

Arizona Power Authority
Hoover Operating Account Budget

Final OY 2018

Condensed Statements of Revenues and Expenses

Line No.	Adopted Budget for Operating Year Ending 9/30/17 (\$)	Final Budget for Operating Year Ending 9/30/18 (\$)	Difference (\$)	% of Change
1	Operating Revenues			
2				
3	Sales of Hoover Capacity and Energy			
4	\$10,342,816	\$9,418,557	(\$924,259)	-8.94%
5	\$10,208,347	\$9,282,618	(\$925,728)	-9.07%
6	\$3,053,756	\$3,208,050	\$154,294	5.05%
7	\$5,452,000	\$0	(\$5,452,000)	-100.00%
8				
9	Interest Income			
10	\$1,500	\$1,500	\$0	0.00%
11				
12	\$29,058,418	\$21,910,725	(\$7,147,693)	-24.60%
13				
14	Operating Expenses			
15				
16	\$16,938,273	\$18,264,566	\$1,326,293	7.83%
17	\$7,956,950	\$1,575	(\$7,955,375)	-99.98%
18	\$2,185,156	\$1,813,972	(\$371,184)	-16.99%
19	\$27,080,379	\$20,080,113	(\$7,000,266)	-25.85%
20				
21	(\$6,546,550)		\$6,546,550	-100.00%
22	(\$337,706)	(\$300,000)	\$37,706	-11.17%
23	(\$5,500)	(\$5,500)	\$0	0.00%
24	\$2,066,295	\$1,196,112	(\$870,183)	-42.11%
25	\$6,220,000	\$540,000	(\$5,680,000)	-91.32%
26	\$381,500	\$0	(\$381,500)	-100.00%
27	\$1,778,039	\$1,430,612	(\$347,427)	-19.54%
28				
29	\$28,858,418	\$21,510,725	(\$7,347,693)	-25.46%
30				
31	\$200,000	\$400,000	\$200,000	100.00%

Footnotes:

- (1) See Page 6, Line 11
- (2) See Page 6, Line 24 minus Page 5, Line 43
- (3) See Page 5, Line 43
- (4) See Page 4, Line 26
- (5) See Page 4, Line 27
- (6) See Page 5, Line 46
- (7) See Page 5, Line 8
- (8) See Page 4, Line 9
- (9) See Page 4, Line 13
- (10) See Page 4, Line 14
- (11) See Page 4, Line 18, 19, and 20
- (12) See Page 4, Line 21
- (13) See Page 4, Line 22

Arizona Power Authority
Hoover Operating Account Budget

Administrative and General Expense (Details)

Line No.	Final Budget for Operating Year Ending 9/30/17 (\$)	Final Budget for Operating Year Ending 9/30/18 (\$)	Difference (\$)	% of Change
<u>Commission Expenses</u>				
1	8000	\$ -	(8,000)	
2	4,100	4,320	220	5.37%
3	8,300	15,752	7,452	89.78%
4	6,000	15,000	9,000	150.00%
5	15,000	15,000	0	0.00%
6	6,000	6,000	0	0.00%
7		10,000		
8	4,200	4,200	0	0.00%
9	0	0	0	0.00%
10	51,600	70,272	18,672	36.19%
11				
<u>Staff Expenses</u>				
13	655,813	667,618	11,805	1.80%
14	(60,000)	0	60,000	-100.00%
15	595,813	667,618	71,805	12.05%
16	1,000	10,000	9,000	900.00%
17	7,000	15,000	8,000	114.29%
18	6,000	6,000	0	0.00%
19	1,500	1,500	0	0.00%
20	3,000	5,000	2,000	66.67%
21	1,000	1,500	500	50.00%
22	12,240	13,260	1,020	8.33%
23	62,400	33,270	(29,130)	-46.68%
24	18,500	21,500	3,000	16.22%
25	2,000	1,500	(500)	-25.00%
26	0	0	0	0.00%
27	710,453	776,148	65,695	9.25%
28				
<u>Outside Services</u>				
30	57,000	57,000	0	0.00%
31	3,000	10,000	7,000	233.33%
32	296,700	154,600	(142,100)	-47.89%
33	30,000	30,000	0	0.00%
34	168,355	169,083	728	0.43%
35	558,640	212,200	(346,440)	-62.01%
36	0	0	0	0.00%
37	1,113,695	632,883	(480,812)	-43.17%

Arizona Power Authority
Hoover Operating Account Budget

Administrative and General Expense (Details)

