

Arizona Power Authority
Hoover Operating Account Budget

Final OY 2019

Condensed Statements of Revenues and Expenses

Line No.	Adopted Budget for Operating Year Ending 9/30/18 (\$)	Final Budget for Operating Year Ending 9/30/19 (\$)	Difference (\$)	% of Change
1	Operating Revenues			
2				
3	Sales of Hoover Capacity and Energy			
4	\$9,418,557	\$8,758,244	(\$660,313)	-7.01%
5	\$9,282,618	\$8,635,429	(\$647,190)	-6.97%
6	\$3,208,050	\$3,188,214	(\$19,836)	-0.62%
	Total Revenue from Rates	\$21,909,225	(\$1,327,339)	-6.06%
7	Interest Income			
8	\$1,500	\$50,000	\$48,500	3233.33%
9				
10	\$21,910,725	\$20,631,886	(\$1,278,839)	-5.84%
11				
12	Operating Expenses			
13				
14	\$18,264,566	\$16,841,817	(\$1,422,749)	-7.79%
15	\$1,575	\$0	(\$1,575)	-100.00%
16	\$1,813,972	\$1,632,571	(\$181,401)	-10.00%
17	Total Operating Expenses	\$20,080,113	(\$1,605,725)	-8.00%
18				
19	Debt Service			
20	(\$300,000)	\$0	\$300,000	-100.00%
21	(\$5,500)	(\$10,000)	(\$4,500)	81.82%
22	\$1,196,112	\$1,186,398	(\$9,714)	-0.81%
23	\$540,000	\$550,000	\$10,000	1.85%
24	\$0	\$31,100	\$31,100	N/A
25	Total Debt Service	\$1,757,498	\$326,886	22.85%
26				
27	\$21,510,725	\$20,231,886	(\$1,278,839)	-5.95%
28				
29	\$400,000	\$400,000	\$0	0.00%

Footnotes:

- (1) See Page 6, Line 8
- (2) See Page 6, Line 18 minus Page 5, Line 40
- (3) See Page 5, Line 40
- (4) See Page 4, Line 23
- (5) See Page 5, Line 41
- (6) See Page 5, Line 2
- (7) See Page 4, Line 8
- (8) See Page 4, Line 11
- (9) See Page 4, Line 12
- (10) See Page 4, Line 16
- (11) See Page 4, Line 17
- (12) See Page 4, Line 18

Arizona Power Authority
Hoover Operating Account Budget

Administrative and General Expense (Details)

Line No.	Adopted Budget for Operating Year Ending 9/30/18 (\$)	Final Budget for Operating Year Ending 9/30/19 (\$)	Difference (\$)	% of Change
<u>Commission Expenses</u>				
1	-	-	-	0.00%
2	4,320	3,000	(1,320)	-30.56%
3	15,752	10,000	(5,752)	-36.52%
4	15,000	8,000	(7,000)	-46.67%
5	15,000	-	(15,000)	-100.00%
6	6,000	7,200	1,200	20.00%
7	10,000	24,000	14,000	140.00%
8	4,200	3,000	(1,200)	-28.57%
9	-	-	0	N/A
10	70,272	55,200	(15,072)	-21.45%
11				
<u>Staff Expenses</u>				
13	667,618	694,307	26,689	4.00%
14	667,618	694,307	26,689	4.00%
15	10,000	10,000	0	0.00%
16	15,000	16,000	1,000	6.67%
17	6,000	5,000	(1,000)	-16.67%
18	1,500	1,000	(500)	-33.33%
19	5,000	3,000	(2,000)	-40.00%
20	1,500	500	(1,000)	-66.67%
21	13,260	12,420	(840)	-6.33%
22	33,270	35,070	1,800	5.41%
23	21,500	20,000	(1,500)	-6.98%
24	1,500	2,000	500	33.33%
25	-	-	0	0.00%
26	776,148	799,297	23,149	2.98%
27				
<u>Outside Services</u>				
29	57,000	45,000	(12,000)	-21.05%
30	10,000	6,000	(4,000)	-40.00%
31	154,600	84,000	(70,600)	-45.67%
32	30,000	30,000	0	0.00%
33	169,083	165,726	(3,357)	-1.99%
34	212,200	111,043	(101,157)	-47.67%
35	-	-	0	0.00%
36	632,883	441,769	(191,114)	-30.20%

Arizona Power Authority
Hoover Operating Account Budget

Administrative and General Expense (Details)

	Adopted Budget for Operating Year Ending 9/30/18 (\$)	Final Budget for Operating Year Ending 9/30/19 (\$)	Difference (\$)	% of Change
1 <u>Employee Related Expenses</u>				
2 Worker's Compensation Insurance	2,470	6,735	4,265	172.67%
3 Social Security Taxes	51,403	53,344	1,941	3.78%
4 State Retirement	76,776	81,928	5,152	6.71%
5 Health Insurance	72,534	70,849	(1,685)	-2.32%
6 Life and Disability Insurance	126	126	0	0.00%
7 Dental Insurance	626	626	0	0.00%
8 Retirees Sick Leave	2,670	2,777	107	4.01%
9 Total	206,605	216,385	9,780	4.73%
10				
11 <u>Occupancy Expense</u>				
12 Janitorial - Labor	8,904	8,904	0	0.00%
13 Janitorial Supplies	500	0	(500)	-100.00%
14 Trash Collection	1,440	1,056	(384)	-26.67%
15 Utilities - Water & Electric	19,000	18,000	(1,000)	-5.26%
16 Insurance (Property & Liability)	21,800	21,800	0	0.00%
17 Yard Maintenance - Labor	6,000	4,000	(2,000)	-33.33%
18 Maintenance Agreements	6,300	5,040	(1,260)	-20.00%
19 APA Office Building Maintenance	31,000	32,820	1,820	5.87%
20 Charge in Lieu of Depreciation	18,000	15,000	(3,000)	-16.67%
21 Total	112,944	106,620	(6,324)	-5.60%
22				
23 <u>Organizational Dues and Subscriptions</u>				
25 Subscriptions	120	300	180	150.00%
26 Staff Organizational Dues	2,000	1,000	(1,000)	-50.00%
27 Organizational Dues	13,000	12,000	(1,000)	-7.69%
28 Total	15,120	13,300	(1,820)	-12.04%
29				
30				
31 Total Administrative and General	1,813,972	1,632,571	(181,401)	-10.00%

Arizona Power Authority
Hoover Operating Account Budget

Line No.	Adopted Budget for Operating Year Ending 9/30/18 (\$)	Final Budget for Operating Year Ending 9/30/19 (\$)	Difference (\$)	% of Change
1 Administrative and General				
2 Commission Expenses (1)	\$70,272	\$55,200	(\$15,072)	-21.45%
3 Staff Expenses (2)	\$776,148	\$799,297	\$23,149	2.98%
4 Outside Services (3)	\$632,883	\$441,769	(\$191,114)	-30.20%
5 Employee Related Expenses (4)	\$206,605	\$216,385	\$9,780	4.73%
6 Occupancy Expense (5)	\$112,944	\$106,620	(\$6,324)	-5.60%
7 Organizational Expense (6)	\$15,120	\$13,300	(\$1,820)	-12.04%
8 Total Administrative and General	\$1,813,972	\$1,632,571	(\$181,401)	-10.00%
9				
10 Debt Service				
11 Uprate Advance Credits (7)	(\$300,000)	\$0	\$300,000	-100.00%
12 Debt Service Reserve Interest (8)	(\$5,500)	(\$10,000)	(\$4,500)	81.82%
13 Debt Service Income	(\$305,500)	(\$10,000)	\$295,500	-96.73%
14				
15 Debt Service -				
16 2014 Bond Interest (9)	\$1,196,112	\$1,186,398	(\$9,714)	-0.81%
17 Debt Service Reserve 2014 Bond/Principle (10)	\$540,000	\$550,000	\$10,000	1.85%
18 Other Costs (11)	\$0	\$31,100	\$31,100	N/A
19 Debt Service Expenses	\$1,736,112	\$1,757,498	\$31,386	1.23%
20				
21 Other Income :				
22 Operating Account Interest (12)	(\$1,500)	(\$50,000)	(\$48,500)	3233.33%
23 Total Other Income	(\$1,500)	(\$50,000)	(\$48,500)	3233.33%
24				
25 Other Expenses:				
26 Planned Surplus (13)	\$400,000	\$400,000	\$0	0.00%
27 Total Other Expenses	\$400,000	\$400,000	\$0	0.00%
28				
29 Subtotal Expenses and Income (14)	\$3,643,084	\$3,740,069	\$96,985	2.66%
30 Subtotal Trans&Hoover (Page 5 Line 43)	\$18,266,141	\$16,841,817	(\$1,424,324)	-7.80%
31 Total Revenue Requirement	\$21,909,225	\$20,581,886	(\$1,327,339)	-6.06%
32				

Footnotes:

