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BOULDER CANYON PROJECT
PUBLIC INFORMATION FORUM
FISCAL YEAR 2025 BASE CHARGE

MONDAY, MAY 20, 2024

10:00 a.m. MST/PDT

The Public Information Forum for the Boulder Canyon Project's Fiscal Year 2025 Base Charge was held on Monday, May 20, 2024, in Phoenix, Arizona, with participants/attendees appearing in person and virtually, from 10:01 to 10:29 a.m. MST/PDT.

Present from Western Area Power Administration (WAPA):

Dave Gorlin, Counsel for the Department of Energy;

Tina Ramsey, Rates Manager, Desert Southwest Region; and

Christina Maldonado, Rate Specialist, Boulder Canyon Project.

The forum was taken down and transcribed by Nor Monroe, Certified Court Reporter for the State of Washington.

1 (10:01 a.m.)

2 DAVE GORLIN: Good morning, and welcome to our
3 Public Information Forum for the Boulder Canyon Project.
4 My name is Dave Gorlin. I'm an attorney for the
5 Department of Energy, Western Area Power Administration.
6 I work out of WAPA's Lakewood, Colorado, office, but
7 it's my pleasure to be moderating our forum today in
8 Phoenix.

9 Forum today is a hybrid meeting -- meeting,
10 meaning we have attendees in person, at WAPA's Desert
11 Southwest regional office, in addition to attendees
12 joining us remotely, via Teams or by phone.

13 This meeting is being recorded for
14 transcription purposes. The recording may be posted on
15 DOE or WAPA's website or used internally. If you do not
16 wish to have your voice recorded, please do not speak
17 during the meeting. For those attendees joining us
18 remotely via Teams, if you do not wish to have your
19 image recorded, please turn off your camera, or
20 participate by phone.

21 If you are in attendance in person, speak
22 during the meeting, or use video connection, you are
23 presumed to consent to recording and to the use of your
24 voice or image.

25 Today we will be reviewing the proposed fiscal

1 year 2025 base charge for the Boulder Canyon Project.
2 Proposed base charge for fiscal year 2025 will be
3 effective October 1st, 2024, and remain in effect
4 through September 30th, 2025.

5 A verbatim transcript of this forum will be
6 prepared by our transcription service. Everything said
7 while we are in session today, including the
8 presentation, will be part of the official record.

9 Copies of the transcript and the complete record of the
10 public process will be available for review here, at
11 WAPA's Desert Southwest regional office in Phoenix.

12 For those attending our Public Information
13 Forum in person today, for the restroom, make a right
14 turn when exiting this room; they're located on the
15 left-hand side of the hall, past the kitchen.

16 In case of emergency, turn right and head
17 toward the front lobby after exiting this room, head
18 outside to the parking lot, to Assembly Area Number 1.

19 To facilitate transcription of the meeting,
20 please save all questions and comments about the
21 proposed base charge until the end of the presentation.

22 In addition, we will be muting phones during
23 the presentation to avoid background -- background noise
24 and any other possible distractions.

25 In addition to this Public Information Forum,

1 WAPA will also conduct a separate Public Comment Forum.
2 The Public Comment Forum for the proposed base charge is
3 scheduled for Tuesday, June 18th, 2024, at 10:00 a.m.
4 Mountain Standard Time, Pacific Daylight Time, to no
5 later than 12:00 p.m. Mountain Standard Time, Pacific
6 Daylight Time, or until the last comment is received.
7 The Public Comment Forum will also be a hybrid meeting,
8 and the meeting information is posted on WAPA's website.

9 If you would like to submit written comments
10 on the proposed base charge, comments must be received
11 by the close of the consultation and comment period,
12 which is July 18th, 2024.

13 Comments should be sent to Jack D. Murray,
14 Senior Vice President and Regional Manager of WAPA's
15 Desert Southwest Region, by mail to P. O. Box 6457,
16 Phoenix, Arizona 85005; or by email to
17 dswpwrmrk@wapa.gov. We will provide this mailing and
18 ee- -- email information on a slide at the end of the
19 presentation.

