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ARIZONA POWER AUTHORITY

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MINUTES OF THE ARIZONA POWER AUTHORITY (“APA”) COMMISSION (“Commission”) MEETING HELD MARCH 19, 2024

PRESENT: Phil Bashaw, Chairman
Russ Jones, Commissioner
Kim Owens, Commissioner
John Sullivan, Commissioner
Jim Sweeney, Vice Chairman

STAFF: Heather Cole, Executive Secretary to Commission
Jordy Fuentes, Executive Director
Ben Norris, Legal Counsel
John Schutter, Senior Accountant
Sonseeahray Thayer, Financial Administrator

OTHER: Michael Curtis, Cortaro-Marana
Tara Davis, AEPCO
Sheri Farag, Salt River Project
Darrin Francom, Central Arizona Project
Elston Grubaugh, Wellton Mohawk
Daniel Herderer, Clark Hill
Taylor Howerter, Roosevelt Irrigation District
Leslie James, CREDA
R. DeWayne Justice, ED #7
Jimmy Kendrick, WAPA
Derek McEachern, Electrical District #4
Kristine McMinimy, AEPCO
Donovan Neese, Roosevelt Irrigation District
Paul Orme, Electrical District #3
Russell Smoldon, AMPUA
Elizabeth Story
Sheryl Sweeney, Clark Hill
Kelly Urbine, Current Insights
Robert Van Hofwegen, Electrical District #8
Glen Vortherms, Maricopa County Water Conservation District
Brian Young, Central Arizona Project

CALL TO ORDER: The meeting was called to order at 10:06 a.m. by Chairman Phil Bashaw. Quorum was established.

ROLL CALL: Commissioners Bashaw, Jones, Sullivan and Sweeney were present.

CHAIRMAN REQUEST FOR DECLARATION OF CONFLICT OF INTEREST BY ANY COMMISSIONER:

- Each Commissioner declared they had no conflict of interest on any matter as listed on the agenda for today's meeting.
- Commissioner Owens arrived at 10:08am

PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was recited.

APPROVAL OF MINUTES:

- **Motion:** To approve the minutes from the Regular Commission Meeting & Executive Session held on February 13, 2024, was made by Commissioner Jones and seconded by Vice Chairman Sweeney.
- **Vote:** Commissioners Bashaw, Jones, Owens, Sullivan & Sweeney approved the motion.
- **Resolved:** Approved as stated above and the written documents are entered into the Commission records.

REVIEW OF OY2023 AUDIT REPORT

CliftonLarsonAllen, LLP., Jean Dietrich, CPA, Principal State & Local Government

Ms. Dietrich reported that CLA has concluded the OY2023 audit. They advised that it was a clear opinion. They had no findings or recommendations. She thanked the staff for their help and responsiveness. Legal Counsel, Ben Norris asked if there was anything that could be done better? Ms. Dietrich said the internal controls including processes and procedures in place are what they need to be.

REVIEW OF EXPENDITURES AND FINANCIAL REPORTS AND APPROVAL OF

CLAIMS: Sonseeahray Thayer, Financial Administrator, provided the Expenditures & Financial Reports. Hoover Operations Fund Claims #14508 - #14586 & APA Claims #667- #668 for the period February 1, 2024 through February 29, 2024 were presented.

- **Motion:** To approve Hoover Operations Fund Claims #14508 - #14586 & APA Claims #667- #668 as presented was made by Commissioner Jones and seconded by Commissioner Owens.
- **Vote:** Commissioners Bashaw, Jones, Owens, Sullivan & Sweeney approved the motion.
- **Resolved:** Approved as stated above and the written documents are entered into the Commission records.

The APA has added additional information in the financials section of the commission meeting. The first section is meant to give commissioners and customers more detail regarding how the APA tracks actual MWh received compared to the original budget and how this could affect rates and rate changes in the future. This new information details out MWh by month from the original budget and compares it to the actual MWh received per month as well as estimated MWh to be received for the rest of the Operating year, based on the latest 24-month schedule. Based on this information, the APA

can determine if rates need to be increased, decreased, or monitored based on the total anticipated differences between budget and actual/anticipated.

The second section shows a 3-year average versus the current operating year actuals/anticipated. This is meant to give context to what the APA is seeing currently versus what has happened in the past. The third section shows total system budget versus actual since the start of the current contract. This is meant to show how WAPA's budget predictions have been compared to the actuals for the same time period. This information enables the APA to better determine at what point a rate change should be considered as well as if WAPA's future budget numbers should be adjusted to compensate for a more optimistic outlook than consistently occurs

REPORT ON POWER OPERATION MATTERS: Sonseeahray Thayer, Financial Administrator, reported on the following:

- Monthly precipitation – There has been more precipitation this February compared to the same time last year.
- Water Year Precipitation – When comparing Water Year 2024 to Water Year 2023, over all there has been significantly less precipitation.
- Upper Colorado River System – Precipitation to Date in the Upper Colorado River System is currently at 101%, 20% lower than it was at the same time last year.
- Lake Powell inflow - Lake Powell inflow is forecast to be at 71% of normal for the year.
- Total System Contents – (Upper and Lower Basin) Total system contents for the current water year is slowly decreasing, although it is still considerably higher compared to the same time last year.
- Reservoir and System Capacity – Lake Powell's is currently at 34% capacity, Lake Mead's is at 37% capacity, while total system capacity is at 42%.
- Lake Mead Elevation – By January of 2026, we anticipate the elevation at Lake Mead to be at the 1,055 mark.
- Glen Release – The Glen release for WY 24 is comparable to the same time over the last few years
- Hoover Release – and the Hoover release remains relatively consistent year over year.

