

**Arizona Power Authority
Hoover Operating Account Budget
Final OY 2022 08-17-21**

Condensed Statements of Revenues and Expenses

Line No.		Adopted Budget for Operating Year Ending 9/30/21	Final Budget for Operating Year Ending 9/30/22	Difference	% of Change
Operating Revenues					
1	Sales of Hoover Capacity and Energy				
2	Demand Charge (1)	\$ 8,214,491	\$ 8,438,484	\$ 223,994	2.73%
3	Energy Charge (2)	8,098,969	8,317,719	218,750	2.70%
4	Lower Co. Riv. Basin Dev. Fund (3)	3,156,779	2,838,125	(318,653)	-10.09%
	Total Revenue from Rates	\$ 19,470,238	\$ 19,594,328	\$ 124,090	0.64%
5	Interest Income				
6	Operating Account (4)	\$ 16,800	\$ 1,700	\$ (15,100)	-89.88%
7	Total Operating Revenues	\$ 19,487,038	\$ 19,596,028	\$ 108,990	0.56%
Operating Expenses					
8	Purchased Power (5)	\$ 15,999,553	\$ 16,263,871	\$ 264,318	1.65%
9	Administration & General (6)	1,321,407	1,160,055	(161,352)	-12.21%
10	Total Operating Expenses	\$ 17,320,960	\$ 17,423,926	\$ 102,966	0.59%
Debt Service					
11					
12	Debt Service Reserve Interest (7)	\$ (5,000)	\$ (300)	\$ 4,700	-94.00%
13	Debt Service - Interest (8)	1,159,138	1,141,402	(17,736)	-1.53%
14	Principal (9)	580,000	595,000	15,000	2.59%
15	Other Costs (10)	31,940	36,000	4,060	N/A
16	Total Debt Service	\$ 1,766,078	\$ 1,772,102	\$ 6,024	0.34%
17	Total Operating Expenses	\$ 19,087,038	\$ 19,196,028	\$ 108,990	0.57%
18	Operating Margin	\$ 400,000	\$ 400,000	\$ (0)	0.00%
19	Prepayment of OY2021 Customer Refund In Excess of \$400,000 Planned Margin	\$ -	\$ (400,000)	\$ (400,000)	#DIV/0!
20	Operating Margin after Customer Refund (11)	\$ 400,000	\$ -	\$ (400,000)	-100.00%

Footnotes:

- (1) See Page 6, Line 6
- (2) See Page 6, Line 13 minus Page 6, Line 8
- (3) See Page 6, Line 8
- (4) See Page 4, Line 14
- (5) See Page 5, Line 27
- (6) See Page 4, Line 8
- (7) See Page 4, Line 9
- (8) See Page 4, Line 10
- (9) See Page 4, Line 11
- (10) See Page 4, Line 12
- (11) See Page 4, Line 17; Budgeted Margin of \$400k - Prepayment of OY 2021 Customer Refund of (\$400k)

**Arizona Power Authority
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Administrative and General Expense (Details)

Line No.		Adopted Budget for Operating Year Ending 9/30/21	Final Budget for Operating Year Ending 9/30/22	Difference	% of Change
Commission Expenses					
1	Commissioners' Per Diem	\$ 3,780	\$ 3,780	\$ -	0.00%
2	Travel - In State	11,726	10,486	(1,240)	-10.57%
3	Travel - Out of State	6,000	8,500	2,500	41.67%
4	Outside Printing	2,000	-	(2,000)	-100.00%
5	Miscellaneous Commission Expense	6,600	6,000	(600)	-9.09%
6	Customer Service Programs	10,000	10,000	-	0.00%
7	Conference Fees	2,000	2,000	-	0.00%
8	Planning & Strategy	-	-	-	N/A
9	Total	\$ 42,106	\$ 40,766	\$ (1,340)	-3.18%
Staff Expenses					
10	Staff Salaries	\$ 547,665	\$ 493,537	\$ (54,128)	-9.88%
11	Travel - In State	6,000	7,500	1,500	25.00%
12	Travel - Out of State	30,000	32,500	2,500	8.33%
13	Office Supplies	5,000	5,000	-	0.00%
14	Copier and Fax Supplies	500	500	-	0.00%
15	Miscellaneous Staff Office Expenses	4,000	4,100	100	2.50%
16	Postage	300	400	100	33.33%
17	Telephone	12,580	4,535	(8,045)	-63.95%
18	Computer Expense	40,970	20,000	(20,970)	-51.18%
19	Staff Training	20,000	12,000	(8,000)	-40.00%
20	Conference Fees	4,000	2,500	(1,500)	-37.50%
21	Planning & Strategy	-	-	-	0.00%
22	Total	\$ 671,015	\$ 582,572	\$ (88,443)	-13.18%
Outside Services					
23	Accounting and Auditing	\$ 34,000	\$ 35,700	\$ 1,700	5.00%
24	Computer Consulting Services	3,000	1,850	(1,150)	-38.33%
25	Legal	71,700	45,000	(26,700)	-37.24%
26	CREDA	30,000	35,000	5,000	16.67%
27	MSCP	176,769	181,523	4,754	2.69%
28	Miscellaneous Outside Professional Services	21,800	12,500	(9,300)	-42.66%
29	Planning & Strategy	3,000	-	(3,000)	0.00%
30	Total	\$ 340,269	\$ 311,573	\$ (28,696)	-8.43%

