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KIM OWENS – COMMISSIONER
JIM SWEENEY – COMMISSIONER

STAFF

HEATHER COLE – EXECUTIVE SECRETARY



ARIZONA POWER AUTHORITY

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**MINUTES OF THE ARIZONA POWER AUTHORITY (“APA”) COMMISSION
 (“Commission”) IN PERSON/VIRTUAL MEETING HELD ON OCTOBER 26, 2021**

PRESENT: Philip C. Bashaw, Vice Chairman
Russell Jones, Commissioner
Kim Owens, Commissioner (*attended virtually*) (*joined meeting @ 11:09am*)
John Sullivan, Chairman
Jim Sweeney, Commissioner

STAFF: Heather Cole, Executive Secretary to Commission
Ed Gerak, Executive Director
Gary Kern, Financial Administrator
Linda Levine, Senior Rate Analyst
Ben Norris, Attorney General’s Office
Sonseeahray Thayer, Senior Accountant
All Commissioners & Staff attended in-person unless otherwise noted

OTHER: Dennis DeLaney, K.R. Saline & Associates
Darren Hodges, PFM
Doug Milligan, Salt River Project
*Jason Moyes, Moyes Sellers & Hendricks
Wade Noble, Wellton Mohawk Irrigation & Drainage District
Ken Robbins, Electrical District #2
Ken Saline, K.R. Saline & Associates
Elizabeth Story
*Sheryl Sweeney, Ryley, Carlock & Applewhite
Jeff Woner, K.R. Saline & Associates
All Guests attended virtually unless otherwise noted

CALL TO ORDER: The meeting was called to order at 10:01 a.m. by Chairman John Sullivan. 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.

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 August 17, 2021 was made by Commissioner Jones and seconded by Vice Chairman Bashaw.
- **Vote:** Commissioners Bashaw, Jones, Sullivan & Sweeney approved the motion.
- **Resolved:** Approved as stated above and the written documents are entered into the Commission records.

- **Motion:** To approve the minutes from the Special Commission Meeting & Executive Session, held on October 4, 2021 was made by Commissioner Sweeney and seconded by Vice Chairman Bashaw.
- **Vote:** Commissioners Bashaw, Jones, Sullivan & Sweeney approved the motion.
- **Resolved:** Approved as stated above and the written documents are entered into the Commission records.

SPEAKER SERIES – APA Refunding Update: Darren Hodges, PFM provided an overview of the Series 2014 Bonds which were issued on March 27, 2014. They are Taxable Bonds reaching Final Maturity on October 1, 2045. PFM analyzed five separate refinancing scenarios as a way to mitigate rate increases and provide near-term cost relief. The presentation can be found on the APA website @ www.powerauthority.org.

REVIEW OF EXPENDITURES AND FINANCIAL REPORTS AND APPROVAL OF

CLAIMS: Sonseeahray Thayer, Sr. Accountant, provided the Expenditures & Financial Reports. Hoover Operations Fund Claims #12990- #13126 for the period August 1, 2021 through September 31, 2021 were presented. There were no APA Fund Claims during this time period.

- **Motion:** To approve Hoover Operations Fund Claims #12990 - #13126 as presented was made by Commissioner Jones and seconded by Vice Chairman Bashaw.
- **Vote:** Commissioners Bashaw, Jones, Sullivan and Sweeney approved the motion.
- **Resolved:** Approved as stated above and the written documents are entered into the Commission records.

REPORT ON POWER OPERATION MATTERS: Sonseeahray Thayer, Sr. Accountant, reported the following:

- Monthly and Seasonal Precipitation - The drought continues
- Lake Powell inflow is forecast to be 68% of normal for the year
- The upper and lower basins are low due to little snow
Currently, Lake Powell is at 30% and Lake Mead is at 35% of capacity

- Lake Mead is currently just below 1,075. By this time next year, we anticipate the elevation to be at the 1,040 mark.

CUSTOMER SERVICE: Heather Cole, Executive Secretary to the Commission, shared a listing of upcoming meeting that will be held at the APA office and that Staff and/or Commissioners & Customers may want to attend:

- Upcoming Industry Meetings
 - Colorado River Electrical Distributors Association “CREDA” Annual Mtg – Nov. 4&5
 - National Water Resources Association “NWRA” – Nov. 8&9
 - Colorado River Water Users Association “CRWUA” – December 14-16
 - National Rural Electric Cooperative Association “NRECA” Phoenix – January
 - Irrigation and Electrical Districts Association “IEDA” Annual Mtg. – January 7, 2022
- Commission Meeting @ Hoover Dam – Monday, December 13, 2021

LEGISLATIVE & POLICY UPDATE: Mr. Gerak provided an update on the following issues:

- Federal Report: - Mr. Gerak highlighted several articles in the Federal Report including:
 - WAPA Desert Southwest Region Agrees to Participate in CAISO’s Real-Time Energy Market
 - Regan: Rule to Slash Methane Emissions Coming Soon
 - What a Clean Electricity Payment Plan Means for Gas, CCS
- Industry Report – Mr. Gerak highlighted several articles in the Industry Report including:
 - Salt River Project to Expand Gas-Fired Plant to Integrate More Renewables, Boost Reliability
 - There’s a 1-In-3 Chance Lake Powell Won’t Be Able to Generate Hydropower In 2023 Due to Drought Conditions, New Study Says

