

Boulder Canyon Project



Informal Base Charge Meeting

April 5, 2016



Boulder Canyon Project
Prior Year Impacts on FY 2017 Base Charge (in thousands)

	FY 2015 Actuals	Revised FY 2016 Budget Est.	Proposed FY 2017 Base Charge
Reclamation			
Operations	\$6,283	\$6,801	\$6,819
Maintenance	16,297	17,201	16,504
A&GE	17,367	17,774	20,144
Extraordinary Maintenance	8,128	4,572	4,184
O&M	48,075	46,349	47,651
Replacements	7,558	14,653	13,405
OM&R	55,633	61,002	61,056
Post Civil Service Retirement/Life/Health	1,751	1,539	1,539
OM&R w/CSRS	57,384	62,541	62,595
Western			
Facility Expenses	3,441	3,234	3,313
Systemwide Expenses	4,340	4,192	4,929
O&M	7,781	7,426	8,242
Replacements	176	827	800
OM&R	7,957	8,253	9,042
Post Civil Service Retirement/Life/Health	181	194	194
OM&R w/CSRS	8,137	8,447	9,236
Total O&M	57,963	56,335	58,426
Total OM&R	65,521	70,988	71,831
Other Expense			
Visitor Center	7,306	9,310	8,356
Payments to States - Reclamation	600	600	600
Upgrading Payments - Interest	2,828	2,596	815
Upgrading Payments - Principal	12,008	12,396	7,377
Debt Service Investments - Interest	593	532	469
Other Interest (CME and Warehouse)	23	10	11
Debt Service Investments - Principle Pmt.	2,124	2,242	2,368
Total Other Expense	25,482	27,687	19,996
Total Expense	91,003	98,675	91,827
Prior Year Carryover	30,966	23,507	5,398
Other Revenue			
Reclamation	15,774	15,000	12,000
Western	1,160	1,300	1,300
Other Revenue	16,934	16,300	13,300
Water Sales Revenue	677	530	580
Base Charge / Revenue Requirement	\$42,425	\$58,338	\$72,549
Subtotal - Cash Available	18,583	5,398	
Less Change in UDOs	(3,863)		
Less Net Change in AR	(1,061)		
Carryover	\$23,507	\$5,398	-

Boulder Canyon Project
FY 2015 Base Charge vs. Actuals

	FY 2015 Base Charge	FY 2015 Actuals	Change
Reclamation			
Operations	\$ 6,753,000	\$ 6,282,572	\$ (470,428)
Maintenance	16,215,000	16,296,836	81,836
A&GE	17,930,000	17,760,334	(169,666)
A&GE Refund Adjustment (Security)	(300,000)	(392,988)	(92,988)
Subtotal A&GE	17,630,000	17,367,346	(262,654)
Extraordinary Maintenance	5,015,000	8,128,411	3,113,411
O&M	45,613,000	48,075,165	2,462,165
Replacements	10,245,000	7,558,159	(2,686,841)
OM&R	55,858,000	55,633,324	(224,676)
Post Civil Service Retirement/Life/Health	1,518,340	1,750,556	232,216
OM&R w/CSRS	57,376,340	57,383,880	7,540
Western			
Facility Expenses	2,364,991	3,440,648	1,075,657
Systemwide Expenses	4,125,829	4,340,237	214,408
O&M	6,490,820	7,780,885	1,290,065
Replacements	777,500	175,632	(601,868)
OM&R	7,268,320	7,956,517	688,197
Post Civil Service Retirement/Life/Health	187,660	180,917	(6,743)
OM&R w/CSRS	7,455,980	8,137,434	681,454
Total O&M	54,587,320	57,963,155	3,375,835
Total OM&R	64,832,320	65,521,314	688,994
Other Expense			
Visitor Center	8,023,000	7,306,122	(716,878)
Payments to States - Reclamation	600,000	600,000	-
Upgrading Payments - Interest	2,636,723	2,827,588	190,865
Upgrading Payments - Principal	12,008,240	12,007,899	(341)
Debt Service Investments - Interest	635,653	593,239	(42,414)
Other Interest (CME and Warehouse)	12,000	23,270	11,270
Debt Service Investments - Principal Pmt.	2,123,637	2,123,637	-
Other Expense	26,039,253	25,481,755	(557,498)
Total Expense	90,871,573	91,003,069	131,496
Prior Year Carryover	15,883,054	30,965,794	15,082,740
Other Revenue			
Reclamation	12,000,000	15,774,087	3,774,087
Western	1,450,000	1,160,214	(289,786)
Other Revenue	13,450,000	16,934,301	3,484,301
Water Sales Revenue	530,000	677,492	147,492
Base Charge / Revenue Requirement	\$ 61,008,519	\$ 42,425,482	\$ (18,583,037)
Cash Available			
	-	18,583,037	18,583,037
Less Change in UDO's	-	(3,863,318)	(3,863,318)
Less Net Change in AR	-	(1,060,718)	(1,060,718)
FY 2015 Carryover	\$ -	\$ 23,507,072	\$ 23,507,072

