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Western  
Area Power  
Administration

# Boulder Canyon Project Fiscal Year 2024 Public Information Forum

May 18, 2023

Webex

# Participant Instructions

- For the courtesy of other participants and to facilitate transcription of the meeting, please save all questions and comments until the end of the presentation
- Phones will be muted during the presentation



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# Agenda

- Regulations, Orders, and Procedures
- Formulas
- Base Charge and Rates Summary
- FY 2024 Proposed Base Charge and Rates
- Drought Actions and Planning
- 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
- BCP 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

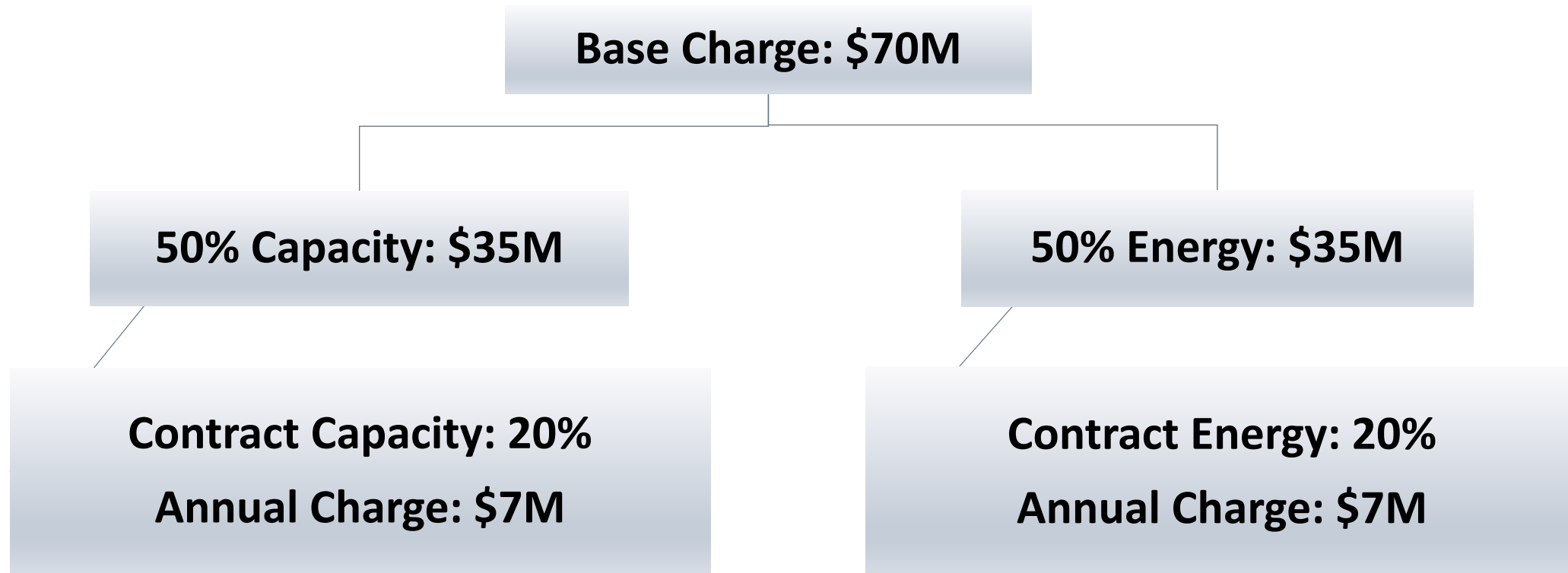


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# Collection of Base Charge



# 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 2024 Base Charge and Rates Summary

	FY 2023 Base Charge	FY 2024 Proposed FRN	Mid-Year Review (\$300,000)	FY 2024 Revised	FY 2023 vs. FY 2024 Revised	%
Base Charge	\$ 66,798,560	\$ 69,134,285		\$ 68,834,285	\$ 2,035,725	3.0%
Energy Projection (MWh)	2,977,624	2,888,088		2,888,088	(89,536)	-3.0%
Composite Rate (Mills/kWh)	22.43	23.94		23.83	1.40	6.2%
Energy Rate (Mills/kWh)	11.22	11.97		11.92	0.70	6.2%
Capacity Projection (kW)	1,285,167	1,192,467		1,192,467	(92,700)	-7.2%
Capacity Rate (\$/kW-Mo)	\$ 2.17	\$ 2.42		\$ 2.41	\$ 0.24	11.1%

- FY 2024 Proposed derived from the Final Ten-Year Operating Plan (TYOP) published February 28, 2023
- Mid-year review includes changes since the TYOP
- FY 2024 Revised includes mid-year review updates
- Energy and capacity projections from the second draft of the Master Schedule, projections finalized by June 1<sup>st</sup>
- Rates are calculated for informational purposes only



# FY 2024 Revised Base Charge

	FY 2023 Base Charge	Mid-Year Review	FY 2024 Revised	Change	%
<b>Bureau of Reclamation</b>					
O&M	60,086,500	(300,000)	59,276,000	(810,500)	
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>(300,000)</b>	<b>83,408,904</b>	<b>(1,262,223)</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>-</b>	<b>8,625,305</b>	<b>(99,542)</b>	<b>-1%</b>
<b>Total Expense</b>	<b>93,395,974</b>	<b>(300,000)</b>	<b>92,034,209</b>	<b>(1,361,765)</b>	<b>-1%</b>
<b>Prior Year Carryover</b>	<b>5,628,672</b>	<b>-</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>-</b>	<b>20,986,989</b>	<b>18,247</b>	<b>0%</b>
<b>Base Charge</b>	<b>\$ 66,798,560</b>	<b>\$ (300,000)</b>	<b>\$ 68,834,285</b>	<b>\$ 2,035,725</b>	<b>3%</b>



