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Western  
Area Power  
Administration

# Boulder Canyon Project Fiscal Year 2024 Informal Customer Meeting

March 8, 2023

Webex

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# Agenda

- Regulations, Orders, and Procedures
- Formulas
- Base Charge and Rates Summary
- FY 2022 Actuals
- FY 2023 Revised Budget
- FY 2024 Reductions
- FY 2024 Proposed Base Charge and Rates
- Timeline
- 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 power marketing administrations and outlines power repayment study requirements
- 10 CFR 904 - applies specifically to the Boulder Canyon Project's (BCP) charges for sales of power and outlines the base charge and rates
- Boulder Canyon Project Electric Service Contract and Amended and Restated Implementation Agreement



# Base Charge Formula

Expenses – Carryover – Non-power Revenues = Base Charge

Contractors are charged a proportionate share of the annual base charge divided between capacity and energy – not a rate

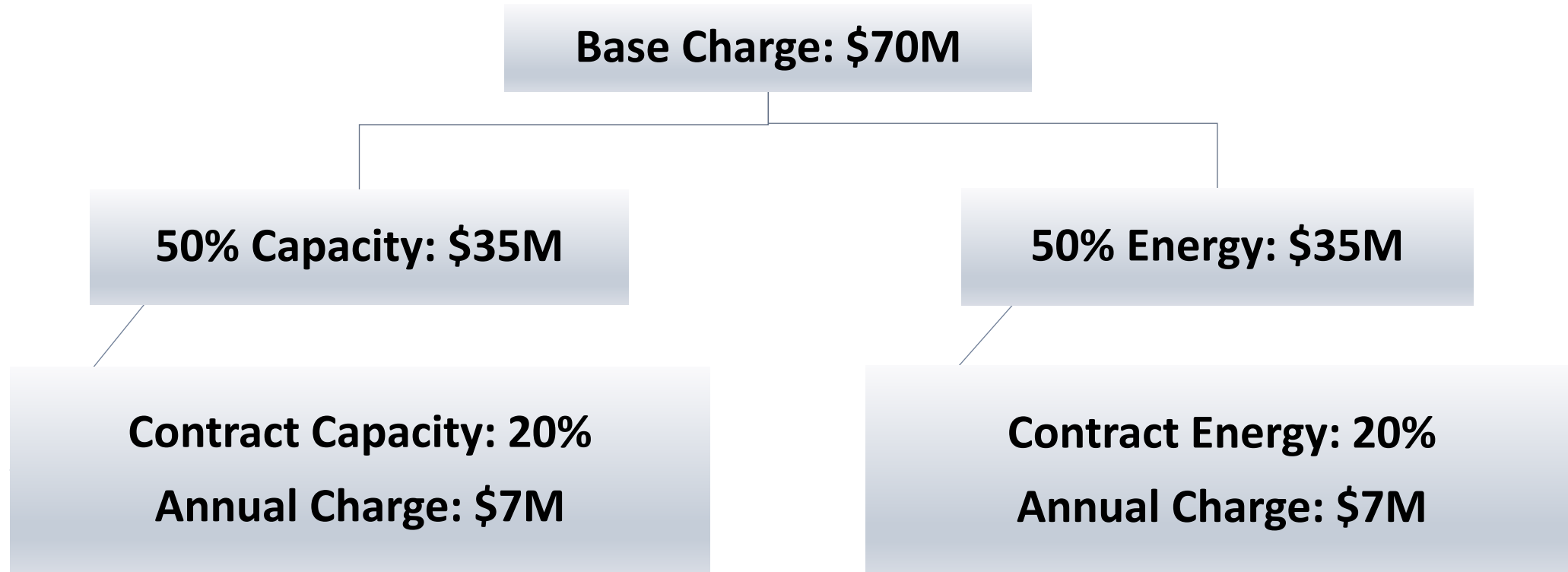


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# Collection of Base Charge



# 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



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# FY 2022 Actuals

	FY 2022 Base Charge	FY 2022 Actuals	Change	%
<b>Bureau of Reclamation</b>				
O&M	56,660,500	51,229,135	(5,431,365)	
Replacements	10,436,500	7,128,551	(3,307,949)	
Visitor Services	11,082,000	8,646,468	(2,435,532)	
Payments to States	600,000	600,000	-	
Principal and Interest	977,548	963,129	(14,419)	
Post-Retirement Benefits	1,991,582	2,052,429	60,847	
	<b>81,748,130</b>	<b>70,619,712</b>	<b>(11,128,418)</b>	<b>-14%</b>
<b>Western Area Power Administration</b>				
O&M	8,435,714	7,418,621	(1,017,093)	
Replacements	450,000	320,266	(129,734)	
Post Retirement Benefits	248,201	389,323	141,122	
Interest	29,089	39,963	10,874	
	<b>9,163,004</b>	<b>8,168,173</b>	<b>(994,831)</b>	<b>-11%</b>
<b>Total Expense</b>	<b>90,911,134</b>	<b>78,787,885</b>	<b>(12,123,249)</b>	<b>-13%</b>
<b>Prior Year Carryover</b>	<b>2,654,667</b>	<b>17,437,349</b>	<b>14,782,682</b>	
<b>Non-power Revenue</b>	<b>20,900,689</b>	<b>13,171,692</b>	<b>(7,728,997)</b>	<b>-37%</b>
