Western Area Power Administration

Arizona Tribal Energy Association Annual Meeting

Steve Johnson – CRSP MC Manager

January 23rd, 2019

Phoenix, Arizona

Updates

- CRSP MC Update
- Environmental Funding
- Basin Fund Status
- CRSP Hydrology
- Olmsted Update
- Mountain West Transmission Group
- Reliability Coordination Changes
- SLCA/IP Contracts and Rates

Changes From Last Year

- New Staff Members
  - Lisa O'Brien – Public Utilities Specialist (Rates)
  - Rachel Bryant – Attorney/Advisor

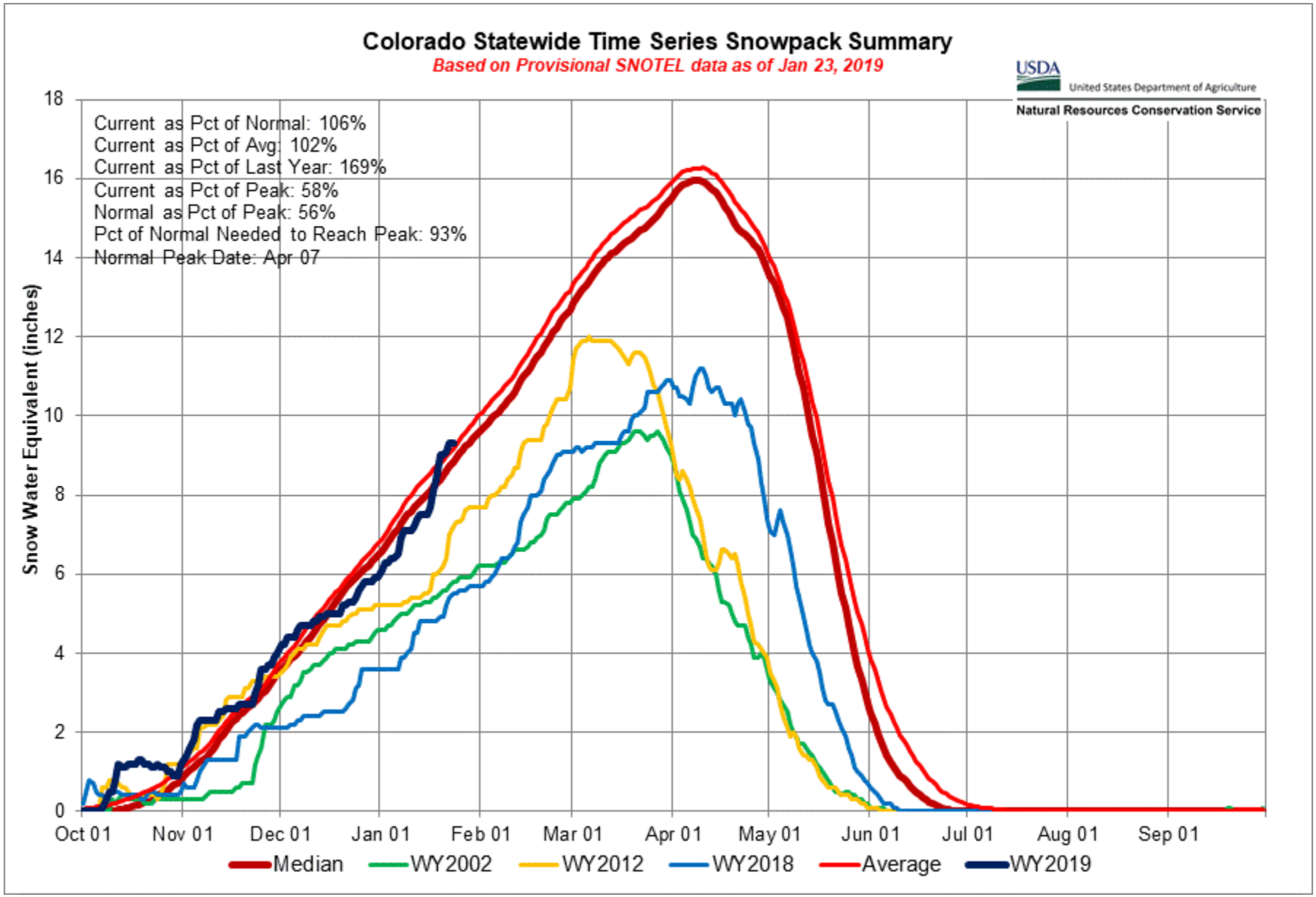
Non-Reimbursable Environmental Funding

- As of FY19, Administration has directed cash payment to Treasury rather than “constructive returns” for non-reimbursable programs
  - FY19 appropriation of $21.4M to BOR
  - Pending further direction from Congress
  - WAPA and BOR working closely and monitoring issue

Basin Fund Status

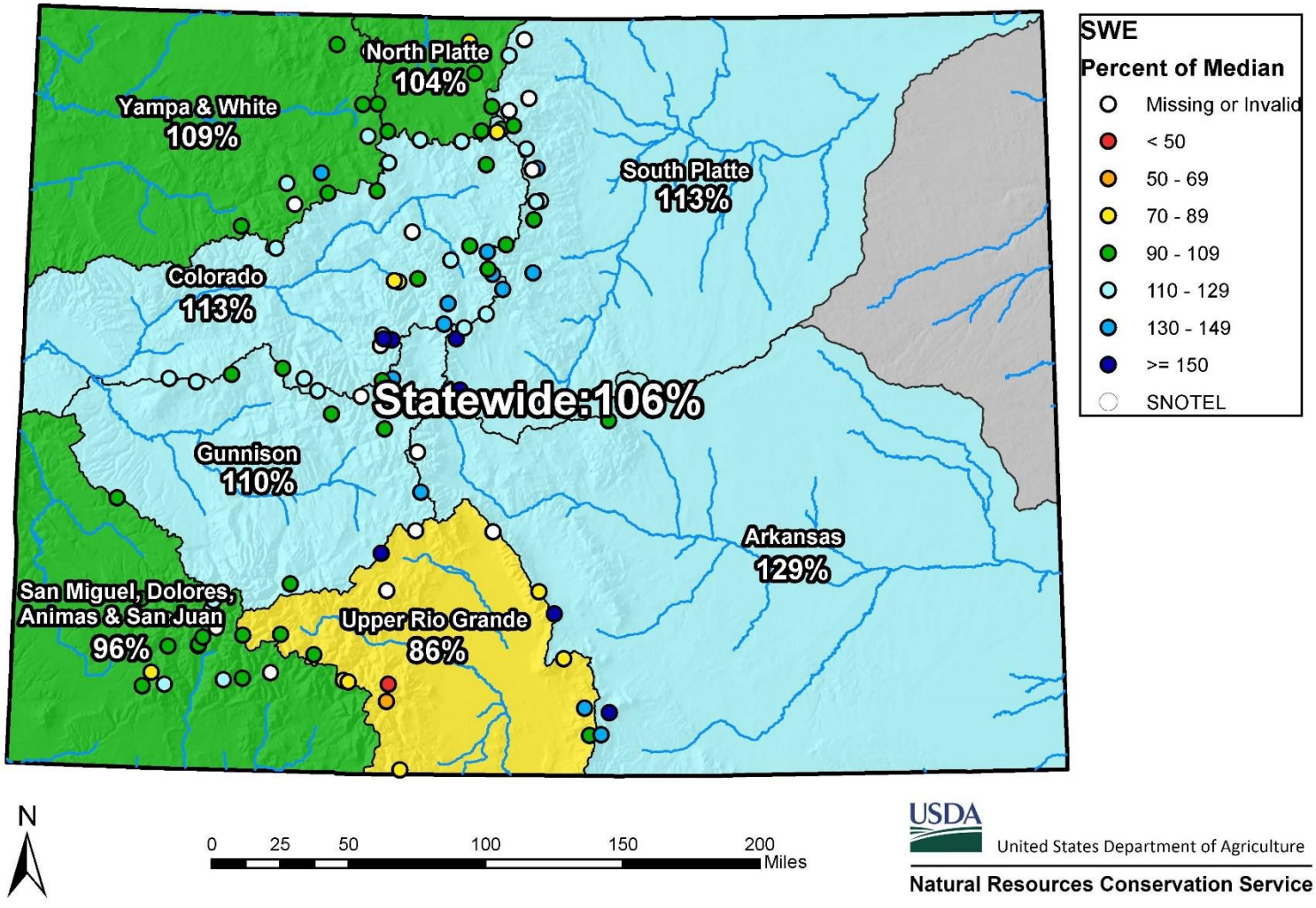
- FY18 Ending Balance - $126.9M
- FY19 Projected Ending Balance - $130M
- Current Balance (as of Jan. 2 - $144M)

