

**Arizona Power Authority
Hoover Operating Account Budget
Draft 0Y 2022 07-20-21**

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	\$ 8,507,960	\$ 293,470	3.57%
3	Energy Charge (2)	8,098,969	8,387,195	288,226	3.56%
4	Lower Co. Riv. Basin Dev. Fund (3)	3,156,779	2,850,388	(306,390)	-9.71%
	Total Revenue from Rates	\$ 19,470,238	\$ 19,745,543	\$ 275,305	1.41%
5	Interest Income				
6	Operating Account (4)	\$ 16,800	\$ 1,700	\$ (15,100)	-89.88%
7	Total Operating Revenues	\$ 19,487,038	\$ 19,747,243	\$ 260,205	1.34%
Operating Expenses					
8	Purchased Power (5)	\$ 15,999,553	\$ 16,276,134	\$ 276,581	1.73%
9	Administration & General (6)	1,321,407	1,299,007	(22,400)	-1.70%
10	Total Operating Expenses	\$ 17,320,960	\$ 17,575,141	\$ 254,181	1.47%
Debt Service					
11	Debt Service Reserve Interest (7)	\$ (5,000)	\$ (300)	\$ 4,700	-94.00%
12	Debt Service - Interest (8)	1,159,138	1,141,402	(17,736)	-1.53%
13	Principal (9)	580,000	595,000	15,000	2.59%
14	Other Costs (10)	31,940	36,000	4,060	N/A
15	Total Debt Service	\$ 1,766,078	\$ 1,772,102	\$ 6,024	0.34%
16	Total Operating Expenses	\$ 19,087,038	\$ 19,347,243	\$ 260,205	1.36%
17	Operating Margin	\$ 400,000	\$ 400,000	\$ (0)	0.00%

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

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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	8,486	(3,240)	-27.63%
3	Travel - Out of State	6,000	6,000	-	0.00%
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	\$ 36,266	\$ (5,840)	-13.87%
Staff Expenses					
10	Staff Salaries	\$ 547,665	\$ 607,082	\$ 59,417	10.85%
11	Travel - In State	6,000	6,000	-	0.00%
12	Travel - Out of State	30,000	30,000	-	0.00%
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	4,380	(8,200)	-65.18%
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	\$ 691,962	\$ 20,947	3.12%
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	5,000	(16,800)	-77.06%
29	Planning & Strategy	3,000	-	(3,000)	0.00%
30	Total	\$ 340,269	\$ 304,073	\$ (36,196)	-10.64%

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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	\$ 7,467	\$ (146)	-1.92%
2	Unemployment	1,920	-	(1,920)	-100.00%
3	Social Security Taxes	38,550	42,640	4,090	10.61%
4	State Retirement	66,925	75,339	8,414	12.57%
5	Health Insurance	45,352	52,579	7,227	15.94%
6	Life and Disability Insurance	90	96	6	6.67%
7	Dental Insurance	444	569	125	28.15%
8	Retirees Sick Leave	2,191	2,428	237	10.82%
9	Total	\$ 163,085	\$ 181,118	\$ 18,033	11.06%
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	21,000	800	3.96%
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	\$ 67,988	\$ (20,884)	-23.50%
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	\$ 1,299,007	\$ (22,400)	-1.70%

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

Line No.	Administrative and General	Adopted Budget for Operating Year Ending 9/30/21	Final Budget for Operating Year Ending 9/30/22	Difference	% of Change
1	Commission Expenses (1)	\$ 42,106	\$ 36,266	\$ (5,840)	-13.87%
3	Staff Expenses (2)	671,015	691,962	20,947	3.12%
4	Outside Services (3)	340,269	304,073	(36,196)	-10.64%
5	Employee Related Expenses (4)	163,085	181,118	18,033	11.06%
6	Occupancy Expense (5)	88,872	67,988	(20,884)	-23.50%
7	Organizational Expense (6)	16,060	17,600	1,540	9.59%
8	Total Administrative and General	\$ 1,321,407	\$ 1,299,007	\$ (22,400)	-1.70%
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	\$ 3,469,409	\$ (1,276)	-0.04%
19	Purchased Power (14)	15,999,553	16,276,134	276,581	1.73%
20	Total Revenue Requirement	\$ 19,470,238	\$ 19,745,543	\$ 275,305	1.41%

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

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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	3,264,831	(350,939)	-9.71%
8	Western's Energy Rate (mills/kWh)	\$ 9.07	\$ 10.50	\$ 1.43	15.78%
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	\$ 21.01	\$ 2.86	15.78%
Estimated Western Rate					
13	Demand Charge (\$/kW/Mo.)	\$ 1.69	\$ 1.77	\$ 0.08	4.54%
14	Energy Charge (Mills/kWh)	\$ 9.07	\$ 10.50	\$ 1.43	15.78%
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	109,460	(18,819)	-14.67%
17	Schedule B (Avg/Yr)	127,597	108,878	(18,719)	-14.67%
18	Schedule D (Avg/Yr)	19,467	16,611	(2,856)	-14.67%
19	Total (Avg/Yr)	275,342	234,949	(40,393)	-14.67%
Energy (Megawatt-Hours)					
20	Schedule A	490,161	442,587	(47,574)	-9.71%
21	Schedule B	160,861	145,248	(15,613)	-9.71%
22	Schedule D	50,485	45,585	(4,900)	-9.71%
23	Total	701,506	633,420	(68,087)	-9.71%
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	2,850,388	(306,390)	-9.71%
27	Total	\$ 15,999,553	\$ 16,276,134	\$ 276,581	1.73%