REPORT OF THE EXECUTIVE DIRECTOR: Mr. Gerak provided an update on the following:

- Cobank Energy & Water Executive Forum Update
- Agribusiness & Water Council Annual Meeting Update
- APPA Board Meeting and Legal & Regulatory Conference Update
- AZ G&T Annual Meeting Update
- Outside Counsel Request for Proposal (RFP) Update

BUSINESS ITEMS:

- Approval of Resolution 21-02 Honoring Robert S. Lynch
 - **Motion:** To approve Resolution 21-02 Memorializing Mr. Robert S. Lynch was made by Commissioner Jones and seconded by Vice Chairman Bashaw.
 - **Vote:** Commissioners Bashaw, Jones, Sullivan & Sweeney approved the motion.
 - **Resolved:** Approved as stated above and the written documents are entered into the Commission records.
- Approval of Resolution 21-03 In Appreciation - Linda Levine

- **Motion:** To approve Resolution 21-03 In Appreciation of Linda Levine was made by Commissioner Jones and seconded by Commissioner Sweeney.
 - **Vote:** Commissioners Bashaw, Jones, Sullivan & Sweeney approved the motion.
 - **Resolved:** Approved as stated above and the written documents are entered into the Commission records.
- Approval of Resolution 21-04 In Appreciation - Ed Gerak
 - **Motion:** To approve Resolution 21-04 In Appreciation of Ed Gerak was made by Commissioner Sweeney and seconded by Vice Chairman Bashaw.
 - **Discussion:** The Commissioners expressed their thanks to Mr. Gerak for his leadership in improving relationships with customers, operation of a more effective and cost efficient organization and being an outstanding representative of the APA.
 - **Vote:** Commissioners Bashaw, Jones, Sullivan and Sweeney approved the motion.
 - **Resolved:** Approved as stated above and the written documents are entered into the Commission records.

EXECUTIVE SESSION: Chairman Sullivan asked for a motion to go into Executive Session.

- **Motion:** to convene in executive session for legal advice and discussion with its attorneys pursuant to A.R.S. § 38-431.03(A)(1) & (3) regarding:
 - Attorney General Office 2021 Legislative Update
 - Common Interest and Confidential Agreement – Hoover Dam Waste Site Clean-up
 - Employee Matters
 - Executive Director’s Performance Review
- **Vote:** Commissioners Bashaw, Jones, Sullivan and Sweeney approved the motion.

- The Commission recessed to go into Executive Session at 11:06 a.m.
- Commissioner Owens joined the Executive Session at 11:09 a.m.
- Heather Cole & Ed Gerak were excused from the Executive Session at 11:13 a.m.
- The Commission reconvened to Open Session at 12:03 p.m.

BUSINESS ITEMS:

- Executive Director Search Advisory Committee
 - **Motion:** to convene the Leadership Search Advisory Committee consisting of
 - Johns Sullivan, Chairman
 - Phil Bashaw, Vice Chairman
 - Doug Milligan, Salt River Project
 - Heather Cole, APA
 - Gary Kern, APA

to begin the process of finding a replacement for new APA leadership was made by Commissioner Owens and seconded by Commissioner Sweeney.

- **Discussion:** The goal of the Executive Director Search Advisory Committee will be to review all applications received, conduct preliminary interviews and send

recommendations of the most qualified candidates to the Commission for final interviews.

- **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.
- Consideration and possible engagement of Interim Executive Director
 - Following the discussion that took place in Executive Session, no action needs to be taken at this time. Any direction needed by the staff will come from the Commission through the Chairman.
- Possible Formation of Outside Legal Counsel Selection Committee – Chairman Sullivan explained that there is a process in place through the Attorney General’s office that is ongoing. This issue will be revisited when that process is complete and new APA Leadership is in place.
- Western Renewable Energy Generation Information System “WREGIS”/Western Area Power Administration “WAPA” Renewable Energy Credit Program – Part of the Hoover Power Sales Contract (PSC) allows for the pass-through of environmental benefits and in this case renewable energy credits (REC’s). The contracts would be through WREGIS/WAPA, Customers would obtain the certificate and then transfer the certificate to the APA. CRC Nevada recently went through a similar process which cost them \$7,000 - \$11,000 for the year. It is a relatively inexpensive certificate and the APA has several customers who have indicated their interest in pursuing this matter. The cost of the certificate is an annual cost that would be supported by those customers who benefit from the certificate. There is no formal action to be taken at this time as the formal contract is not yet drafted.

Vice Chairman Bashaw had several questions regarding receipt of REC’s and whether or not those REC’s could then be transferred to APA Customers who might not have requested them earlier in the process. Mr. Gerak explained that the Power Sales Contracts address the fact that the REC’s are not sellable or transferable. More analysis will be needed as this issue moves forward.

COMMISSIONER COMMENTS: Chairman Sullivan thanked Linda & Ed for their time at the APA and wished them well on their future endeavors.

VISITORS’ COMMENTS/CALL TO THE PUBLIC: Dennis Delaney, & