

Arizona Power Authority
Hoover Operating Account Budget

Final OY 2020 8/15/19

Condensed Statements of Revenues and Expenses

Line No.	Adopted Budget for Operating Year Ending 9/30/19 (\$)	Final Budget for Operating Year Ending 9/30/20 (\$)	Difference (\$)	% of Change
1 Operating Revenues				
2				
3 Sales of Hoover Capacity and Energy				
4 Demand Charge (1)	\$8,758,244	\$8,418,167	(\$340,077)	-3.88%
5 Energy Charge (2)	\$8,635,429	\$8,301,203	(\$334,226)	-3.87%
6 Lower Co. Riv. Basin Dev. Fund (3)	\$3,188,214	\$3,036,510	(\$151,704)	-4.76%
Total Revenue from Rates	\$20,581,887	\$19,755,880	(\$826,007)	-4.01%
7 Interest Income				
8 Operating Account (4)	\$50,000	\$70,000	\$20,000	40.00%
9				
10 Total Operating Revenues	\$20,631,887	\$19,825,880	(\$806,007)	-3.91%
11				
12 Operating Expenses				
13				
14 Purchased Power (5)	\$16,841,817	\$16,039,702	(\$802,115)	-4.76%
16 Administration & General (6)	\$1,632,572	\$1,630,875	(\$1,697)	-0.10%
17 Total Operating Expenses	\$18,474,389	\$17,670,577	(\$803,812)	-4.35%
18				
19 Debt Service				
20 Debt Service Reserve Interest (7)	(\$10,000)	(\$10,000)	\$0	0.00%
21 Debt Service - Interest (8)	\$1,186,398	\$1,174,303	(\$12,095)	-1.02%
22 Principal (9)	\$550,000	\$560,000	\$10,000	1.82%
23 Other Costs (10)	\$31,100	\$31,000	(\$100)	N/A
24 Total Debt Service	\$1,757,498	\$1,755,303	(\$2,195)	-0.12%
25				
26 Total Operating Expenses	\$20,231,887	\$19,425,880	(\$806,007)	-3.98%
27				
28 Operating Margin	\$400,000	\$400,000	\$0	0.00%

Footnotes:

- (1) See Page 6, Line 7
- (2) See Page 6, Line 16 minus Page 5, Line 36
- (3) See Page 5, Line 36
- (4) See Page 4, Line 20
- (5) See Page 5, Line 37
- (6) See Page 4, Line 8
- (7) See Page 4, Line 11
- (8) See Page 4, Line 14
- (9) See Page 4, Line 15
- (10) See Page 4, Line 16

Arizona Power Authority
Hoover Operating Account Budget
Administrative and General Expense (Details)

Line No.	Adopted Budget for Operating Year Ending 9/30/19 (\$)	Final Budget for Operating Year Ending 9/30/20 (\$)	Difference (\$)	% of Change
<u>Commission Expenses</u>				
1	3,000	3,780	780	26.00%
2	10,000	15,000	5,000	50.00%
3	8,000	11,500	3,500	43.75%
4	-	15,000	15,000	#DIV/0!
5	7,200	8,000	800	11.11%
6	24,000	20,000	(4,000)	-16.67%
7	3,000	2,000	(1,000)	-33.33%
8	-	3,000	3,000	N/A
9	55,200	78,280	23,080	41.81%
10				
<u>Staff Expenses</u>				
12	694,307	706,873	12,566	1.81%
13	10,000	6,000	(4,000)	-40.00%
14	16,000	28,000	12,000	75.00%
15	5,000	5,000	0	0.00%
16	1,000	1,500	500	50.00%
17	3,000	4,000	1,000	33.33%
18	500	700	200	40.00%
19	12,420	12,580	160	1.29%
20	35,070	40,970	5,900	16.82%
21	20,000	22,000	2,000	10.00%
22	2,000	4,000	2,000	100.00%
23	-	8,000	8,000	0.00%
24	799,297	839,623	40,326	5.05%
25				
<u>Outside Services</u>				
27	45,000	45,000	0	0.00%
28	6,000	3,000	(3,000)	-50.00%
29	84,000	75,300	(8,700)	-10.36%
30	30,000	30,000	0	0.00%
31	165,726	169,491	3,765	2.27%
32	111,043	60,000	(51,043)	-45.97%
33	-	3,000	3,000	0.00%
34	441,769	385,791	(55,978)	-12.67%

Arizona Power Authority
Hoover Operating Account Budget
Administrative and General Expense (Details)

	Adopted Budget for Operating Year Ending 9/30/19 (\$)	Final Budget for Operating Year Ending 9/30/20 (\$)	Difference (\$)	% of Change
1 <u>Employee Related Expenses</u>				
2 Worker's Compensation Insurance	6,735	9,826	3,091	45.89%
3 Social Security Taxes	53,344	51,591	(1,753)	-3.29%
4 State Retirement	81,928	85,602	3,674	4.48%
5 Health Insurance	70,849	71,076	227	0.32%
6 Life and Disability Insurance	126	126	0	0.00%
7 Dental Insurance	626	686	60	9.58%
8 Retirees Sick Leave	2,777	2,827	50	1.80%
9 Total	216,385	221,734	5,349	2.47%
10				
11 <u>Occupancy Expense</u>				
12 Janitorial - Labor	8,904	8,904	0	0.00%
13 Trash Collection	1,056	1,080	24	2.27%
14 Utilities - Water & Electric	18,000	19,000	1,000	5.56%
15 Insurance (Property & Liability)	21,800	20,200	(1,600)	-7.34%
16 Yard Maintenance - Labor	4,000	4,000	0	0.00%
17 Maintenance Agreements	5,040	5,400	360	7.14%
18 APA Office Building Maintenance	32,820	10,000	(22,820)	-69.53%
19 Charge in Lieu of Depreciation	15,000	21,303	6,303	42.02%
20 Total	106,620	89,887	(16,733)	-15.69%
21				
22 <u>Organizational Dues and Subscriptions</u>				
23 Subscriptions	300	560	260	86.67%
24 Staff Organizational Dues	1,000	1,000	0	0.00%
25 Organizational Dues	12,000	14,000	2,000	16.67%
26 Total	13,300	15,560	2,260	16.99%
27				
28				
29 Total Administrative and General	1,632,571	1,630,875	(1,696)	-0.10%

Arizona Power Authority
Hoover Operating Account Budget

Line No.	Adopted Budget for Operating Year Ending 9/30/19 (\$)	Final Budget for Operating Year Ending 9/30/20 (\$)	Difference (\$)	% of Change	
1 Administrative and General					
2	Commission Expenses (1)	\$55,200	\$78,280	\$23,080	41.81%
3	Staff Expenses (2)	\$799,297	\$839,623	\$40,326	5.05%
4	Outside Services (3)	\$441,769	\$385,791	(\$55,978)	-12.67%
5	Employee Related Expenses (4)	\$216,385	\$221,734	\$5,349	2.47%
6	Occupancy Expense (5)	\$106,620	\$89,887	(\$16,733)	-15.69%
7	Organizational Expense (6)	\$13,300	\$15,560	\$2,260	16.99%
8	Total Administrative and General	\$1,632,571	\$1,630,875	(\$1,696)	-0.10%
9					
10 Debt Service					
11	Debt Service Reserve Interest (7)	(\$10,000)	(\$10,000)	\$0	0.00%
12	Debt Service Income	(\$10,000)	(\$10,000)	\$0	0.00%
13	Debt Service -				
14	2014 Bond Interest (8)	\$1,186,398	\$1,174,303	(\$12,095)	-1.02%
15	Debt Service Reserve 2014 Bond/Principle (9)	\$550,000	\$560,000	\$10,000	1.82%
16	Other Costs (10)	\$31,100	\$31,000	(\$100)	-0.32%
17	Debt Service Expenses	\$1,757,498	\$1,755,303	(\$2,195)	-0.12%
18					
19 Other Income :					
20	Operating Account Interest (11)	(\$50,000)	(\$70,000)	(\$20,000)	40.00%
21	Total Other Income	(\$50,000)	(\$70,000)	(\$20,000)	40.00%
22					
23 Other Expenses:					
24	Planned Surplus (12)	\$400,000	\$400,000	\$0	0.00%
25	Total Other Expenses	\$400,000	\$400,000	\$0	0.00%
26					
27	Subtotal Expenses and Income (13)	\$3,740,069	\$3,716,178	(\$23,891)	-0.64%
28	Subtotal Hoover (Page 5 Line 37)	\$16,841,817	\$16,039,702	(\$802,115)	-4.76%
29	Total Revenue Requirement	\$20,581,886	\$19,755,880	(\$826,006)	-4.01%

Footnotes:

- (1) See Page 2, Line 9
- (2) See Page 2, Line 24
- (3) See Page 2, Line 34
- (4) See Page 3, Line 9
- (5) See Page 3, Line 20
- (6) See Page 3, Line 26
- (7) Interest earned on the Bond Reserve account
- (8) Amount from bond schedule
- (9) Amount from bond schedule
- (10) Amount calculated annually
- (11) Amount calculated annually
- (12) Budgeted margin
- (13) The sum of Lines 8, 17,21, 25

Arizona Power Authority
Hoover Operating Account Budget

Line No.	Description	Adopted Budget for Operating Year Ending 9/30/19	Final Budget for Operating Year Ending 9/30/20	Difference	% of Change
1	Hoover Power Expenses				
2	Western's Capacity Revenue Requirement	\$34,870,829	\$33,209,701	(\$1,661,128)	-4.76%
3	Total Capacity (kW) (YrAvg)	1,613,000	1,613,000	0	0.00%
4	Capacity Rate (\$/kW-month)	1.80	1.72	(0.09)	-4.76%
5	APA Percentage of Capacity	19.75%	19.75%		
6	APAs Base Charge for Capacity	\$6,888,209	\$6,560,078	(\$328,131)	-4.76%
7	Western's Energy Revenue Requirement	\$34,870,829	\$33,209,701	(\$1,661,128)	-4.76%
8	BCP OY Estimated Generation (MWh)	3,686,659	3,478,100	(208,559)	-5.66%
9	Western's Energy Rate (mills/kWh)	9.46	9.55	0.09	0.95%
10	APA Percentage of Energy	19.40%	19.40%	0.00	0.00%
11	APAs Base Charge for Energy	\$6,765,394	\$6,443,114	(\$322,280)	-4.76%
12	Western's Total Revenue Requirement	\$69,741,657	\$66,419,402	(\$3,322,255)	-4.76%
13	Western's Composite Rate (mills/kWh)	18.92	19.10	\$0.18	0.95%
14					
15	Estimated Western Rate:				
16	Demand Charge (\$/kW/Mo.)	1.80	1.72	(0.09)	-4.76%
17	Energy Charge (Mills/kWh)	9.46	9.55	0.09	0.95%
18	CAP Surcharge (Mills/kWh)	4.50	4.50	0.00	0.00%
19					
20	Purchased Power at Generation				
21	Capacity (Kilowatt Months):				
22	Schedule A (Avg/Yr)	115,808	128,279	12,471	10.77%
23	Schedule B (Avg/Yr)	115,192	127,597	12,405	10.77%
24	Schedule D (Avg/Yr)	17,574	19,467	1,892	10.77%
25	Total (Avg/Yr)	248,574	275,342	26,768	10.77%
26					
27	Energy (Megawatt-Hours)				
28	Schedule A	482,666	471,487	(11,179)	-2.32%
29	Schedule B	158,401	154,732	(3,669)	-2.32%
30	Schedule D	49,713	48,561	(1,152)	-2.32%
31	Total	690,780	674,780	(16,000)	-2.32%
32					
33	Purchased Power Expense				
34	Demand Charge	\$6,888,209	\$6,560,078	(\$328,131)	-4.76%
35	Energy Charge	\$6,765,394	\$6,443,114	(\$322,280)	-4.76%
36	LCRBDF	\$3,108,510	\$3,036,510	(\$72,000)	-2.32%
37	Total	\$16,841,817	\$16,039,702	(\$802,115)	-4.76%

Arizona Power Authority
Hoover Operating Account Budget
Estimated Revenue Requirements