Lastly, the Climate Forecast from the Colorado Basin River Forecast Center for Arizona is a 33%-50% chance of above normal temperatures with a 0 to 40% chance of below normal precipitation over the next 3 months.

EXECUTIVE DIRECTOR REPORT

- **APPA Legislative Rally:** The Legislative Rally was attended by Russell Smoldon, AMPUA, Jorge Canaca, GCSECA, Leslie James, CREDA, Jordy Fuentes & Heather Cole, APA.

Issues discussed with Delegation Staff included: Help Hoover Dam Act (*This bill would allow use of the PRB's stranded in the fund for Operating & Maintenance expenses at Hoover*), Kelly Sinema Maloy Bill (*This bill covers issue that will be the starting point for the Post 2026 Guidelines and includes mitigation for water*), LTEMP/SEIS, PRB's and scarcity impacts in the West.

- **Post 2026 Colorado River Operations Update**

- **Arizona Reconsultation Committee** – Jordy Fuentes was appointed to the Committee and recently sat in on the Modeling Analysis Work Group which is very technical. They are not looking at hydropower at this point. CAP is looking into ways to include the hydro impacts that need to be modeled. Mr. Fuentes may look for Commission involvement in the future.
- **LTEMP/SEIS:** A discussion took place regarding scoping materials, putting together a joint letter on the LTEMP & bypassing the generators. SRP as a Cooperating Agency continues to request that grid impacts are included in any and all analysis. There is a general consensus that the Adaptive Management Work Group (AMWG) does not understand the impact of the grid that these scenarios will have. The Small Mount Bass issue is still being discussed and at this point there are no mitigation efforts being considered other than “Flow” option that could take up to 45 month and which would bypass the generators.

- **Drought Impact Updates & Discussions**

- **Psuedo Tie** - WAPA is continuing to move forward with the Psuedo Tie. WAPA CRSP & SPP are still in negotiations. The schedule will function like a real time power order for entities that have contracts with Federal Projects vs. Day Ahead Scheduling where transmission is not set aside and which could impact system losses & congestion. SRP is still looking at this issue and at this point does not see the benefits and they have questions regarding resource adequacy requirements.

- **ERA Grant Funding/Pinal Solar Project** – Mr. Fuentes reported that AEPCO is still waiting to hear back from USDA regarding the grant funding. AEPCO is seeking letters of support from entities involved as well as the Governor’s Office. The program will continue to move forward with or without funding although the scale of the projects may be reduced or changed based on the amount of funding received.

- **Non-Hoover REC Program** - Legal Counsel has revised the APA REC Policy to include Non-Hoover customers that have CRSP contracts and currently cannot sell their REC like the APA Customers. WAPA is considering a change in their WAPA Wide Policy which would allow for these RECs to be marketed. In addition to the Revised Policy there is an Election Form that will be sent to Non-Hoover Customers with CRSP & Parker & Davis allocations.

- **Update & Discussion of Other Matters and Issues Affecting the Operations of the APA:** APA Property Enhancements – The City of Phoenix has Non-Residential Grass Replacement Program which would allow for the removal of up to 3000 sq. feet of grass at a rate of \$2/sq. foot. Proceeds received from this program would help with defray the cost of desert landscaping as the APA continues to move forward with fencing the property.

BUSINESS ITEMS:

- Possible Approval & Authorization for APA Staff to Enter into Contract with the City of Phoenix for the City of Phoenix Non-Residential Grass Replacement Incentive Program.
 - **Motion:** to approve and authorize the APA Staff to Enter into Contract with the City of Phoenix for the City of Phoenix Non-Residential Grass Replacement Incentive Program was made by Vice Chairman Sweeney and seconded by Commissioner Jones.
 - **Vote:** Commissioners Bashaw, Jones, Owens, Sullivan & Sweeney approved the motion.
 - **Resolved:** Approved as stated above and the written documents are entered into the Commission records.
- Possible Consideration & Approval of Non-Hoover REC Participation Agreement & Revised APA Renewable Energy Certificate Program.

A discussion was held regarding the Non-Hoover RECs and how the marketing would be handled. Hoover & Non-Hoover REC sales will be separate transactions. APA Accounting Staff will develop internal policies & controls.

- **Motion:** to approve the Amended APA REC Policy which allows the APA to enter into agreement with parties with Non-Hoover RECS was made by Commissioner Sullivan and seconded by Commissioner Owens.
- **Vote:** Commissioners Bashaw, Jones, Owens, Sullivan & Sweeney approved the motion.
- **Resolved:** Approved as stated above and the written documents are entered into the Commission records.
- **Motion:** to approve the Formal Agreement to be used under the previously approved motion as presented was made by Commissioner Sullivan and seconded by Vice Chairman Sweeney.
- **Vote:** Commissioners Bashaw, Jones, Owens, Sullivan & Sweeney approved the motion.
- **Resolved:** Approved as stated above and the written documents are entered into the Commission records.

VISITORS' COMMENTS/CALL TO THE PUBLIC – Jimmy Kendrick, WAPA commented that the new Mead Substation, El Dorado Area is moving forward and siting will begin soon.

Donovan Neese, Roosevelt Water District requested that the APA Staff continue to work with the Arizona Congressional Delegation with regard to the SEIS and it's impact on the APA Customers.

COMMISSIONER COMMENTS: N/A

ADJOURNMENT:

There being no further business to come before the Commission, Chairman Bashaw adjourned the meeting.

The meeting was adjourned at 12:11 p.m.

Phil Bashaw, Chairman

ATTEST:

Heather J. Cole, Executive Secretary to Commission

DRAFT