	Final Budget for Operating Year Ending 9/30/17 (\$)	Final Budget for Operating Year Ending 9/30/18 (\$)	Difference (\$)	% of Change
1 <u>Employee Related Expenses</u>				
2 Worker's Compensation Insurance	2,099	2,470	371	17.68%
3 Social Security Taxes	57,830	51,403	(6,427)	-11.11%
4 State Retirement	64,549	76,776	12,227	18.94%
5 Health Insurance	76,980	72,534	(4,446)	-5.78%
6 Life and Disability Insurance	144	126	(18)	-12.50%
7 Dental Insurance	731	626	(105)	-14.36%
8 Retirees Sick Leave	2,623	2,670	47	1.79%
9 Total	204,956	206,605	1,649	0.80%
10				
11 <u>Occupancy Expense</u>				
12 Janitorial - Labor	7,752	8,904	1,152	14.86%
13 Janitorial Supplies	500	500	0	0.00%
14 Trash Collection	1,200	1,440	240	20.00%
15 Utilities - Water & Electric	17,000	19,000	2,000	11.76%
16 Insurance (Property & Liability)	22,000	21,800	(200)	-0.91%
17 Yard Maintenance - Labor	6,000	6,000	0	0.00%
18 Yard Maintenance - Supplies	0	0	0	
19 Maintenance Agreements	10,000	6,300	(3,700)	-37.00%
20 APA Office Building Maintenance	5,000	31,000	26,000	520.00%
21 Charge in Lieu of Depreciation	20,000	18,000	(2,000)	-10.00%
22 Total	89,452	112,944	23,492	26.26%
23				
24 <u>Organizational Dues and Subscriptions</u>				
25 Reference Books (Legal)	0	0	0	
26 Subscriptions	1,000	120	(880)	-88.00%
27 Staff Organizational Dues	1,000	2,000	1,000	100.00%
28 Organizational Dues	13,000	13,000	0	0.00%
29 Total	15,000	15,120	120	0.80%
30				
31 Amount needed for Debt Coverag	200,000		(200,000)	-100.00%
32				
33 Total Administrative and General	2,385,156	1,813,972	(571,184)	-23.95%

Arizona Power Authority
Hoover Operating Account Budget

Line No.	Adopted Budget for Operating Year Ending 9/30/17 (\$)	Final Budget for Operating Year Ending 9/30/18 (\$)	Difference (\$)	% of Change	
1 Administrative and General					
2	Commission Expenses (1)	\$51,600	\$70,272	\$18,672	36.19%
3	Staff Expenses (2)	\$710,453	\$776,148	\$65,695	9.25%
4	Outside Services (3)	\$1,113,695	\$632,883	(\$480,812)	-43.17%
5	Employee Related Expenses (4)	\$204,956	\$206,605	\$1,649	0.80%
6	Occupancy Expense(5)	\$89,452	\$112,944	(\$3,700)	26.26%
7	Organizational Expense(6)	\$15,000	\$15,120	\$120	0.80%
8	Amount needed for Debt Coverage	\$0	\$0	\$0	
9	Total Administrative and General	\$2,185,156	\$1,813,972	(\$371,184)	-16.99%
10					
11 Debt Service					
12	Reserve Funds	(\$6,546,550)		\$6,546,550	
13	Uprate Advance Credits (7)	(\$337,706)	(\$300,000)	\$37,706	-11.17%
14	Debt Service Reserve Interest (8)	(\$5,500)	(\$5,500)	\$0	0.00%
15	Debt Service Income	(\$6,889,756)	(\$305,500)	\$6,584,256	-95.57%
16					
17	Debt Service -				
18	2014 Bond Interest	\$1,196,112	\$1,196,112	\$0	0.00%
19	Debt Service Reserve 2014 Bond/Principle	\$543,633	\$540,000	(\$3,633)	
20	Interest (9)	\$326,550		(\$326,550)	-100.00%
21	Principal (10)	\$6,220,000		(\$6,220,000)	-100.00%
22	Other Costs (Uprating Related) (11)	\$381,500	\$0	(\$381,500)	-100.00%
23	Debt Service Expenses	\$8,667,795	\$1,736,112	(\$6,931,683)	-79.97%
24					
25	Other Income :				
26	Scheduling Entity Revenue (12)	(\$5,452,000)		\$5,452,000	-100.00%
27	Operating Account Interest (13)	(\$1,500)	(\$1,500)	\$0	0.00%
28	Total Other Income	(\$5,453,500)	(\$1,500)	\$5,452,000	-99.97%
29					
30	Other Expenses:				
31	Planned Surplus (14)	\$200,000	\$400,000	\$200,000	100.00%
32	Total Other Expenses	\$200,000	\$400,000	\$200,000	100.00%
33					
34	Subtotal Expenses and Income (15)	(\$1,290,305)	\$3,643,084	\$4,933,389	-382.34%
35	Subtotal Trans&Hoover (Page 5 Line 45)	\$24,895,223	\$18,266,141	(\$6,629,082)	-26.63%
36	Total Revenue Requirement	\$23,604,918	\$21,909,225	(\$1,695,693)	-7.18%
37					