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Administrative and General Expense (Details)

Line No.		Adopted Budget for Operating Year Ending 9/30/21	Final Budget for Operating Year Ending 9/30/22	Difference	% of Change
Employee Related Expenses					
1	Worker's Compensation Insurance	\$ 7,613	\$ 6,071	\$ (1,542)	-20.25%
2	Unemployment	1,920	-	(1,920)	-100.00%
3	Social Security Taxes	38,550	35,285	(3,265)	-8.47%
4	State Retirement	66,925	61,248	(5,677)	-8.48%
5	Health Insurance	45,352	35,977	(9,375)	-20.67%
6	Life and Disability Insurance	90	96	6	6.67%
7	Dental Insurance	444	405	(39)	-8.78%
8	Retirees Sick Leave	2,191	1,974	(217)	-9.90%
9	Total	\$ 163,085	\$ 141,056	\$ (22,029)	-13.51%
Occupancy Expense					
11	Janitorial - Labor	\$ 8,904	\$ 3,600	\$ (5,304)	-59.57%
12	Trash Collection	1,368	840	(528)	-38.60%
13	Utilities - Water & Electric	19,000	17,000	(2,000)	-10.53%
14	Insurance (Property & Liability)	20,200	19,500	(700)	-3.47%
15	Yard Maintenance - Labor	4,000	2,800	(1,200)	-30.00%
16	Maintenance Agreements	5,400	2,400	(3,000)	-55.56%
17	APA Office Building Maintenance	12,000	6,015	(5,985)	-49.88%
18	Charge in Lieu of Depreciation	18,000	14,333	(3,667)	-20.37%
19	Total	\$ 88,872	\$ 66,488	\$ (22,384)	-25.19%
Organizational Dues and Subscriptions					
20	Subscriptions	\$ 560	\$ 600	\$ 40	7.14%
21	Membership Dues	1,000	2,500	1,500	150.00%
22	Organizational Dues	14,500	14,500	-	0.00%
23	Total	\$ 16,060	\$ 17,600	\$ 1,540	9.59%
24	Total Administrative and General	\$ 1,321,407	\$ 1,160,055	\$ (161,352)	-12.21%

**Arizona Power Authority
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Administrative and General Expense & Debt Service

Line No.		Adopted Budget for Operating Year Ending 9/30/21	Final Budget for Operating Year Ending 9/30/22	Difference	% of Change
Administrative and General					
1	Commission Expenses (1)	\$ 42,106	\$ 40,766	\$ (1,340)	-3.18%
3	Staff Expenses (2)	671,015	582,572	(88,443)	-13.18%
4	Outside Services (3)	340,269	311,573	(28,696)	-8.43%
5	Employee Related Expenses (4)	163,085	141,056	(22,029)	-13.51%
6	Occupancy Expense (5)	88,872	66,488	(22,384)	-25.19%
7	Organizational Expense (6)	16,060	17,600	1,540	9.59%
8	Total Administrative and General	\$ 1,321,407	\$ 1,160,055	\$ (161,352)	-12.21%
Debt Service					
9	Interest Income (7)	\$ (5,000)	\$ (300)	\$ 4,700	-94.00%
10	Interest Expense (8)	1,159,138	1,141,402	(17,736)	-1.53%
11	Principle (9)	580,000	595,000	15,000	2.59%
12	Other Costs (10)	31,940	36,000	4,060	12.71%
13	Debt Service Expenses Net	\$ 1,766,078	\$ 1,772,102	\$ 6,024	0.34%
Other Income					
14	Operating Account Interest (11)	\$ (16,800)	\$ (1,700)	\$ 15,100	-89.88%
15	Total Other Income	\$ (16,800)	\$ (1,700)	\$ 15,100	-89.88%
Other Expenses					
16	Planned Surplus (12)	\$ 400,000	\$ 400,000	\$ -	0.00%
17	Total Other Expenses	\$ 400,000	\$ 400,000	\$ -	0.00%
18	Subtotal Expenses and Income (13)	\$ 3,470,685	\$ 3,330,457	\$ (140,228)	-4.04%
19	Purchased Power (14)	15,999,553	16,263,871	264,318	1.65%
20	Total Revenue Requirement	\$ 19,470,238	\$ 19,594,328	\$ 124,090	0.64%

Footnotes:

- (1) See Page 2, Line 9
- (2) See Page 2, Line 22
- (3) See Page 2, Line 30
- (4) See Page 3, Line 9
- (5) See Page 3, Line 19
- (6) See Page 3, Line 23
- (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, 13, 15, 17
- (14) Page 1, Line 8

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Line No.		Adopted Budget for Operating Year Ending 9/30/21	Final Budget for Operating Year Ending 9/30/22	Difference	% of Change
Hoover Power Expenses					
1	Western's Capacity Revenue Requirement	\$ 32,800,000	\$ 34,288,889	\$ 1,488,889	4.54%
2	Total Capacity (kW) (YrAvg)	1,613,000	1,613,000	-	0.00%
3	Capacity Rate (\$/kW-month)	\$ 1.69	\$ 1.77	\$ 0.08	4.54%
4	APA Percentage of Capacity	19.75%	19.75%	0.00%	
5	APA Base Charge for Capacity	\$ 6,479,148	\$ 6,773,256	\$ 294,108	4.54%
6	Western's Energy Revenue Requirement	\$ 32,800,000	\$ 34,288,889	\$ 1,488,889	4.54%
7	BCP OY Estimated Generation (MWh)	3,615,770	3,250,785	(364,985)	-10.09%
8	Western's Energy Rate (mills/kWh)	\$ 9.07	\$ 10.55	\$ 1.48	16.28%
9	APA Percentage of Energy	19.40%	19.40%	0.00%	0.00%
10	APA Base Charge for Energy	\$ 6,363,626	\$ 6,652,490	\$ 288,864	4.54%
11	Western's Total Revenue Requirement	\$ 65,600,000	\$ 68,577,778	\$ 2,977,778	4.54%
12	Western's Composite Rate (mills/kWh)	\$ 18.14	\$ 21.10	\$ 2.95	16.28%
<hr style="border-top: 1px dashed black;"/>					
Estimated Western Rate					
13	Demand Charge (\$/kW/Mo.)	\$ 1.69	\$ 1.77	\$ 0.08	4.54%
14	Energy Charge (Mills/kWh)	\$ 9.07	\$ 10.55	\$ 1.48	16.28%
15	CAP Surcharge (Mills/kWh)	\$ 4.50	\$ 4.50	\$ -	0.00%
Purchased Power at Generation					
Capacity (Kilowatt Months)					
16	Schedule A (Avg/Yr)	128,279	109,770	(18,508)	-14.43%
17	Schedule B (Avg/Yr)	127,597	109,187	(18,410)	-14.43%
18	Schedule D (Avg/Yr)	19,467	16,658	(2,809)	-14.43%
19	Total (Avg/Yr)	275,342	235,615	(39,727)	-14.43%
Energy (Megawatt-Hours)					
20	Schedule A	490,161	440,683	(49,478)	-10.09%
21	Schedule B	160,861	144,623	(16,238)	-10.09%
22	Schedule D	50,485	45,389	(5,096)	-10.09%
23	Total	701,506	630,695	(70,812)	-10.09%
Purchased Power Expense					
24	Demand Charge	\$ 6,479,148	\$ 6,773,256	\$ 294,108	4.54%
25	Energy Charge	6,363,626	6,652,490	288,864	4.54%
26	LCRBDF	3,156,779	2,838,125	(318,653)	-10.09%
27	Total	\$ 15,999,553	\$ 16,263,871	\$ 264,318	1.65%

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Estimated Revenue Requirements

