



Status on new 50-year contract for Hoover power

Engineering and Operations Committee

Item 6a

April 11, 2016

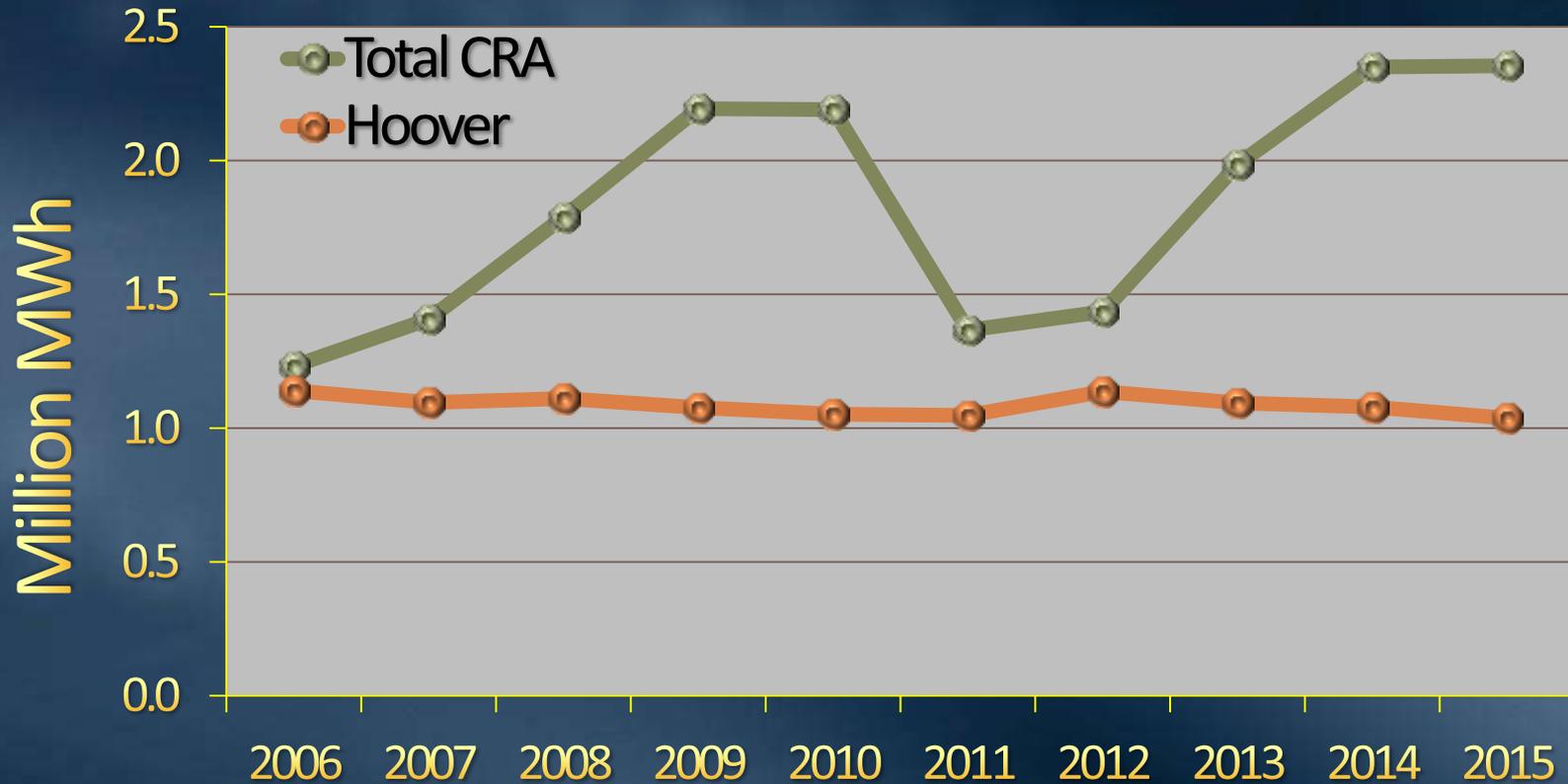
Hoover Power Status

- Successful retention of Hoover Power for CRA
 - 2011 Hoover Power Allocation Act
 - Preserves or enhances most existing benefits
 - Provides reliable, low cost power supply for CRA operations
 - Cost-based power for 50 years (currently \$15-18/MWh)
- Completing negotiations to implement legislative directives in new contracts
 - Requirements similar to current contracts
 - Maintains contractor/federal agency relations