Final OY2020 8/15/19

Line No.	Adopted Budget for Operating Year Ending 9/30/19	Final Budget for Operating Year Ending 9/30/20	Difference	% of Change
1	Demand Related Costs:			
2	\$ 6,888,209	\$ 6,560,078	\$ (328,131)	-5%
3	\$ 816,286	\$ 815,438	\$ (848)	0%
4	\$ 878,749	\$ 877,652	\$ (1,097)	0%
5	\$ 200,000	\$ 200,000	\$ -	0%
6	\$ (25,000)	\$ (35,000)	\$ (10,000)	40%
7	<u>\$ 8,758,244</u>	<u>\$ 8,418,167</u>	<u>\$ (340,076)</u>	<u>-4%</u>
8				
9	Energy Related Costs:			
10	\$ 6,765,394	\$ 6,443,114	\$ (322,280)	-5%
11	\$ 3,108,510	\$ 3,036,510	\$ (72,000)	-2%
12	\$ 816,286	\$ 815,438	\$ (848)	0%
13	\$ 878,749	\$ 877,652	\$ (1,097)	0%
14	\$ 200,000	\$ 200,000	\$ -	0%
15	\$ (25,000)	\$ (35,000)	\$ (10,000)	40%
16	<u>\$ 11,743,939</u>	<u>\$ 11,337,713</u>	<u>\$ (406,226)</u>	<u>-3%</u>
17				
18	Avg. Capacity Entitlement @ Load (kW)			
19	115,808	128,279	12,471	11%
20	115,197	127,602	12,405	11%
21	17,569	19,461	1,892	11%
22	<u>248,574</u>	<u>275,342</u>	<u>26,768</u>	<u>11%</u>
23				
24	Energy Entitlement @ Load (MWh)			
25	482,666	471,487	(11,179)	-2%
26	158,401	154,732	(3,669)	-2%
27	49,713	48,561	(1,152)	-2%
28	<u>690,780</u>	<u>674,780</u>	<u>(16,000)</u>	<u>-2%</u>
29				
30	Recovery of Revenue at Delivery			
31	\$ 8,758,244	\$8,418,167	(\$340,076)	-4%
32	\$ 11,743,939	\$11,337,713	(\$406,226)	-3%
33	<u>\$ 20,502,182</u>	<u>\$19,755,880</u>	<u>(\$746,302)</u>	<u>-4%</u>
34				
35	Estimated APA Rate			
36	2.94	2.55	(0.39)	-13%
37	12.50	12.30	(0.20)	-2%
38	4.50	4.50	0.00	0%
39	17.00	16.80	(0.20)	-1%
40				
41	<u>29.68</u>	<u>29.28</u>	<u>(0.40)</u>	<u>-1%</u>

Calculation of Energy Rate Adjustment for Potential Lost Energy:

Lost Energy in MWh	<u>0.015</u>	10,121.70
Lost Energy in Dollars	16.80	170,065.69
Decrease in LCRBDF Cost	4.50	<u>(45,547.65)</u>
Net Revenue to Recover		<u>124,518.04</u>

Divided by New Energy Quantity (MWh):

Old Energy Quantity		674,780.00
Less Adjustment		<u>(10,121.70)</u>
New Energy Quantity		<u>664,658.30</u>

Effect on Rate	\$	0.19
New Calculated Energy Rate	\$	16.99

Note: Capacity and LCRBDF rates unchanged.

Calculation of Composite Rate Adjustment for Potential Lost Energy:

Lost Composite Rate in MWh	<u>0.015</u>	10,121.70
Lost Composite Rate in Dollars	29.28	296,338.20
Decrease in LCRBDF Cost	4.50	<u>(45,547.65)</u>
Net Revenue to Recover		<u>250,790.55</u>

Divided by New Energy Quantity (MWh):

Old Energy Quantity		674,780.00
Less Adjustment		<u>(10,121.70)</u>
New Energy Quantity		<u>664,658.30</u>

Effect on Rate	\$	0.38
New Calculated Energy Rate	\$	29.65

Note: Capacity and LCRBDF rates unchanged.

Adjusted Rates After Adjustment:

	Adopted Budget for Operating Year Ending 9/30/2019	Final Budget for Operating Year Ending 9/30/2020	Difference	% of Change
Estimated APA Rate				
Demand Charge (\$/kW/Mo.)	2.94	2.55	(0.39)	-13%
Energy Charge (Mills/kWh)	12.50	12.49	(0.01)	0%
LCRBDF (Mills/kWh)	4.50	4.50	0.00	0%
Sched. A, B & D Energy Rate (Mills/kWh)	<u>17.00</u>	<u>16.99</u>	<u>(0.01)</u>	<u>0%</u>
Composite Rate (Mills/kWh)	29.68	29.65	(0.02)	-0.08%