged in for the future.
24 Have you given any consideration to trying to be a
25 little more realistic about Visitor Center revenue? That's

a million-and-a-half dollars. I mean, I understand being conservative about the budget, but I just wonder -- I mean, I can see why at this point you'd be a little nervous about '14, but we're halfway through '13 and if you've collected more than $6,000,000, and the tourist season is just starting, I would think that number could be a little more realistic, but is it -- am I correct in my recollection that this was a number that was pegged several years ago within the five-year window and it just -- that's why you're projecting it for '13 and '14?

MR. SKORDAS: Rob Skordas, S-K-O-R-D-A-S. My understanding is that is exactly why. It was -- with the bridge coming in, they weren't sure how revenue was going to change, so we've left it there. As of this meeting, I don't know what our current income is for the Visitor Center to know if we are at that 6 million point or if we're above that as of this point.

We do have some concerns with where our revenue's going because as I've seen it, the Visitor Center revenue has continued to decrease a bit each year. So we've been a little hesitant to increase that number. I recognize that somewhere between '12 and '13-and-a-half, though, we might be able to come up with a happy medium.

MR. WONG: Peter Wong, W-O-N-G, Reclamation. I just wanted to add on the revenue, that this current fiscal

1 year's revenue compared to FY 12's, last year, is lower
2 percentagewise and it has come down from about 14 million in
3 2011 to about 13 million in 2012 and that'll probably be
4 coming down to close to 12 million this FY. So I think
5 12 million is a pretty good estimate for revenue in the
6 future.
7 MR. MURRAY: Are there any other questions,
8 comments? All right. Hearing none, I'd like to thank all
9 of you for coming to attend this Forum. I would also ask
10 that if you have not already done so, to register on our
11 sign-up sheets on the tables outside this room so that we
12 have an accurate attendance record.
13 We'll stay around for a few minutes afterwards if
14 you would like to ask some questions on a more informal
15 basis. And with that, this Forum is now closed, and I would
16 like to go off the record. Thank you.
17 (Whereupon, the proceedings terminated at 11:10
18 a.m.)
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I, CHRISTINE JOHNSON, having been first duly sworn and appointed as Official Court Reporter herein, do hereby certify that the foregoing pages numbered from 2 to 15, inclusive, constitute a full, true and accurate transcript of all the proceedings had in the above matter, all done to the best of my skill and ability.

DATED this 29th day of March, 2013.

Christine Johnson, RPR, RMR
Certified Court Reporter No. 50383

BOULDER CANYON PROJECT
PUBLIC INFORMATION FORUM
MARCH 27, 2013

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