



Western
Area Power
Administration

Boulder Canyon Project Public Information Forum Proposed Fiscal Year 2018 Base Charge

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Agenda

- Base Charge and Rates
- Updates Since *Federal Register* Notice
- Charge Determinants
- Next Steps
- Additional Resources



Base Charge and Rates

	Fiscal Year (FY)17 Base Charge	Proposed FY18 Base Charge	△	% Change
Base Charge	\$69,662,289	\$80,748,193	\$11,085,904	15.91%
Composite Rates (Mills/kWh)	19.63	20.98	1.34	6.83%
Energy Rate (Mills/kWh)	9.82	10.49	0.67	6.83%
Energy Sales (MWh)	3,547,892	3,849,647	301,755	8.51%
Capacity Rate (\$/kW-Mo)	\$1.89	\$2.09	\$0.19	10.24%
Capacity Sales (kW)	1,531,083	1,613,000	79,000	5.15%



Updates Since *Federal Register* Notice

- Projected FY17 unapplied carryover amounts increased from \$1.3M to \$7.9M
 - Bureau of Reclamation (BOR) visitor services revenue projections increased by \$3.5M while BOR budget estimates decreased by \$3.1M
 - **Unapplied carryover will be returned to Schedule A and B contractors in FY18 and excluded from the FY18 base charge**
 - **Since FY18 begins a new marketing period, prior year financials will not impact the proposed base charge in the form of carryover. Therefore, FY16 and FY17 data is not relevant to the establishment of the FY18 base charge.**



Updates Since *Federal Register* Notice (cont.)

- The Boulder Canyon Project (BCP) FY18 base charge decreased by \$4.3M:
 - Visitor Services revenue projections increased by \$2M
 - BOR Budget decreased by \$3.3M
 - Unapplied carryover was eliminated from the calculation totaling \$1.3M
 - WAPA Budget decreased by \$440K
- FY18 Final Master Schedule was completed Jun 1, 2017
 - Capacity and energy sales forecasts increased

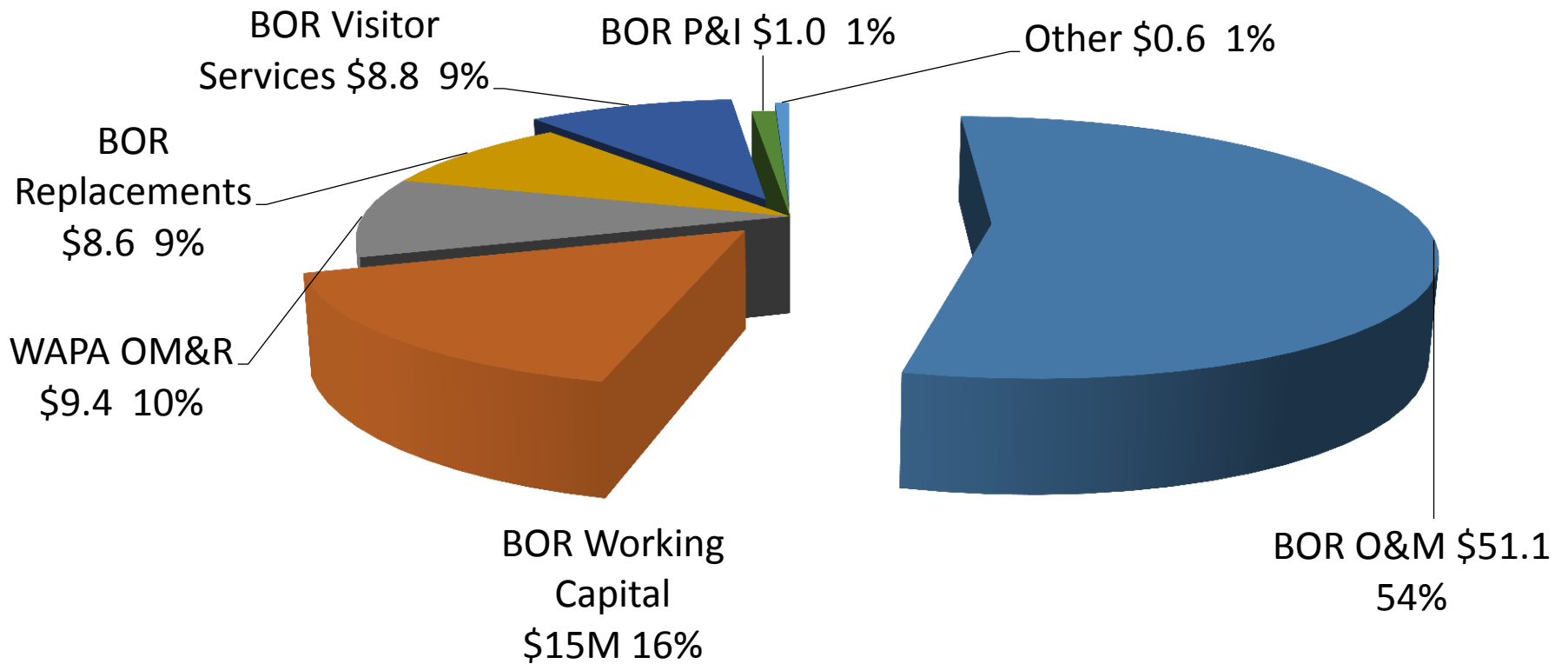


Charge Determinants



FY18 Budget

(in millions)



Proposed Base Charge Comparison

(in millions)	FY17	FY18	△	% of Base Charge
BOR:				
O&M w/PRB	\$49.2	\$51.2	\$2.0	63%
Replacements	13.4	8.6	(4.8)	11%
Visitor Services	8.4	8.8	0.4	11%
WAPA:				
OM&R w/PRB	9.2	9.4	0.2	12%
Other:				
Principal & Interest (P&I)	2.8	1.0	(1.9)	1%
Upgrading Credit Program	5.3	0.0	(5.3)	
Other (Payment to States, etc.)	0.6	0.6	0.0	1%
Total Expense	88.9	79.5	(9.4)	
(-) Prior Year Carryover	5.3	0.0	(5.3)	
(-) Other Revenue	13.3	13.2	(0.1)	-17%
(-) Water Revenue	0.6	0.6	0.0	-1%
(+) BOR Working Capital	0.0	15.0	15.0	19%
Base Charge	\$69.7	\$80.7	\$11.1	



Contributing Factors

- Collection of BOR Working Capital:
 - Why needed?
 - BCP does not operate on appropriated dollars
 - Beginning of FY has low generation and high expenditures
 - Provides BOR the ability to cover short-term liabilities until receipts are collected
 - Brief history:
 - Current Electric Service Agreements for BCP end Sep. 30, 2017
 - Re-marketing efforts began in Nov. 2009 and public meetings ensued, resulting in Congress passing the Hoover Power Allocation Act (HPPA) Dec. 2011
 - Following a public process, BCP allocation efforts were finalized in Dec. 2014



Contributing Factors

- WAPA and BOR, in partnership with contractors and allottees, began transparent and inclusive contract negotiations in Feb. 2015 culminating in the signing of 46 contracts for a 50-year period beginning Oct 1, 2017
 - During negotiations, contractors preferred to collect the BOR working capital for the new marketing period via the FY18 base charge
 - In FY18, BOR will refund existing Schedule A & B contractors the \$3M balance in working capital for the marketing period closing Sep. 2017
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- **BOR Working Capital Amount**
 - A BOR cash flow analysis found \$15M in working capital would be sufficient to cover funding gaps for the new marketing period beginning in FY18
 - BOR Working capital needs will be reassessed annually in accordance with the Amended and Restated Implementation Agreement



Contributing Factors

- Total expenses are decreasing \$9.4M from FY17
 - BOR's OM&R decreased by \$2.8M
 - O&M, AG&E, and Extraordinary Maintenance will increase \$2M
 - IT costs, voltage test equipment, regional support, sewer line rehabilitation and generator life extension
 - Replacements will decrease by \$4.8M
 - WAPA OM&R increased by \$127K
 - O&M increased by \$700K due to increases in substation maintenance, post-2017 contract implementation and IT costs
 - Replacements decreased by \$600K due to projects being completed in FY17 and others being delayed until FY19+



Contributing Factors

- Other expense decreased by \$6.7M
 - Uprating credit program decreased by \$5.2M
 - P&I decreased by \$1.9M
- Base charge is expected to be \$80.7M, a \$11.1M or 15.9% increase



Next Steps

- Public Comment Forum Aug. 18, 2017 @ 10am
- End of Consultation and Comment Period Sept. 18, 2017
- FY18 Base Charge Finalized Oct. 1, 2017
- Effective Date of Base Charge Oct. 1, 2017



Additional Resources

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For further information as well as copies of this presentation, visit WAPA's website at <https://www.wapa.gov/regions/DSW/Rates/Pages/boulder-canyon-rates.aspx>.