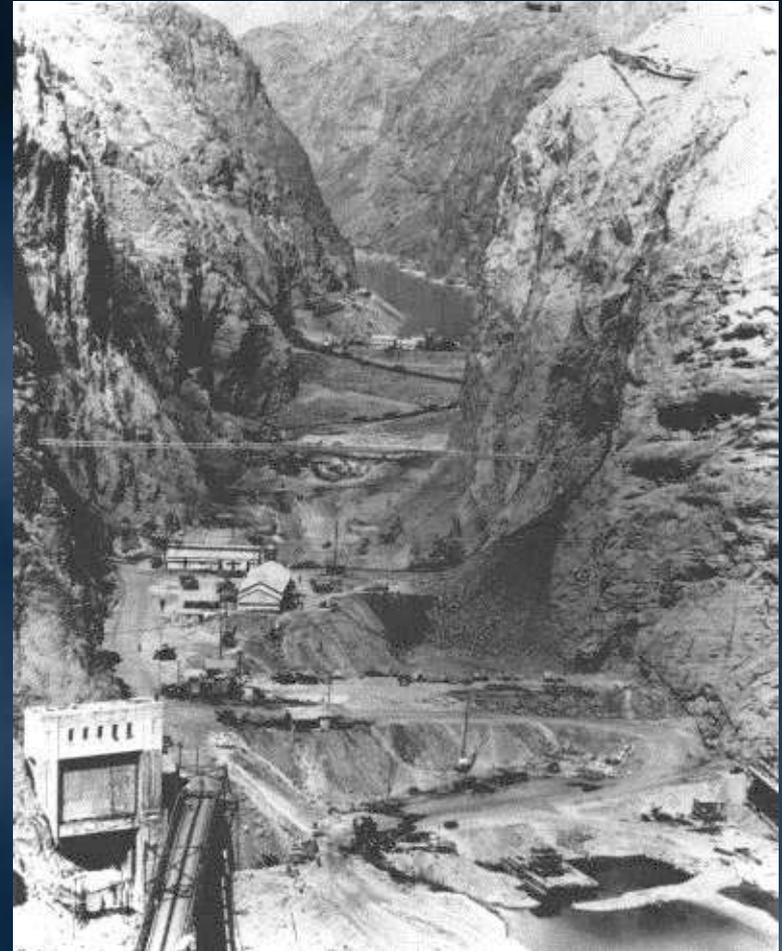
Hoover Energy for the CRA

Over past ten years, Hoover has supplied 60% of the energy used on the CRA.



Boulder Canyon Project Act -- 1928

- Authorized construction of Hoover Dam and Power Plant
 - Guaranteed repayment of Federal expenditures
 - Power sales to provide repayment revenue
 - Power contracts for 50 year term
 - Power price set by power market evaluation



Power Contracts -- 1930

- Applications were received for triple the amount of power available
 - LA and SCE applied for all, MWD applied for half
- Negotiations resulted in allocation of:
 - 36% to MWD; 22% to SCE; 33% to LA; 9% to Burbank, Pasadena, Glendale and other CA entities
 - 18% each could be re-allocated for Arizona and Nevada
- Power contracts with LA, SCE, and MWD executed April 26, 1930
- Power price based on market comparison

1940 Boulder Canyon Project Adjustment Act



- Price of \$1.63/MWh (market price) too expensive
- Rates reset to the cost of producing the power \$1.16/MWh (\$19.65 in 2016 dollars)

1984 Hoover Power Plant Act

- Authorized renewal of contracts for Hoover power
 - 30-year term ending September 30, 2017
- Authorized uprating project to increase capacity by 500 MW
 - Added capacity marketed to small contractors
 - New capacity 1951 MW
- Authorized visitor facilities
 - Funded by power contractors
- Authorized bridge crossing downstream of dam
 - Not funded by power contractors



2011 Hoover Power Allocation Act

- Ad-hoc Board Committee, Board advocacy
- Authorized new contracts for Hoover power
 - 50-year term ending Sept. 30, 2067
- Set aside resource pool of 5% of project capacity and firm energy for new customers
 - Pool marketed in three states
 - Included Indian tribal entities
- Mandates payment for Lower Colorado River Multi-Species Conservation Program (MSCP)
 - Program provides endangered species coverage for water and power operations

