

WAPA-206 Questions, Comments and Responses

Update: August 25, 2023

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Questions and Comments received during the July 19 Public Information Forum

Who, Representing	Questions/Comment	Response
Jeff Woner - CREDA	<p>(slide-17, Annual and Cumulative Difference between DSA and Observed Generation)(T-35:23)</p> <p>Commented that he liked the slides/graphs presented.</p> <p>Q1 had you applied the WAPA-199 DSA concept, does the bars represented what the DSA would have been and the blue line what actually happened?</p> <p>Q2 When you purchasing it is at market prices and when you are selling its at around \$13, it would be interesting to see the revenue fluctuation, and expenses, is that something you can easily replicate? (slide-17)</p>	<p>A1 – Jerry Wilhite – the bars represent what WAPA would have to purchase to meet DSA or what we had in excess to what DSA was.</p> <p>A2 – Jerry Wilhite – Some of the represented sales were sold at market prices Jerry thinks he’s done it previously for the WAPA-199 period. Jerry said he thinks he can go back and apply to the past and translate it to dollars. ADDED: I have now completed the same analysis using dollars. As of June, we were still net short almost \$6 million. This is despite the fact we were net long in MWh by this point. However, much of the energy we sold above DSA was for very cheap prices. Prices we paid for purchases, especially in December and January were much higher than the prices were selling at in the spring.</p>
Jeff Woner - CREDA	<p>(slide-41, Revenue Requirements, Offsetting Revenues)(T1-1:05)</p> <p>Q1 On the Merchant function, the roughly the \$2.5M reduction based on the reduction of</p>	<p>A1 – Jennifer Hultsch – Based on how we billed our Customers for Merchant Services, we realized that for the support we provide the Rocky Mountain region we were doing an external billing, so we changed our process and now we direct charge them for the labor associated with the Rocky Mountain region. So when you look at the</p>

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	<p>transaction fees, could you talk more to that on why it is going down?</p> <p>Q2 So, would the remaining transaction fees that you are showing there be WRP, CDP Purchases?</p> <p>Q3 is the offset one for one? So you reduced the O&M by the \$2.5M?</p> <p>Q4 can we make that an item in our workplan review to see that?</p>	<p>overall workplan, for the group that provides Merchant Service support, their budget has decreased and it reflects the direct charging to the Rocky Mountain region and as such the revenues also decrease, so it offsets between the two.</p> <p>A2 – Jennifer Hultsch – those are the remaining customers we provide Merchant Support services to, Kirtland AFB, NTU, Page</p> <p>A3 – Jennifer Hultsch – it’s a little more complicated, we’ve used the historical data to determine the annual fee, so part of the new process is ensuring that we sufficiently recover our costs from all of our customers. So, our budgetary decrease may actually be higher than the reduction in revenues, depending on how it turns out. Where this year is our trial, so we’re going to go back and compare what the differences were between our initial estimate and how our labor actually turned out and adjust our billing in the future accordingly.</p> <p>A4 – Jennifer Hultsch – Sure - yes</p>
<p>Leslie James – CREDA</p>	<p>(T - 1:11)</p> <p>Q1 – With Jerry’s presentation noting that the first two years of the DSA/Purchased Power will be based on the August 23 24-month study, how much time or when will we be provided the results of that study in order to make our comments prior to the Sep 1st deadline? Or will we have time to know the results of that 24-month study before the comment deadline?</p> <p>Comment – We do question a bit the use of \$5million dollars of purchased power for those years, we are hoping that the data supports that.</p>	<p>A1a – Tony Henriquez – So that has been an ongoing question, because typically the way we receive the studies from Reclamation, we receive it towards the back end of the month and we know that is going to run into the last ten days of the comment period and then we also have the processing time that Jerry needs to implement it. I think it is crucial that you have that information, and we’ll make that information available to you as soon as we have it. Our goal with the rate action is to basically maintain the rate the same, and the only way that would affect that decision would be if there was a drastic change between what we expect to see now than what we actually see at that time [August].</p> <p>A1b – Jerry Wilhite – The August 24-month study we should have probably around the middle of the month, on or around the 15th, and</p>