- (1) See Page 2, Line10
- (2) See Page 2, Line 26
- (3) See Page 2, Line 36
- (4) See Page 3, Line 9
- (5) See Page 3, Line 21
- (6) See Page 3, Line 28
- (7) Amount calculated annually
- (8) Interest earned on the Bond Reserve account
- (9) Amount from bond schedule
- (10) Amount from bond schedule
- (11) Rating agency, trustee fees
- (12) Estimated annually
- (13) Budgeted margin
- (14) The sum of Lines 8, 14, 20, 24, 28

Arizona Power Authority
Hoover Operating Account Budget

Line No.	Description	Adopted Budget for Operating Year Ending 9/30/18	Final Budget for Operating Year Ending 9/30/19	Difference	% of Change
1	Transmission Expenses				
2	Substation O&M	\$1,575		(\$1,575)	-100.00%
3	Total	\$1,575	\$0	(\$1,575)	-100.00%
4					
5	Hoover Power Expenses				
6	Western's Capacity Revenue Requirement	\$38,455,097	\$34,870,829	(\$3,584,268)	-9.32%
7	Total Capacity (kW) (YrAvg)	1,534,000	1,613,000	79,000	5.15%
8	Capacity Rate (\$/kW-month)	2.09	1.80	(0.29)	-13.76%
9	APA Percentage of Capacity	19.75%	19.75%		
10	APAs Base Charge for Capacity	\$7,596,227	\$6,888,209	(\$708,018)	-9.32%
11	Western's Energy Revenue Requirement	\$38,455,097	\$34,870,829	(\$3,584,268)	-9.32%
12	BCP OY Estimated Generation (MWh)	3,851,925	3,686,659	(165,266)	-4.29%
13	Western's Energy Rate (mills/kWh)	9.98	9.46	(0.52)	-5.26%
14	APA Percentage of Energy	19.40%	19.40%	0.00	0.01%
15	APAs Base Charge for Energy	\$7,460,289	\$6,765,394	(\$694,895)	-9.31%
16	Western's Total Revenue Requirement	\$76,910,193	\$69,741,657	(\$7,168,536)	-9.32%
17	Western's Composite Rate (mills/kWh)	19.97	18.92	(\$1.05)	-5.26%
18					
19	Estimated Western Rate:				
20	Demand Charge (\$/kW/Mo.)	2.09	1.80	(0.29)	-13.76%
21	Energy Charge (Mills/kWh)	9.98	9.46	(0.52)	-5.26%
22	CAP Surcharge (Mills/kWh)	4.50	4.50	0.00	0.00%
23					
24	Purchased Power at Generation				
25	Capacity (Kilowatt Months):				
26	Schedule A (Avg/Yr)	120,369	115,808	(4,562)	-3.79%
27	Schedule B (Avg/Yr)	119,729	115,192	(4,537)	-3.79%
28	Schedule D (Avg/Yr)	18,266	17,574	(692)	-3.79%
29	Total (Avg/Yr)	258,365	248,574	(9,791)	-3.79%
30					
31	Energy (Megawatt-Hours)				
32	Schedule A	499,030	495,042	(3,988)	-0.80%
33	Schedule B	162,541	162,463	(78)	-0.05%
34	Schedule D	51,329	50,987	(341)	-0.67%
35	Total	712,900	708,492	(4,408)	-0.62%
36					
37	Purchased Power Expense				
38	Demand Charge	\$7,596,227	\$6,888,209	(\$708,018)	-9.32%
39	Energy Charge	\$7,460,289	\$6,765,394	(\$694,895)	-9.31%
40	LCRBDF	\$3,208,050	\$3,188,214	(\$19,836)	-0.62%
41	Total	\$18,264,566	\$16,841,817	(\$1,422,749)	-7.79%
42					
43	Subtotal Trans&Hoover	\$18,266,141	\$16,841,817	(\$1,424,324)	-7.80%

Arizona Power Authority
Hoover Operating Account Budget
Estimated Revenue Requirements