# Reclamation O&M

O&M	FY 2023 Base Charge	Mid-Year Review	FY 2024 Revised	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	(300,000)	21,853,000	(2,021,000)	-8%
Extraordinary Maintenance	8,350,000	-	10,313,000	1,963,000	24%
<b>O&amp;M</b>	<b>\$ 60,086,500</b>	<b>\$ (300,000)</b>	<b>\$ 59,276,000</b>	<b>\$ (810,500)</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 \$2M

# Extraordinary Maintenance

Line #		FY 2023 Base Charge	Mid-Year Review	FY 2024 Revised	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>\$ -</b>	<b>\$ 10,313,000</b>	<b>\$ 1,963,000</b>	<b>24%</b>

\*SNPLMA Projects



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# Extraordinary Maintenance (continued)

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



# Reclamation Replacements

Line #		FY 2023 Base Charge	Mid-Year Review	FY 2024 Revised	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 Replacment	215,000	-	150,000		
	<b>Replacements</b>	<b>\$ 9,372,500</b>	<b>\$ -</b>	<b>\$ 8,089,000</b>	<b>\$ (1,283,500)</b>	<b>-14%</b>

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

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



# Reclamation Other Expenses

Other Expenses	FY 2023 Base Charge	Mid-Year Review	FY 2024 Revised	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



# Reclamation Post Retirement Benefits

Post-Retirement Benefits (PRB)		FY 2023 Base Charge	Mid-Year Review	FY 2024 Revised	Change	%
<b>Bureau of Reclamation</b>						
	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>\$ -</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

# WAPA O&M

	FY 2023 Base Charge	Mid-Year Review	FY 2024 Revised	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>\$ -</b>	<b>\$ 8,272,799</b>	<b>\$ 679,512</b>	<b>9%</b>



# WAPA O&M (continued)

- Decreased Facility Expenses of \$161k
  - Changes in the distribution of safety costs
- Increase in Systemwide Expenses of \$841k
  - Higher labor rates and support costs
  - Changes to anticipated workload



# WAPA Replacements

Replacements	FY 2023 Base Charge	Mid-Year Review	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 resume breaker and relay replacements for FY 2026 and the outyears

# WAPA Post Retirement Benefits

Post Retirement Benefits (PRB)		FY 2023 Base Charge	Mid-Year Review	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>\$ -</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

# Interest Expense

		FY 2023	Mid-Year	FY 2024		
Interest - CME & Warehouse	Base Charge		Review	Revised	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>\$</b>	<b>29,875</b>	<b>\$ -</b>	<b>\$ 32,157</b>	<b>\$ 2,282</b>	<b>8%</b>

- Based on 5-year average of most recent actuals



# Carryover and Non-Power Revenue

	FY 2023	Mid-Year	FY 2024	Change	%
Prior-Year Carryover	Base Charge	Review	Revised		
Prior Year Carryover	\$ 5,628,672	-	\$ 2,212,935	\$ (3,415,737)	-61%
<b>Non-Power Revenue</b>					
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>\$ 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 Base Charge

	FY 2023 Base Charge	Mid-Year Review	FY 2024 Revised	Change	%
<b>Bureau of Reclamation</b>					
O&M	60,086,500	(300,000.00)	59,276,000	(810,500)	
Replacements	9,372,500	-	8,089,000	(1,283,500)	
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Payments to States	600,000	-	600,000	-	
Principal and Interest	977,548	-	977,548	-	
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<b>Base Charge</b>	<b>\$ 66,798,560</b>	<b>\$ (300,000)</b>	<b>\$ 68,834,285</b>	<b>\$ 2,035,725</b>	<b>3%</b>



# Drought Actions and Planning

- Update to the drought impact analysis later this year
- Drought and energy dialogue sessions concluded, summary reports posted to WAPA's website, a wrap-up meeting will be scheduled soon
- Reclamation and WAPA continue to coordinate with customers on the impact of the drought via the Ad Hoc Workgroup under the BCP Engineering and Operating Committee
- BCP Master Schedule Meeting 10 a.m. MST/PDT on May 24, 2023



# FY 2024 Timeline

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April 18,  
2023

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

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May 18,  
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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June 20,  
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 Timeline (continued)

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July 17,  
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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# Resources

## Western Area Power Administration

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

Christina Maldonado  
Public Utilities Specialist  
(602) 605-4478  
[maldonado@wapa.gov](mailto:maldonado@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>



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# Written Comments

Please send written comments for the official record to:

Jack D. Murray

Senior VP and Desert Southwest Regional Manager

Mail: P.O. Box 6457, Phoenix, Arizona 85005

Email: [dswpwrnk@wapa.gov](mailto:dswpwrnk@wapa.gov)



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# For Questions/Comments Today

- For questions, please choose one of the following options:
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- Make sure you are not “double-muted” when attempting to talk (i.e., muted on your device in addition to the Webex client)







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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>