<b>Base Charge</b>	<b>\$ 67,355,778</b>	<b>\$ 48,178,844</b>	<b>\$ (19,176,934)</b>	<b>-28%</b>
Cash Available		19,176,934		
Less Change in UDO & AR		(2,660,483)		
<b>Carryover into FY 2023</b>		<b>\$ (21,837,417)</b>		





# FY 2022 Actuals - Reclamation

- Under executed 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



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# FY 2022 Actuals - WAPA & Project

## O&M and Replacements under executed

- Vacancies and change to prioritization of workload
- Charging to WEIM Implementation capital project
- Changes in the distribution of safety costs

## Project non-power revenues were \$12.9M lower than projected

- Visitor services revenues decreased due to the COVID-19 pandemic



# FY 2023 Revised Budget Summary

	FY 2023 Base Charge	Adjustments (MYPF)	FY 2023 Revised	Change	%
<b>Bureau of Reclamation</b>					
O&M	60,086,500	6,447,400	66,533,900	6,447,400	
Replacements	9,372,500	7,564,036	16,936,536	7,564,036	
Visitor Services	11,572,000	-	11,572,000	-	
Payments to States	600,000	-	600,000	-	
Principal and Interest	977,548	-	961,922	(15,626)	
Post-Retirement Benefits	2,062,579	-	2,062,579	-	
	<b>84,671,127</b>	<b>14,011,436</b>	<b>98,666,937</b>	<b>13,995,810</b>	<b>17%</b>
<b>Western Area Power Administration</b>					
O&M	7,593,287	-	7,593,287	-	
Replacements	830,000	-	830,000	-	
Post Retirement Benefits	271,685	-	271,685	-	
Interest	29,875	-	29,875	-	
	<b>8,724,847</b>	<b>-</b>	<b>8,724,847</b>	<b>-</b>	<b>0%</b>
<b>Total Expense</b>	<b>93,395,974</b>	<b>14,011,436</b>	<b>107,391,784</b>	<b>13,995,810</b>	<b>15%</b>
<b>Prior Year Carryover</b>	<b>5,628,672</b>	<b>-</b>	<b>21,837,417</b>	<b>16,208,745</b>	<b>288%</b>
<b>Non-power Revenue</b>	<b>20,968,742</b>	<b>-</b>	<b>20,968,742</b>	<b>-</b>	<b>0%</b>
<b>Base Charge</b>	<b>\$ 66,798,560</b>		<b>\$ 64,585,625</b>	<b>\$ (2,212,935)</b>	<b>-3%</b>



# FY 2023 Revised Budget - Reclamation

Include \$14M in carryover funds from FY 2022

- O&M and Extraordinary Maintenance (\$6.4M)
  - FY 2022 Multi-year Project Funds carryover
- Replacements (\$7.6M)
  - FY 2022 Multi-year Project Funds carryover



# FY 2023 Revised Budget - WAPA

## No budget changes for FY 2023

- Carryover funds from FY 2022 applied to the base charge calculation
- Continued effort to stabilize budgets



