

From: [DSW-PowerMarketing](#)
Subject: Updated BCP FY18 Base Charge Figures
Date: Monday, July 31, 2017 3:21:39 PM
Attachments: [FY18 Base Charge Update 7.27.17.pdf](#)
[BCP FY18 Projected Dam Fund Balance Revised.pdf](#)

Dear Boulder Canyon Project Contractors and Interested Parties,
During the Public Information Forum held on July 19, 2017, a request was made to better understand how the Bureau of Reclamation's (Reclamation) \$15 million working capital amount was derived and whether this increase in working capital over the prior marketing period is necessary. Inquiries were also made as to whether any additional steps could be made to further moderate the impact of this working capital being collected through the Fiscal Year (FY) 2018 base charge.

The greatest need for working capital is generally during the first quarter of a fiscal year when collections are not yet sufficient enough to cover expenditures. Since the working capital amount for the new marketing period will be incrementally funded over the course of 12 billing cycles, the full amount will not be available until FY 2019. For FY 2018, carryover balances for the marketing period ending September 30, 2017, will be available to cover funding shortfalls before the full \$15 million working capital amount is collected. Since all carryover balances for the marketing period ending September 30, 2017 must be refunded by September 30, 2018, Reclamation must collect for the \$15 million working capital in order to have a positive cash balance at the end of FY 2018. Attached is the analysis Reclamation conducted to determine the amount needed for the working capital fund.

Following the forum, Reclamation reviewed their budgets and revenue projections for FY 2018. To moderate the base charge increase, Reclamation was able to further reduce their replacement budget by \$838,000 and increase revenue projections for the Hoover Visitor Center by \$3 million. This will have a net reduction to the base charge of \$3.8 million. As shown in the attached, the updated proposed FY 2018 base charge will be \$76.9 million, or a 10.4 percent increase over the base charge for FY 2017.

As a reminder, the Public Comment Forum will be held on Friday, August 18, 2017 at 10:00am MST at the Desert Southwest Regional Office located at 615 South 43rd Avenue, Phoenix, AZ. Sincerely,

Kevin J. Schaefer | Public Utilities Specialist (Rates)

Western Area Power Administration | Desert Southwest Region

(O) 602.605.2867

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**Boulder Canyon Project
Proposed Base Charge Comparison**

	Measure	FY 2017 Base Charge	Proposed FY 2018 Base Charge	Change	
				Amount	%
Base Charge		\$69,662,289	\$76,910,193	\$7,247,904	10.40%
Composite Rates	Mills/kWh	19.63	19.98	0.34	1.75%
Energy Rate	Mills/kWh	9.82	9.99	0.17	1.75%
Energy Sales	MWh	3,547,892	3,849,647	301,755	8.51%
Capacity Rate	(\$/kW-Mo)	\$1.89	\$1.99	\$0.09	5.00%
Capacity Sales		1,534,000	1,613,000	79,000	5.15%

Note:

- Energy and Capacity Sales are based on the final FY 2018 Master Schedule
- Updated July 27, 2017

BOULDER CANYON PROJECT
Projected Dam Fund Balance Using Incremental Obligation Funding
Fiscal Year 2018 (Revised)