**Boulder Canyon Project
FY 2015 Base Charge vs. Actuals**

Reclamation's Narrative

Operations: Decreased expenditures primarily due to lower than anticipated costs for Salaries/Benefits/Overhead, Services, and Equipment.

Maintenance: Increased expenditures primarily due to unanticipated costs for the N6 Stator Repair.

A&GE: Decreased expenditures primarily due to lower than anticipated costs for Salaries/Benefits/Overhead that were reprogrammed to Maintenance.

Extraordinary Maintenance: Increased expenditures primarily due to the expenditure of prior-year undelivered orders.

Replacements: Decreased expenditures primarily due to the Elevator Motor & Controller Replacement and the A2/A4/A7 PRV Modernization being pushed into FY2016.

Visitor Center: Decreased expenditures primarily due to lower than anticipated costs for Salaries/Benefits/Overhead and Contract Services.

FY 2015 Reduction in FY 2016 PRS: The FY 2015 Base Charge was reduced by a total of \$3.5M for an immediate impact to the FY 2016 Base Charge. This included a \$3M reduction in OM&R budget, a \$1.5M increase in budget for the BCP audit, and a \$2M increase in projected revenue.

Western's Narrative

Facility Expenses: Actuals were higher predominantly due to increased General Western Allocation, Information Services Support, Communications System Support, Safety and Security and Transmission Line and Substation Maintenance costs.

Systemwide Expenses: Actuals were higher predominantly due to Systems Operations & Load Dispatching, Power Marketing (post 2017 re-marketing) and Multi-Project costs.

Replacements: Actuals were lower due to the delay of the Hoover-Mead 1-8 jumper replacement project.