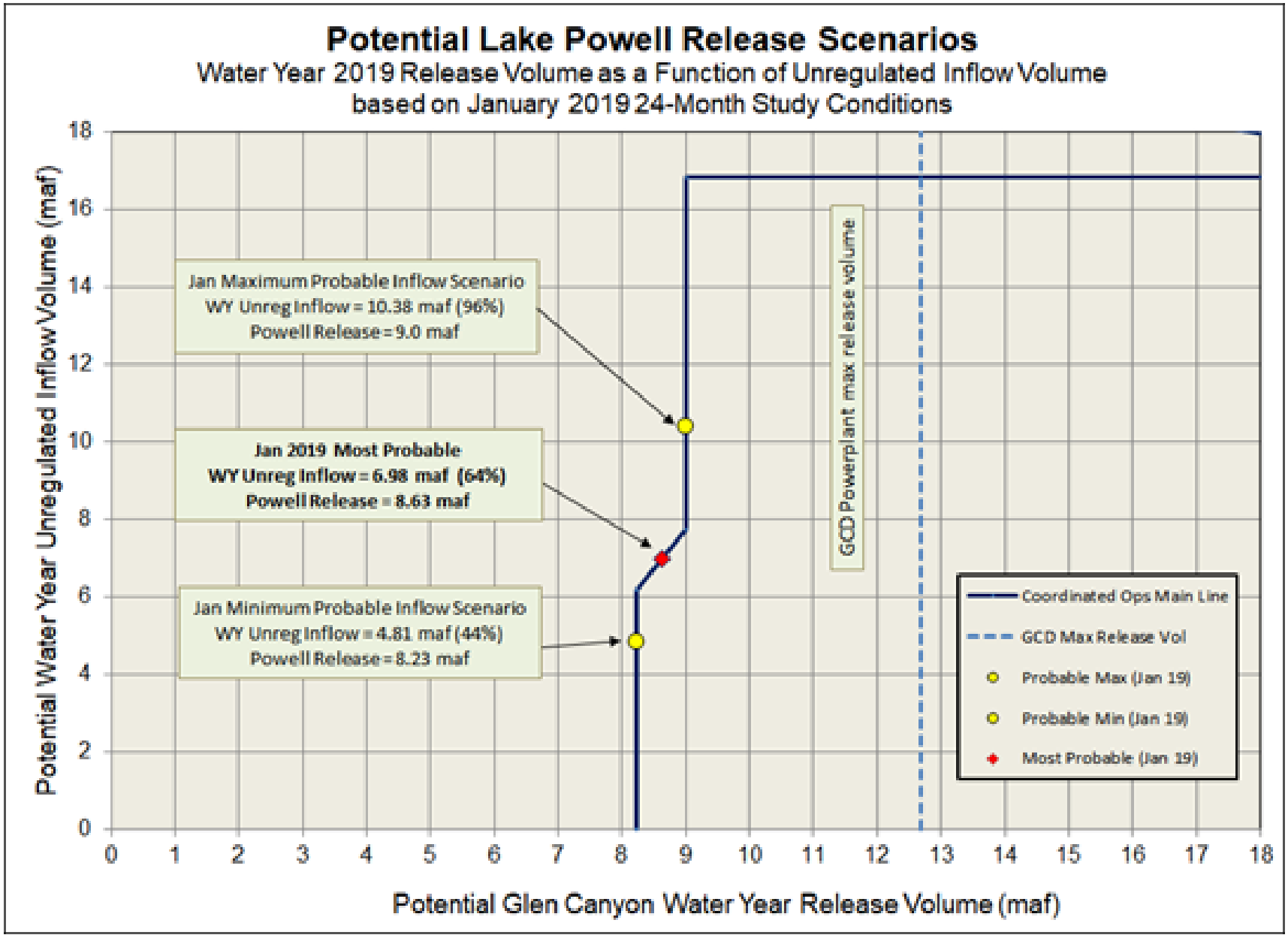
- FY18 Purchase Power - $19.5M (Gross)
- FY19 Projected Purchase Power - $33.4M (Gross)