Month	REVENUE						OBLIGATIONS										ENDING BALANCE
	Beginning Balance	Net Power	Water	WAPA Other	Visitor Services	TOTAL REVENUE	Operation Maintenance A&GE	EOM	Visitor Services	Replacements	Payment to States	Debt Principal	Debt Interest	Other Interest	Transfers to WAPA	TOTAL OBLIGATIONS	
October	0	-	48,333	100,000	989,423	1,137,757	2,439,497	515,000	232,426	995,000	-	-	-	-	763,917	4,945,840	(3,808,083)
November	(3,808,083)	-	48,333	100,000	674,486	822,819	3,607,691	880,000	601,557	885,000	-	-	-	-	763,917	6,738,164	(9,723,428)
December	(9,723,428)	5,820,528	48,333	100,000	850,872	6,819,733	4,011,579	1,010,000	599,100	886,000	-	-	-	-	763,917	7,270,596	(10,174,290)
January	(10,174,290)	5,485,347	48,333	100,000	943,852	6,577,533	2,046,817	938,000	772,615	925,000	-	538,000	-	-	763,917	5,984,349	(9,581,106)
February	(9,581,106)	5,956,529	48,333	100,000	738,507	6,843,370	4,286,311	590,000	518,930	725,000	-	-	-	-	763,917	6,884,158	(9,621,895)
March	(9,621,895)	5,618,335	48,333	100,000	1,126,951	6,893,619	4,104,308	411,000	844,534	906,000	-	-	-	-	763,917	7,029,759	(9,758,035)
April	(9,758,035)	6,558,345	48,333	100,000	1,175,051	7,881,728	3,753,153	200,000	691,854	895,000	-	-	-	-	763,917	6,303,924	(8,180,230)
May	(8,180,230)	6,323,807	48,333	100,000	956,803	7,428,943	3,683,932	125,000	943,536	895,000	600,000	-	-	-	763,917	7,011,384	(7,762,671)
June	(7,762,671)	8,023,269	48,333	100,000	1,268,304	9,439,906	4,174,773	-	573,280	745,000	-	-	434,000	-	763,917	6,690,969	(5,013,734)
July	(5,013,734)	8,404,843	48,333	100,000	1,234,344	9,787,520	3,475,726	-	903,677	735,000	-	-	-	-	763,917	5,878,320	(1,104,534)
August	(1,104,534)	7,665,721	48,333	100,000	1,133,512	8,947,566	4,574,278	-	1,079,513	-	-	-	-	-	763,917	6,417,707	1,425,326
September	1,425,326	7,270,946	48,333	100,000	907,896	8,327,176	4,824,936	-	1,003,978	-	-	-	-	17,000	763,917	6,609,830	3,142,671
October	3,142,671	7,058,375	-	-	-	7,058,375	-	-	-	-	-	-	-	-	-	0	10,201,046
November	10,201,046	6,562,148	-	-	-	6,562,148	-	-	-	-	-	-	-	-	-	0	16,763,194
Total		80,748,194	580,000	1,200,000	12,000,000	94,528,194	44,983,000	4,669,000	8,765,000	8,592,000	600,000	538,000	434,000	17,000	9,167,000	77,765,000	

Note 1: FY2018 begins the new contract period in which the first two months will have zero power revenue. This is the time gap between the actual billing and transfer of power revenue from Western to Reclamation.

Note 2: Working Capital of \$15M will be collected in the FY2018 Base Charge and is included within the Net Power column.

Note 3: Post Retirement Benefits and Conditional Funds are not included in Obligations.

From: [Law, Diane \(CONTR\)](#) on behalf of [DSW-PowerMarketing](#)
Cc: [DSW-DirectReports](#); [DSW-G6000Group](#)
Subject: BCP Customer Response Email
Date: Thursday, August 10, 2017 11:03:38 AM
Attachments: [BCP Projected Dam Fund Balance - FY2018.pdf](#)

Dear Boulder Canyon Project Contractors and Interested Parties,

Since sending the update regarding the working capital analysis and revised base charge on July 31, 2017, WAPA has received a follow-up inquiry. It was requested that Reclamation's working capital analysis be updated with the latest budget figures reflected in the revised base charge. It was also requested that further explanation be given to note 3. The attached document contains the revised analysis and expanded note. The revisions did not change the amount Reclamation needs for working capital.

As a reminder, the Public Comment Forum will be held on Friday, August 18, 2017 at 10:00 a.m. MST at the Desert Southwest Regional Office, located at 615 South 43rd Avenue, Phoenix, Arizona, 85009.

Comments will be accepted any time before the close of the comment and consultation period on September 18, 2017. Send written comments to Mr. Ronald E. Moulton, Regional Manager, Desert Southwest Customer Service Region, Western Area Power Administration, P.O. Box 6457, Phoenix, Arizona 85005-6457, e-mail moulton@wapa.gov.

