



Western  
Area Power  
Administration

# Boulder Canyon Project

Public Information Forum

Proposed Fiscal Year 2020 Base Charge and Rates

May 9, 2019

# Agenda

- Updates Since Initial *Federal Register* Publication
- Proposed Base Charge and Rates
- Base Charge Explained
- Timeline
- Additional Resources

# Updates Since Initial *Federal Register* Publication



# Reclamation Budget Revisions

	Initial FY 2020 Base Charge	Revised FY 2020 Base Charge	△	% Change
O&M w/PRB*	\$60.8M	\$60.2M	-\$600k	-1%
Carryover	\$400k	\$1.3M	\$910k	236%
Impact to Base Charge			-\$1.5M	-2.2%

\*O&M w/PRB includes A&GE Refund Adjustment

- Reclamation reduced their FY 2019 & 2020 budgets by \$1.5M
  - FY 2019 O&M reductions resulted in a \$910k increase in Carryover.
  - FY 2020 O&M reduction resulted in \$600k less in Extraordinary Maintenance.

# Proposed Base Charge and Rates

	FY 2019 Base Charge	Proposed FY 2020 Base Charge	△	% Change
Base Charge	\$69,741,657	\$66,419,402	-\$3,322,255	- 4.76%
Composite Rates (Mills/kWh)	18.92	19.20	0.29	1.51%
Energy Rate (Mills/kWh)	9.46	9.60	0.14	1.51%
Energy Projection (MWh)	3,686,659	3,458,760	-227,899	- 6.18%
Capacity Rate (\$/kW-Mo)	\$1.88	\$1.79	-\$0.09	- 4.76%
Capacity Projection (kW)	1,545,833	1,545,833	-	0.00%

Formulas:     Composite Rate = Base Charge / Energy Projections  
                   Energy Rate = (50% of Base Charge) / Energy Projections  
                   Capacity Rate = (50% of Base Charge) / Capacity Projections

- Energy and capacity projections are finalized annually on June 1<sup>st</sup> and are for informational purposes only.

# Base Charge Explained



# Base Charge Comparison

(rounded in millions)	FY 2019	FY 2020	△	% Change
<b>Bureau of (Reclamation):</b>				
O&M w/Post Retire. Benefits (PRB)	\$58.4	\$60.2	\$1.8	2%
Replacements	3.0	4.4	1.4	47%
Visitor Services	9.1	9.5	0.4	5%
<b>Western Area Power Administration (WAPA):</b>				
OM&R w/PRB	9.4	8.7	-0.6	-7%
<b>Other:</b>				
Principal & Interest (P&I)	1.0	1.0	0.0	0%
Misc. (Payment to States, etc.)	0.6	0.6	0.0	0%
<b>Total Expense</b>	<b>81.4</b>	<b>84.5</b>	<b>3.1</b>	<b>4%</b>
<b>subtract Carryover</b>	<b>0.0</b>	<b>1.3</b>	<b>1.3</b>	
<b>subtract Non-Power Revenue</b>	<b>11.7</b>	<b>16.8</b>	<b>5.1</b>	<b>44%</b>
<b>Base Charge</b>	<b>\$69.7</b>	<b>\$66.4</b>	<b>-\$3.3</b>	<b>-5%</b>

Base Charge = Expenses – Carryover – Non-power Revenue

# Base Charge Comparison

(rounded in millions)	FY 2019	FY 2020	△	% Change
<b>Reclamation:</b>				
O&M w/Post Retire. Benefits (PRB)	\$58.4	\$60.2	\$1.8	2%
Replacements	3.0	4.4	1.4	47%
Visitor Services	9.1	9.5	0.4	5%
<b>Western Area Power Administration (WAPA):</b>				
OM&R w/PRB	9.4	8.7	-0.6	-7%
<b>Other:</b>				
Principal & Interest (P&I)	1.0	1.0	0.0	0%
Misc. (Payment to States, etc.)	0.6	0.6	0.0	0%
<b>Total Expense</b>	<b>81.4</b>	<b>84.5</b>	<b>3.1</b>	<b>4%</b>
<b>subtract Carryover</b>	<b>0.0</b>	<b>1.3</b>	<b>1.3</b>	
<b>subtract Non-Power Revenue</b>	<b>11.7</b>	<b>16.8</b>	<b>5.1</b>	<b>44%</b>
<b>Base Charge</b>	<b>\$69.7</b>	<b>\$66.4</b>	<b>-\$3.3</b>	<b>-5%</b>

1.

