

Customer Rate Meeting

Western Area Power
Administration
Colorado River Storage
Project, Management
Center

June 10, 2003



Firm Power Rate Topics

- Change in Annual Revenue Requirements (Tab B)
- Basic PRS Assumptions and Format (Tab C)
- Review of Preliminary FY '03 SLCA/IP PRS (Tab D)
- O&M Budgets & Summary Comparison Table (Tab E)
- Project Use Allocations (Tab F)
- Irrigation Assistance for Participating Projects (Tab G)
- Salinity Costs (Tab H)

Firm Power Rate Topics (Cont'd)

- Smaller Projects' Revenue Requirements (Tab I)
- Current Hydrology (Tab J)
- Purchase Power Costs Estimates (Tab K)
- Tentative Schedule for Rate Adjustment Process (Tab L)
- Issues that could effect the firm power rate (Tab M)
 - Glen Canyon Cost Allocations
 - CRSP Reconstruction
- Open Discussion (Tab N)

Salt Lake City Area/Integrated Projects

% Energy

CRSP 95.8

Other Integrated Projects

Dolores 0.7

Seedskadee 1.0

Collbran 0.7

Rio Grande 1.8

100

October 1, 2003 Firm Power Rate

- Existing firm power rate (SLIP-F7)
 - Energy: 9.5 mills/kWh
 - Capacity: \$4.04 kW/month
 - Composite Rate: 20.72 mills/kWh

SLCA/IP Current Rate

		FY 2001 PRS
Item	Unit	Existing Rate
		2004 WP
Rate Setting Period:		
Beginning year	FY	2003
Pinchpoint year	FY	2060
Number of rate setting years	Years	58
Revenue Requirements:		
<i>Annual expenses</i>	1,000	\$88,014
<i>Annual principal payments</i>	1,000	\$67,767
Total Annual Revenue Requirements	1,000	\$155,781
(Less Offsetting Annual Revenue:)	1,000	(\$26,284)
Net Annual Revenue Requirements	1,000	\$129,427
Energy Sales	MWH	6,250,518
Composite Rate	mills/kWh	20.72
Billing Rates:		
Energy Rate	mills/kWh	9.5
Capacity Rate (per month)	\$/kW-month	4.04

SLCA/IP Rate Comparisons

Item	Unit	FY 2001 PRS	FY 2003 PRS	Change from Current Rate	
		Existing Rate	Preliminary	Amount	Percent
		2004 WP	2005 WP		

<u>Rate Setting Period:</u>					
Beginning year	FY	2003	2005		
Pinchpoint year	FY	2060	2060		
Number of rate setting years	Years	58	56		

SLCA/IP Rate Comparisons

Item	Unit	FY 2001 PRS	FY 2003 PRS	Change from	
		Existing Rate	Preliminary	Current Rate	
		2004 WP	2005 WP	Amount	Percent
Operation and Maintenance					
Western	1,000	\$33,007	\$35,511	\$2,504	8%
Reclamation	1,000	\$25,427	\$27,232	\$1,805	7%
Total O&M	1,000	\$58,434	\$62,743	\$4,309	7%
Purchased Power 1/	1,000	\$5,198	\$37,988	\$32,790	631%
Transmission	1,000	\$8,145	\$9,479	\$1,334	16%
Integrated Projects requirements	1,000	\$5,716	\$6,668	\$952	17%
Interest	1,000	\$7,451	\$5,869	(\$1,582)	-21%
Other 2/	1,000	\$3,070	\$4,705	\$1,635	53%
Total	1,000	\$88,014	\$127,452	\$39,438	45%

1/ In the existing and the preliminary 2003 PRS, Reclamation's 24 month plan was used for the near term. In the out years, average hydrology was used. In the preliminary 2003 PRS, Reclamation revised its long term projection.

2/ Includes the cost of salinity, federal benefits costs, and interest for capitalized moveable equipment.

SLCA/IP Rate Comparisons

Item	Unit	FY 2001 PRS	FY 2003 PRS	Change from	
		Existing Rate	Preliminary	Current Rate	
		2004 WP	2005 WP	Amount	Percent
<i>Annual principal payments</i>					
Deficits	1,000	\$336	\$1,051	\$715	213%
Replacements	1,000	\$14,060	\$13,255	(\$805)	-6%
Original Project and Additions 7/	1,000	\$7,311	\$6,307	(\$1,004)	-14%
Irrigation	1,000	\$46,060	\$47,711	\$1,651	4%
Total	1,000	\$67,767	\$68,324	\$557	1%
Total Annual Rev. Requirements	1,000	\$155,781	\$195,776	\$39,995	26%