# FY 2024 Budget Reductions

	FY2024 Preliminary	Adjustments	FY 2024 Proposed	Change	%
<b>Bureau of Reclamation</b>					
O&M	60,065,000	\$ (489,000)	59,576,000	(489,000)	
Replacements	8,089,000	-	8,089,000	-	
Visitor Services	12,453,000	(153,000)	12,300,000	(153,000)	
Payments to States	600,000	-	600,000	-	
Principal and Interest	977,548	-	977,548	-	
Post-Retirement Benefits	2,062,579		2,166,356	103,777	
	<b>84,247,127</b>	<b>(642,000)</b>	<b>83,708,904</b>	<b>(538,223)</b>	<b>-1%</b>
<b>Western Area Power Administration</b>					
O&M	8,603,000	(330,201)	8,272,799	(330,201)	
Replacements	960,000	(950,000)	10,000	(950,000)	
Post Retirement Benefits	271,685		310,349	38,664	
Interest	29,875		32,157	2,282	
	<b>9,864,560</b>	<b>(1,280,201)</b>	<b>8,625,305</b>	<b>(1,239,255)</b>	<b>-13%</b>
<b>Total Expense</b>	<b>94,111,687</b>		<b>92,334,209</b>	<b>(1,777,478)</b>	<b>-2%</b>
<b>Prior Year Carryover</b>	<b>5,628,672</b>		<b>2,212,935</b>	<b>(3,415,737)</b>	<b>-61%</b>
<b>Non-power Revenue</b>	<b>20,986,989</b>		<b>20,986,989</b>	<b>-</b>	<b>0%</b>
<b>Base Charge</b>	<b>\$ 67,496,026</b>		<b>\$ 69,134,285</b>	<b>\$ 1,638,259</b>	<b>2%</b>



# FY 2024 Budget Reductions - Reclamation

- Reduced labor by \$160k, not filling 2 current vacancies
- Reduced Visitor Services equipment by \$70k
- Reduced travel and training budget by \$412k
  - 50% reduction for all offices



# FY 2024 Budget Reductions - WAPA

- O&M budget reduced by \$330k
  - Transmission Line Maintenance
  - Communication System Support
  - Substation Maintenance
  - Conservation and Renewable Energy
  - Power Marketing
- RRADs projects reduced by \$950k
  - Deferring previously planned breaker and relay replacements





# FY 2024 Proposed Base Charge and Rates

		FY 2023		FY 2024		Change	%
		Base Charge		Proposed			
Base Charge	\$	66,798,560	\$	69,134,285	\$	2,335,725	3.5%
Energy Projection		2,977,624		2,888,088		(89,536)	-3.0%
Composite Rate		22.43		23.94		1.51	6.7%
Energy Rate (Mills/kWh)		11.22		11.97		0.75	6.7%
Capacity Projection		1,285,167		1,192,467		(92,700)	-7.2%
Capacity Rate (\$/kW-	\$	2.17	\$	2.42	\$	0.25	11.5%

- Derived from Final Ten-Year Operating Plan published February 28, 2023
- Energy and capacity projections will be finalized by June 1st
- Rates are calculated for informational purposes

# FY 2024 Proposed Base Charge Summary

	FY 2023 Base Charge	FY 2024 Proposed	Change	%
<b>Bureau of Reclamation</b>				
O&M	60,086,500	59,576,000	(510,500)	
Replacements	9,372,500	8,089,000	(1,283,500)	
Visitor Services	11,572,000	12,300,000	728,000	
Payments to States	600,000	600,000	-	
Principal and Interest	977,548	977,548	-	
Post-Retirement Benefits	2,062,579	2,166,356	103,777	
	<b>84,671,127</b>	<b>83,708,904</b>	<b>(962,223)</b>	<b>-1%</b>
<b>Western Area Power Administration</b>				
O&M	7,593,287	8,272,799	679,512	
Replacements	830,000	10,000	(820,000)	
Post Retirement Benefits	271,685	310,349	38,664	
Interest	29,875	32,157	2,282	
	<b>8,724,847</b>	<b>8,625,305</b>	<b>(99,542)</b>	<b>-1%</b>
<b>Total Expense</b>	<b>93,395,974</b>	<b>92,334,209</b>	<b>(1,061,765)</b>	<b>-1%</b>
<b>Prior Year Carryover</b>	<b>5,628,672</b>	<b>2,212,935</b>	<b>(3,415,737)</b>	<b>-61%</b>
<b>Non-power Revenue</b>	<b>20,968,742</b>	<b>20,986,989</b>	<b>18,247</b>	<b>0%</b>
<b>Base Charge</b>	<b>\$ 66,798,560</b>	<b>\$ 69,134,285</b>	<b>\$ 2,335,725</b>	<b>3%</b>