20 This presentation, along with the supporting
21 documentation, is available on WAPA's Boulder Canyon
22 Project rate website, and a link to the page will be
23 included in the presentation, and posted in the Teams
24 chat box for those attendees joining us remotely.

25 Unless anyone has any questions about the

1 procedures for the forum, we will mute any open phone
2 lines, and I will turn the meeting over to Tina Ramsey
3 to begin the presentation.

4 TINA RAMSEY: All right. Thank you, Dave.

5 So good morning. My name is Tina Ramsey, and
6 I am the Rates Manager for Western Area Power
7 Administration -- or WAPA's -- Desert Southwest Region.
8 Today we will be discussing the proposed fiscal year
9 2025 Boulder Canyon Project base charge.

10 Along with myself from WAPA, we have Christina
11 Maldonado. She is the Rate Specialist who works on the
12 Boulder Canyon Project. Also, Bureau of Reclamation
13 staff has also joined us today. And we are all
14 available to answer any comments or questions at today's
15 forum.

16 On the agenda today, I will begin with briefly
17 reviewing the formulas for the Boulder Canyon Project
18 base charge and rates.

19 Next I will turn the for- -- the forum over to
20 Christina. She will provide details on the fiscal year
21 2025 proposed base charge.

22 After reviewing the base charge, I will
23 discuss the steps in the rate process and -- and provide
24 our contact information.

25 After that is complete, I will turn the

1 meeting back over to Dave, and he will open the forum
2 for questions and comments.

3 But first, let me review the formulas for the
4 Boulder Canyon Project base charge and rates. Boulder
5 Canyon Project has a base charge, which is similar to a
6 revenue requirement. The base charge is calculated by
7 taking the debt service plus annual expenses for both
8 WAPA and Reclamation and any changes to the working
9 capital and we subtract other revenues and any cash
10 available.

11 Other revenues are nonpower revenues, and are
12 revenue -- revenues from visitor-center services,
13 auxiliary [ph/sic] services, and water sales.

14 Cash available is unapplied revenue from the
15 previous year, along with funds that have been committed
16 for use but not yet spent; for example, undelivered
17 orders and accounts receivable.

18 Contractor's monthly bill is based on a
19 proportionate share of this annual base charge, and
20 consists of both a capacity and an energy component.

21 So as an example, if the base charge
22 calculates to \$70 million, this amount is split in half
23 and will be collected as a capacity component and an
24 energy component. Each contractor's annual charge is
25 calculated by multiplying their contract percentage by

1 either the capacity amount or the energy dollar amount.

2 The capacity and energy amounts each
3 contractor's responsible for is broken down further into
4 monthly invoices. The capacity portion is collected
5 evenly each month, or divided by 12, and the energy
6 amount is shaped before the year begins, to match the
7 anticipated monthly energy throughout the year. So if
8 5 percent of the energy for the year is projected to be
9 delivered in October, then you will pay 5 percent of the
10 annual energy charge for the October service.

11 Rates. While we do not bill based on rates,
12 we do calculate rates for comparison purposes. The
13 total -- oh, sorry. The composite rate is the total
14 base charge divided by the annual-energy-projection
15 value, the energy rate is half of the base charge
16 divided by that same annual-energy-projection value,
17 while the capacity rate is half of the base charge
18 divided by the annual-capacity projection.

19 While we perform an annual calculation to
20 determine the base charge, we do use three years of
21 data. We use data from the year that just completed, we
22 look at the amount we collected for the base charge for
23 fiscal year 2023, and compare against our actual costs:
24 what did we collect -- collect versus what we used. If
25 we did not use those funds in fiscal year 2023, we apply

1 those funds as carryover or unapplied revenue to the
2 next year, which is fiscal year 2024.

3 Next we look at fiscal year 2024, the current
4 year, to see if any adjustments to our costs are needed.
5 We make any adjustments and we apply that previous-year
6 carryover to those adjustments, then we estimate if
7 there's any leftover funds remaining for 2024. Those
8 funds will then be carryover into the following year, or
9 the base-charge-setting year, which is fiscal year 2025,
10 and the year we're calculating the base charge.