**Boulder Canyon Project
FY 2016 Base Charge vs. Revised Budget**

	FY 2016 Base Charge	Revised FY 2016 Budget Est.	Change
Reclamation			
Operations	\$ 6,801,000	\$ 6,801,000	\$ -
Maintenance	17,069,000	17,201,413	132,413
A&GE	18,274,000	18,074,000	(200,000)
A&GE Refund Adjustment (Security)	(300,000)	(300,000)	-
Subtotal A&GE	17,974,000	17,774,000	(200,000)
Extraordinary Maintenance	3,217,000	4,572,286	1,355,286
O&M	45,061,000	46,348,699	1,287,699
Replacements	11,504,000	14,653,383	3,149,383
OM&R	56,565,000	61,002,082	4,437,082
Post Civil Service Retirement/Life/Health	1,518,340	1,539,142	20,802
OM&R w/CSRS	58,083,340	62,541,224	4,457,884
Western			
Facility Expenses	3,233,691	3,233,691	-
Systemwide Expenses	4,192,291	4,192,291	-
O&M	7,425,982	7,425,982	-
Replacements	60,000	827,039	767,039
OM&R	7,485,982	8,253,021	767,039
Post Civil Service Retirement/Life/Health	187,660	194,071	6,411
OM&R w/CSRS	7,673,642	8,447,092	773,450
Total O&M	54,252,982	56,334,933	2,081,951
Total OM&R	65,756,982	70,988,316	5,231,334
Other Expense			
Visitor Center	8,834,000	9,310,386	476,386
Payments to States - Reclamation	600,000	600,000	-
Upgrading Payments - Interest	2,029,217	2,596,094	566,877
Upgrading Payments - Principal	12,766,452	12,396,477	(369,975)
Debt Service Investments - Interest	571,944	532,370	(39,574)
Other Interest (CME and Warehouse)	10,000	10,000	-
Debt Service Investments - Principal Pmt.	2,241,595	2,241,595	-
Subtotal Other Annual Expense	27,053,208	27,686,922	633,714
Total Expense	92,810,190	98,675,238	5,865,048
Prior Year Carryover	14,344,334	23,507,072	9,162,738
Other Revenue			
Reclamation	13,000,000	15,000,000	2,000,000
Western	1,200,000	1,300,000	100,000
Other Revenue	14,200,000	16,300,000	2,100,000
Water Sales Revenue	530,000	530,000	-
Base Charge / Revenue Requirement	\$ 63,735,856	\$ 58,338,167	\$ (5,397,689)
FY 2016 Carryover	\$ -	\$ -	\$ 5,397,689

Boulder Canyon Project
FY 2016 Base Charge vs. Revised Budget

Reclamation's Narrative

Maintenance: Increased expenditures due to FY 2015 unobligated funds (MYPF) that are needed to accomplish work required in FY 2016.

A&GE: Decreased expenditures due to identified projected surplus.

Extraordinary Maintenance: Increased expenditures due to FY 2015 unobligated funds (MYPF) that are needed to accomplish work required in FY 2016.

Replacements: Increased expenditures due to FY 2015 unobligated funds (MYPF) that are needed to accomplish work required in FY 2016. Increase is partially offset by identified projected surplus.

Visitor Center: Increased expenditures due to FY 2015 unobligated funds (MYPF) that are needed to accomplish work required in FY 2016.

Other Revenue: Increased estimate due to projected revenues based on FY 2016 actuals through February 2016.

Western's Narrative

Replacement: HVRMED Transmission Line Hardware funds carried over from FY 2015.

Revenue: Increased forecast based on 5-year average.

Boulder Canyon Project
FY 2016 Base Charge vs. Proposed FY 2017 Base Charge

	FY 2016 Base Charge	Proposed FY 2017 Base Charge	Change
Reclamation			
Operations	\$ 6,801,000	\$ 6,819,000	\$ 18,000
Maintenance	17,069,000	16,504,000	(565,000)
A&GE	18,274,000	20,444,000	2,170,000
A&GE Refund Adjustment (Security)	(300,000)	(300,000)	-
Subtotal A&GE	17,974,000	20,144,000	2,170,000
Extraordinary Maintenance	3,217,000	4,184,000	967,000
O&M	45,061,000	47,651,000	2,590,000
Replacements	11,504,000	13,405,000	1,901,000
OM&R	56,565,000	61,056,000	4,491,000
Post Civil Service Retirement/Life/Health	1,518,340	1,539,142	20,802
OM&R w/CSRS	58,083,340	62,595,142	4,511,802
Western			
Facility Expenses	3,233,691	3,312,879	79,188
Systemwide Expenses	4,192,291	4,928,984	736,693
O&M	7,425,982	8,241,863	815,881
Replacements	60,000	800,000	740,000
OM&R	7,485,982	9,041,863	1,555,881
Post Civil Service Retirement/Life/Health	187,660	194,071	6,411
OM&R w/CSRS	7,673,642	9,235,934	1,562,292
Total O&M	54,252,982	58,426,076	4,173,094
Total OM&R	65,756,982	71,831,076	6,074,094
Other Expense			
Visitor Center	8,834,000	8,356,000	(478,000)
Payments to States - Reclamation	600,000	600,000	-
Upgrading Payments - Interest	2,029,217	814,783	(1,214,434)
Upgrading Payments - Principal	12,766,452	7,377,166	(5,389,287)
Debt Service Investments - Interest	571,944	469,081	(102,863)
Other Interest (CME and Warehouse)	10,000	11,000	1,000
Debt Service Investments - Principal Pmt.	2,241,595	2,367,858	126,263
Other Expense	27,053,208	19,995,888	(7,057,321)
Total Expense	92,810,190	91,826,964	(983,227)
Prior Year Carryover	14,344,334	5,397,689	(8,946,645)
Other Revenue			
Reclamation	13,000,000	12,000,000	(1,000,000)
Western	1,200,000	1,300,000	100,000
Other Revenue	14,200,000	13,300,000	(900,000)
Water Sales Revenue	530,000	580,000	50,000
Base Charge / Revenue Requirement	\$ 63,735,856	\$ 72,549,275	\$ 8,813,419