Line No.		Adopted Budget for Operating Year Ending 9/30/21	Final Budget for Operating Year Ending 9/30/22	Difference	% of Change
Demand Related Costs					
1	Western's Demand Charge	\$ 6,479,148	\$ 6,773,256	\$ 294,108	4.54%
2	Administrative & General - 50%	660,704	580,028	(80,676)	-12.21%
3	Debt Service - 50%	883,039	886,051	3,012	0.34%
4	Planned Surplus - 50%	200,000	200,000	-	0.00%
	Prepayment of OY 2021 Customer Refund	-	(200,000)	(200,000)	#DIV/0!
5	Interest Income - 50%	(8,400)	(850)	7,550	-89.88%
6	Total	\$ 8,214,491	\$ 8,238,484	\$ 23,994	0.29%
Energy Related Costs					
7	Western's Energy Charge	\$ 6,363,626	\$ 6,652,490	\$ 288,864	4.54%
8	Lower Colorado River Basin Dev. Fund Charge	3,156,779	2,838,125	(318,653)	-10.09%
9	Administrative & General - 50%	660,704	580,028	(80,676)	-12.21%
10	Debt Service - 50%	883,039	886,051	3,012	0.34%
11	Planned Surplus - 50%	200,000	200,000	-	0.00%
	Prepayment of OY 2021 Customer Refund	-	(200,000)	(200,000)	#DIV/0!
12	Interest Income - 50%	(8,400)	(850)	7,550	-89.88%
13	Total	\$ 11,255,748	\$ 10,955,844	\$ (299,903)	-2.66%
Avg. Capacity Entitlement @ Load (kW)					
14	Schedule 'A'	128,873	109,771	(19,102)	-14.82%
15	Schedule 'B'	128,193	109,191	(19,002)	-14.82%
16	Schedule 'D'	19,551	16,653	(2,898)	-14.82%
17	Total	276,617	235,615	(41,002)	-14.82%
Energy Entitlement @ Load (MWh)					
18	Schedule 'A'	490,161	440,683	(49,478)	-10.09%
19	Schedule 'B'	160,861	144,623	(16,238)	-10.09%
20	Schedule 'D'	50,485	45,389	(5,096)	-10.09%
21	Total	701,506	630,695	(70,811)	-10.09%
Recovery of Revenue at Delivery					
22	From Demand Rate	\$ 8,214,491	\$ 8,238,484	\$ 23,994	0.29%
23	From Energy Rate	11,255,748	10,955,844	(299,903)	-2.66%
24	Total Revenue Requirement Net of Prepayment of Customer Refund	\$ 19,470,238	\$ 19,194,328	\$ (275,910)	-1.42%
Estimated APA Rate					
25	Demand Charge (\$/kW/Mo.)	\$ 2.47	\$ 2.91	\$ 0.44	17.81%
26	Energy Charge (Mills/kWh)	\$ 11.90	\$ 12.87	\$ 0.97	8.16%
27	LCRBDF (Mills/kWh)	\$ 4.50	\$ 4.50	\$ (0.00)	0.00%
28	Sched. A, B & D Energy Rate (Mills/kWh)	\$ 16.40	\$ 17.37	\$ 0.97	5.92%
Composite Rate (Mills/kWh)		\$ 28.47	\$ 30.43	\$ 1.96	6.90%

Calculation of Energy Rate Adjustment for Potential Lost Energy:

Lost Energy in MWh		-		-
Lost Energy in Dollars	\$	17.37	\$	-
Decrease in LCRBDF Cost	\$	4.50		-
Net Revenue to Recover			\$	-

Divided by New Energy Quantity (MWh):

Old Energy Quantity		630,695
Less Adjustment		-
New Energy Quantity		630,695

Effect on Rate	\$	-
New Calculated Energy Rate	\$	17.37

Note: Capacity and LCRBDF rates unchanged.

Calculation of Composite Rate Adjustment for Potential Lost Energy:

Lost Composite Rate in MWh		-		-
Lost Composite Rate in Dollars	\$	30.43	\$	-
Decrease in LCRBDF Cost	\$	4.50		-
Net Revenue to Recover			\$	-

Divided by New Energy Quantity (MWh):

Old Energy Quantity		630,695
Less Adjustment		-
New Energy Quantity		630,695

Effect on Rate	\$	-
New Calculated Energy Rate	\$	30.43

Note: Capacity and LCRBDF rates unchanged.

Adjusted Rates After Adjustment:

	Adopted Budget for Operating Year Ending 9/30/21	Final Budget for Operating Year Ending 9/30/22	Difference	% of Change
Estimated APA Rate				
Demand Charge (\$/kW/Mo.)	\$ 2.47	\$ 2.91	\$ 0.44	17.81%
Energy Charge (Mills/kWh)	\$ 11.90	\$ 12.87	\$ 0.97	8.16%
LCRBDF (Mills/kWh)	4.50	4.50	(0.00)	0.00%
Sched. A, B & D Energy Rate (Mills/kWh)	\$ 16.40	\$ 17.37	\$ 0.97	5.92%
Composite Rate (Mills/kWh)	\$ 28.47	\$ 30.43	\$ 1.96	6.90%