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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	649,504	(11,200)	-1.70%
3	Debt Service - 50%	883,039	886,051	3,012	0.34%
4	Planned Surplus - 50%	200,000	200,000	-	0.00%
5	Interest Income - 50%	(8,400)	(850)	7,550	-89.88%
6	Total	\$ 8,214,491	\$ 8,507,960	\$ 293,470	3.57%
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	2,850,388	(306,390)	-9.71%
9	Administrative & General - 50%	660,704	649,504	(11,200)	-1.70%
10	Debt Service - 50%	883,039	886,051	3,012	0.34%
11	Planned Surplus - 50%	200,000	200,000	-	0.00%
12	Interest Income - 50%	(8,400)	(850)	7,550	-89.88%
13	Total	\$ 11,255,748	\$ 11,237,583	\$ (18,164)	-0.16%
Avg. Capacity Entitlement @ Load (kW)					
14	Schedule 'A'	128,873	109,460	(19,413)	-15.06%
15	Schedule 'B'	128,193	108,882	(19,310)	-15.06%
16	Schedule 'D'	19,551	16,606	(2,945)	-15.06%
17	Total	276,617	234,949	(41,668)	-15.06%
Energy Entitlement @ Load (MWh)					
18	Schedule 'A'	490,161	442,587	(47,574)	-9.71%
19	Schedule 'B'	160,861	145,248	(15,613)	-9.71%
20	Schedule 'D'	50,485	45,585	(4,900)	-9.71%
21	Total	701,506	633,420	(68,086)	-9.71%
Recovery of Revenue at Delivery					
22	From Demand Rate	\$ 8,214,491	\$ 8,507,960	\$ 293,470	3.57%
23	From Energy Rate	11,255,748	11,237,583	(18,164)	-0.16%
24	Total Revenue Requirement	\$ 19,470,238	\$ 19,745,543	\$ 275,305	1.41%
Estimated APA Rate					
25	Demand Charge (\$/kW/Mo.)	\$ 2.47	\$ 3.02	\$ 0.55	22.27%
26	Energy Charge (Mills/kWh)	\$ 11.90	\$ 13.24	\$ 1.34	11.27%
27	LCRBDF (Mills/kWh)	\$ 4.50	\$ 4.50	\$ (0.00)	0.00%
28	Sched. A, B & D Energy Rate (Mills/kWh)	\$ 16.40	\$ 17.74	\$ 1.34	8.16%
Composite Rate (Mills/kWh)		\$ 28.47	\$ 31.17	\$ 2.70	9.48%

Calculation of Energy Rate Adjustment for Potential Lost Energy:

Lost Energy in MWh		-		-
Lost Energy in Dollars	\$	17.74	\$	-
Decrease in LCRBDF Cost	\$	4.50		-
Net Revenue to Recover			\$	-

Divided by New Energy Quantity (MWh):

Old Energy Quantity		633,420
Less Adjustment		-
New Energy Quantity		633,420

Effect on Rate	\$	-
New Calculated Energy Rate	\$	17.74

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	\$	31.17	\$	-
Decrease in LCRBDF Cost	\$	4.50		-
Net Revenue to Recover			\$	-

Divided by New Energy Quantity (MWh):

Old Energy Quantity		633,420
Less Adjustment		-
New Energy Quantity		633,420

Effect on Rate	\$	-
New Calculated Energy Rate	\$	31.17

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	\$ 3.02	\$ 0.55	22.27%
Energy Charge (Mills/kWh)	\$ 11.90	\$ 13.24	\$ 1.34	11.27%
LCRBDF (Mills/kWh)	4.50	4.50	(0.00)	0.00%
Sched. A, B & D Energy Rate (Mills/kWh)	\$ 16.40	\$ 17.74	\$ 1.34	8.18%
Composite Rate (Mills/kWh)	\$ 28.47	\$ 31.17	\$ 2.70	9.48%

Rate Mitigation:	\$ Change	New Rate	% Change	Total %
Reduce energy adjustment from 2% to 0%	-	31.17	0.00%	9.48%
Move excess \$90,000 from Debt Service funds	(0.14)	31.03	-0.51%	8.97%
Move one time only \$400,000 from APA Fund	(0.63)	30.54	-2.28%	7.20%
Defer staffing executive/engineer	(0.10)	31.07	-0.37%	9.11%
Total - all moves made	(0.88)		-3.16%	6.32%