Boulder Canyon Project
FY 2016 Base Charge vs. Proposed FY 2017 Base Charge

Reclamation's Narrative

Operations: Increased estimate primarily due to indexed Salaries, Benefits, and Overhead.

Maintenance: Decreased estimate primarily due to reduced Supply and Equipment needs.

A&GE: Increased estimate primarily due to increased Salaries, Benefits, and OH attributed to the Regional Director approved reorganization.

Extraordinary Maintenance: Increased estimate primarily due to the following projects' increased or new contract work: Penstock Spot Coating, Power Plant Piping Management Plan, Fire Piping Plan, Paradox Valve Repairs, Highway Maintenance, Lower Portal Road Bridge, Cell Tower Corrosion, and Tail Bay Stop Logs. Increase partially offset by the following projects' decreased or no contract work: PRV Overhauls, Generator Life Extension, and Turbine Shift Ring Refurbishment.

Replacements: Increased estimate primarily due to the following projects' increase or new contract work: Stainless Steel Wicket Gates, Cylinder Gate Stem Evaluation, A2/A4/A7 PRV Modernization, Flow Meter, 16.5 KV Generator Breaker, Elevator Motor & Controller, and Governor Oil Pump. Increase partially offset by the following projects' reduced or no contract work: Drum Gate Repair, Escalator Replacement, Wide Head Range Turbine, 7th Floor Central HVAC, PRV Modernization, and 480 Volt Switchgear.

Visitor Center: Decreased estimate primarily due to the completed funding of the Visitor Center Renovation.

Revenue: Reduced to account for Visitor Center renovation.

Western's Narrative

Facility Expenses: FY17 base charge is higher predominantly due to increased General Western Allocation, Information Services Support, Communications System Support and Safety and Security costs.

Systemwide Expenses: FY17 base charge is higher predominantly due to Systems Operations & Load Dispatching, Power Marketing (post 2017 re-marketing) and Multi-Project costs.

Replacements: FY17 base charge is higher due to the delay of the Hoover-Mead 1-8 jumper replacement project.

Revenue: Increased forecast based on 5-year average.

**Boulder Canyon Project
Proposed Base Charge Comparison**

	Measure	FY 2016 Base Charge	Proposed FY 2017 Base Charge	Change	
				Amount	%
Base Charge		\$63,735,856	\$72,549,275	\$8,813,419	13.83%
Composite Rates	Mills/kWh	18.33	20.74	2.41	13.14%
Energy Rate	Mills/kWh	9.17	10.37	1.20	13.14%
Energy Sales	mWh	3,476,763	3,498,000	21,237	0.61%
Capacity Rate	(\$/kW-Mo)	\$1.72	\$1.97	\$0.25	14.60%
Capacity Sales		1,541,500	1,531,083	(10,417)	-0.68%

Note:

- Energy and Capacity Sales are based on most recent rate-based Power Repayment Study.