Final OY2019

Line No.		Adopted Budget for Operating Year Ending 9/30/18	Final Budget for Operating Year Ending 9/30/19	Difference	% of Change
1	Demand Related Costs:				
2	Western's Demand Charge	\$ 7,596,227	\$ 6,888,209	\$ (708,018)	-9%
3	Transmission - 50%	\$ 788	\$ -	\$ (788)	-100%
4	Administrative & General - 50%	\$ 906,986	\$ 816,286	\$ (90,701)	-10%
5	Debt Service - 50%	\$ 718,056	\$ 878,749	\$ 160,693	22%
6	Planned Surplus - 50%	\$ 200,000	\$ 200,000	\$ -	0%
7	Interest Income - 50%	\$ (3,500)	\$ (25,000)	\$ (21,500)	614%
8	Total	\$ 9,418,557	\$ 8,758,244	\$ (660,313)	-7.01%
9					
10	Energy Related Costs:				
11	Western's Energy Charge	\$ 7,460,289	\$ 6,765,394	\$ (694,895)	-9%
12	Lower Colorado River Basin Dev. Fund Charge	\$ 3,208,050	\$ 3,188,214	\$ (19,836)	-1%
13	Transmission - 50%	\$ 788	\$ -	\$ (788)	-100%
14	Administrative & General - 50%	\$ 906,986	\$ 816,286	\$ (90,701)	-10%
15	Debt Service - 50%	\$ 718,056	\$ 878,749	\$ 160,693	22%
16	Planned Surplus - 50%	\$ 200,000	\$ 200,000	\$ -	0%
17	Interest Income - 50%	\$ (3,500)	\$ (25,000)	\$ (21,500)	614%
18	Total	\$ 12,490,668	\$ 11,823,643	\$ (667,026)	-5.34%
19					
20	Avg. Capacity Entitlement @ Load (kW)				
21	Schedule 'A'	120,372	115,808	(4,564)	-3.8%
22	Schedule 'B'	119,726	115,197	(4,530)	-3.8%
23	Schedule 'D'	18,266	17,569	(697)	-3.8%
24	Total	258,365	248,574	(9,791)	-3.8%
25					
26	Energy Entitlement @ Load (MWh)				
27	Schedule 'A'	498,122	495,042	(3,080)	-0.62%
28	Schedule 'B'	163,473	162,463	(1,011)	-0.62%
29	Schedule 'D'	51,304	50,987	(317)	-0.62%
30	Total	712,900	708,492	(4,090)	-0.62%
31					
32	Recovery of Revenue at Delivery				
33	From Demand Rate	\$9,418,557	\$8,758,244	(\$660,313)	-7.01%
34	From Energy Rate	\$12,490,668	\$11,823,643	(\$667,026)	-5.34%
35	Total Revenue Requirement	\$21,909,225	\$20,581,886	(\$1,327,339)	-6.06%
36					
37	Estimated APA Rate				
38	Demand Charge (\$/kW/Mo.)	3.04	2.94	(0.10)	-3.29%
39	Energy Charge (Mills/kWh)	13.02	12.19	(0.83)	-6.39%
40	LCRBDF (Mills/kWh)	4.50	4.50	0.00	0.00%
41	Sched. A, B & D Energy Rate (Mills/kWh)	17.52	16.69	(0.83)	-4.75%
42					
43	Composite Rate (Mills/kWh)	30.73	29.05	(1.68)	-5.47%

Calculation of Energy Rate Adjustment for Potential Lost Energy:

Lost Energy in MWh	<u>0.025</u>	17,712.30
Lost Energy in Dollars	16.69	295,591.06
Decrease in LCRBDF Cost	4.50	<u>(79,705.35)</u>
Net Revenue to Recover		<u>215,885.71</u>

Divided by New Energy Quantity (MWh):

Old Energy Quantity		708,492.00
Less Adjustment		<u>(17,712.30)</u>
New Energy Quantity		<u>690,779.70</u>

Effect on Rate	\$	0.31
New Calculated Energy Rate	\$	17.00

Note: Capacity and LCRBDF rates unchanged.**Calculation of Composite Rate Adjustment for Potential Lost Energy:**

Lost Composite Rate in MWh	<u>0.025</u>	17,712.30
Lost Composite Rate in Dollars	29.05	514,547.15
Decrease in LCRBDF Cost	4.50	<u>(79,705.35)</u>
Net Revenue to Recover		<u>434,841.80</u>

Divided by New Energy Quantity (MWh):

Old Energy Quantity		708,492.00
Less Adjustment		<u>(17,712.30)</u>
New Energy Quantity		<u>690,779.70</u>

Effect on Rate	\$	0.63
New Calculated Energy Rate	\$	29.68

Note: Capacity and LCRBDF rates unchanged.**Adjusted Rates After Adjustment:**

	Adopted Budget for Operating Year Ending 9/30/18	Final Budget for Operating Year Ending 9/30/19	Difference	% of Change
Estimated APA Rate				
Demand Charge (\$/kW/Mo.)	3.04	2.94	(0.10)	-3.29%
Energy Charge (Mills/kWh)	13.02	12.50	(0.52)	-3.99%
LCRBDF (Mills/kWh)	4.50	4.50	0.00	0.00%
Sched. A, B & D Energy Rate (Mills/kWh)	<u>17.52</u>	<u>17.00</u>	<u>(0.52)</u>	<u>-2.97%</u>
Composite Rate (Mills/kWh)	30.73	29.68	(1.05)	-3.43%