Colorado Statewide Time Series Snowpack Summary
Based on Provisional SNOTEL data as of Jan 23, 2019
USDA
United States Department of Agriculture
Natural Resources Conservation Service
Current as Pct of Normal: 106%
Current as Pct of Avg: 102%
Current as Pct of Last Year: 169%
Current as Pct of Peak: 58%
Normal as Pct of Peak: 56%
Pct of Normal Needed to Reach Peak: 93%
Normal Peak Date: Apr 07
Snow Water Equivalent (inches)
0
2
4
6
8
10
12
14
16
18
Oct 01
Nov 01
Dec 01
Jan 01
Feb 01
Mar 01
Apr 01
May 01
Jun 01
Jul 01
Aug 01
Sep 01
Median
WY2002
WY2012
WY2018
Average
WY2019

Colorado SNOTEL Snow Water Equivalent (SWE) Update Map with Site Data

Current as of Jan 23, 2019



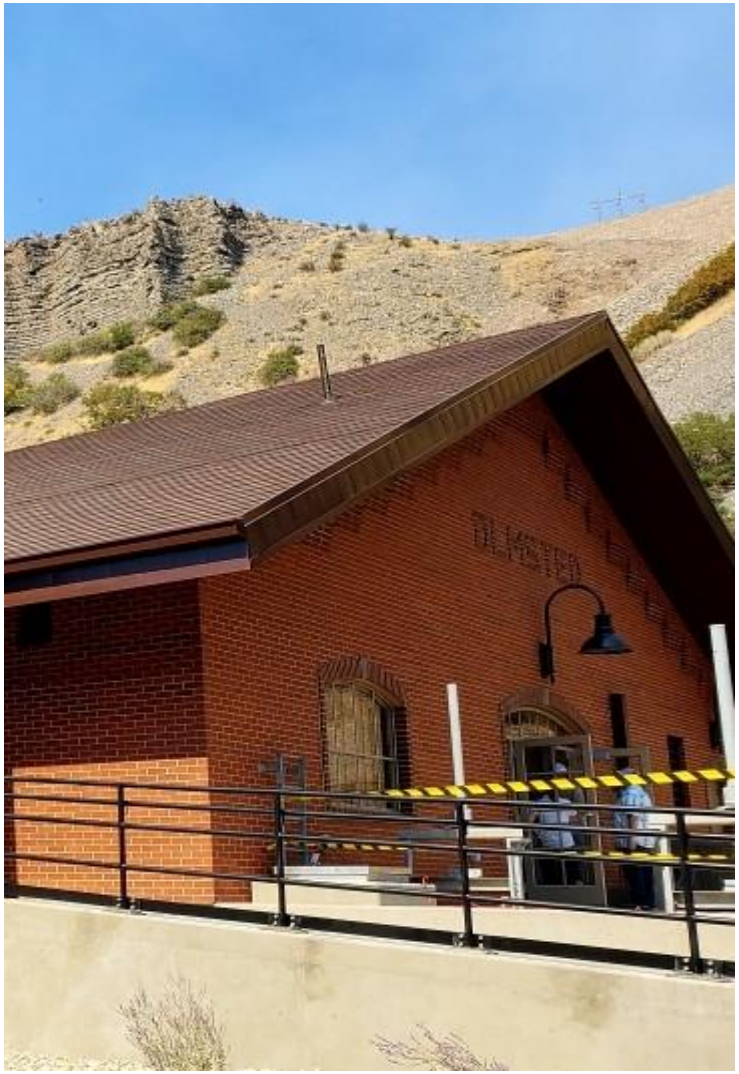

Potential Lake Powell Release Scenarios
Water Year 2019 Release Volume as a Function of Unregulated Inflow Volume
based on January 2019 24-Month Study Conditions
Potential Water Year Unregulated Inflow Volume (maf)
Potential Glen Canyon Water Year Release Volume (maf)
Jan Maximum Probable Inflow Scenario
WY Unreg Inflow = 10.38 maf (96%)
Powell Release = 9.0 maf
Jan 2019 Most Probable
WY Unreg Inflow = 6.98 maf (64%)
Powell Release = 8.63 maf
Jan Minimum Probable Inflow Scenario
WY Unreg Inflow = 4.81 maf (44%)
Powell Release = 8.23 maf
GCD Powerplant max release volume
Coordinated Ops Main Line
GCD Max Release Vol
Probable Max (Jan 19)
Probable Min (Jan 19)
Most Probable (Jan 19)

Drought Contingency Planning

