



Department of Energy
Western Area Power Administration
Sierra Nevada Region
114 Parkshore Drive
Folsom, CA 95630-4710

To All Central Valley Project Preference Customers and Interested Parties:

Effective October 1, 2020, the Fiscal Year (FY) 2021 Power Revenue Requirement (PRR) is \$72,758,210, a \$3,983,685 increase from FY 2020. Please see the enclosed FY 2020 to FY 2021 PRR comparison worksheet for details.

In accordance with Rate Order No. WAPA 185 and Rate Schedule CV-F13, the table below shows the PRR allocation between Base Resource (BR) and First Preference (FP) revenue requirements, FP percentages, and BR billing requirements. FP is billed in equal installments.

| Rate Category | FY 2021 Annual Revenue Requirements |
|---|--|
| Power Revenue Requirement | \$72,758,210 |
| Base Resource Revenue Requirement | \$68,232,649 |
| First Preference Revenue Requirement | \$4,525,561 |
| First Preference Customers | First Preference Percentages |
| Calaveras PPA | 0.95% |
| Sierra CC | 0.31% |
| Trinity PUD | 4.00% |
| Tuolumne PPA | 0.96% |
| Total FP Customers | 6.22% |
| Base Resource Monthly Billing | Base Resource Monthly Billed Amount |
| October through March: 25% collection | \$2,843,027 |
| April through September: 75% collection | \$8,529,081 |

As a reminder, revenue requirements and FP percentages are based on estimated financial and operational data. WAPA will review estimates in March and adjust rates, if necessary, to comply with Rate Schedule CV-F13. Billing adjustments from the FP percentage true-up will occur in FY 2023. All rates are posted at: <https://www.wapa.gov/regions/SN/rates>.

Additionally, unpaid historical and forecasted Energy Imbalance Market (EIM) implementation operation and maintenance costs for the period FY 2019 through FY 2021 are included in the FY 2021 PRR. If any adjustments are made to WAPA's process for EIM cost recovery as a result of comments received through the Formal Rates Process, the adjustment will be made in March when PRR estimates are reviewed and rates are adjusted.

If you have any questions, please contact Barbara Lynch at (916) 353-4436 or lynch@wapa.gov.

Sincerely,

Autumn Wolfe
Rates Manager

Enclosure:



Sierra Nevada Region Initial FY 2021 Power Revenue Requirement



| | FY 2020 Mid-year PRR | | FY 2021 PRR | | Difference FY21 PRR vs FY 20 PRR | | |
|---|-----------------------------|----------------------|------------------------|----------------------|-------------------------------------|----------------------|----------------------|
| | Expenses | Revenues | Expenses | Revenues | Expenses | Revenues | NET (exp - rev) |
| O&M Expense: /1 | | | | | | | |
| Reclamation | | | | | | | |
| Total Reclamation O&M | \$54,068,273 | | \$51,170,467 | | (\$2,897,806) | | (\$2,897,806) |
| Historical O&M adjustment (credit) - SLTP costs | (\$766,464) | | \$0 | | \$766,464 | | \$766,464 |
| WAPA | | | | | | | |
| WAPA O&M (excluding EIM annual cost) | \$63,143,683 | | \$64,807,171 | | \$1,663,488 | | \$1,663,488 |
| Energy Imbalance Market O&M | \$0 | | \$1,203,575 | | \$1,203,575 | | \$1,203,575 |
| Total O&M Expense | \$116,445,492 | | \$117,181,213 | | \$735,721 | | \$735,721 |
| Purchase Power Expense: | | | | | | | |
| Custom Product and Supplemental Power /2 | | | | | | | |
| Total Custom Product and Supplemental Power | \$197,996,423 | \$197,996,423 | \$191,581,676 | \$191,581,676 | (\$6,414,747) | (\$6,414,747) | \$0 |
| Host Balancing Authority (HBA) Costs /3 | | | | | | | |
| Total HBA Costs | \$2,824,112 | \$0 | \$2,852,627 | \$0 | \$28,515 | \$0 | \$28,515 |
| Purchases for Project Use customers /4 | | | | | | | |
| Total Purchases for Project Use customers | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Washoe Cost for BR /5 | | | | | | | |
| Total Washoe Cost for BR | \$243,000 | \$0 | \$243,000 | \$0 | \$0 | \$0 | \$0 |
| Total Purchase Power Expense/Revenue | \$201,063,535 | \$197,996,423 | \$194,677,303 | \$191,581,676 | (\$6,386,232) | (\$6,414,747) | \$28,515 |
| Interest Expense: | | | | | | | |
| Total Interest Expense | \$13,643,946 | | \$14,230,631 | | \$586,685 | \$0 | \$586,685 |
| Other Expenses: | | | | | | | |
| Total Other Expenses | \$3,710,448 | | \$4,750,918 | | \$1,040,470 | \$0 | \$1,040,470 |
| Project Repayment (Expense): | | | | | | | |
| Total Project Repayment | \$0 | | \$0 | | \$0 | \$0 | \$0 |
| Other Pass-through Expenses & Revenues: | | | | | | | |
| CAISO Market & GMC Charges for WPUL & CDWR /6 | | | | | | | |
| Total CAISO Market & GMC Charges for WPUL & CDWR | \$10,652,329 | \$0 | \$11,713,676 | \$0 | \$1,061,347 | \$0 | \$1,061,347 |
| CAISO Expenses & Revenues /7 | | | | | | | |
| Total CAISO Expenses & Revenues | \$31,420,739 | \$31,167,006 | \$32,141,684 | \$32,805,534 | \$720,945 | \$1,638,528 | (\$917,583) |
| PG&E costs incurred for Wheeling /8 | | | | | | | |
| Total PG&E costs incurred for Wheeling | \$10,148,896 | \$7,209,483 | \$11,432,194 | \$8,486,050 | \$1,283,298 | \$1,276,567 | \$6,731 |
| PATH 15 revenues and expenses | | | | | | | |
| Total PATH 15 revenues and expenses | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$0 | \$0 | \$0 |
| Purchases and Sales for SBA | | | | | | | |
| Total Purchases and Sales for SBA | \$9,872,253 | \$12,922,609 | \$8,412,468 | \$10,734,254 | (\$1,459,785) | (\$2,188,355) | \$728,570 |
| Resource Adequacy (Local and Flexible) | | | | | | | |
| Total Resource Adequacy | \$6,204,012 | \$4,720,683 | \$16,010,566 | \$14,756,924 | \$9,806,554 | \$10,036,241 | (\$229,687) |
| Total Other Pass-through Expense/Revenue | \$68,310,229 | \$56,031,781 | \$79,722,588 | \$66,794,762 | \$11,412,359 | \$10,762,981 | \$649,378 |
| Other Revenues: | | | | | | | |
| Non-firm energy sales | | | | | | | |
| Total Non-firm energy sales | \$0 | | \$0 | | \$0 | \$0 | \$0 |
| Miscellaneous Revenues /9 | | | | | | | |
| Total Miscellaneous Revenues | | \$38,664,739 | | \$35,955,176 | \$0 | (\$2,709,563) | \$2,709,563 |
| SC, PM, and VRC Admin Fees /9 | | | | | | | |
| Total SC, PM, and VRC Admin Fees | | \$2,629,234 | | \$2,695,786 | \$0 | \$66,552 | (\$66,552) |
| Revenue from Ancillary Service Sales to IOA SBA Members /10 | | | | | | | |
| Total Revenue from A/S Sales to IOA SBA Members | | \$3,276,948 | | \$2,419,402 | \$0 | (\$857,546) | \$857,546 |
| Total Other Revenues | | \$44,570,921 | | \$41,070,364 | \$0 | (\$3,500,557) | \$3,500,557 |
| Project Use Revenues: /11 | | | | | | | |
| Total Project Use Revenues | \$0 | \$35,800,000 | \$0 | \$38,357,641 | \$0 | \$2,557,641 | (\$2,557,641) |
| Transmission Revenues: /12 | | | | | | | |
| Total Transmission Revenues | | \$0 | | \$0 | \$0 | \$0 | \$0 |
| Total Expenses & Revenues | \$403,173,649 | \$334,399,125 | \$410,562,652 | \$337,804,442 | \$7,389,003 | \$3,405,318 | \$3,983,685 |
| PRR Summary: | | | | | | | |
| | FY 2020 Mid-year PRR | | FY 2021 PRR | | Difference | | |
| Total Expenses | \$403,173,649 | | \$410,562,652 | | \$7,389,003 | | |
| add: Project Repayment | \$0 | | \$0 | | \$0 | | |
| | \$403,173,649 | | \$410,562,652 | | \$7,389,003 | | |
| less: Total Revenues | (\$334,399,125) | | (\$337,804,442) | | (\$3,405,318) | | |
| Power Revenue Requirement | \$68,774,525 | | \$72,758,210 | | \$3,983,685 | | |

Footnotes:

/1 USBR and WAPA's O&M is based on updated budget and forecasted data. EIM O&M costs include BANC implementation costs. WAPA and Reclamation EIM software implementation costs are capitalized.

/2 Estimates for Custom Product and Supplemental Power costs are based on WAPA's Purchase Power budget.

/3 Host Balancing Authority (HBA) charges reflect the most current contract agreement, with a 1% increase as seen from 2019-2020.

/4 Currently, there are no planned forward purchases for project use.

/5 Based on the most current Washoe Project Power Repayment Study data.

/6 The SCID WSLW has been eliminated and the costs are now included with WPUL.

/7 CAISO revenues and expenses are derived based on historical data.

/8 These estimates reflect settled rates with PG&E's Wholesale Distribution Tariff (WDT) service and an increase in WDT costs due to the termination of Contract 2207A.

/9 Revenues reflect historical and forecasted data to account for changes in rates and contract charges.

/10 Forecast for Ancillary Service sales is based on historical data and forecasted rates.

/11 Project use revenues are based on the Project Use estimate.

/12 Transmission revenues, included in miscellaneous revenues, are based on actual and forecasted data.