SLCA/IP Rate Comparisons

Item	Unit	FY 2001 PRS	FY 2003 PRS	Change from	
		Existing Rate	Preliminary	Current Rate	
		2004 WP	2005 WP	Amount	Percent
(Less Offsetting Annual Revenue:)					
Transmission	1,000	\$18,003	\$20,003	\$2,000	11%
Merchant Function	1,000	\$5,864	\$7,338	\$1,474	25%
Other 3/	1,000	\$2,417	\$3,060	\$643	27%
<i>Total</i>	1,000	\$26,284	\$30,401	\$4,117	16%
<u>Net Annual Revenue Requirements</u>	1,000	\$129,497	\$165,375	\$35,878	28%

3/ Other revenues include ancillary services such as spinning reserves, facility use charges, and other misc service charges.

SLCA/IP Rate Comparisons

		FY 2001 PRS	FY 2003 PRS	Change from	
Item	Unit	Existing Rate	Preliminary	Current Rate	
		2004 WP	2005 W P	Amount	Percent
Energy Sales	MWH	6,250,518	6,254,828	4,310	0%
Composite Rate	mills/kWh	20.72	26.44	5.72	28%
Energy Rate	mills/kWh	9.5	11.9	2.40	25%
Capacity Rate (per month)	\$/kW-month	4.04	5.06	1.02	25%

Changes From Existing Rate

- Composite Rate
 - Existing Rate
 - 20.72 mills/kWh
 - Preliminary FY 2003 PRS
 - 26.44 mills/kWh

Changes From Existing Rate

- Energy Rate
 - Existing Rate
 - 9.5 mills/kWh
 - Preliminary FY 2003 PRS
 - 11.9 mills/kWh

Changes From Existing Rate

- Capacity Rate
 - Existing Rate
 - \$4.04
 - Preliminary FY 2003 PRS
 - \$5.06

Basic PRS Assumptions and Format (Tab C)

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							
Subtotals							
Future Data							
Grand Total							

Review of FY 2003 Preliminary PRS (Tab D)

O&M Budgets and Summary Comparison Table (Tab E)

Salt Lake City Area Integrated Projects
Operation & Maintenance Costs

Unit: \$1,000

Fiscal Yr	<u>Western</u>			<u>Reclamation</u>			<u>Total O&M</u>		
	Existing	FY 2003	Change	Existing	FY 2003	Change	Existing	FY 2003	Change
	Rate	PRS		Rate	PRS		Rate	PRS	
2004	30,339	30,701	362	26,456	26,206	(250)	56,795	56,907	112
2005	31,357	32,854	1,497	25,209	25,660	451	56,566	58,514	1,948
2006	32,240	33,796	1,556	26,160	25,730	(430)	58,400	59,526	1,126
2007	33,119	34,748	1,629	25,623	26,208	585	58,742	60,956	2,214
2008	33,119	35,608	2,489	25,419	26,345	926	58,538	61,953	3,415
2009-2060	33,119	35,608	2,489	25,419	27,309	1,890	58,538	62,917	4,379

Project Use Allocations (Tab F)

Salt Lake City Area Integrated Projects Project Use Requirements

Fiscal Yr	<u>Energy (kWh)</u>			<u>Capacity (KW-Year)</u>		
	Current Rate	FY 2003 PRS	Change	Current Rate	FY 2003 PRS	Change
2004	171,040	165,140	(5,900)	24,140	24,140	-
2005	179,040	166,140	(12,900)	24,140	24,140	-
2006	179,040	180,140	1,100	24,140	24,140	-
2007	240,040	236,140	(3,900)	43,940	42,690	(1,250)
2008	240,040	236,140	(3,900)	43,940	42,690	(1,250)
2009	224,240	226,340	2,100	37,240	36,040	(1,200)
2010	230,240	232,340	2,100	37,240	36,040	(1,200)
2010-2060	249,240	251,340	2,100	37,240	36,040	(1,200)

Irrigation Assistants for Participating Projects (Tab G)

CRSP Irrigation Repayment Obligation

Unit: \$1,000

<u>Aid to Irrigation</u>		<u>Aid to PP</u>	
Existing	Revised	Existing	Revised
111,346	111,519	2,588,172	2,588,148

Salinity Costs (Tab H)

Salt Lake City Area Integrated Projects

Salinity Costs

Unit: \$1,000

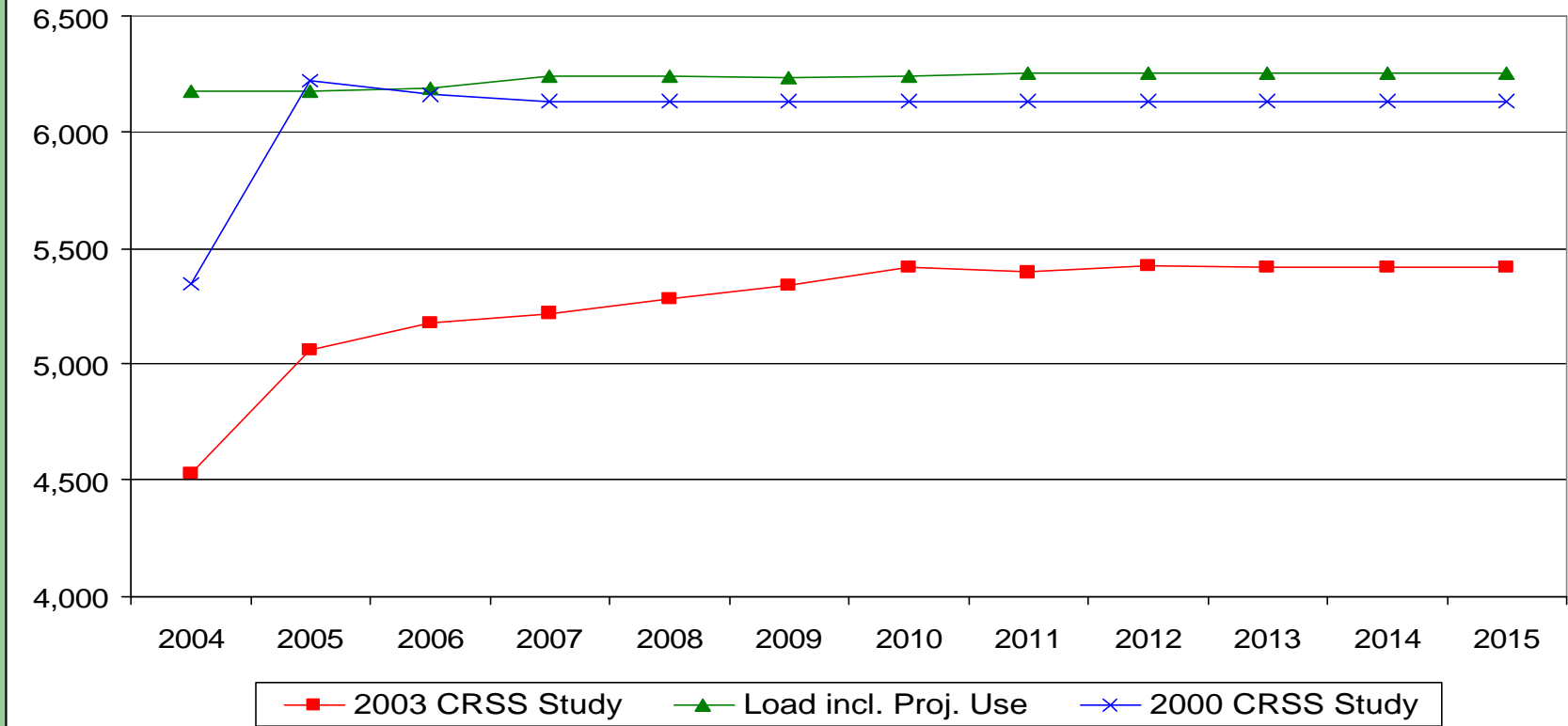
Fiscal Yr	Existing Rate	FY 2003 PRS	Change
2004	1,464	2,580	1,116
2005	1,464	2,932	1,468
2006	1,464	2,932	1,468
2007	1,523	3,156	1,633
2008-2060	1,523	3,156	1,633



Smaller Projects Revenue Requirements (Tab I)

Current Hydrology (Tab J)

Comparison of Net (less losses) SLIP Generation in GWh



Purchase Power Cost Estimates (Tab K)

Tentative Schedule for Rate Adjustment Process (Tab L)

- September, 2003: Publish FRN for proposed rates. Brochures mailed out to customers and interested parties.
- Public Information Forum
 - September, 2003: Salt Lake City, UT
 - October, 2003: Phoenix, AZ
- Public Comment Forum
 - October, 2003: Salt Lake City, UT

Tentative Schedule for Rate Adjustment Process

- November, 2003: End of Comment Period
- March, 2004: Rate Order Published.
- April, 2004: Effective Date.

Issues that could Affect the Firm Power Rate (Tab M)

- Issues that could affect the firm power rate
 - Glen Canyon Cost Allocations
 - CRSP Reconstruction

Contacts

- Rates Manager: **Carol Loftin** -801-524-6380 or e-mail at Loftinc@wapa.gov
- SLIP Firm Power Rate: **Paul Stuart** -801-524-3526 or e-mail at stuart@wapa.gov

Information: www.wapa.gov/crsp