- Plan is still not complete
- Lower Basin – Arizona and California still having issues
- Upper Basin – elements are complete
  - Drought Response Operations
  - Demand Management
  - Weather Modification
- More information available on Reclamation website

Olmsted Updates

- Olmsted power plant
  - Marketing plan issued 10/11/17
  - Dedication ceremony 9/19/18
  - Issues with supply canal required repairs after dedication
  - Currently working under interim agreement
  - Contracts expected early 2019



Mountain West Update

- Xcel Energy announced withdrawal from Mountain West efforts on April 20, 2018
- Remainder of group looked at possibilities given Xcel's withdrawal
- Black Hills Energy announced withdrawal from Mountain West efforts on Oct. 3, 2018
- Mountain West on hold indefinitely

Reliability Coordination Changes

- Peak Reliability ceasing operations Dec. 31, 2019
- California ISO to provide RC services
  - July 1, 2019 cutover date within California
  - Nov 1, 2019 for other subscribers
- Southwest Power Pool to provide RC services
  - Dec 3, 2019 cutover date

SLCA/IP Contracts and Rates Updates

- 2025 SLCA/IP Power Marketing Plan
  - Contracts sent to 135 customers
  - Contracts effective Oct. 2024 through Sept. 2057
  - 65 contracts received, represents 72% of CRSP resource
  - 20% of Tribal customers have signed
- Need to begin reviewing and negotiating benefit crediting contracts