# FY 2024 O&M - Reclamation

O&M		FY 2023 Base Charge		FY 2024 Proposed		Change	%
<b>Bureau of Reclamation</b>							
	Operations	8,321,000		8,532,500		211,500	3%
	Maintenance	19,541,500		18,577,500		(964,000)	-5%
	A&GE	23,874,000		22,153,000		(1,721,000)	-7%
	Extraordinary Maintenance	8,350,000		10,313,000		1,963,000	24%
<b>O&amp;M</b>		<b>\$ 60,086,500</b>	<b>\$</b>	<b>59,576,000</b>	<b>\$</b>	<b>(510,500)</b>	<b>-1%</b>

- Operations budget increased \$212k
  - Increase in regional and other support and services
  - Increase in equipment costs due to replacement of IT equipment
- Maintenance budget decreased \$964k
- A&GE budget decreased \$1.7M



# FY 2024 Extraordinary Maintenance

Line #		FY 2023 Base Charge	FY 2024 Proposed	Change	%
<b>Bureau of Reclamation</b>					
6	Butterfly Valve Recoating	395,000			
7	Butterfly Valve Overhaul	170,000			
10	Penstock Lateral Tunnels - Safety Doors Refurbishment	200,000			
12	Erosion Repair	500,000			
15	Portal Road Erosion Control, Slope Stabilization & Safety Improv.	1,575,000			
1	Power Plant Piping Management Plan	575,000	575,000		
2	Fire Piping Plan	550,000	600,000		
3	Crane Inspection and Repair	600,000	400,000		
5	Penstocks and Lateral Spot Coating	430,000	3,930,000		
13	Spillway, Penstock & Dam Abutment Drain Cleaning	500,000	500,000		
20	Partial Discharge Monitors	500,000	600,000		
21	Generator Step-Up Transformers Maintenance	2,300,000	2,250,000		
22	*Hoover Dam Observation Areas Enhancements	55,000	28,000		
4	Tail Bay Stop Logs Coating		330,000		
19	A5 Stator Re-Wedge		1,100,000		
<b>Extraordinary Maintenance</b>		<b>\$ 8,350,000</b>	<b>\$ 10,313,000</b>	<b>\$ 1,963,000</b>	<b>24%</b>

\*SNPLMA Projects



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# FY 2024 Extraordinary Maintenance (continued)

- Increased \$2M to accomplish several projects including:
  - Penstocks and Lateral Spot Coating
  - Generator Step-Up Transformers Maintenance
  - A5 Stator Re-Wedge



# FY 2024 Replacements - Reclamation

Line #		FY 2023 Base Charge	FY 2024 Proposed	Change	%
#	<b>Bureau of Reclamation</b>				
6	Additional Tail Bay Stop Log	500,000			
16	Central Section 7th and 8th Floor Renovation	1,000,000			
1	Rebuild and Replace Generator Coolers	610,000	639,000		
3	Cylinder Gate Stem Evaluation and Replacement	3,750,000	4,000,000		
7	Replace 480-Volt Switchgear	3,237,500	2,500,000		
9	Unit Control Modernization (UCM) Life Cycle Replacement	60,000	800,000		
12	Water Plant and Wastewater Plant Controls Replacement	215,000	150,000		
	<b>Replacements</b>	<b>\$ 9,372,500</b>	<b>\$ 8,089,000</b>	<b>\$ (1,283,500)</b>	<b>-14%</b>

Decreased to level the RAX projects reducing funding request for the following projects:

- N7 Oil System Replacement
- Replace 480-Volt Switchgear
- Water Plant and Wastewater Plant Controls Replacement



# FY 2024 Other Expenses - Reclamation

Other Expenses	FY 2023 Base Charge	FY 2024 Proposed	Change	%
<b>Bureau of Reclamation</b>				
Visitor Services	11,572,000	12,300,000	728,000	6%
Payments to States	600,000	600,000	-	0%
Principal and Interest - Flood Control	977,548	977,548	-	0%

- Hoover Dam Visitor Services budget increased \$728k
  - Increase in salaries, benefits and overhead due to additional support from Security Forces and Maintenance
  - National Park Services Security Agreement realigned from Security Forces to Visitor Services
- Payment to States and Flood Control P&I remains unchanged
- Flood Control investment payoff in 2037



# FY 2024 Post Retirement Benefits - Reclamation

Post-Retirement Benefits (PRB)		FY 2023	FY 2024	Change	%
Bureau of Reclamation		Base Charge	Proposed		
	Actual - 2017	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	2,145,524		
	Actual - 2022	-	2,052,429		
<b>PRBs</b>		<b>\$ 2,062,579</b>	<b>\$ 2,166,356</b>	<b>\$ 103,777</b>	<b>5%</b>

- Imputed retirement, health insurance, and life insurance costs
- Based on 5-year average of most recent actuals



# FY 2024 O&M - WAPA

	FY 2023 Base Charge	FY 2024 Proposed	Change	%
<b>Western Area Power Administration</b>				
Transmission Line Maintenance	211,536	198,902		
Communication Systems Support	282,784	384,484		
Safety Costs	205,251	8,853		
Phoenix Service Center Costs	333,371	301,545		
Substation Maintenance	599,165	576,829		
<b>Facility Expense</b>	<b>1,632,107</b>	<b>1,470,613</b>	<b>(161,494)</b>	<b>-10%</b>
Power Billing/Collecting	61,133	203,358		
System Operations and Load Dispatching	3,534,555	3,823,661		
Transmission/Engineering Studies	78,203	70,026		
Conservation and Renewable Energy	41,145	32,038		
Financial Management Costs	77,873	81,480		
Power Marketing Costs	1,515,679	1,942,329		
Multiproject Costs	557,590	514,707		
Depreciation	95,002	134,587		
<b>Systemwide Expense</b>	<b>5,961,180</b>	<b>6,802,186</b>	<b>841,006</b>	<b>14%</b>
<b>O&amp;M</b>	<b>\$ 7,593,287</b>	<b>\$ 8,272,799</b>	<b>\$ 679,512</b>	<b>9%</b>

# FY 2024 O&M - WAPA (continued)

- Decreased Facility Expenses of \$161k
  - Changes in the distribution of safety costs
- Increase in Systemwide Expenses of \$680k
  - Higher labor rates and support costs
  - Prioritization of workload



# FY 2024 Replacements - WAPA

Replacements		FY 2023 Base Charge		FY 2024 Proposed	Change	%
<b>Western Area Power Administration</b>						
	Facility Replacement	50,000		-		
	MED 69kV Breakers Replacement	400,000		-		
	Relay Replacements - 69kV Line Relays	230,000		-		
	Relay Replacements - Line & Transfer Breaker (MED)	150,000		-		
	CCVT Replacement	-		10,000		
	<b>Replacements</b>	<b>\$ 830,000</b>	<b>\$</b>	<b>10,000</b>	<b>(820,000)</b>	<b>-99%</b>

- Deferring breaker and relay replacements
- Will revisit breaker and relay replacements for FY 2026 and the outyears



# FY 2024 Post-Retirement Benefits - WAPA

Post Retirement Benefits (PRB)		FY 2023 Base Charge	FY 2024 Revised	Change	%
<b>Western Area Power Administration</b>					
	Actual - 2017	196,001	-		
	Actual - 2018	310,966	310,966		
	Actual - 2019	346,577	346,577		
	Actual - 2020	149,649	149,649		
	Actual - 2021	355,232	355,232		
	Actual - 2022		389,323		
<b>PRBs</b>		<b>\$ 271,685</b>	<b>\$ 310,349</b>	<b>\$ 38,664</b>	<b>14%</b>