Sincerely,

Kevin J. Schaefer | Public Utilities Specialist (Rates)

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BOULDER CANYON PROJECT

Projected Dam Fund Balance Using Incremental Obligation Funding

Fiscal Year 2018

Month	REVENUE						OBLIGATIONS										ENDING BALANCE
	Beginning Balance	Net Power	Water	WAPA Other	Visitor Services	TOTAL REVENUE	Operation Maintenance A&GE	EOM	Visitor Services	Replacements	Payment to States	Debt Principal	Debt Interest	Other Interest	Transfers to WAPA	TOTAL OBLIGATIONS	
October	0		48,333	100,000	1,236,779	1,385,112	2,439,497	515,000	232,426	995,000	-	-	-	-	763,917	4,945,840	(3,560,727)
November	(3,560,727)		48,333	100,000	843,107	991,441	3,607,691	880,000	601,557	885,000	-	-	-	-	763,917	6,738,164	(9,307,451)
December	(9,307,451)	5,543,876	48,333	100,000	1,063,590	6,755,799	4,011,579	1,010,000	599,100	686,000	-	-	-	-	763,917	7,070,596	(9,622,248)
January	(9,622,248)	5,224,626	48,333	100,000	1,179,815	6,552,774	2,046,817	938,000	772,615	725,000	-	538,000	-	-	763,917	5,784,349	(8,853,822)
February	(8,853,822)	5,673,412	48,333	100,000	923,134	6,744,880	4,286,311	590,000	518,930	525,000	-	-	-	-	763,917	6,684,158	(8,793,100)
March	(8,793,100)	5,351,293	48,333	100,000	1,408,688	6,908,315	4,104,308	411,000	844,534	668,000	-	-	-	-	763,917	6,791,759	(8,676,544)
April	(8,676,544)	6,246,623	48,333	100,000	1,468,813	7,863,770	3,753,153	200,000	691,854	895,000	-	-	-	-	763,917	6,303,924	(7,116,698)
May	(7,116,698)	6,023,233	48,333	100,000	1,196,004	7,367,570	3,683,932	125,000	943,536	895,000	600,000	-	-	-	763,917	7,011,384	(6,760,512)
June	(6,760,512)	7,641,920	48,333	100,000	1,585,379	9,375,632	4,174,773	-	573,280	745,000	-	-	434,000	-	763,917	6,690,969	(4,075,849)
July	(4,075,849)	8,005,357	48,333	100,000	1,542,930	9,696,620	3,475,726	-	903,677	735,000	-	-	-	-	763,917	5,878,320	(257,549)
August	(257,549)	7,301,366	48,333	100,000	1,416,890	8,866,589	4,574,278	-	1,079,513	-	-	-	-	-	763,917	6,417,707	2,191,333
September	2,191,333	6,925,355	48,333	100,000	1,134,870	8,208,558	4,824,936	-	1,003,978	-	-	-	-	17,000	763,917	6,609,830	3,790,061
October	3,790,061	6,722,887	-	-	-	6,722,887	-	-	-	-	-	-	-	-	-	0	10,512,948
November	10,512,948	6,250,246	-	-	-	6,250,246	-	-	-	-	-	-	-	-	-	0	16,763,194
Total		76,910,194	580,000	1,200,000	15,000,000	93,690,194	44,983,000	4,669,000	8,765,000	7,754,000	600,000	538,000	434,000	17,000	9,167,000	76,927,000	

Note 1: FY2018 begins the new contract period in which the first two months will have zero power revenue. This is the time gap between the actual billing and transfer of power revenue from Western to Reclamation

Note 2: Working Capital of \$15M will be collected in the FY2018 Base Charge and is included within the Net Power column. The entire \$15M Working Capital won't be fully collected until November 2018.

Note 3: Post Retirement Benefits (PRB) and Conditional Funds are not included in Obligations as PRBs have not historically been included in Obligations and it is not anticipated that disbursements will be made for PRBs in FY2018.