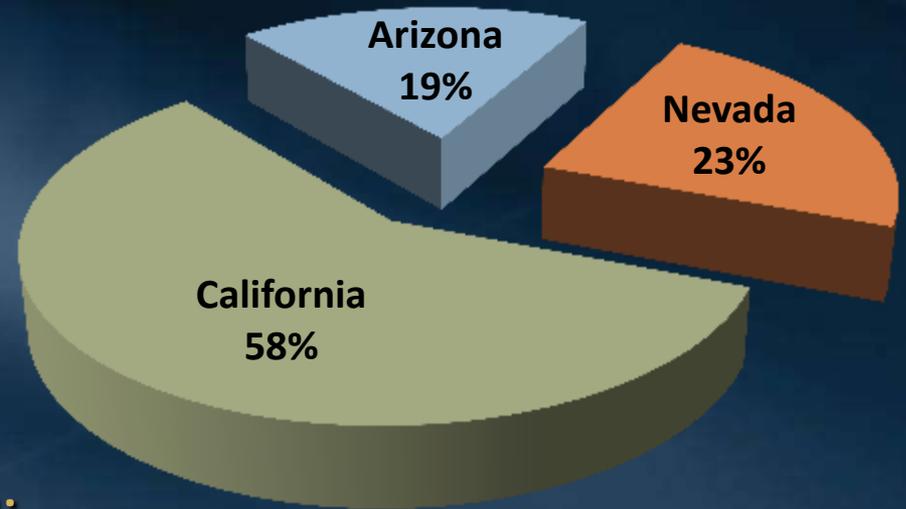


Hoover Contract Negotiations

- Hoover Electric Service Contract
 - Western Area Power Administration
 - Energy and capacity
- Implementation Agreement
 - Western Area Power Administration
 - Bureau of Reclamation
 - Operations and coordination

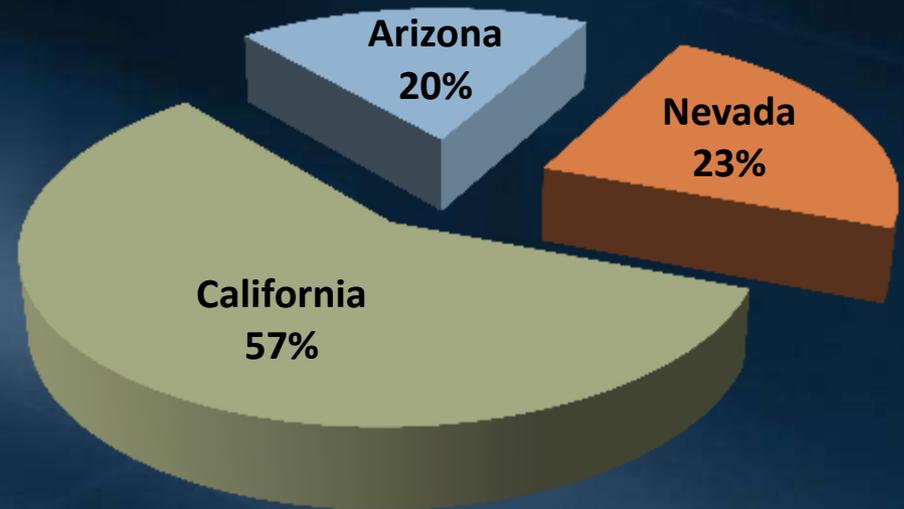
Current Hoover Project Shares

- Arizona 19%
- Nevada 23%
- California 58%
 - 20.6% Metropolitan
 - 20.3% Los Angeles
 - 9.9% So California Edison
 - 4.9% Anaheim, Burbank, Glendale and Pasadena
 - 1.2% Riverside
 - 1.2% Azusa, Banning, Colton and Vernon



New Hoover Project Shares

- Arizona 20%
- Nevada 23%
- California 57%



- 19.6% Metropolitan
- 19.3% Los Angeles
- 9.4% So California Edison
- 4.7% Anaheim, Burbank, Glendale and Pasadena
- 1.1% Riverside
- 1.2% Azusa, Banning, Colton and Vernon
- 1.9% New allottees

New California Allottees

- Thirteen Indian Tribes
- Four cities (Cerritos, Corona, Rancho Cucamonga, Victorville)
- California Department of Water Resources
- San Diego County Water Authority
- Imperial Irrigation District
- Anza Electric Cooperative

2017 Power Contract Terms

- Recognition of need to reduce costs when generation is impaired
- Retain cost-based rate structure
- Protect contractors rights to new capacity
- Addition of provisions for termination for default and voluntary re-allocation
- Addition of provisions related to Indian Tribe contractors

Next Steps

- “Final” draft contracts – April 2016
- Board approval requested – Summer 2016
- Effective date – October 1, 2016 for some provisions, most October 1, 2017

