

NOTES



May 21, 2018

Joint Planning Agreement (JPA)

<https://www.wapa.gov/regions/DSW/pages/jpa.aspx>

No.	Subject	Discussion
1.	Introductions	<ul style="list-style-type: none"> All
2.	Administrative Matters <ul style="list-style-type: none"> Sign In Sheet, Mute phones, WebEx 	<ul style="list-style-type: none"> Patricia Weeks Email: DSWContracts@wapa.gov
3.	Material Review and Discussion – Administrative <ul style="list-style-type: none"> Next Meeting Timelines Draft Redlined JPA 	<ul style="list-style-type: none"> All
Timelines <ul style="list-style-type: none"> Send WAPA’s redline draft of the JPA to the interested parties by June 29, 2018 Meet the week of July 23, 2018 to discuss the redline draft 		
Prepayment, Rates, and Repayment <ul style="list-style-type: none"> Presentation from meeting at webpage listed above 		
RRADs Program vs Construction Program <ul style="list-style-type: none"> Presentation from meeting at webpage listed above 		

Action Items:

4.	Assigned To	Task Description	Completion Date
4a.	WAPA	Create WAPA’s version a redline draft of the JPA by June 29, 2018, email and post on webpage	
4b.	WAPA	Create a chart showing the funding sources for construction, RRADs, O&M, and PPW	
4c.	WAPA	Determine time for customer meeting during the week of July 23 and email the customers	6/5/18

4.	Assigned To	Task Description	Completion Date
4d.	WAPA	Email notes from the May 21, 2018, meeting	
4e.	WAPA	Review 18 CFR 300.11 regarding the applicability of Interest During Construction to replacement assets	
4f.	D. Emler	Provide the CTC's suggested draft exhibits for the JPA	5/29/18
4g.	D. Emler	Provide the CTC's revised JPA matrix to WAPA	5/29/18

	Comments/Questions	Response
	Why do customers prepay for service?	Prepayment for service was first required to mitigate credit risk and later became a funding source.
	What problem(s) does prepayments solve?	It reduces dependency on constrained Federal appropriations.
	Certain customers believe the Prepayment MOU provides the consideration necessary for WAPA to accept and/or use prepayment funds.	The authority to accept and use prepayment funding comes in part from the Contributed Funds Act. The Prepayment MOU stipulates an approval process for the use of prepayment funding.
	When do prepayment dollars impact the rates?	They impact the rates when they are used for O&M expenses and when construction projects funded by prepayments are placed in service.
	When are interest rates set?	Interest rates are set when projects are started and are locked in until the project is repaid. Interest During Construction is incurred during the construction phase of the project and later capitalized. Interest on Investment is incurred after the project is placed into service. Principal payments are generally applied to the investment (debt) with the highest interest rate first.
	18 CFR 300.11 does not appear to allow Interest During Construction for replacement capital.	WAPA will review 18 CFR 300.11.
	What happens to prepayment funds that are collected?	Prepayment funds are used for O&M or construction projects. Funds are held or released to Treasury pursuant, in part, to our Unobligated Balance Strategy.
	Do Trust Funds impact the rates?	Trust Funds accepted from a specific customer to do work for that customer are wholly excluded from WAPA's rates.

	Comments/Questions	Response
	Can the customers give an up or down vote on the full TYP?	Customers cannot vote on the TYP. WAPA cannot usurp Congressional authority by directing the use of Appropriated funds. The majority of projects are funded with prepayments and are submitted to the customers for approval. If WAPA receives appropriations for a project approved for the use of prepayments, then the prepayment construction budget for that project will be reduced accordingly. Customers can vote on specific projects utilizing prepayments through the MOU.
	Why does WAPA use appropriations before prepayments?	Per the Prepayment MOU, WAPA is required to utilize appropriations, when available, first.
	Can customers vote on prepayment projects that are part of the TYP?	Yes, customers vote on all proposed prepayment construction projects. If not approved by the customers, prepayments are not used for construction.