11 So hope this gives everyone a bit of a
12 background on the calculation of the base charge and
13 rates for Boulder Canyon Project.

14 I will now turn the meeting over to Christina
15 so she can review the specific inputs to the calculation
16 for the fiscal year 2025 Boulder Canyon Project base
17 charge.

18 CHRISTINA MALDONADO: Good morning. I'm
19 Christina Maldonado, WAPA's Rate Specialist for Boulder
20 Canyon Project, and I will talk about the proposed
21 FY 2025 base charge and projected rates.

22 The sly- -- this particular slide is a
23 high-level summary of the proposed base charge and the
24 projected rates. We have several more slides; we will
25 go into additional details.

1 Both Reclamation and WAPA completed a midyear
2 review, where we looked at the FY 2024 execution levels
3 and projected expenses and revenue for both FY 2024 and
4 FY 2025. We are on track to fully execute, and are
5 unable to make any further reductions.

6 The proposed base charge has not changed from
7 what was presented at the informal meeting on March 6
8 and published in the Federal Register on April 19th. We
9 are proposing the FY 2025 base charge will remain at the
10 FY 2024 level, of \$74.3 million.

11 The rates have been updated using the energy
12 and capacity values from the second draft of the FY 2025
13 Master Schedule. Comparing to FY 2024's numbers, the
14 composite rate is increasing 2.3 percent -- I'm sorry --
15 2.4 percent, the energy rate is increasing 2.3 percent,
16 and the capacity rate is increasing 2.3 percent. We
17 will update these projections for energy and capacity
18 again after the final Master Schedule is published,
19 around June 1st.

20 Slide, please.

21 This table compares FY 2024's base charge, in
22 the first column, with FY 2025's proposed base charge.
23 The last two columns display the percentage and dis- --
24 display the dollar and percentage changes between
25 FY 2024 and FY 2025.

1 We will go over the slide quickly, since the
2 next several slides go into more details for each
3 category, and we will see this slide again towards the
4 end of the presentation.

5 Towards the bottom of the slide, fourth row
6 from the bottom, total expenses are decreasing \$160,000;
7 there's an increase in carryover of \$1.9 million;
8 resulting in no change in the FY 2025 base charge when
9 compared to FY 2024.

10 Let's do a more thorough review of the
11 differences in the base charge between FY 2024 and
12 FY 2025. This is a sim- -- summary of Reclamation's
13 Operations and Maintenance budget. Overall, the FY 2025
14 budget is increasing \$1.1 million, or 2 percent, as
15 compared to FY 2024.

16 The Operations budget increased by \$349,000,
17 due to an increase in regional and other support and
18 services, two additional FTEs, annual salary increases,
19 and an increase in water scheduling due to a
20 re-evaluation of budget needs.

21 Reclamation's Maintenance budget increased
22 \$1.4 million, due to two additional FTEs and annual
23 salary increases.

24 Reclamation's Administration and General
25 Expense budget increased \$526,000. The increase is due

1 to two additional FTEs, annual salary increases,
2 increases in training and travel, and an increase in
3 regional-IT-support cost.

4 Next slide, please.

5 These items were talked about in my review of
6 the previous slide, so we'll skip this slide.

7 Here we have details on Reclamation's
8 Extraordinary Maintenance as outlined in the Ten-Year
9 Operating Plan. The \$1.1 million decrease is due to the
10 Lower Portal Road project being pushed out to FY 2028
11 and Reclamation's effort to levelize projects, resulting
12 in reduced funding requests.

13 Moving on to Reclamation replacements. The
14 individual projects for both FY 2024 and FY 2025 are
15 listed here. In this category, the budget decreased
16 2.2 million from FY 2024. This decrease is primarily
17 due to Reclamation's effort to level the project
18 expenses and the -- pushing out the N7 Oil System
19 Replacement to FY 2026.

20 Reclamation's other expenses. There's an
21 increase of \$270,000 in the Hoover Dam Visitor Services
22 budget for an increase in salary, benefits, and overhead
23 due to additional salary increases. Payments to states
24 is static, annual estimate each year, so there's no
25 change there. Principal and interest remains unchanged

1 as we work to pay off the one remaining asset, which is
2 Flood Control, and that is scheduled to be paid off in
3 2037.

