

DSW Transmission Projects

Parker-Davis Project - Intertie Project
Central Arizona Project - ED5-Palo Verde Project

FY 2026 Work Plan

Neilia Abban
Financial Manager
May 22, 2024



Agenda

- Welcome
- New format for meeting
- Work Plan meeting schedule
- Fiscal Year (FY) 2026 Work Plan introduction
- WAPA Wide and HQ FY 2026 Work Plan
- Expansion of budget meetings
- FY 2024 Execution
- FY 2025 to FY 2026 Work Plan Comparison
- Cash Flow and reserve balances
- Transmission System Asset Management
- Revenue requirement analysis



New Format

- The new format will have high level data, that relates back to the Work Plan handout. This handout is where details about specific programs/budget activities will be found.
- Cashflow
- Maintenance will highlight notable items
- Rates will discuss the revenue requirements



Work Plan Meeting Schedule

- FY26 Work Plan Meeting (Today)
 - FY21-23 Actuals (via handout)
 - FY24 Execution status
 - FY25 and FY26 Formulated Work Plan
 - FY27-30 Out-Years Work Plan (via handout)
- FY24 Budget vs Actual Meeting (Dec 2024)
 - FY24 Revalidated Budget vs Actual
 - FY26 Strategic Budget Guidance
 - FY26 New FTE Requested



FY 2026 Work Plan

Customer Meeting

Michael Peterson

SVP and Chief Financial Officer

Colin Marquez

VP of Budget & Analysis

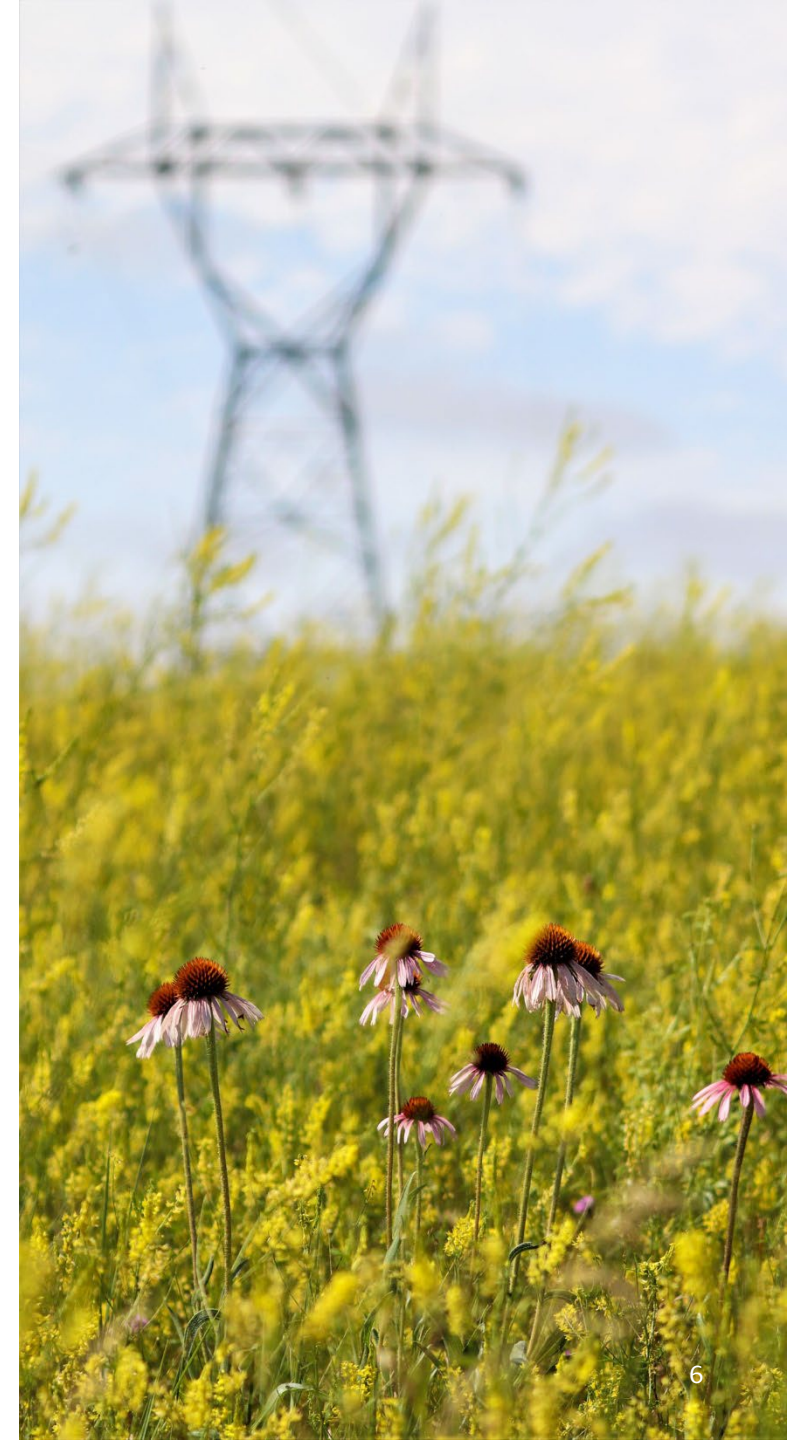
John Fileccia

HQ Financial Manager



FY 2026 Work Plan Briefing

- Executive Summary
- WAPA-Wide Budget Overview
 - Federal Labor
 - Discretionary O&M/Indirect
 - Capital
- HQ Discretionary O&M/Indirect
- HQ Capital



CFO Perspective

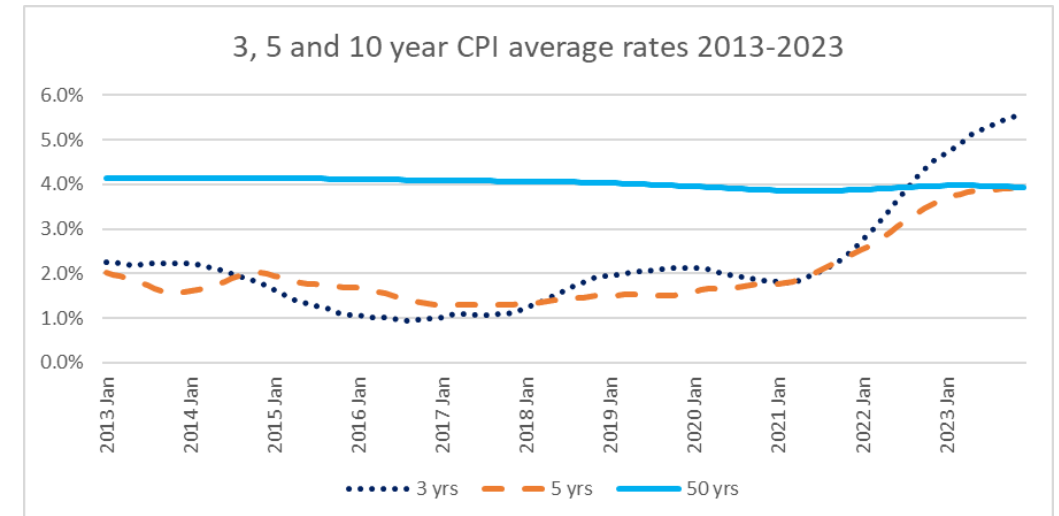
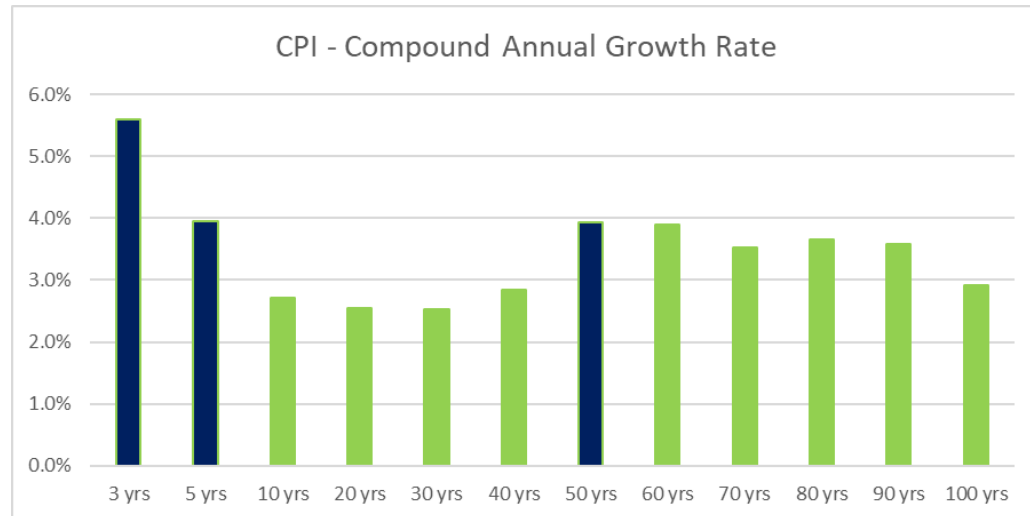
Financial Stewardship in Challenging Times

1. Budgeting in a rising cost environment
2. Maintaining WAPA as a going concern
3. Ensuring line-of-sight access to sufficient capital



US Inflation - 100 Years of Perspective

Recent CPI peaked at 8.2% in Nov 22, Feb 24 registered 3.2%



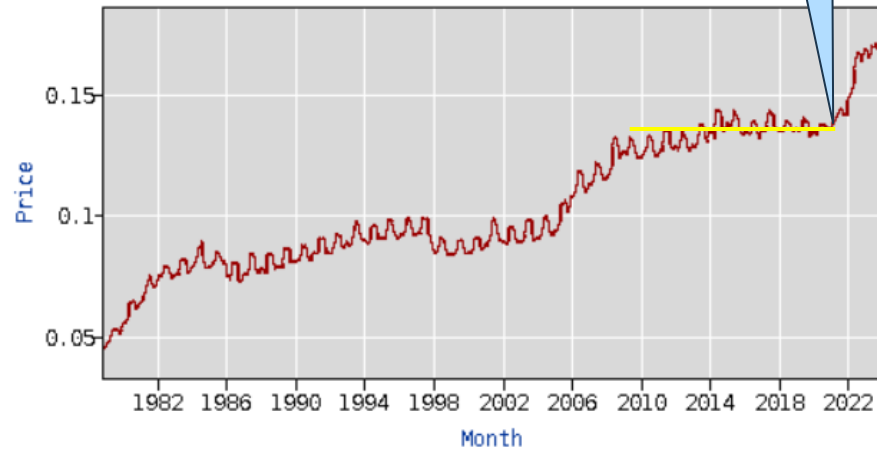
SOURCE: US Bureau of Labor Statistics. Data as of March 27, 2024.
<https://data.bls.gov/pdq/SurveyOutputServlet>

US Electricity Prices - 43 Years of Perspective

February 2024 prices registered an all-time high of 17.3 cents/KWh

Consumer Price Index Average Price Data

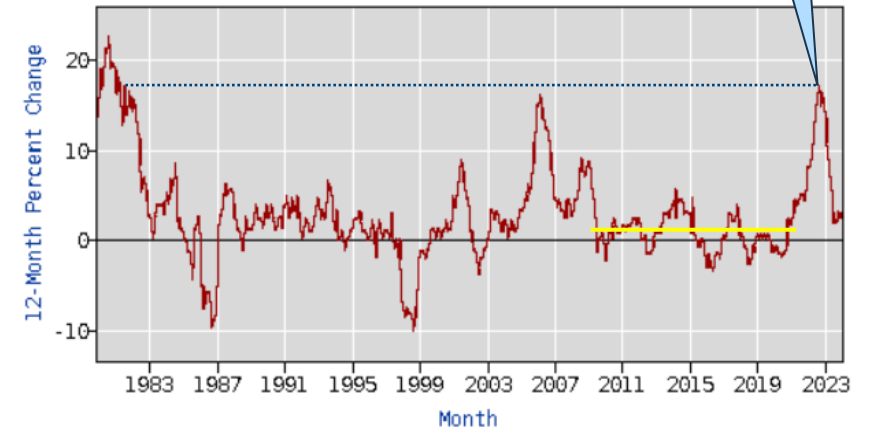
Series Id: APU000072610
Series Title: Electricity per KWH in U.S. city average, average price, not seasonally adjusted
Area: U.S. city average
Item: Electricity per KWH



Consumer Price Index Average Price Data

12-Month Percent Change

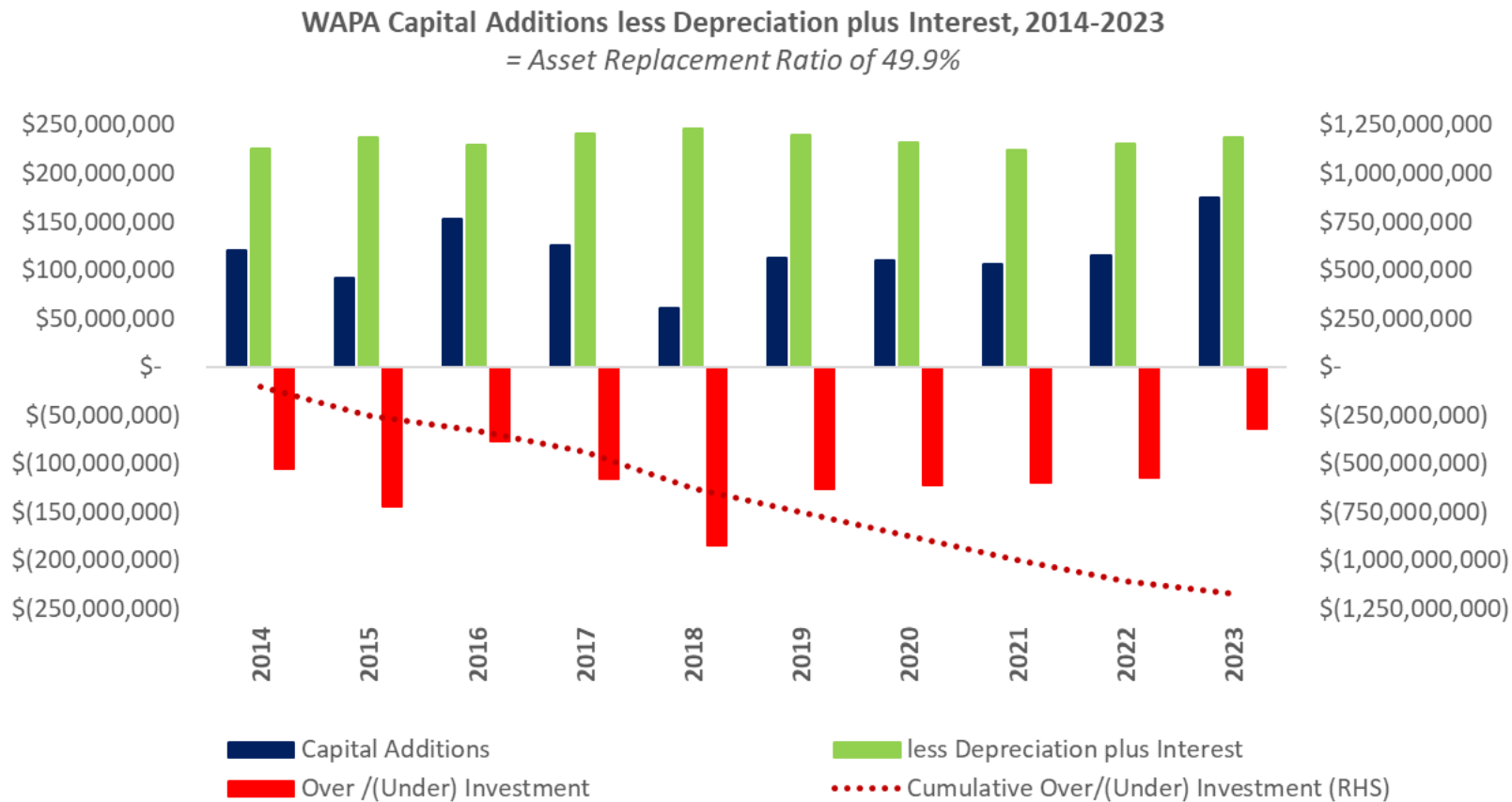
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Item: Electricity per KWH