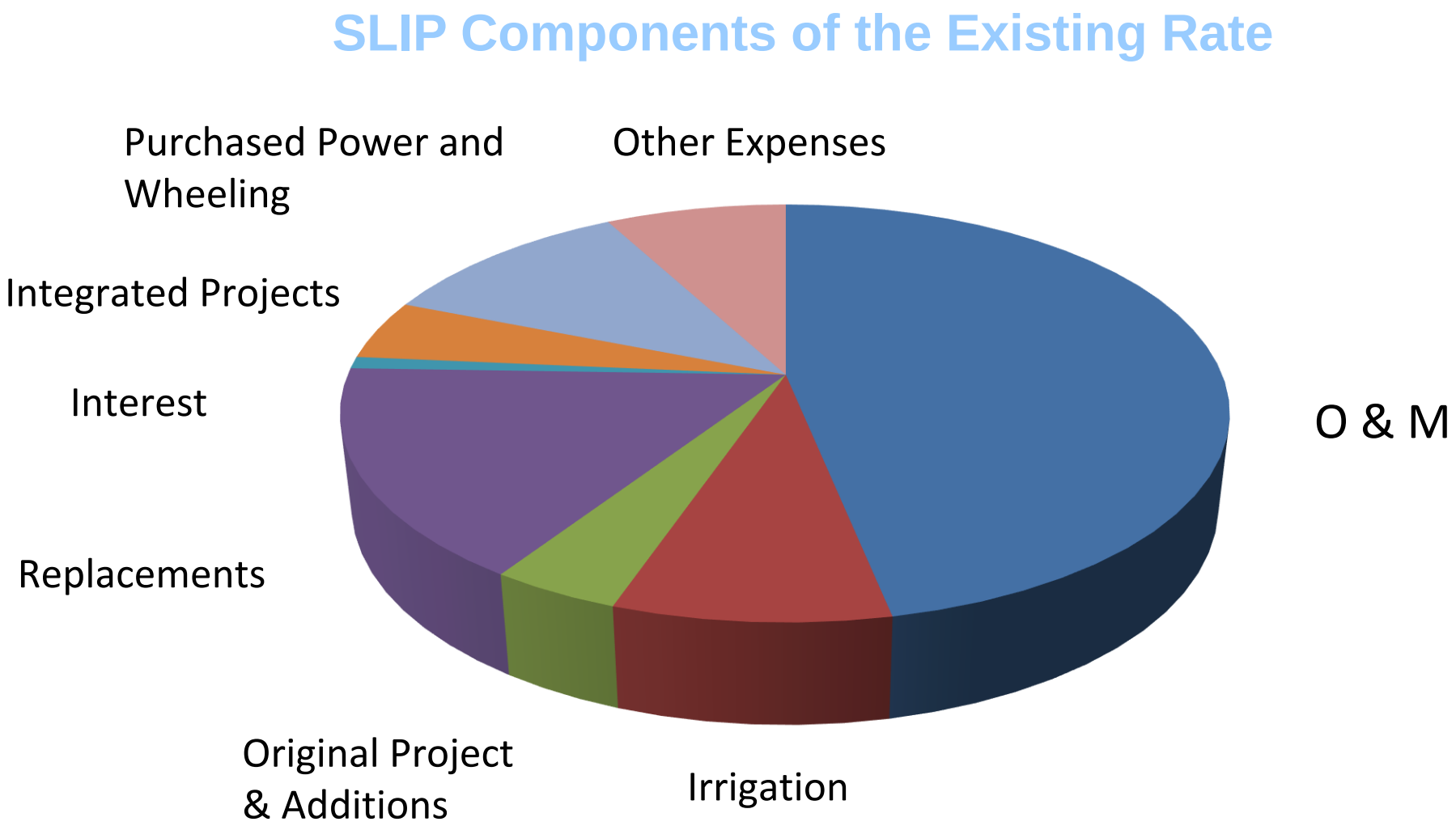
SLCA/IP Rate Process

- Existing Rate effective through September 2020.
- Same low rate since Oct 2009 – 10 Years!
- Public Rate Process will begin October 2019 to establish new rate. Last rate process was in 2015.
- Power Repayment Study
  - Document Project Repayment
  - Compute Firm Power Rates

Basic Inputs for Rate

- Costs
  - Annual Expenses: WAPA and Reclamation
  - Purchase Power and Interest/Repayment Expense
  - Capital Investments (largely replacement equipment)
- Revenues
  - Firm Electric Sales
  - Transmission Revenue
  - Surplus Energy Sales
  - Ancillary Service Revenue
  - Facility Use Charges
  - Administrative Charges

Compute Rates



Power Repayment Study (PRS)