4 Reclamation's Post Retirement Benefits. The
5 imputed retirement, health-, and life-insurance costs
6 are increasing \$109,000 due to a higher five-year
7 average of most recent actuals. We show here the
8 five-year of actuals, FY 2019 through FY 2023; they are
9 used for the FY 2025 projection. We will use the same
10 format for some other categories where we use five years
11 of actuals for our future projections.

12 Now let's look at WAPA's O&M budget for
13 FY 2025. We have a 25 percent increase in our Facility
14 Expenses category. While this increase seems a little
15 high, please remember that we did cut the Facility
16 Expense budget in our process last year. The FY 2025
17 estimates for transmission-line and substation
18 maintenance are more in line with the historical
19 execution levels. In addition, we are using some higher
20 labor-cost projections: salaries, overtime, overheads,
21 and benefits.

22 In the Systemwide Expense category, we have a
23 6 percent increase. This is lower than the amount in
24 the Ten-Year Operating Plan. The Ten-Year Operating
25 Plan had 11 percent increase. If you were at the TRC

1 meeting in September, we discussed that the System
2 Operations and Load Dispatching budget value was too
3 high. Since BCP contractors do not participate in
4 WAPA's purchase power costs, and EIM participation
5 benefits are large -- are largely related to those
6 costs, we have reviewed the budget and made a \$500,000
7 reduction, resulting in a 5 percent decrease. We still
8 are seeing some higher labor rates and support costs.

9 Overall, WAPA has an increase of \$772,000 for
10 O&M as compared to FY 2024, which is a 9 percent
11 increase.

12 Similar to Reclamation's replacement program,
13 WAPA's Replacement [sic] budget varies, based on the
14 projects for the year. R- -- Replacements overall has a
15 22 percent decrease from FY 2024 to FY 2025. This is a
16 result of moving up the breaker-replacement project to
17 FY 2024 that was previously spread out over more years.

18 WAPA's Post Retirement Benefits projected
19 costs are decreasing \$1,172 due to a lower five-year
20 average of recent actuals. We show here the five years
21 of actuals that are used for our projection.

22 In the same way as PRBs, WAPA's
23 capitalized-movable-equipment and
24 warehouse-forecasted-interest expenses are also based on
25 a five-year average of recent actuals. FY 2025

1 decreased \$1,521, or 5 percent.

2 We will now move to some project items, not
3 just WAPA items, which are on this slide. This slide
4 shows projected revenues and carryover amounts which
5 offset the expenses and are a sub- -- subtraction in the
6 base-charge calculation.

7 Prior-year carryover is estimated to increase
8 \$1.9 million from FY 2024.

9 We are decreasing the visitor-services revenue
10 \$2 million due to overestimating the amount of revenue
11 they have been receiving for the Commercial Use Fee
12 program.

13 For the ancillary-services revenues, we do use
14 a five-year average of most-recent actuals. This
15 decreased almost \$80,000.

16 Water-sales-revenue projection will remain the
17 same.

18 In summary, Reclamation's expenses have
19 decreased \$721,000, and WAPA's expenses are increasing
20 \$561,000, resulting in an overall decrease in total
21 expenses of \$160,000 when comparing FY 2024 to FY 2025.

22 Prior-year carryover funds increased
23 \$1.9 million.

24 And lastly, nonpower revenue is decreasing
25 2.1 million, which results in the FY 2025 base charge

1 remaining at the FY 2024 level.

2 I will now turn the meeting back over to Tina.

3 TINA RAMSEY: Thank you, Christina.

4 Along with the rates meetings, WAPA will also
5 be hosting a Boulder Canyon Project Master Schedule
6 meeting, along with the Parker-Davis Project Annual
7 Operating Plan meeting, on Wednesday, May 22nd -- so
8 that's this Wednesday -- at 1:00 p.m. Mountain Standard
9 Time, Pacific Daylight Time. This meeting will be a
10 hybrid meeting. And the meeting information and
11 materials will be posted at WAPA's website, which is
12 listed there. I hope you can join us for that meeting.