SOURCE: US Bureau of Labor Statistics. Data as of March 27, 2024.
<https://data.bls.gov/pdq/SurveyOutputServlet>

Asset Replacement Ratio

2014-2023 results suggest Under Investment of ~\$120 million per year



Budget Overview

Budget Guidance
Budget vs Guidance
Total Program



Proposed FY 2026 Budget Guidance by Category



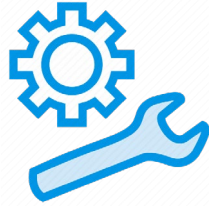
FTE & Labor

FTE

- Assumes +15 to authorized FTE levels (1521+15 = 1,536)
- Optimization of WAPA's human capital, a key initiative in support of WAPA's Strategic Plan 2023-30, targets increased utilization of WAPA's authorized FTE above recent levels (~97% utilization).

Labor

- Assume full FTE execution.
- Apply data-driven labor rates.
- Wage Board (WB) & Administratively Determined (AD) salaries determined by region.
- Cash awards based on DOE guidance.
- Relocation will remain a Labor expense, joined by Recruitment, Retention and Internal Detail costs.



Discretionary

Discretionary O&M and Indirect

- Increases expected to be offset in discretionary spend areas
- Limited to historical expenditures + 15%
- FTE overtime and contractor costs remain discretionary.
- Travel allowable at 120% of FY23 expenditures (non-maintenance orgs).

Other considerations

- Net receipts (before reserve balance matching) ≤ depreciation + interest for the rate setting system requires Administrator approval.
- Contracted services for IT, Technical and Administrative will be the lower of Discretionary guidance or option year pricing. Additional scope or positions require Administrator approval.
- Rate impact assessment
- Safety, physical, & cybersecurity needs remain a top priority



PPW

Purchase Power & Wheeling

- PPW should be base-case assumptions for pricing and volume
- All requests should be supported with relevant data



Capital

Evaluation

- Additions & Major Upgrades require Project Initiation Documents (PIDs)

Feasibility assessment

- Requests >15% of historical expenditures require Administrator approval via the Additions and Exceptions process.
- Threshold applies to the revalidation year, formulation year, and the 5-year window

Project funding

- Appropriation assumptions will be consistent with TCC process
- Consistent with rate, cash flow estimates and customer coordination

Budget vs Guidance Overview



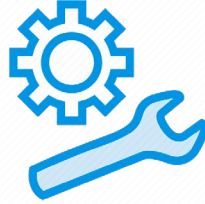
FTE & Labor

FTE

- All regions met guidance

Labor

- All regions met guidance
- 5.6% YoY increase



Discretionary & Other

Discretionary O&M and Indirect

- Above guidance with additions requests:
 - SNR \$2.3M (11.5%)
 - RMR \$2.8M (10.3%)
 - UGP \$2.2M (8.9%)
 - DSW \$1.5M (5.6%)
 - HQ \$2.2M (3.1%)
 - CRSP \$.5M (2.1%)
 - Total \$11.0M (6.5%)

Other considerations

- Insufficient net receipts compared with Depreciation + Interest:
 - CRSP -\$37M (-101% of dep+IOI)
 - DSW \$53M (75% of dep+IOI)
 - Fry-Ark \$1M (26% of dep+IOI)
 - PS \$24M (14% of dep+IOI)
 - Total \$72M (23% of dep+IOI)



PPW

Purchase Power & Wheeling

- All regions met guidance
 - SNR \$407M (71% above FY23)
 - CRSP \$289M (152% above FY23)
 - UGPR \$269M (60% above FY23)
 - DSWR \$95M (26% above FY23)
 - RMR \$81M (-40% below FY23)
 - Total \$1,141M (56% above FY23)



Capital

Evaluation

- All regions met guidance

Feasibility assessment

- Above guidance FY26:
 - UGP \$6M (11%)
 - SNR \$1M (7%)
- Above guidance 5-yr Window:
 - SNR \$20M (28%)
 - UGP \$58M (21%)

Project funding

Appropriated capital reserves available as of FY23 of \$14.9M

Total Program Results and Trends

Increases projected in all areas except Capital and PPW.

FY21 thru FY26

9.6% annual growth (CAGR)

4 budget categories (CAGR):

- a) PPW (12.3%)
- b) Capital (5.5%)
- c) Labor (5.0%)
- d) Discretionary (6.1%)

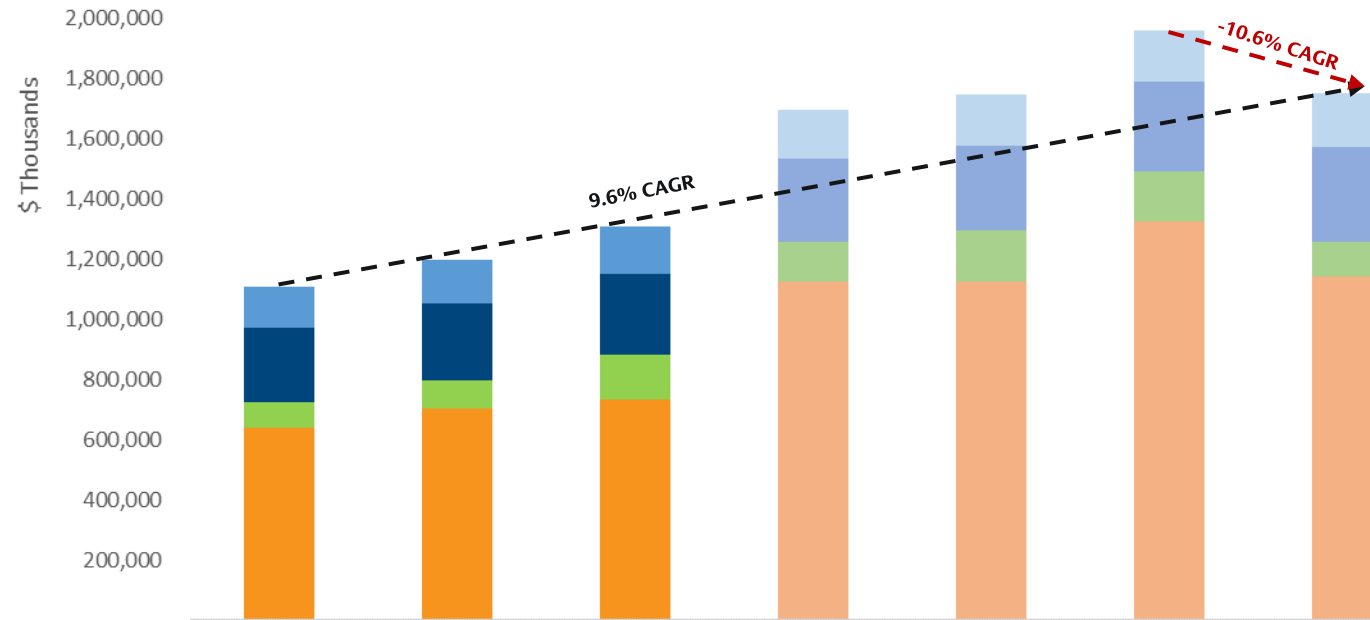
FY26 Year over Year Change

-10.6% projected decrease

4 budget categories:

- a) PPW (-14.0%)
- b) Capital (-30.3%)
- c) Labor (5.6%)
- d) Discretionary (6.5%)
- e) Total (-10.6%, or -\$208M)

WAPA Total Program



| Purpose | CAGR Calculations | | |
|---------------|-------------------|----------|-------------|
| | FY21-FY26 | Avg-FY26 | FY25 - FY26 |
| PPW | 12.3% | 13.3% | -14.0% |
| Capital | 5.5% | 1.0% | -30.3% |
| Fed Labor | 5.0% | 5.2% | 5.6% |
| Discretionary | 6.1% | 5.5% | 6.5% |
| Total | 9.6% | 9.8% | -10.6% |

| | FY21 Actual | FY22 Actual | FY23 Actual | FY24 Work Plan | FY24 Revalidation | FY25 Work Plan | FY26 Work Plan | FY26 vs 3-Yr Avg | FY26 vs 3-Yr Avg % |
|----------------------------|-------------|-------------|-------------|----------------|-------------------|----------------|----------------|------------------|--------------------|
| Discretionary O&M/Indirect | 134,592 | 147,737 | 155,763 | 160,683 | 166,669 | 169,737 | 180,813 | 34,782 | 23.8% |
| Fed Labor | 245,461 | 253,791 | 267,031 | 276,956 | 282,805 | 296,789 | 313,363 | 57,935 | 22.7% |
| Capital | 88,336 | 93,709 | 151,453 | 133,636 | 171,706 | 165,717 | 115,481 | 4,315 | 3.9% |
| PPW | 638,161 | 703,877 | 732,469 | 1,124,033 | 1,124,033 | 1,326,727 | 1,141,372 | 449,870 | 65.1% |
| Total | 1,106,549 | 1,199,114 | 1,306,716 | 1,695,308 | 1,745,214 | 1,958,970 | 1,751,028 | 546,902 | 45.4% |

58%, or \$644M in total



Total Program Results and Trends (excludes PPW)

Increases projected in all areas except Capital.

FY21 thru FY26

5.4% annual growth (CAGR)

3 budget categories (CAGR):

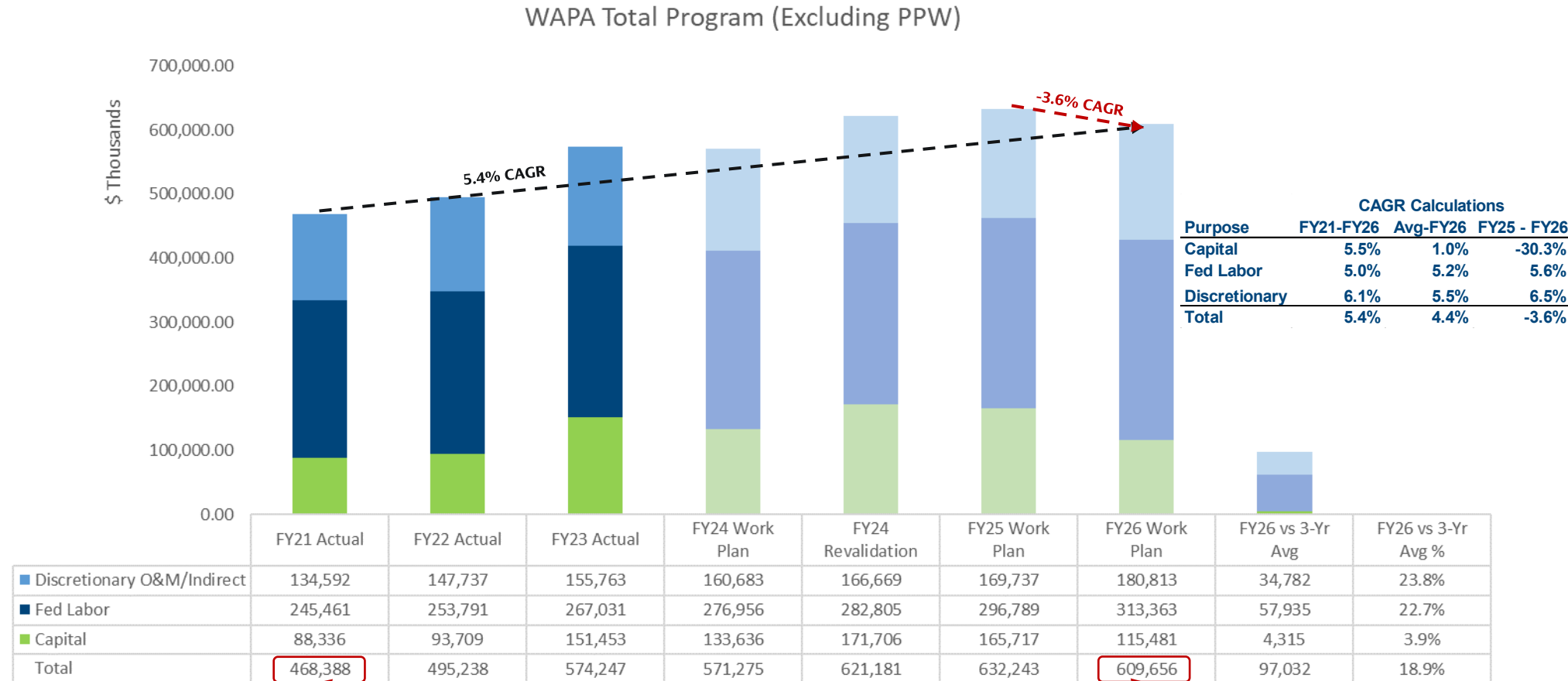
- a) Capital (5.5%)
- b) Labor (5.0%)
- c) Discretionary (6.1%)

FY26 Year over Year Change

-3.6% projected decrease

3 budget categories:

- a) Capital (-30.3%)
- b) Labor (5.6%)
- c) Discretionary (6.5%)
- e) Total (-3.6%, or -\$22.6M)



30%, or \$141M in total



Federal Labor

Federal Labor Results and Trends

Drivers: FTE increase, labor inflation and full FTE execution assumption

FY21 thru FY26

5.0% annual growth (CAGR)

