

FACTSheet

WESTERN AREA POWER ADMINISTRATION

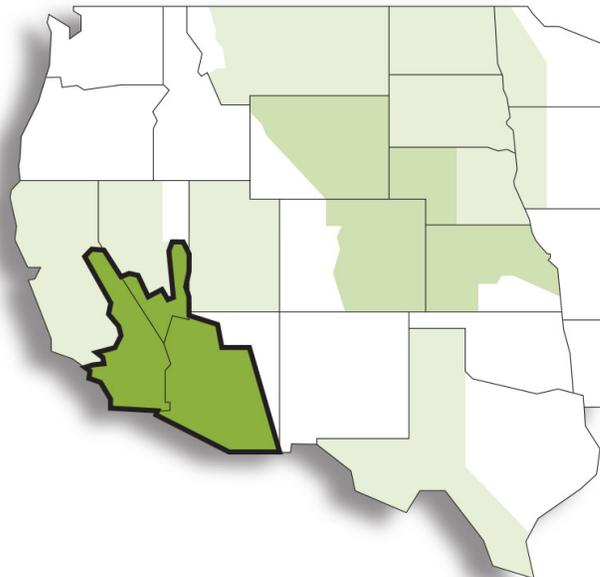


Boulder Canyon Project

Post-2017 Remarketing: Sharing hydropower resources

In December 2014, DSW established the Boulder Canyon Project, or BCP, Post-2017 power allocations that will take effect Oct. 1, 2017. The remarketing effort included the allocation of a 5-percent resource pool to new customers through a series of public processes consistent with governing law, regulations and the public's best interest. New Post-2017 BCP electric service contracts were negotiated and signed by October 2016.

In October, DSW will begin delivering power to 46 direct customers in Arizona, Nevada and Southern California through the Post-2017 BCP contracts. The culmination of a nine-year remarketing effort, the 50-year contracts widen the reach of hydroelectric power generated from Hoover Dam.



BCP: Then and now

| Year | 1987 | 2017 |
|---------------------|---------------------------------|-------------------------------------|
| Number of customers | 15 | 46 |
| Contract term | 30 years, firm electric service | 50 years, firm electric service |
| End date | Sept. 30, 2017 | Sept. 30, 2067 |
| Legislation | Hoover Power Plant Act of 1984 | Hoover Power Allocation Act of 2011 |

*There are 74 total allocations with non-tribal allocations in Arizona and Nevada being managed through state agencies.

WAPA, Reclamation and Post-2017 BCP customers have engaged in an open, transparent, and collaborative process to negotiate the terms of the Post-2017 BCP power contracts and how they are implemented. A critical part of these complex negotiations focused on how Reclamation would collect the funds needed to ensure the costs of operating and maintaining the BCP are covered. Approximately 90 percent of the Fiscal Year 2018 base charge will be used for Reclamation purposes, mostly to cover the costs of operating and maintaining BCP facilities. This charge includes Reclamation's working capital funds that pay for operations in months when available power sale receipts fall short of the incurred costs. Under the Post-2017 BCP contracts, Reclamation's working capital balance will increase from the current \$3M to \$15M to ensure sufficient

funds are available to meet the project's needs.

After considering different options for collecting working capital funds, it was the preference of Post-2017 BCP customers to collect it through the FY18 base charge. The customers chose to include the working capital funds in the base charge calculation because it spreads the cost over a full 12-month period, rather than customers making a large up-front payment. This option makes it less burdensome financially than the other options considered, especially for small entities.



BCP collaboration for operations

WAPA and Reclamation work collaboratively with the BCP customers to keep project costs as low as possible, while ensuring safe and reliable operation. WAPA has held information sessions to:

- Help customers understand the various services and functions that DSW provides.
- Describe the tools and processes used to exchange information between customers and WAPA.
- Address rate-related topics such as the public process, power repayment study and billing determinants.

Hoover hydropower

Hoover Dam, the highest and third-largest concrete dam in the U.S., sits on the Colorado River along the Arizona-Nevada border. The reservoir behind the dam, Lake Mead, is still the nation's largest man-made reservoir. The Bureau of Reclamation owns, operates and maintains the facility.

WAPA's Desert Southwest region markets and transmits the power generated from Hoover Dam through the Boulder Canyon Project. For over 80 years, the BCP has delivered hydropower from Hoover Dam to customers in southern Nevada, Arizona and Southern California.

More information:

- BCP Annual Rate Process at www.wapa.gov/regions/DSW/Rates/Pages/boulder-canyon-rates.aspx

Boulder Canyon Project

Quick facts

- Water source: Colorado River
- Funding source: BCP customer payments (no appropriated funds)
- Hoover Powerplant: 19 units (two serve BCP facilities)
- Power sold in FY16: 3,423,484,000 kWhs
- Infrastructure: ~53 circuit miles of transmission line
- Customer types:
 - Electric Cooperatives
 - Irrigation Districts
 - Municipalities
 - State agencies
 - Tribes

WAPA's public rate-setting process



Western Area Power Administration annually markets and transmits more than 25,000 gigawatt hours of clean, renewable power from 56 hydroelectric powerplants owned and operated by the Bureau of Reclamation and the U.S. Army Corps of Engineers in 15 western and central states. It is part of the Department of Energy.

P.O. Box 281213 • Lakewood, CO 80228-2802 • 720-962-7050 • 1-800-982-4523
 Fax: 720-962-7059 • publicaffairs@wapa.gov • www.wapa.gov