Base Charge = Expenses – Carryover – Non-power Revenue



# Total Expense

## 1. BCP's Total Expenses increased \$3.1M in FY 2020

- Reclamation's budget increased by \$3.7M:
  - Operations increased \$377k
    - Salaries: +\$87k
    - Overhead: +\$128k
    - SCADA Equipment: +\$115k
  - Administrative and General Expense increased \$1.8M
    - Salaries: +\$440k
    - Overhead: +\$329k
    - Services such as the security contracts and agreements: +\$255k
  - Extraordinary Replacements decreased \$600k
    - Cincinnati Boring Mill Rebuild: -\$600k
  - Replacements increased \$1.4M
    - Total of 11 projects – largest is the Cylinder Gate and Stem Evaluation and Replacement totaling +\$1.7M

# Total Expense

- Visitor Services increased \$466k
  - Salary: +\$122k
  - Overhead: +\$219k
  - Ticketing and Parking Contract: +\$100k
- WAPA budget decreased by \$612k
  - Operation and Maintenance decreased \$450k
    - Facilities Expense increased \$95k due to Phoenix Service Center preventative maintenance costs.
    - Systemwide Expenses decreased \$546k:
      - System Operations: -\$325k
      - Power Marketing: -\$66k
  - Replacements decreased by \$192k.

# Base Charge Comparison

(rounded in millions)	FY 2019	FY 2020	△	% Change
<b>Bureau of (Reclamation):</b>				
O&M w/Post Retire. Benefits (PRB)	\$58.4	\$60.2	\$1.8	2%
Replacements	3.0	4.4	1.4	47%
Visitor Services	9.1	9.5	0.4	5%
<b>Western Area Power Administration (WAPA):</b>				
OM&R w/PRB	9.4	8.7	-0.6	-7%
<b>Other:</b>				
Principal & Interest (P&I)	1.0	1.0	0.0	0%
Misc. (Payment to States, etc.)	0.6	0.6	0.0	0%
<b>Total Expense</b>	<b>81.4</b>	<b>84.5</b>	<b>3.1</b>	<b>4%</b>
<b>subtract Carryover</b>	<b>0.0</b>	<b>1.3</b>	<b>1.3</b>	
<b>subtract Non-Power Revenue</b>	<b>11.7</b>	<b>16.8</b>	<b>5.1</b>	<b>44%</b>
<b>Base Charge</b>	<b>\$69.7</b>	<b>\$66.4</b>	<b>-\$3.3</b>	<b>-5%</b>

2.

Base Charge = Expenses – Carryover – Non-power Revenue

# Non-Power Revenue

## 2. Non-power revenue projections increased \$5.1M

- Reclamation's Visitor Service Revenue increased \$5M:
  - The Hoover Visitor Center renovation was completed in FY 2019 and revenue estimates are returning to pre-renovation projections.
- WAPA Ancillary Services forecast increased \$95k
  - Estimates are based on a 5-year historical average.

# Base Charge Comparison

(rounded in millions)	FY 2019	FY 2020	△	% Change
<b>Bureau of (Reclamation):</b>				
O&M w/Post Retire. Benefits (PRB)	\$58.4	\$60.2	\$1.8	2%
Replacements	3.0	4.4	1.4	47%
Visitor Services	9.1	9.5	0.4	5%
<b>Western Area Power Administration:</b>				
OM&R w/PRB	9.4	8.7	-0.6	-7%
<b>Other:</b>				
Principal & Interest (P&I)	1.0	1.0	0.0	0%
Misc. (Payment to States, etc.)	0.6	0.6	0.0	0%
<b>Total Expense</b>	<b>81.4</b>	<b>84.5</b>	<b>3.1</b>	<b>4%</b>
<b>subtract Carryover</b>	<b>0.0</b>	<b>1.3</b>	<b>1.3</b>	
<b>subtract Non-Power Revenue</b>	<b>11.7</b>	<b>16.8</b>	<b>5.1</b>	<b>44%</b>
<b>Base Charge</b>	<b>\$69.7</b>	<b>\$66.4</b>	<b>-\$3.3</b>	<b>-5%</b>

Base Charge = Expenses – Carryover – Non-power Revenue

# Timeline

June 10, 2019

- **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.

July 9, 2019

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

August 2019

- **Final Rate Order:** The final *Federal Register* notice is published (**Tentative**).

October 1, 2019

- **Effective Date of Base Charge**

# Additional Resources

## Western Area Power Administration

Jim Kendrick  
VP of Power Marketing  
(602) 605-2555  
[kendrick@wapa.gov](mailto:kendrick@wapa.gov)

Tina Ramsey  
Rates Manager  
(602) 605-2565  
[ramsey@wapa.gov](mailto:ramsey@wapa.gov)

Kevin Schaefer  
Public Utilities Specialist  
(602) 605-2867  
[kschaefer@wapa.gov](mailto:kschaefer@wapa.gov)

## Bureau of Reclamation

Len Schilling  
Area Manager  
(702) 494-2301  
[lschilling@usbr.gov](mailto:lschilling@usbr.gov)

Matt Stemmer  
Power and Audit Manager  
(702) 293-8223  
[mjstemmer@usbr.gov](mailto:mjstemmer@usbr.gov)

Laura Henning  
Financial Specialist  
(702) 293-8023  
[lhenning@usbr.gov](mailto:lhenning@usbr.gov)

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>.