Drivers:

- Inflation in compensation and benefits
- Increases in each pay type including WB, AD, and GS
- Full FTE execution assumption

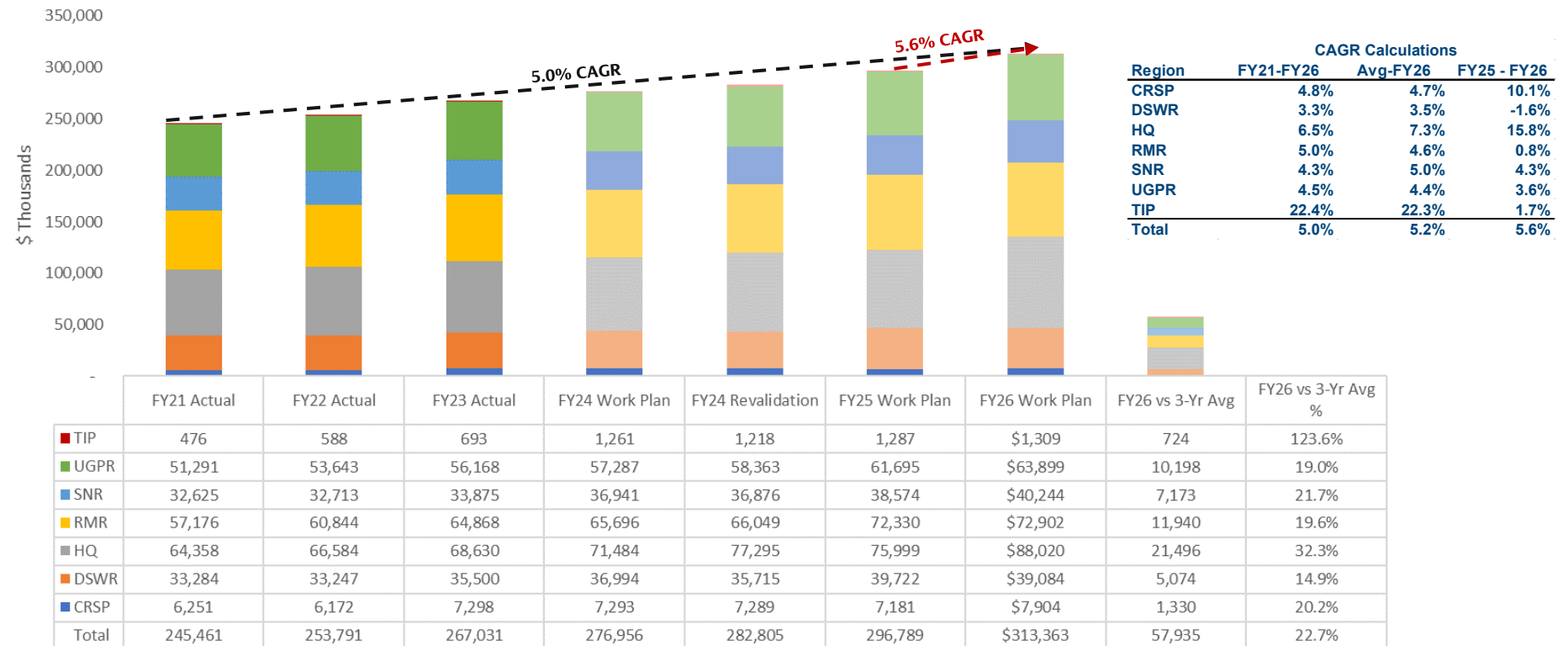
FY26 Year over Year Change

- 5.6% annual growth (CAGR)
- Consistent with latest OMB guidance
- 15 new FTE in FY26
- Procurement Reorg (30 FTE)

Challenges/Opportunities:

- FTE execution gap
- Potential for actual growth to outpace budget

WAPA - Federal Labor



| Region | FY21 | FY22 | FY23 | FY24 Work Plan | FY24 Revalidated | FY25 Work Plan | FY26 Work Plan | FY26 vs FY23 | FY26 vs FY23 % |
|---------------|---------|---------|---------|----------------|------------------|----------------|----------------|--------------|----------------|
| CRSP | 36.8 | 36.0 | 39.0 | 37.5 | 37.5 | 37.5 | 37.5 | (1.5) | -4% |
| DSWR | 210.1 | 199.7 | 205.3 | 214.0 | 205.0 | 214.0 | 205.0 | (0.3) | 0% |
| HQ | 390.4 | 387.8 | 383.4 | 395.0 | 425.0 | 395.0 | 440.0 | 56.6 | 15% |
| RMR | 326.9 | 336.5 | 344.9 | 349.5 | 341.5 | 349.5 | 341.5 | (3.4) | -1% |
| SNR | 177.8 | 173.1 | 169.4 | 178.0 | 173.0 | 178.0 | 173.0 | 3.6 | 2% |
| UGPR | 336.6 | 333.8 | 336.5 | 341.0 | 333.0 | 341.0 | 333.0 | (3.5) | -1% |
| TIP | 2.3 | 2.5 | 3.0 | 6.0 | 6.0 | 6.0 | 6.0 | 3.0 | 103% |
| Reserve | 1.0 | 1.0 | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | (1.0) | -100% |
| Total | 1,481.9 | 1,470.4 | 1,482.4 | 1,521.0 | 1,521.0 | 1,521.0 | 1,536.0 | 53.6 | 4% |
| Authorized | 1,521.0 | 1,521.0 | 1,521.0 | 1,521.0 | 1,521.0 | 1,521.0 | 1,536.0 | | |
| Execution Gap | 39.1 | 50.6 | 38.6 | 0.0 | (0.0) | 0.0 | (0.0) | | |



Federal Labor Drivers

Compensation, Benefits, FTE Execution

FY14 thru FY23 Labor Growth

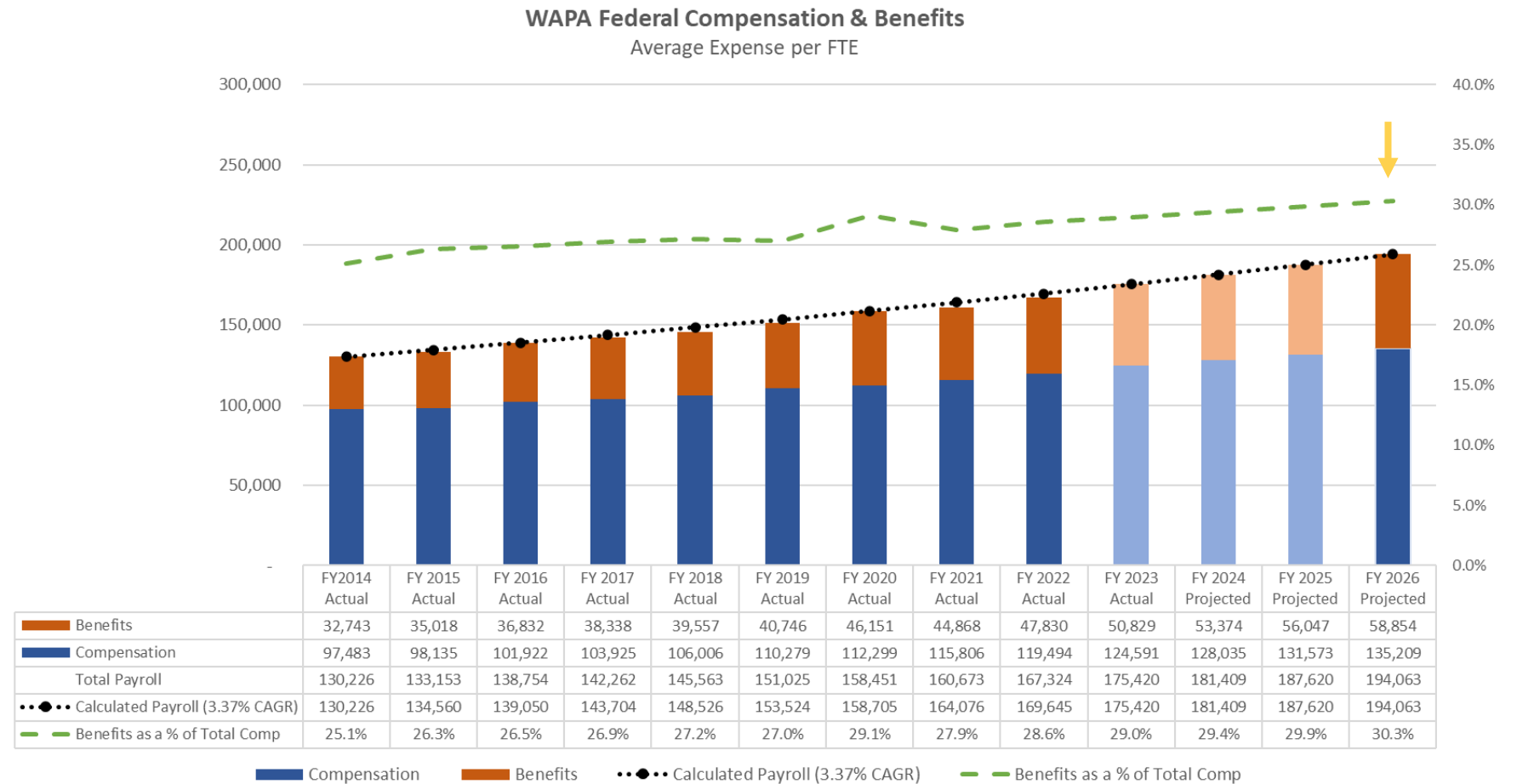
- a) Benefits = 5.01%
- b) Salary & Wages = 3.90%
- c) Total Labor = 4.23%

Key Drivers of Growth

- a) Benefits
- b) Locality Pay
- c) Cost of Living Adjustments
- d) Merit Increases & Promotions

Basis for FY26 Labor Rates

- WAPA's FY26 labor was developed using FY14-23 growth trends and factored in known and/or anticipated compensation increases that deviated from the trend
- In FY23, WAPA's benefits as a % of total compensation were 29.0%



Capital

Capital Results and Trends (excludes Fed Labor)

Projecting large decrease in T-Lines

FY21 thru FY26

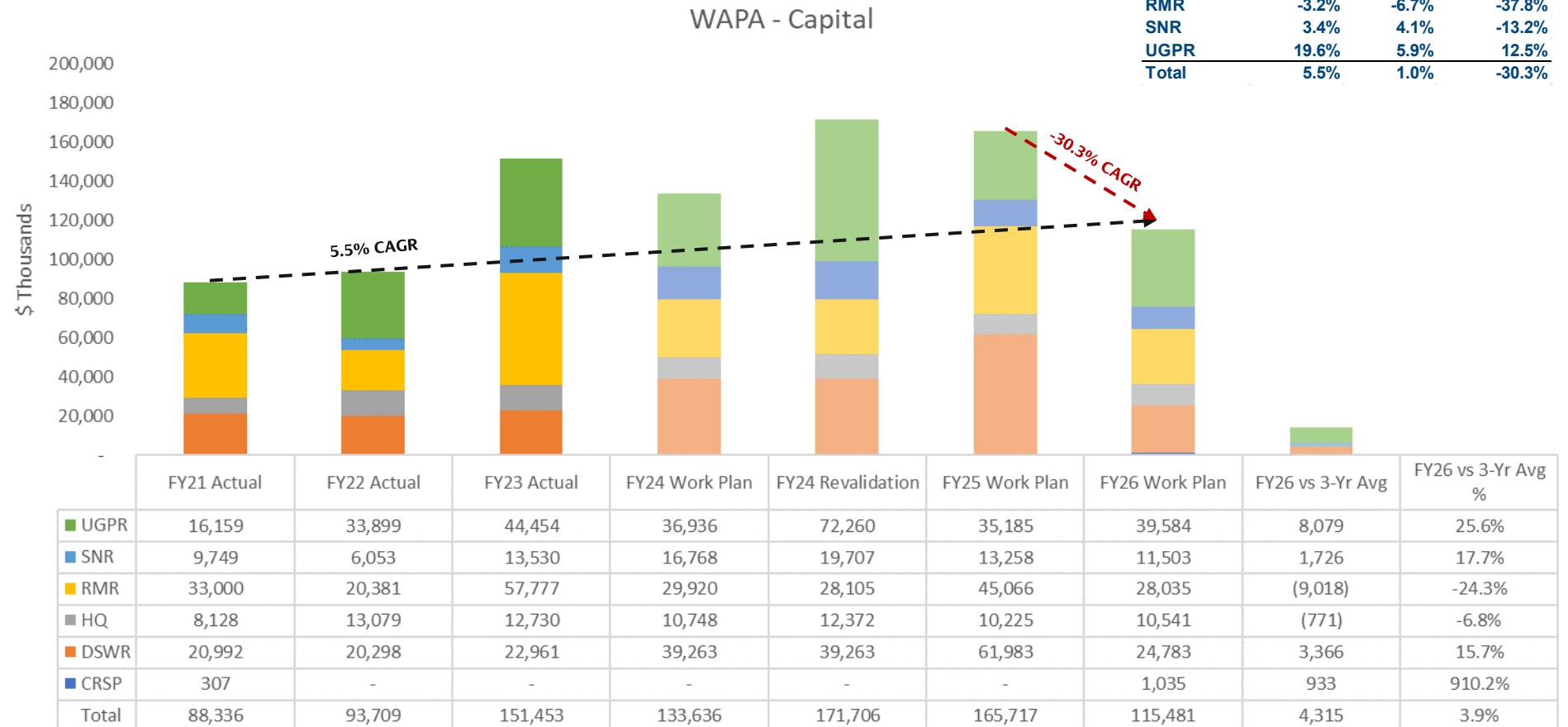
- 5.5% annual growth (CAGR)
- Large decrease to T-Lines

FY26 Year over Year Change

-30.3% annual growth (CAGR)

Driven primarily by T-Lines

| Purpose | CAGR Calculations | | |
|---------|-------------------|----------|-------------|
| | FY21-FY26 | Avg-FY26 | FY25 - FY26 |
| CRSP | 27.5% | 78.3% | 0.0% |
| DSWR | 3.4% | 3.7% | -60.0% |
| HQ | 5.3% | -1.7% | 3.1% |
| RMR | -3.2% | -6.7% | -37.8% |
| SNR | 3.4% | 4.1% | -13.2% |
| UGPR | 19.6% | 5.9% | 12.5% |
| Total | 5.5% | 1.0% | -30.3% |



Capital 5-Year Window (includes Fed Labor)

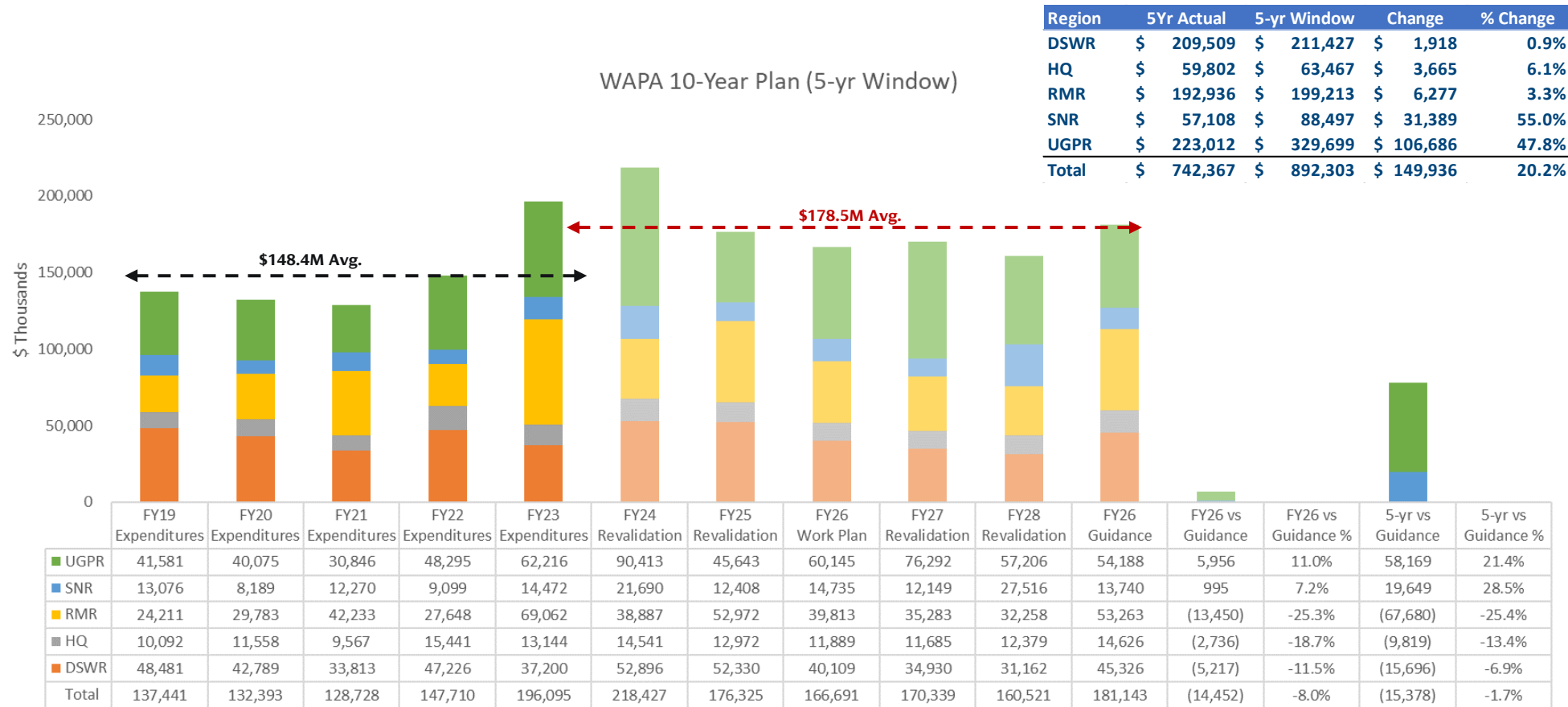
Projecting large increases in rate window

5-Year Window

- 20% projected growth or \$150M
- Assumes avg. increase of \$30M execution per year
- FY26 Assumes \$94.7M in appropriations

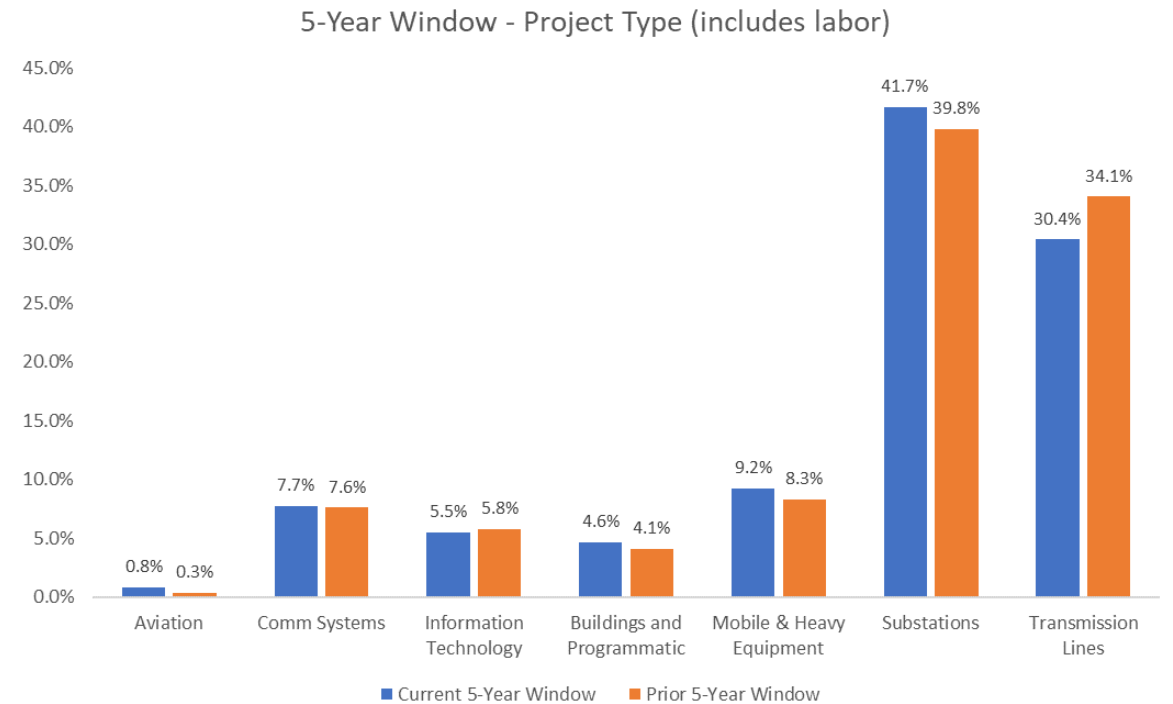
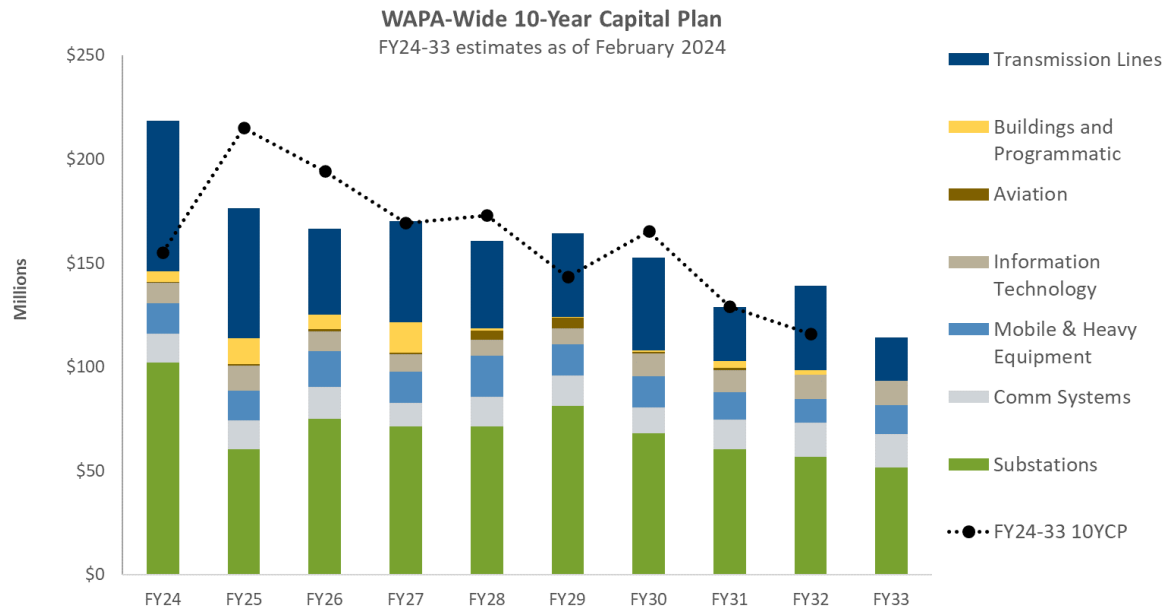
Budget Guidance:

- 3-Year Avg of Expenditures +15%
- Applies to FY26 and 5-yr Window
- FY26: SNR and UGP are above guidance
- 5-yr Window: SNR and UGP are above guidance



Capital Planning at a Glance

Shifts from Transmission Lines to Substations



Discretionary O&M/Indirect

Discretionary Results and Trends

Projecting cost pressures and growth

FY21 thru FY26

6.1% annual growth (CAGR)

Budget Guidance:

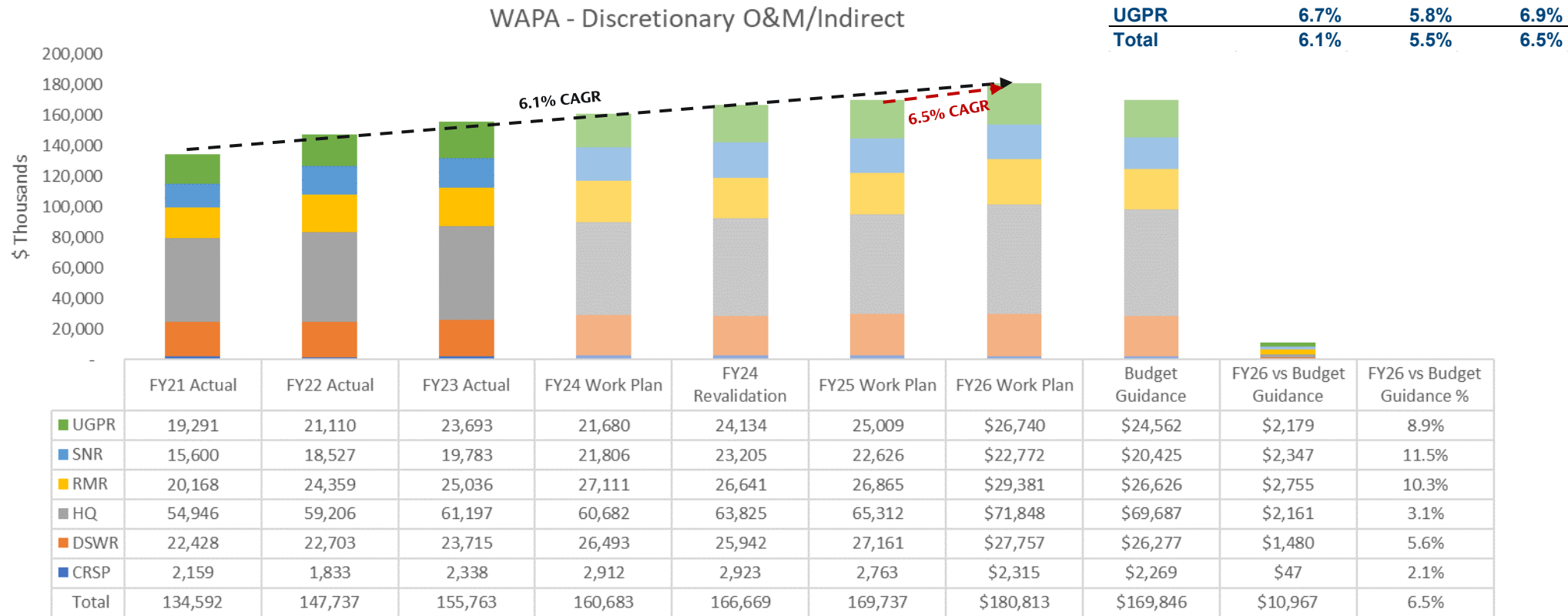
- 3-Year Avg of Actuals + 15% + Allowable Adjustments
- Travel guidance allowed 120% of non-maintenance travel.
- Leadership development training set at FY24 budget.
- All regions are above guidance and have additions requests

FY26 Year over Year Change

- 6.5% annual growth (CAGR)
- Driven by services

Challenges/Opportunities:

- General inflation
- Post-pandemic spend increases
- Execution gap



CAGR Calculations

| Region | FY21-FY26 | Avg-FY26 | FY25 - FY26 |
|--------------|-------------|-------------|-------------|
| CRSP | 1.4% | 2.3% | -16.2% |
| DSWR | 4.4% | 4.9% | 2.2% |
| HQ | 5.5% | 5.3% | 10.0% |
| RMR | 7.8% | 6.1% | 9.4% |
| SNR | 7.9% | 6.1% | 0.6% |
| UGPR | 6.7% | 5.8% | 6.9% |
| Total | 6.1% | 5.5% | 6.5% |



WAPA-Wide Discretionary Budget Analytics

Budgeting 5-year and 3-year growth averages of 6.1% and 5.1%

\$ in Thousands

| Object Class Summary | FY21 Actual | FY22 Actual | FY23 Actual | FY24 Revalidation | FY25 Work Plan | FY26 Guidance Level | FY26 Approved Work Plan | FY26 WP vs FY23 actual | FY26 WP vs FY25 WP | FY21-FY26 CAGR (5yr) | FY23-FY26 CAGR (3yr) | |
|--|----------------|----------------|----------------|----------------------|-------------------|---------------------------|-------------------------------|---------------------------|-----------------------|----------------------------|----------------------------|---|
| 251x - Support Services (Contractor) | 29,751 | 35,399 | 34,041 | 35,110 | 36,780 | 38,023 | 35,781 | 1,740 | (998) | 3.8% | 1.7% | ✓ |
| 25xx - Services (Non-PD) | 26,572 | 29,936 | 30,739 | 39,363 | 38,488 | 33,445 | 41,864 | 11,125 | 3,376 | 9.5% | 10.8% | ↓ |
| 257x - IT Maintenance Agreements | 15,023 | 16,304 | 18,058 | 17,671 | 19,627 | 18,931 | 22,383 | 4,325 | 2,756 | 8.3% | 7.4% | ↓ |
| 26xx - Supplies & Materials | 10,088 | 12,218 | 13,173 | 12,663 | 13,284 | 13,600 | 13,915 | 742 | 632 | 6.6% | 1.8% | ✓ |
| 1151 - Overtime Payments | 10,364 | 11,098 | 12,028 | 10,401 | 10,301 | 12,833 | 11,386 | (643) | 1,085 | 1.9% | -1.8% | ✓ |
| 25xx - Services (PD) | 13,261 | 10,608 | 11,027 | 14,783 | 13,118 | 13,377 | 16,665 | 5,638 | 3,547 | 4.7% | 14.8% | ↓ |
| 23xx - Rent, Communications, & Utilities | 10,746 | 10,196 | 10,860 | 11,456 | 11,157 | 12,191 | 11,625 | 765 | 468 | 1.6% | 2.3% | ✓ |
| 31xx - Non-Capitalized Equipment | 5,754 | 6,280 | 6,680 | 4,994 | 6,338 | 7,174 | 5,905 | (774) | (433) | 0.5% | -4.0% | |
| 21xx - Travel | 1,550 | 3,621 | 5,989 | 6,407 | 5,969 | 5,804 | 6,065 | 77 | 96 | 31.4% | 0.4% | |
| 22xx - Transportation | 4,721 | 5,053 | 5,250 | 5,330 | 5,549 | 5,759 | 5,742 | 493 | 193 | 4.0% | 3.0% | |
| 251T - Training | 1,422 | 1,823 | 2,394 | 3,713 | 3,596 | 2,542 | 3,612 | 1,218 | 16 | 20.5% | 14.7% | |
| 25xx - Purchase Power & Wheeling | 1,186 | 1,668 | 2,263 | 150 | 150 | 1,962 | 1,350 | (913) | 1,200 | 2.6% | -15.8% | |
| 32xx - Land, Structures & GFE | 2,998 | 2,011 | 1,737 | 1,612 | 2,741 | 2,586 | 2,456 | 719 | (285) | -3.9% | 12.2% | |
| 251x - Advisory & Assistance Services (Consultant) | 503 | 1,072 | 1,177 | 972 | 1,144 | 1,055 | 947 | (230) | (197) | 13.5% | -7.0% | |
| 12xx - Permanent Change of Station (PCS) | 391 | 201 | 128 | 1,602 | 1,106 | 276 | 722 | 594 | (384) | 13.1% | 77.9% | |
| 24xx - Printing & Reproduction | 125 | 32 | 126 | 147 | 80 | 109 | 99 | (27) | 19 | -4.6% | -7.8% | |
| 42xx - Tort Claims | 130 | 68 | 47 | 11 | 41 | 94 | 40 | (7) | (1) | -21.0% | -5.3% | |
| 31xx - Capitalized Equipment | 3 | 150 | 46 | 286 | 270 | 76 | 256 | 210 | (14) | 147.2% | 77.0% | |
| 43xx - Interest & Dividends | - | - | - | - | - | - | - | - | - | 0.0% | 0.0% | |
| 5/6/7/8/9xxx - Other | 1 | - | - | - | - | 1 | - | - | - | -100.0% | 0.0% | |
| Total | 134,592 | 147,737 | 155,763 | 166,669 | 169,737 | 169,841 | 180,813 | 25,050 | 11,076 | 6.1% | 5.1% | |



KEY DRIVERS: 7 object class categories (in grey) comprise 83% of the FY23 Discretionary budget.

IMPROVED VISIBILITY: Budget line ID needed to itemize Non-PD and PD costs (32% of budget).

TOUGH CHOICES: Approved 29% of \$37.7 million in budget additions requests, limiting FY26 growth.

SUCCESSSES AND CHALLENGES: Above & below-mean growth drivers inform mgmnt. options & actions.

MANAGED GROWTH: FY26 budget growth of 5.1% prioritizes Mission essential & critical needs.



HQ Work Plan Overview

FY26 Formulation



HQ Total Program Results and Trends

FY21 thru FY26

6.0% annual growth (CAGR)

3 budget categories (CAGR):

- a) Capital (5.3%)
- b) Labor (6.5%)
- c) Discretionary (5.5%)

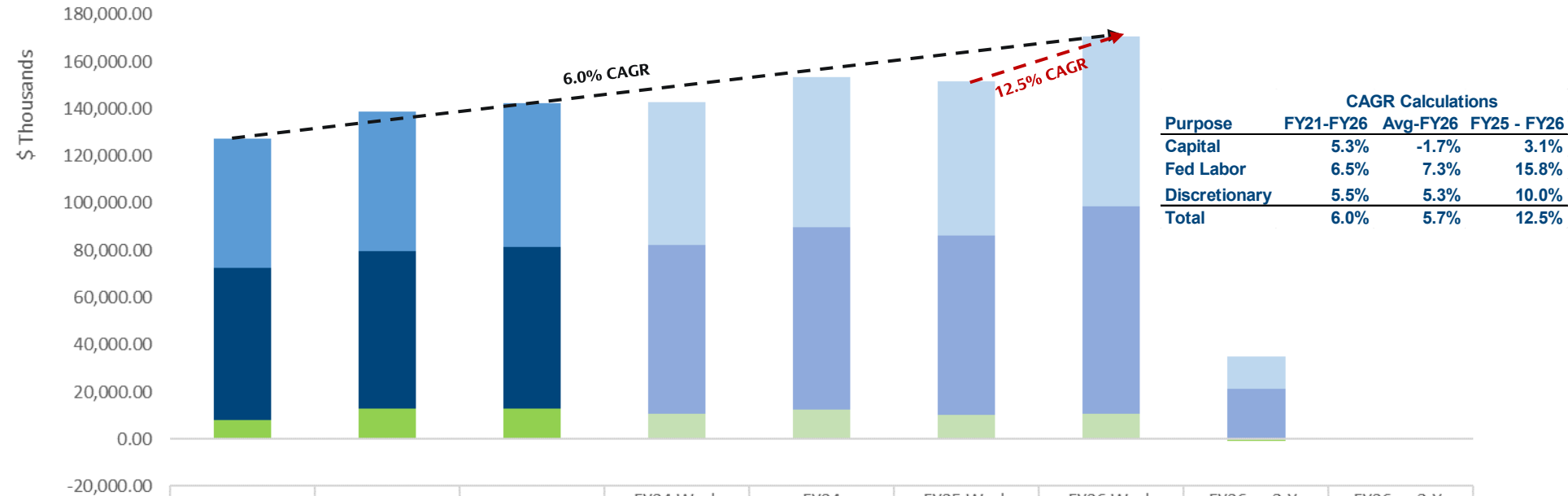
FY25 Year over Year Change

12.5% projected growth in total

3 budget categories:

- a) Capital (3.1%)
- b) Labor (15.8%)
- c) Discretionary (10.0%)
- e) Total (12.5%, or \$18.9M)

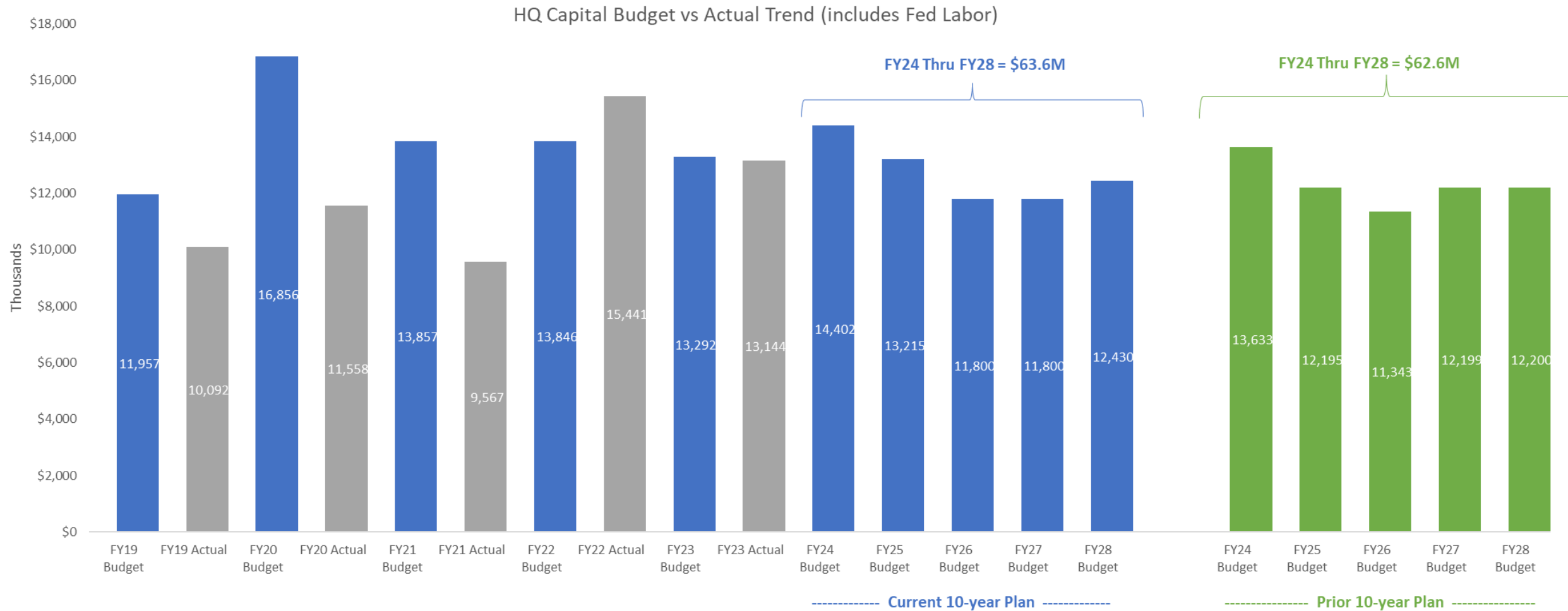
HQ Total Program



| | FY21 Actual | FY22 Actual | FY23 Actual | FY24 Work Plan | FY24 Revalidation | FY25 Work Plan | FY26 Work Plan | FY26 vs 3-Yr Avg | FY26 vs 3-Yr Avg % |
|----------------------------|-------------|-------------|-------------|----------------|-------------------|----------------|----------------|------------------|--------------------|
| Discretionary O&M/Indirect | 54,946 | 59,206 | 61,197 | 60,682 | 63,825 | 65,312 | 71,848 | 13,398 | 22.9% |
| Fed Labor | 64,358 | 66,584 | 68,630 | 71,484 | 77,295 | 75,999 | 88,020 | 21,496 | 32.3% |
| Capital | 8,128 | 13,079 | 12,730 | 10,748 | 12,372 | 10,225 | 10,541 | (771) | -6.8% |
| Total | 127,433 | 138,869 | 142,557 | 142,913 | 153,492 | 151,536 | 170,409 | 34,123 | 25.0% |



HQ Capital Budget vs Actual



HQ Discretionary O&M/Indirect Results and Trends

Projecting cost pressures particularly in support services and maint. agreements

FY21 thru FY26

5.5% annual growth (CAGR)

Budget Guidance:

- 3-Year Avg of Actuals + 15% + Allowable Adjustments
- Travel guidance allowed 120% of non-maintenance travel.
- Leadership development training set at FY24 budget.

Results vary by organization

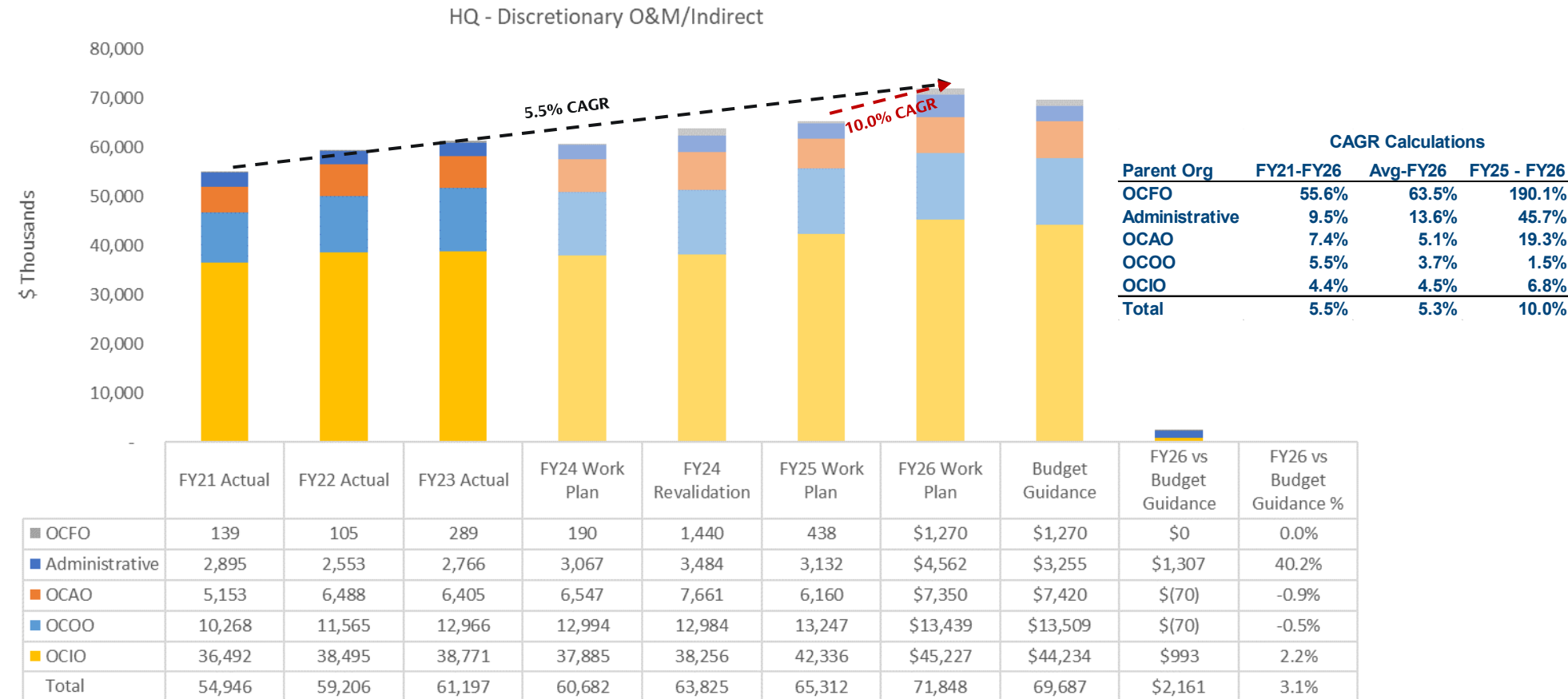
- OCFO shifted audit from regions to HQ
- Administrative includes \$1.5M for DOE HR IT system funding
- OCIO includes cyber addition

FY26 Year over Year Change

10% annual growth (CAGR)

Challenges/Opportunities:

- General inflation
- Post-pandemic spend increases



HQ Approved Additions requests

- **\$993k IT Cybersecurity system**

- This is a \$1.2M cybersecurity information and event management system.
- WAPA's way of complying with executive order 14028 – Improving the Nation's Cybersecurity
- IT was able to absorb ~\$200k of the requirement

- **\$1.5M HR IT system**

- This is a \$4.5M requirement spread over 3 years for DOE's new Human Resources IT System to replace CHRIS, Learning Nucleus, E-performance and ATAAPS.
- This is a DOE-wide transition that was directed by S2.



HQ Discretionary O&M/Indirect

\$ in Thousands

| Object Class Summary | FY21 Actual | FY22 Actual | FY23 Actual | FY24 Revalidation | FY25 Work Plan | FY26 Guidance Level | FY26 Approved Work Plan | FY26 WP vs FY23 Actual | FY26 WP vs FY25 WP | FY21-FY26 CAGR (5yr) | FY23-FY26 CAGR (3yr) |
|--|----------------|----------------|----------------|----------------------|-------------------|---------------------------|-------------------------------|---------------------------|-----------------------|-------------------------|-------------------------|
| 257x - IT Maintenance Agreements | 14,622 | 16,028 | 17,303 | 16,958 | 19,100 | 18,382 | 21,763 | 4,460 | 2,663 | 8.3% | 7.9% |
| 251x - Support Services (Contractor) | 18,233 | 19,607 | 17,207 | 19,722 | 20,341 | 21,102 | 20,607 | 3,399 | 266 | 2.5% | 6.2% |
| 25xx - Services (PD) | 8,841 | 8,757 | 9,591 | 10,412 | 9,708 | 11,556 | 11,433 | 1,842 | 1,725 | 5.3% | 6.0% |
| 23xx - Rent, Communications, & Utilities | 5,297 | 4,935 | 5,644 | 4,957 | 5,152 | 6,086 | 5,304 | (340) | 152 | 0.0% | -2.1% |
| 31xx - Non-Capitalized Equipment | 3,704 | 4,877 | 4,670 | 3,484 | 4,554 | 5,080 | 4,086 | (584) | (468) | 2.0% | -4.4% |
| 25xx - Services (Non-PD) | 1,872 | 1,161 | 1,996 | 3,813 | 2,238 | 1,933 | 3,736 | 1,741 | 1,498 | 14.8% | 23.3% |
| 21xx - Travel | 114 | 440 | 1,180 | 1,291 | 1,071 | 1,416 | 1,419 | 239 | 347 | 65.4% | 6.3% |
| 251T - Training | 691 | 1,067 | 1,042 | 1,700 | 1,443 | 1,654 | 1,774 | 732 | 331 | 20.7% | 19.4% |
| 251x - Advisory & Assistance Services (Consultant) | 290 | 788 | 872 | 432 | 634 | 747 | 437 | (435) | (197) | 8.5% | -20.6% |
| 26xx - Supplies & Materials | 516 | 737 | 851 | 222 | 498 | 806 | 504 | (347) | 6 | -0.5% | -16.0% |
| 1151 - Overtime Payments | 634 | 521 | 592 | 583 | 440 | 670 | 616 | 23 | 176 | -0.6% | 1.3% |
| 24xx - Printing & Reproduction | 62 | 28 | 106 | 145 | 77 | 75 | 95 | (11) | 18 | 9.0% | -3.6% |
| 12xx - Permanent Change of Station (PCS) | 26 | 67 | 81 | 49 | - | 67 | - | (81) | - | -100.0% | -100.0% |
| 22xx - Transportation | 36 | 47 | 36 | 55 | 55 | 45 | 74 | 38 | 19 | 15.5% | 27.3% |
| 31xx - Capitalized Equipment | - | 147 | 25 | - | - | 66 | - | (25) | - | 0.0% | -100.0% |
| 32xx - Land, Structures & GFE | 7 | 0 | 0 | - | - | 3 | - | (0) | - | -100.0% | -100.0% |
| Total | 54,946 | 59,206 | 61,197 | 63,825 | 65,312 | 69,687 | 71,848 | 10,650 | 6,536 | 5.5% | 5.5% |



HQ 10-Year Capital Plan \$1M+ Projects

| Org Name | Project # | Name of Project | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | Total |
|------------------------------------|-----------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| A28 - Enterprise Apps | #1 - #5 | Hardware Lifecycle Replacement | 200,000 | 150,000 | 200,000 | 200,000 | 850,000 | | | | | | 1,600,000 |
| | #6 - #15 | Enterprise Applications - Upgrades and Enhancements | | 900,000 | 150,000 | 475,000 | 1,500,000 | 1,000,000 | 2,100,000 | 2,100,000 | 2,100,000 | 2,100,000 | 12,425,000 |
| | #16 - #17 | Upgrades and Enhancements - FIMS | | | 1,350,000 | 1,500,000 | | | | | | | 2,850,000 |
| | #18 - #21 | TDV Data Sets NEW | 350,000 | 550,000 | 350,000 | | | | | | | | 1,250,000 |
| | Total | | 550,000 | 1,600,000 | 2,050,000 | 2,175,000 | 2,350,000 | 1,000,000 | 2,100,000 | 2,100,000 | 2,100,000 | 2,100,000 | 18,125,000 |
| A29 - Power Management & Marketing | #22 - #27 | Upgrade/Replace In-house Developed Tools | | | 875,000 | 919,750 | 788,950 | | 950,000 | 950,000 | 950,000 | | 5,433,700 |
| | #28 - #29 | Power Billings Software | 2,450,000 | 3,000,000 | | | | | | | | | 5,450,000 |
| | #30 - #31 | Metering Strategy - MV90 Infrastructure Enhancement | | | | | | 750,000 | 750,000 | | | | 1,500,000 |
| | #32 - #33 | Outage Management | | | 1,075,000 | 2,450,000 | | | | | | | 3,525,000 |
| | Total | | 2,450,000 | 3,000,000 | 875,000 | 919,750 | 788,950 | 750,000 | 1,700,000 | 950,000 | 950,000 | | 12,383,700 |
| A27 - SCADA | #34 | Common SCADA - SNR Implementation | 580,000 | | | | | | | | | | 580,000 |
| | #35 - #42 | Common SCADA - DSW/RMR Implementation | 3,507,076 | 1,127,088 | 955,318 | 1,029,600 | | | | | | | 6,619,082 |
| | #43 - #45 | Common SCADA - UGP Implementation | 1,157,430 | 1,029,600 | | | | | | | | | 2,187,030 |
| | Total | | 5,244,506 | 2,156,688 | 955,318 | 1,029,600 | | | | | | | 9,386,112 |
| A26 - Infrastructure | #46 - #47 | SESC Infrastructure Environment | | 1,150,000 | | | | | 1,169,000 | | | | 2,319,000 |
| | Total | | | 1,150,000 | | | | | 1,169,000 | | | | 2,319,000 |
| A20 - Office of the CIO | #48 - #51 | IT Lifecycle and Strategic Initiatives | | | | | | | 1,229,134 | 3,561,396 | 4,456,306 | 4,654,196 | 13,901,032 |
| | Total | | | | | | | | 1,229,134 | 3,561,396 | 4,456,306 | 4,654,196 | 13,901,032 |
| A781 - Aviation | #52 - #53 | Helicopter Replacement | | | | | 4,000,000 | 4,000,000 | | | | | 8,000,000 |
| | Total | | | | | | 4,000,000 | 4,000,000 | | | | | 8,000,000 |
| Grand Total | | | 8,324,506 | 7,986,688 | 4,955,318 | 6,574,350 | 7,138,950 | 5,750,000 | 6,198,134 | 6,611,396 | 7,506,306 | 6,754,196 | 67,799,844 |



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Appendix

Purchase Power & Wheeling

Purchase Power & Wheeling Results and Trends

Projecting significant increases over FY23 Actual

FY21 thru FY26

12.3% annual growth (CAGR)

Reflects increases in price and volume

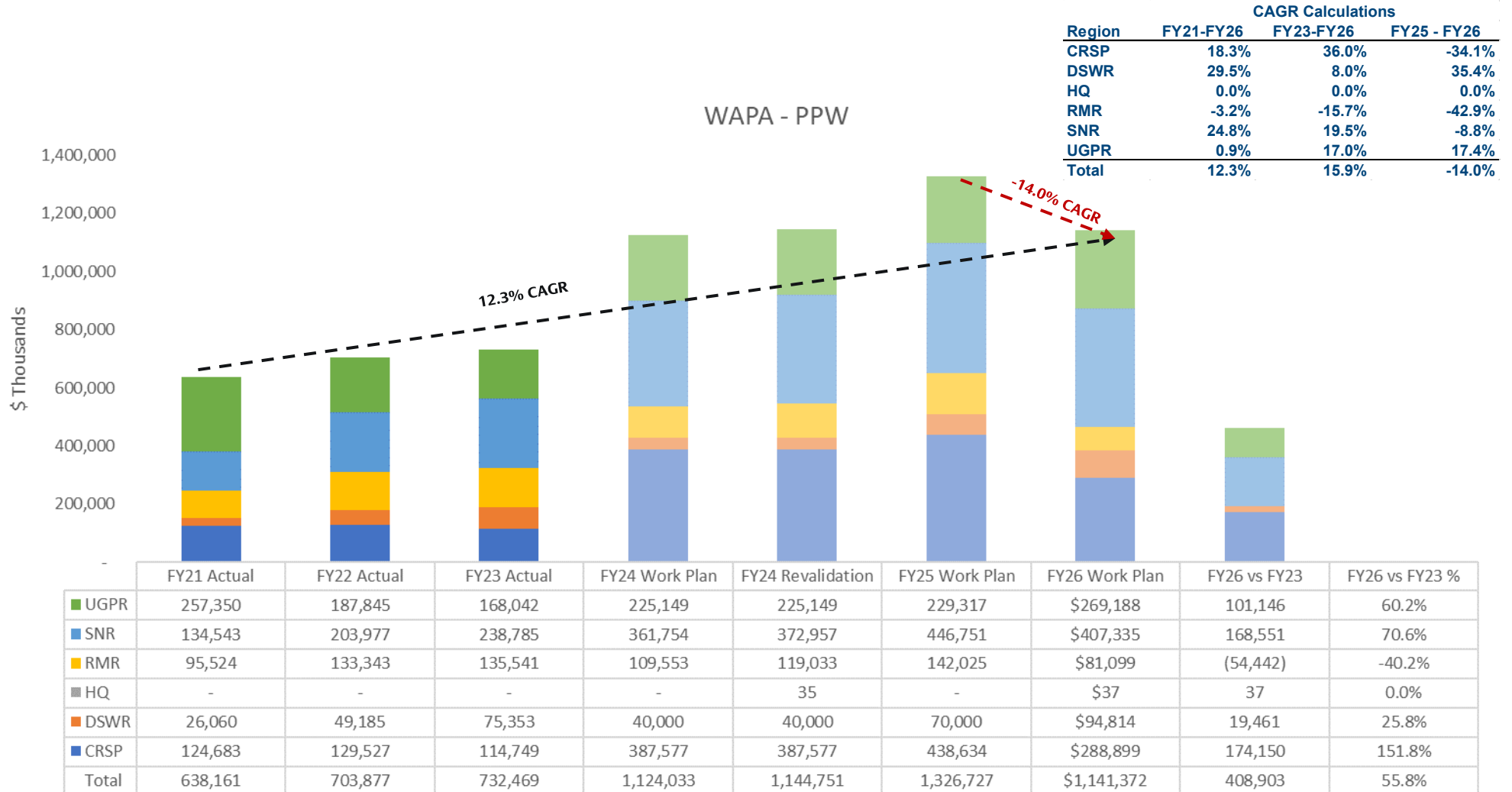
FY26 Year over Year Change

-14% annual growth (CAGR)