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	<p>Q2 – Has WAPA considerer whether it will extend the comment period, in order to incorporate that information since it is really the driver for the rate?</p> <p>Comment: You did a good job at explaining the actual consideration period and the issues there, and we fully supported that. It is just the timing of this data that comes in that may influence what folks have to say, and even what you do with the rate. Thank you for considering that flexibility.</p> <p>Q3 – Initially we were recommending – suggesting another 2-year rate. We understand some of the reasons why WAPA is proposing a</p>	<p>I can have it turned around in a day. The out years, the CRSS, that’s usually the one that we don’t get until the latter part of the month. In fact, I believe for WAPA-199 we did not get the CRSS traces until October, but I don’t anticipate that being an issue here. I think they were starting to transition out of it at that time. If you think of the schedule, we should have the CRSS traces towards the end of the month, those take more time for me to turn around. I can have them in a week from the time that they get them. So hopefully they have them, you should be able to easily see the 24-month study results and you will see those two water years or fiscal years. The CRSS is really going to be dependent on when it is transferred over to us.</p> <p>A2a – Tony Henriquez – We have considered it. It is going to be a timing thing, just like we did on WAPA-199. We ended up extending an additional two weeks. (Asked Trevor Updegraff to chime in for legal).</p> <p>A2b – Trevor Updegraff – we do want to make sure all of our customers and any other interested parties have the appropriate timeframes to respond to new information, and this is on our radar. The Administrator does have the ability to, by appropriate announcement, extend deadlines as may be needed and so were keeping an eye on when that information will be available, and our rates team is certainly aware of that potential issue and is being mindful of affording everyone the full opportunity to comment.</p> <p>A2c – Tony Henriquez – I think if we did open up, maybe a separate comment period it would be specific for the purpose of that [new data], so that we can still receive any other comments on anything else by the September 1 deadline and that way it helps us start working on those comments ahead of time.</p> <p>A3 – Tony Henriquez – Good question, and I may have to get back to you on that, because it really is going to be data driven and the timing on when we get that [information] from Reclamation (there</p>
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	<p>5-year rate, because you look at the PRS and you continuously monitor the rate during the year, but there is at least one process that if it is completed it will reduce one of the rate components and that has to do with Salinity. At what point is WAPA able to adjust the assumption for the Salinity obligation in this PRS?</p>	<p>was no one from Reclamation that could speak about Salinity). ADDED: As of August 9, the Bureau of Reclamation (Reclamation) shared that, the proposed Bill language to the Salinity Control Act FLO23639 is still undergoing discussion. At the time Reclamation provides a decision regarding the Salinity obligation, those assumptions, along with all annual results of operations, will be vetted through the Power Repayment Study for annual rate impact assessment. If within those annual assessments we find there is a need to amend or adjust the existing rate, we will then engage customers and the public to inform them of current recommendations.</p>
<p>Kevin Garlick - UMPA</p>	<p>(T - 1:23) Jerry, a question about GT MAX – you mentioned about purchased power and how you use Palo Verde as your method to look at pricing. Do you go back and do a historical review? You know, forecast out some kind of projected value for power and purchases you will be making. Do you ever go back and look at the historical number, the actuals? I know you track actual purchases but it is the differential between what the cost per MWh forecasted and the actual at that hour.</p>	<p>Jerry Wilhite – I have not done it at an hour scale, but I have gone back looked, most of the back-casting we have done is comparing forecasted generation to actual generation a separate effort work on that, okay these are the prices they used how accurate are those? Then I have put those together to some extent. It’s something I can go back and pool it together into a single product, but I have done bits and pieces of that. What I found, what really drives that error, and there is time that some of that I presented today, some of it is conflicting on error on my part. Some, most of the errors are driven by change in hydrology, so right now it is little bit better because were doing the DSA scheme while we are making up forecasts for three months at a time. While prior we were making up an entire season, so we’ve gotten better at that, because the hydrology has been less variable moving out. You can still see, like these last few months both December’s, December 21 and December 22, after the DSA offer they lowered 50kAF. So those type of things are things outside of my control. The model performs really well and I guess when you convert it into dollars, there is Argus energy prices, and we use Palo Verde and Palo Verde has been pretty good, but these last few summers it has been way off. It has been forecasting \$280, and</p>

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		<p>\$300 average peak prices and we just haven't seen it. And it certainly didn't forecast what we saw December and January this year, we were looking at \$40-\$50 forecasts and we were at \$300. We're pretty good, and circling back to your point, certainly I have not done this since WAPA-199, because any purchases report our measure of my error. In theory it just [incomprehensible], it would be good effort, I think what Johnathan is saying its try and case a longer and see how it performs. ADDED: We are funding Argonne to characterize the uncertainty in our hydropower analyses. They are quantifying the error we have seen in past price and hydrologic forecasts and incorporating that error into our analyses. Once this effort is complete, we will be able provide statistically robust hydropower analyses.</p>
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Date, Who, Representing	Question	Response
Aug 22, 2023, Jeff Woner, K. R. Saline & Associates, PLC	Can you please provide me or point me to where I can find the annual fixed charge formula methodology on the WAPA website for the ATRR included in the FY24 transmission rates (\$94,381,716 before credits)?	Christiana Kelley – Attached is the Fixed Charge portion used to determine ATRR. The ATRR is calculated on the 38.217% totaled in Column H, Row 37. That percentage is multiplied by the Net Investment Cost of \$248,444,804 based on FY22 Actuals. That total is comprised of FY22 Plant in Service, Projected Plant, Non-Transmission, Young's Canyon Credit, the percentage of Plant to Transmission, Prior Year Depreciation, and Averaged Annual Depreciation. (Attachment posted separately as FY22 Fixed Charge Formula)