Footnotes:

- (1) See Page 2, Line10
- (2) See Page 2, Line 27
- (3) See Page 2, Line 37
- (4) See Page 3, Line 9
- (5) See Page 3, Line 22
- (6) See Page 3, Line 29
- (7) Amount calculated annually
- (8) Interest earned on the Uprating Bond Reserve account
- (9) Interest payment based on the Uprating Bond payment schedule
- (10) Principal payment based on the Uprating Bond payment schedule
- (11) Amount calculated annually
- (12) Based on contract amount
- (13) Amount calculated annually
- (14) Based on Corporate Model and calculated annually; additional coverage factored into A&G
- (15) The sum of Lines 9,15, 24, 29, 33

Arizona Power Authority
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Line No.	Description	Adopted Budget for Operating Year Ending 9/30/17	Final Budget for Operating Year Ending 9/30/18	Difference	% of Change
1 Transmission Expenses					
2					
3	Parker-Davis - 238,637 kW * \$17.16 (1)	\$4,095,011		(\$4,095,011)	-100.00%
4	Pacific Intertie - 182,360 kW * \$19.32(2)	\$3,523,195		(\$3,523,195)	-100.00%
5	Recover Pre-Payment (3)	\$263,754		(\$263,754)	-100.00%
6	Salt River Project Wheeling	\$63,898		(\$63,898)	-100.00%
7	Substation O&M	\$11,092	\$1,575	(\$9,517)	-85.80%
8	Total	\$7,956,950	\$1,575	(\$7,955,375)	-99.98%
9					
10 Hoover Power Expenses					
11	Western's Capacity Revenue Requirement	\$36,274,638	\$38,455,097	\$2,180,459	6.01%
12	Total Capacity (kW) (YrAvg)	1,534,000	1,534,000	0	0.00%
13	Capacity Rate (\$/kW-month)	2.00	2.09	0.09	4.29%
14	APA Percentage of Capacity	19.3234%	19.7535%		
15	APAs Base Charge for Capacity	\$7,009,493	\$7,596,227	\$586,734	8.37%
16	Western's Energy Revenue Requirement	\$36,274,638	\$38,455,097	\$2,180,459	6.01%
17	BCP OY Estimated Generation (MWh)	3,544,363	3,851,925	307,562	8.68%
18	Western's Energy Rate (mills/kWh)	10.23	9.98	(0.25)	-2.45%
19	APA Percentage of Energy	18.9527%	19.4000%		
20	APAs Base Charge for Energy	\$6,875,024	\$7,460,289	\$585,265	8.51%
21	Western's Total Revenue Requirement	\$72,549,275	\$76,910,193	\$4,360,918	6.01%
22	Western's Composite Rate (mills/kWh)	20.47	19.97	(\$0.50)	-2.45%
23					
24	Estimated Western Rate:				
25	Demand Charge (\$/kW/Mo.)	2.00	2.09	0.09	4.29%
26	Energy Charge (Mills/kWh)	10.23	9.98	(0.25)	-2.45%
27	CAP Surcharge (Mills/kWh)	4.50	4.50	0.00	0.00%
28					
29	Purchased Power at Generation				
30	Capacity (Kilowatt Months):				
31	Schedule A (Avg/Yr)	146,190	120,369	(25,820)	-17.66%
32	Schedule B (Avg/Yr)	145,416	119,729	(25,687)	-17.66%
33	Schedule D (Avg/Yr)		18,266		
34	Total (Avg/Yr)	291,606	258,365	(33,241)	-11.40%
35					
36	Energy (Megawatt-Hours)				
37	Schedule A	510,927	499,030	(11,897)	-2.33%
38	Schedule B	167,685	162,541	(5,144)	-3.07%
39	Schedule D		51,329		
40	Total	678,612	712,900	34,288	5.05%
41					
42	Purchased Power Expense				
43	Demand Charge	\$7,009,493	\$7,596,227	\$586,734	8.37%
44	Energy Charge	\$6,875,024	\$7,460,289	\$585,265	8.51%
45	LCRBDF	\$3,053,756	\$3,208,050	\$154,294	5.05%
46	Total	\$16,938,273	\$18,264,566	\$1,326,293	7.83%
45					
46	Subtotal Trans&Hoover	\$24,895,223	\$18,266,141	(\$6,629,082)	-26.63%

Footnotes:

- (1) P-D Yearly Rate \$17.16/kW-Year
- (2) Intertie Yearly Rate \$19.32/kW-Year
- (3) Recovery of \$527,507 prepayment from Hoover spread over two operating years.

Note: Cost data from Western

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Final OY2018

Estimated Revenue Requirements

Line No.		Adopted Budget for Operating Year Ending 9/30/17	Final Budget for Operating Year Ending 9/30/18	Difference	% of Change
1	Demand Related Costs:				
2	Western's Demand Charge	\$ 7,009,493	\$ 7,596,227	\$ 586,734	8%
3	Transmission - 50%	\$ 3,978,475	\$ 788	\$ (3,977,688)	-100%
4	Administrative & General - 50%	\$ 1,092,578	\$ 906,986	\$ (185,592)	-17%
5	Uprate Advance Credit - 50%	\$ (3,442,128)	\$ -	\$ 3,442,128	-100%
6	Debt Service - 50%	\$ 4,143,148	\$ 718,056	\$ (3,425,092)	-83%
7	Other Uprating Credit Related Costs - 50%	\$ 190,750	\$ -	\$ (190,750)	-100%
8	Scheduling Entity Revenue	\$ (2,726,000)	\$ -	\$ 2,726,000	-100%
9	Planned Surplus - 50%	\$ 100,000	\$ 200,000	\$ 100,000	100%
10	Interest Income - 50%	\$ (3,500)	\$ (3,500)	\$ -	0%
11	Total	\$ 10,342,816	\$ 9,418,557	\$ (924,259)	-8.94%
12					
13	Energy Related Costs:				
14	Western's Energy Charge	\$ 6,875,024	\$ 7,460,289	\$ 585,265	9%
15	Lower Colorado River Basin Dev. Fund Charge	\$ 3,053,756	\$ 3,208,050	\$ 154,294	5%
16	Transmission - 50%	\$ 3,978,475	\$ 788	\$ (3,977,688)	-100%
17	Administrative & General - 50%	\$ 1,092,578	\$ 906,986	\$ (185,592)	-17%
18	Uprate Advance Credit - 50%	\$ (3,442,128)	\$ -	\$ 3,442,128	-100%
19	Debt Service - 50%	\$ 4,143,148	\$ 718,056	\$ (3,425,092)	-83%
20	Other Uprating Credit Related Costs - 50%	\$ 190,750	\$ -	\$ (190,750)	-100%
21	Scheduling Entity Revenue	\$ (2,726,000)	\$ -	\$ 2,726,000	-100%
22	Planned Surplus - 50%	\$ 100,000	\$ 200,000	\$ 100,000	100%
23	Interest Income - 50%	\$ (3,500)	\$ (3,500)	\$ -	0%
24	Total	\$ 13,262,102	\$ 12,490,668	\$ (771,434)	-5.82%
25					
26	Avg. Capacity Entitlement @ Load (kW)				
27	Schedule 'A'	127,942	120,372	(7,570)	-5.92%
28	Schedule 'B'	127,279	119,726	(7,552)	-5.93%
29	Schedule 'D'		18,266		
30	Total	255,221	258,365	3,145	1.23%
31					
32	Energy Entitlement @ Load (MWh)				
33	Schedule 'A'	495,599	498,122	2,523	0.51%
34	Schedule 'B'	162,655	163,473	819	0.50%
35	Schedule 'D'		51,304		
36	Total	658,254	712,900	3,342	8.30%
37					
38	Recovery of Revenue at Delivery				
39	From Demand Rate	\$10,342,816	\$9,418,557	(\$924,259)	-8.94%
40	From Energy Rate	\$13,262,102	\$12,490,668	(\$771,434)	-5.82%
41	Total Revenue Requirement	\$23,604,918	\$21,909,225	(\$1,695,693)	-7.18%
42					
43	Estimated APA Rate				
44	Demand Charge (\$/kW/Mo.)	3.38	3.04	(0.34)	-10.06%
45	Energy Charge (Mills/kWh)	15.51	13.02	(2.49)	-16.04%
46	LCRBDF (Mills/kWh)	4.64	4.50	(0.14)	-3.00%
47	Sched. A, B & D Energy Rate (Mills/kWh)	20.15	17.52	(2.63)	-13.04%
48					
49	Composite Rate (Mills/kWh)	35.86	30.73	(5.13)	-14.30%