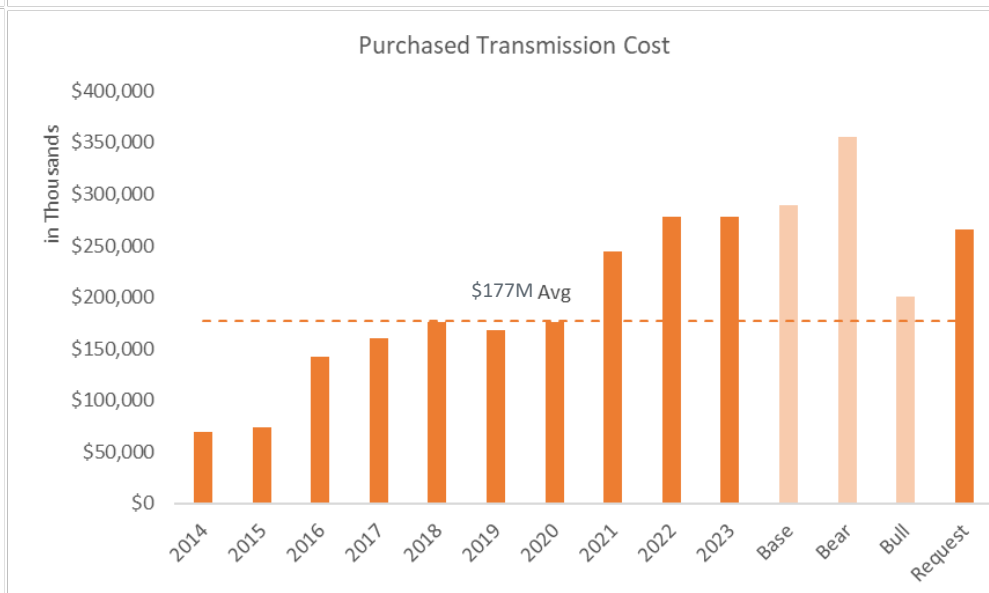
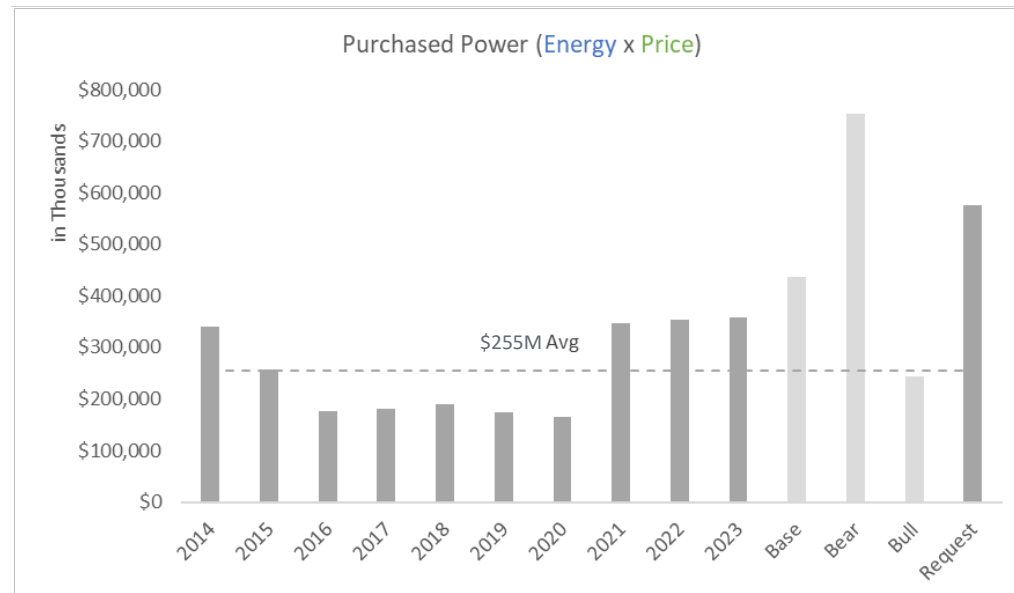
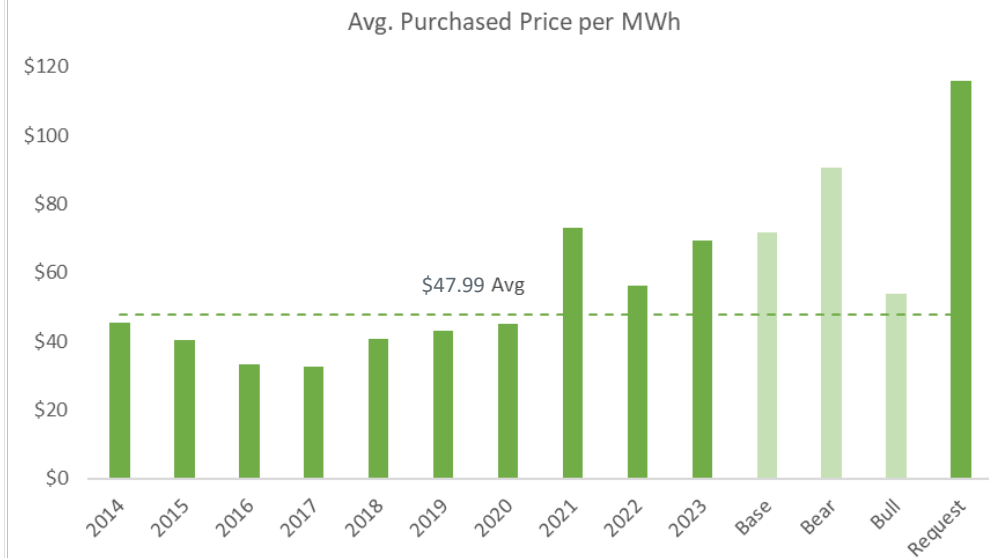
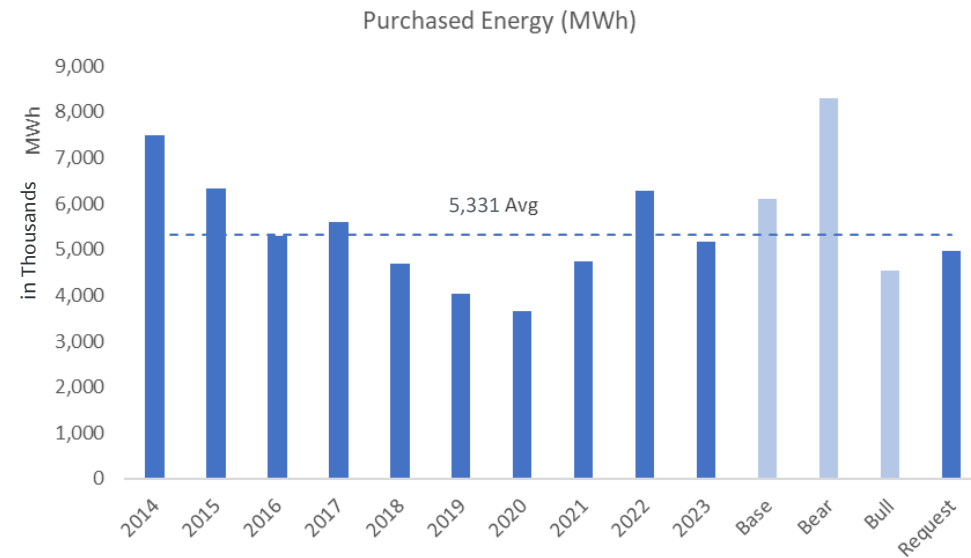
- Assumes \$677M in receipt authority compared with \$525M in FY24 Request

Challenges:

- Limited ability to build balances
- Net receipt forecasts may limit the receipt authority WAPA can request
- Pass-thru PPW (SNR/RMR) can lead to unused receipt authority
- Difficult to predict and highly volatile program
- 39% below reserve targets as of FYE23



CROM: PPW Trends, Base, Bear, Bull, Request



Data per Statistical Appendix

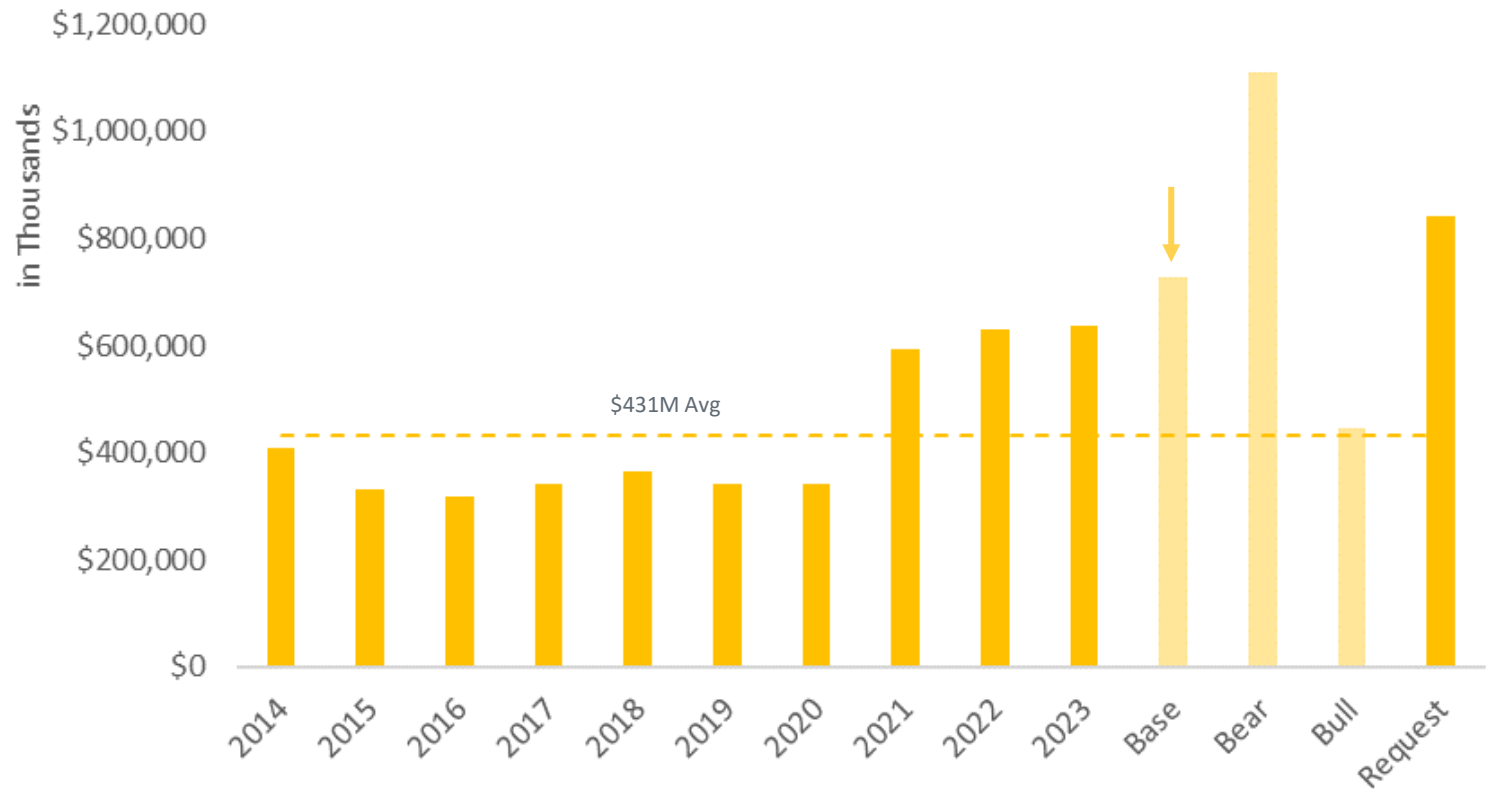


CROM: Total PPW

Base level assumes \$575M in Receipt Authority

| Year | Energy | Purchase Power Cost | Avg \$ per MWh | Purchased Transmission | Total PPW |
|---------|----------|---------------------|----------------|------------------------|--------------|
| 2023 | 5,173 | \$ 358,757 | \$ 69.35 | \$ 277,654 | \$ 636,411 |
| 2022 | 6,278 | \$ 353,442 | \$ 56.30 | \$ 277,604 | \$ 631,046 |
| 2021 | 4,747 | \$ 347,799 | \$ 73.27 | \$ 244,739 | \$ 592,538 |
| 2020 | 3,668 | \$ 165,996 | \$ 45.25 | \$ 175,469 | \$ 341,465 |
| 2019 | 4,026 | \$ 173,833 | \$ 43.18 | \$ 168,502 | \$ 342,335 |
| 2018 | 4,685 | \$ 190,975 | \$ 40.76 | \$ 175,749 | \$ 366,724 |
| 2017 | 5,596 | \$ 182,056 | \$ 32.53 | \$ 159,944 | \$ 342,000 |
| 2016 | 5,295 | \$ 177,199 | \$ 33.46 | \$ 142,417 | \$ 319,616 |
| 2015 | 6,344 | \$ 256,456 | \$ 40.42 | \$ 74,351 | \$ 330,807 |
| 2014 | 7,496 | \$ 339,915 | \$ 45.34 | \$ 69,757 | \$ 409,672 |
| Min | 3,668 | \$ 165,996 | 32.53 | \$ 69,757 | \$ 235,753 |
| Mean | 5,331 | \$ 254,643 | 47.99 | \$ 176,619 | \$ 431,261 |
| Max | 7,496 | \$ 358,757 | 73.27 | \$ 277,654 | \$ 636,411 |
| Bear | 8,290.22 | \$ 752,355 | \$ 90.75 | \$ 355,973 | \$ 1,108,328 |
| Base | 6,102.48 | \$ 437,115 | \$ 71.63 | \$ 289,274 | \$ 726,389 |
| Bull | 4,532.25 | \$ 244,705 | \$ 53.99 | \$ 200,607 | \$ 445,311 |
| Request | 4,966.63 | \$ 576,399 | \$ 116.05 | \$ 265,382 | \$ 841,781 |

Purchased Power & Wheeling Cost



Questions

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DSW Transmission Projects

Parker-Davis Project - Intertie Project
Central Arizona Project - ED5-Palo Verde Project

Work Plan format change

Andrew Pierce
Supervisory Budget Analyst
May 22, 2024



Expansion of Budget Meetings

- January 1st, 2024, One Transmission Rate (OTR) went into effect. Consolidating transmission rates of Parker-Davis Project, Intertie Project, Central Arizona Project (CAP), and Electrical District No. 5-Palo Verde Hub Project (ED5-PVH)
- Moving forward, Budget meetings to include data for CAP and ED5-PVH
- Budget data summarized in presentation
- Detailed data posted online



FY 2024 Execution

Andrew Pierce
Supervisory Budget Analyst
May 22, 2024



Parker-Davis Project FY 2024 Execution

| Program | Description | FY 2024 Revalidated Budget | FY 2024 Actuals | Balance | FY 2024 Execution |
|---------------------------------|-------------------------|----------------------------------|----------------------|----------------------|----------------------|
| O&M | Maintenance | \$ 25,944,994 | \$ 14,412,221 | \$ 11,532,773 | 56% |
| | Non-Maintenance | \$ 15,586,419 | \$ 7,307,652 | \$ 8,278,767 | 47% |
| | Subtotal O&M | \$ 41,531,413 | \$ 21,719,873 | \$ 19,811,539 | 52% |
| Capital | Prepayment | \$ 28,169,136 | \$ 22,770,460 | \$ 5,398,676 | 81% |
| | Appropriations | \$ 18,008,881 | \$ 1,707,774 | \$ 16,301,107 | 9% |
| | Subtotal Capital | \$ 46,178,017 | \$ 24,478,234 | \$ 21,699,783 | 53% |
| Purchase Power & Wheeling (PPW) | | \$ 50,000,000 | \$ 10,816,437 | \$ 39,183,563 | 22% |
| Subtotal PPW | | \$ 50,000,000 | \$ 10,816,437 | \$ 39,183,563 | 22% |
| Grand Total | | \$ 137,709,430 | \$ 57,014,545 | \$ 80,694,885 | 41% |



Intertie Project FY 2024 Execution

| Program | Description | FY 2024 Revalidated Budget | FY 2024 Actuals | Balance | FY 2024 Execution |
|---------------------------------|-------------------------|----------------------------------|----------------------|----------------------|----------------------|
| O&M | Maintenance | \$ 7,849,777 | \$ 3,123,024 | \$ 4,726,753 | 40% |
| | Non-Maintenance | \$ 5,132,335 | \$ 2,116,775 | \$ 3,015,560 | 41% |
| | Subtotal O&M | \$ 12,982,113 | \$ 5,239,799 | \$ 7,742,314 | 40% |
| Capital | Prepayment | \$ 26,077 | \$ 697,631 | \$ (671,555) | +100% |
| | Appropriations | \$ 2,333,555 | \$ 129,044 | \$ 2,204,511 | 6% |
| | Subtotal Capital | \$ 2,359,632 | \$ 826,675 | \$ 1,532,956 | 35% |
| Purchase Power & Wheeling (PPW) | | \$ 30,000,000 | \$ 7,332,398 | \$ 22,667,602 | 24% |
| Subtotal PPW | | \$ 30,000,000 | \$ 7,332,398 | \$ 22,667,602 | 24% |
| Grand Total | | \$ 45,341,744 | \$ 13,398,872 | \$ 31,942,872 | 30% |