Power Repayment Study (PRS) Format

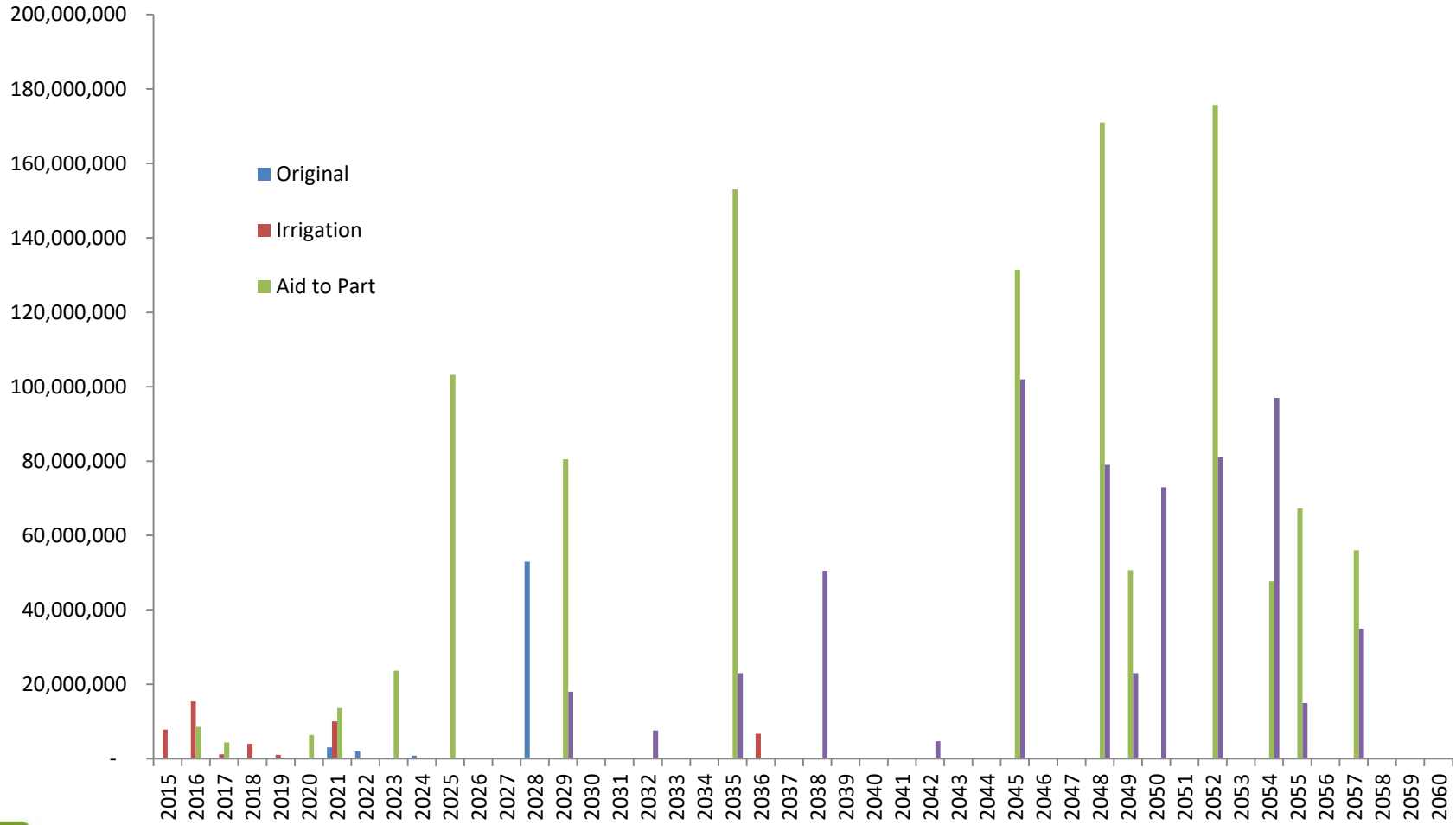
					Repayment		
Years	Power Sales	Revenue	Expenses	Net Revenue Available for Repayment	Investment with higher interest rate	Investment with lower interest rate	Other Payments
Historic Data				Actual Financial/Generation Data **Status of Repayment**			
Subtotals							
Future Data				Projected Financial Data (Workplans) **Compute Rates**			
Grand Total							

Balloon Payments

- Allows prepayment of highest interest investments first, with no penalty
- Maximum Repayment Period
  - Uses 50-year balloon period for original investment and additions
  - Uses expected service life for repayment of replacements

Pinch Point for Rate Calculations

Similar to “Equal Payment” Plans for Your Utility Bills



SLCA/IP Rate Process

Issues to address for upcoming rate process

- Firming purchases
- Impacts of Drought
- Cost Recovery Charge Adjustments
- Obligations toward future irrigation projects
- Treatment of environmental costs

Questions?

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