- Imputed retirement, health insurance, and life insurance costs
- Based on 5-year average of most recent actuals

# FY 2024 Interest Expense - WAPA

		FY 2023	FY 2024		
Interest - CME & Warehouse		Base Charge	Proposed	Change	%
<b>Western Area Power Administration</b>					
	Actual - 2017	\$ 28,549			
	Actual - 2018	31,281	31,281		
	Actual - 2019	31,684	31,684		
	Actual - 2020	26,511	26,511		
	Actual - 2021	31,350	31,350		
	Actual - 2022	-	39,963		
<b>Interest - CME &amp; Warehouse</b>		<b>\$ 29,875</b>	<b>\$ 32,158</b>	<b>\$ 2,283</b>	<b>8%</b>

- Based on 5-year average of most recent actuals



# FY 2024 Carryover and Non-Power Revenue

Prior-Year Carryover		FY 2023 Base Charge	FY 2024 Proposed	Change	%	
Prior Year Carryover	\$	5,628,672	\$	2,212,935	\$ (3,415,737)	-61%
Non-Power Revenue						
Visitor Services		19,000,000		19,000,000	-	
Ancillary Services		1,418,742		1,436,989	18,247	
Water Sales Revenue		550,000		550,000	-	
<b>Non-power Revenue</b>	<b>\$</b>	<b>20,968,742</b>	<b>\$</b>	<b>20,986,989</b>	<b>\$ 18,247</b>	<b>0%</b>

- Prior Year Carryover decreased \$3.4M
- Non-power revenue increased \$18K
  - Ancillary service projection based on 5-year average of most recent actuals



# FY 2024 Proposed Base Charge

	FY 2023 Base Charge	FY 2024 Proposed	Change	%
<b>Bureau of Reclamation</b>				
O&M	60,086,500	59,576,000	(510,500)	
Replacements	9,372,500	8,089,000	(1,283,500)	
Visitor Services	11,572,000	12,300,000	728,000	
Payments to States	600,000	600,000	-	
Principal and Interest	977,548	977,548	-	
Post-Retirement Benefits	2,062,579	2,166,356	103,777	
	<b>84,671,127</b>	<b>83,708,904</b>	<b>(962,223)</b>	<b>-1%</b>
<b>Western Area Power Administration</b>				
O&M	7,593,287	8,272,799	679,512	
Replacements	830,000	10,000	(820,000)	
Post Retirement Benefits	271,685	310,349	38,664	
Interest	29,875	32,157	2,282	
	<b>8,724,847</b>	<b>8,625,305</b>	<b>(99,542)</b>	<b>-1%</b>
<b>Total Expense</b>	<b>93,395,974</b>	<b>92,334,209</b>	<b>(1,061,765)</b>	<b>-1%</b>
<b>Prior Year Carryover</b>	<b>5,628,672</b>	<b>2,212,935</b>	<b>(3,415,737)</b>	<b>-61%</b>
<b>Non-power Revenue</b>	<b>20,968,742</b>	<b>20,986,989</b>	<b>18,247</b>	<b>0%</b>
<b>Base Charge</b>	<b>\$ 66,798,560</b>	<b>\$ 69,134,285</b>	<b>\$ 2,335,725</b>	<b>3%</b>

# FY 2024 Tentative Timeline

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March  
2023

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

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April  
2023

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

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May  
2023

**Public Comment Forum:** The public is provided the opportunity to make comments about the base charge and rates; 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 2024 Tentative Timeline (continued)

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June  
2023

**Public Process:** The 90-day public comment and consultation period concludes

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August  
2023

**Final Rate Order:** The final *Federal Register* notice is published

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October  
2023

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

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# FY 2024 Tentative Meetings

- Public Information Forum
  - 30 days after *Federal Register* notice publication
  - April 2023, at 10 am MST
  - Webex
- Public Comment Forum
  - 60 days after *Federal Register* notice publication
  - May 2023, at 10 am MST
  - Webex

<https://www.wapa.gov/regions/DSW/>



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# Resources

## Western Area Power Administration

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