Central Arizona Project FY 2024 Execution

| Program | Description | FY 2024 Revalidated Budget | FY 2024 Actuals | Balance | FY 2024 Execution |
|---------------------------------|-------------------------|----------------------------------|---------------------|---------------------|----------------------|
| O&M | Maintenance | \$ 2,689,743 | \$ 1,181,355 | \$ 1,508,388 | 44% |
| | Non-Maintenance | \$ 2,078,365 | \$ 893,745 | \$ 1,184,620 | 43% |
| | Subtotal O&M | \$ 4,768,108 | \$ 2,075,100 | \$ 2,693,008 | 44% |
| Capital | Reimbursable only | \$ 536,037 | \$ 49,780 | \$ 486,256 | 9% |
| | Subtotal Capital | \$ 536,037 | \$ 49,780 | \$ 486,256 | 9% |
| Purchase Power & Wheeling (PPW) | | \$ 4,891,755 | \$ 675,299 | \$ 4,216,456 | 14% |
| Subtotal PPW | | \$ 4,891,755 | \$ 675,299 | \$ 4,216,456 | 14% |
| (PPW Funds are Reimbursable) | | | | | |
| Grand Total | | \$ 10,195,900 | \$ 2,800,180 | \$ 7,395,720 | 27% |



ED5 - Palo Verde Project FY 2024 Execution

| Program | Description | FY 2024 Revalidated Budget | FY 2024 Actuals | Balance | FY 2024 Execution |
|---------------------------------|-------------------------|----------------------------------|---------------------|---------------------|----------------------|
| O&M | Maintenance | \$ 962,223 | \$ 147,965 | \$ 814,258 | 15% |
| | Non-Maintenance | \$ 3,704,811 | \$ 1,678,873 | \$ 2,025,938 | 45% |
| | Subtotal O&M | \$ 4,667,033 | \$ 1,826,838 | \$ 2,840,196 | 39% |
| Capital | No Capital Projects | \$ - | \$ - | \$ - | 0% |
| | Subtotal Capital | \$ - | \$ - | \$ - | 0% |
| Purchase Power & Wheeling (PPW) | | \$ - | \$ - | \$ - | 0% |
| | Subtotal PPW | \$ - | \$ - | \$ - | 0% |
| Grand Total | | \$ 4,667,033 | \$ 1,826,838 | \$ 2,840,196 | 39% |



FY 2026 Work Plan

Andrew Pierce
Supervisory Budget Analyst
May 22, 2024



Parker-Davis Project

FY 2025 to FY 2026 Comparison

| Program | Description | FY 2025 Work plan | FY 2026 Work plan | Difference | % change |
|---------------------------------|-------------------------|-----------------------|-----------------------|------------------------|-------------|
| O&M | Maintenance | \$ 28,169,341 | \$ 29,543,116 | \$ 1,373,775 | 5% |
| | Non-Maintenance | \$ 17,250,057 | \$ 17,551,266 | \$ 301,209 | 2% |
| | Subtotal O&M | \$ 45,419,398 | \$ 47,094,382 | \$ 1,674,985 | 4% |
| Capital | Prepayment | \$ 47,933,978 | \$ 5,140,560 | \$ (42,793,419) | -89% |
| | Appropriations | \$ 14,191,332 | \$ 18,537,298 | \$ 4,345,966 | 31% |
| | Subtotal Capital | \$ 62,125,310 | \$ 23,677,857 | \$ (38,447,453) | -62% |
| Purchase Power & Wheeling (PPW) | | \$ 50,000,000 | \$ 60,000,000 | \$ 10,000,000 | 20% |
| Subtotal PPW | | \$ 50,000,000 | \$ 60,000,000 | \$ 10,000,000 | 20% |
| Grand Total | | \$ 157,544,708 | \$ 130,772,240 | \$ (26,772,468) | -17% |



Intertie Project

FY 2025 to FY 2026 Comparison

| Program | Description | FY 2025 Work plan | FY 2026 Work plan | Difference | % change |
|---------------------------------|-------------------------|----------------------|----------------------|-----------------------|-------------|
| O&M | Maintenance | \$ 8,260,483 | \$ 8,748,484 | \$ 488,001 | 6% |
| | Non-Maintenance | \$ 5,165,274 | \$ 5,361,513 | \$ 196,239 | 4% |
| | Subtotal O&M | \$ 13,425,757 | \$ 14,109,997 | \$ 684,240 | 5% |
| Capital | Prepayment | \$ 1,028,014 | \$ - | \$ (1,028,014) | -100% |
| | Appropriations | \$ 5,641,192 | \$ 3,368,618 | \$ (2,272,574) | -40% |
| | Subtotal Capital | \$ 6,669,206 | \$ 3,368,618 | \$ (3,300,588) | -49% |
| Purchase Power & Wheeling (PPW) | | \$ 20,000,000 | \$ 30,000,000 | \$ 10,000,000 | 50% |
| Subtotal PPW | | \$ 20,000,000 | \$ 30,000,000 | \$ 10,000,000 | 50% |
| Grand Total | | \$ 40,094,963 | \$ 47,478,614 | \$ 7,383,651 | 18% |



Central Arizona Project

FY 2025 to FY 2026 Comparison

| Program | Description | FY 2025 Work plan | FY 2026 Work plan | Difference | % change |
|---------------------------------|-------------------------|----------------------|----------------------|-------------------|------------|
| O&M | Maintenance | \$ 2,700,854 | \$ 2,710,706 | \$ 9,852 | 0% |
| | Non-Maintenance | \$ 2,278,837 | \$ 2,273,968 | \$ (4,869) | 0% |
| | Subtotal O&M | \$ 4,979,692 | \$ 4,984,674 | \$ 4,982 | 0% |
| Capital | Reimbursable only | \$ 1,667,478 | \$ 2,133,915 | \$ 466,437 | 28% |
| | Subtotal Capital | \$ 1,667,478 | \$ 2,133,915 | \$ 466,437 | 28% |
| Purchase Power & Wheeling (PPW) | | \$ 4,328,000 | \$ 4,854,062 | \$ 526,062 | 12% |
| Subtotal PPW | | \$ 4,328,000 | \$ 4,854,062 | \$ 526,062 | 12% |
| (PPW Funds are Reimbursable) | | | | | |
| Grand Total | | \$ 10,975,170 | \$ 11,972,651 | \$ 997,482 | 9% |



ED5-Palo Verde Project

FY 2025 to FY 2026 Comparison

| Program | Description | FY 2025 Work plan | FY 2026 Work plan | Difference | % change |
|---------------------------------|-------------------------|----------------------|----------------------|---------------------|------------|
| O&M | Maintenance | \$ 867,586 | \$ 934,888 | \$ 67,302 | 8% |
| | Non-Maintenance | \$ 2,562,770 | \$ 3,766,998 | \$ 1,204,228 | 47% |
| | Subtotal O&M | \$ 3,430,356 | \$ 4,701,886 | \$ 1,271,530 | 37% |
| Capital | No Capital Projects | \$ - | \$ - | \$ - | 0% |
| | Subtotal Capital | \$ - | \$ - | \$ - | 0% |
| Purchase Power & Wheeling (PPW) | | \$ - | \$ - | \$ - | 0% |
| | Subtotal PPW | \$ - | \$ - | \$ - | 0% |
| Grand Total | | \$ 3,430,356 | \$ 4,701,886 | \$ 1,271,530 | 37% |



FY 2026 Work Plan Formulation – Highlights

- DSW reduced O&M formulated amounts wherever possible and ensured we are properly budgeting for support of Capital projects.
- Parker-Davis Project Capital decreased by 62%, PPW increased 20%. Overall decrease of 17%. Projected execution is lower in FY 2026 due to GFE purchases taking place in FY 2025 for installation in outyears.
- Intertie Project O&M increased 5%, Capital decreased 49%, and PPW increased 50%. Overall increase of 18%.
- ED5-Palo Verde O&M increased 37%, there is no Capital or PPW. Overall increase of 37%. Volume and cost per kWh have increased our line loss costs significantly.



Prepayment Cash Flow

Maria Gomez

Financial Program Analyst

May 22, 2024



Prepayment Cash Flow

Parker-Davis and Intertie Projects Fiscal Years 2024 Through 2033 Forecast

DRAFT

| | Beg Bal | Forecasted FY 2024 | Forecasted FY 2025 | Forecasted FY 2026 | Forecasted FY 2027 | Forecasted FY 2028 | Forecasted FY 2029 | Forecasted FY 2030 | Forecasted FY 2031 | Forecasted FY 2032 | Forecasted FY 2033 |
|--|-------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Prepayment Inflows | 149,753,819 | 89,538,134 | 108,274,906 | 108,274,906 | 112,967,966 | 113,104,906 | 113,104,906 | 113,104,906 | 113,104,906 | 113,104,906 | 113,104,906 |
| Outflows | | | | | | | | | | | |
| O&M Budget | 29,293,567 | 54,511,335 | 58,845,155 | 60,866,251 | 62,996,570 | 65,201,450 | 67,483,500 | 69,845,423 | 72,290,013 | 74,820,163 | 77,438,869 |
| Capital (Construction/RRADs Budget) | 14,305,791 | 31,895,212 | 53,319,000 | 29,970,000 | 29,349,000 | 13,211,000 | 33,422,000 | 28,911,000 | 15,529,000 | 5,500,000 | 20,000,000 |
| Total Outflows | 43,599,358 | 86,406,547 | 112,164,155 | 90,836,251 | 92,345,570 | 78,412,450 | 100,905,500 | 98,756,423 | 87,819,013 | 80,320,163 | 97,438,869 |
| Net Prepayment Total | 106,154,461 | 3,131,587 | (3,889,249) | 17,438,655 | 20,622,396 | 34,692,456 | 12,199,406 | 14,348,483 | 25,285,893 | 32,784,743 | 15,666,037 |
| Non-Prepayment Inflows | - | 54,486,325 | 54,486,325 | 54,486,325 | 54,486,325 | 54,486,325 | 54,486,325 | 54,486,325 | 54,486,325 | 54,486,325 | 54,486,325 |
| Outflows | | | | | | | | | | | |
| Purchased Power Expense | - | 80,000,000 | 70,000,000 | 90,000,000 | 90,000,000 | 90,000,000 | 90,000,000 | 90,000,000 | 90,000,000 | 90,000,000 | 90,000,000 |
| Transfers Within Western (Line Loss) | - | - | - | - | - | - | - | - | - | - | - |
| Total Outflows | - | 80,000,000 | 70,000,000 | 90,000,000 | 90,000,000 | 90,000,000 | 90,000,000 | 90,000,000 | 90,000,000 | 90,000,000 | 90,000,000 |
| Net Non-Prepayment Total | - | (25,513,675) | (15,513,675) | (35,513,675) | (35,513,675) | (35,513,675) | (35,513,675) | (35,513,675) | (35,513,675) | (35,513,675) | (35,513,675) |
| Return to Treasury (Non-Prepayment) | - | (25,513,675) | (15,513,675) | (35,513,675) | (35,513,675) | (35,513,675) | (35,513,675) | (35,513,675) | (35,513,675) | (35,513,675) | (35,513,675) |
| Return to Treasury (Prepayment) | - | - | - | - | - | - | - | - | - | - | - |
| Net Cash | 106,154,461 | 3,131,587 | (3,889,249) | 17,438,655 | 20,622,396 | 34,692,456 | 12,199,406 | 14,348,483 | 25,285,893 | 32,784,743 | 15,666,037 |
| End of Year Cash | 106,154,461 | 109,286,048 | 105,396,799 | 122,835,454 | 143,457,851 | 178,150,307 | 190,349,712 | 204,698,195 | 229,984,089 | 262,768,831 | 278,434,868 |
| Reserve Balances Strategy | | | | | | | | | | | |
| 3 years construction | | 112,638,000 | 72,530,000 | 75,982,000 | 75,544,000 | 77,862,000 | 49,940,000 | 41,029,000 | 100,000,000 | 100,000,000 | 100,000,000 |
| O&M 111 days | | 16,577,420 | 17,895,376 | 18,510,011 | 19,157,861 | 19,828,386 | 20,522,380 | 21,240,663 | 21,984,086 | 22,753,529 | 23,549,903 |
| Reserve Balances Strategy Total | - | 129,215,420 | 90,425,376 | 94,492,011 | 94,701,861 | 97,690,386 | 70,462,380 | 62,269,663 | 121,984,086 | 122,753,529 | 123,549,903 |



Questions

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Transmission System Asset Management

Tonya Spencer

Director, Transmission and Construction

May 22, 2024



Mission

Ensures the safety and reliability of the transmission system through operations and maintenance activities of four divisions:

- Engineering and Construction
- Protection and Communications
- Substation and Transmission Line Maintenance
- Transmission System Asset Planning



Parker-Davis Project FY 2024 Projects

- Pinnacle Peak – Rogers 230-kV permanent restoration
- Bouse – Kofa 161-kV Rebuild
- Wood Pole Replacements on Valley Farms – Oracle
- Wood Pole Replacement in Parker Strip
- Liberty Station service



Accomplishments

- NERC audit completed with no significant findings
- Moved into Yuma Service Center
- Executed critical maintenance and replacements
 - No major safety incidents
 - Balanced O&M and capital activities
 - Executed mission critical work
- Continue deploying Human Performance and Just Culture safety program
- Frequent call-outs and emergency responses



2023 Storm Damage Central AZ Project (CAP)



Two separate storms within 10 days
caused 33 poles to need replacement.



Accomplishments

Breaker replacements at Parker substation

FY2021

- PAD 572 with switches 573 and 575
- PAD 586
- PAD 1082

FY2022

- PAD 172 with switches 171, 173 and 175

FY2023

- PAD 272 with switches 271, 273 and 275

FY2024

- PAD 372 with switches 371, 373 and 375
- PAD 472 with switches 471, 473 and 475
- PAD 782
- PAD 482



Rattlesnake to Valencia



Upcoming Initiatives

- Enhancement of tracking personnel training (chainsaw, crane, CPR, etc.)
- North American Transmission Forum (NATF) assessment
 - System protection
 - Transmission substation
 - Asset Management
 - Human performance
 - Vegetation management
- Large construction projects
 - Vail – Tortolita
 - Bouse Upgrade



Questions

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Rates

Tina Ramsey
Rates Supervisor
May 22, 2024



PDP Generation Revenue Requirement Analysis

- PDP Cost Apportionment Study allocates Work Plan data between generation and transmission responsibilities
- Assuming no other changes in formula rate inputs
- FY26 Work Plan increases O&M 3.7% (\$108k) and has minimal impact to the PDP Generation Revenue Requirement (\$35m)



OTR Revenue Requirement Analysis

- Assuming no other changes in formula rate inputs
- FY26 Work Plan increases O&M component of OTR Revenue Requirement by \$9m from FY24
- \$.20/kW-Yr impact for every \$1m increase to revenue requirement
- Likely to be increase in sales, other revenues and carryover



Questions

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Questions

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