13 So next let's move on to the timeline. All
14 right. So the timeline for the rate-setting public
15 process. So on April 19th, WAPA published the proposed
16 Boulder Canyon Project base charge in the Federal
17 Register. That started the 90-day public-comment-and-
18 consultation period.

19 Today is the Public Information Forum, which
20 is our presentation on the proposal for the fiscal year
21 2025 base charge.

22 On Tuesday, June 18th, at 10:00 a.m. Mountain
23 Standard Time, or Pacific Daylight Time, WAPA will host
24 a Public Comment Forum. This forum allows the public
25 the opportunity to make comments about this rate action,

1 and there is no formal presentation by either WAPA or
2 Reclamation. This will also be a hybrid meeting, here
3 in WAPA's conference rooms and on Teams, like today.

4 So the 90-day public-comment-and-consultation
5 period, which started on April 19th, concludes on July
6 18th. WAPA then considers all the comments received
7 through the comment-and-consultation period, and will
8 publish the final rate order via a Federal Register
9 notice, and we anticipate publishing in August, with an
10 effective date of October 1st, 2024.

11 So here's contact information for both WAPA
12 and Reclamation. Please reach out to myself, Christina,
13 or John Paulsen from WAPA; or from Reclamation, Len
14 Schilling, Matt Stemmer, or -- or Laura.

15 And . . . next slide.

16 So as Dave mentioned earlier, you can send
17 comments to Jack Murray -- here's Jack's contact
18 information -- to either mail or email any comments.
19 Comments must be received by July 18th, which is the end
20 of our comment-and-consultation period.

21 So I will now turn the meeting back over to
22 Dave for questions and the comment portion of the forum.

23 DAVE GORLIN: Thank you, Tina.

24 We will now open the forum for questions or
25 comments. We ask that you keep in mind the questions

1 should be relevant to the fiscal year 2025 base charge
2 for the Boulder Canyon Project. Any questions that we
3 are not able to answer today will be answered in writing
4 and posted on WAPA's website before the close of the
5 comment-and-consultation period.

6 For questions or comments, please raise your
7 hand if you are attending in person, and I'll be sure to
8 call on you. For those joining us remotely, you may use
9 the features in Teams and raise your hand, or unmute
10 your phone and use the Teams unmute feature, or press
11 star 6 on your phone. Please do not add your questions
12 and comments in the chat box. Teams participants should
13 check to make sure you are not double-muted, on your
14 device and in the Teams application.

15 To help with the transcription of the meeting,
16 after you have been recognized, please give your name
17 and the name of the organization you represent. Also,
18 please spell your full name.

19 With that, are there any questions regarding
20 the proposed fiscal year 2025 base charge for the
21 Boulder Canyon Project?

22 (Pause/silence, 28 seconds.)

23 DAVE GORLIN: There are no hands up in the --
24 in the room here in Phoenix. So I'll make another --
25 another call for questions. Are -- are there any

1 questions regarding the proposed fiscal year 2025 base
2 charge for the Boulder Canyon Project?

3 (Pause/silence, 22 seconds.)

4 DAVE GORLIN: 'Kay. So still no questions in
5 the room, and we're not seeing any questions online.
6 So . . . since there are no questions, I wanna thank
7 everybody for -- for joining us and participating in the
8 Public Information Forum. This presentation and
9 supporting documentation are available on the website at
10 the provided link. This link was provided in the
11 presentation and was added earlier to the Teams chat,
12 and will be again added to the chat.

13 As mentioned earlier, the Public Comment Forum
14 for the proposed base charge is scheduled for June 18th,
15 2024, at 10:00 a.m. Mountain Standard Time, Pacific
16 Daylight Time, to no later than 12:00 p.m. Mountain
17 Standard Time, Pacific Daylight Time, or until the last
18 comment is received.

19 Any written comments must be received by the
20 close of the consultation-and-comment period on July
21 18th, 2024.

22 We appreciate your attendance and
23 participation today. This forum is now closed. Have a
24 good rest of your day.

25 (Public Forum closed at 10:29 a.m.)

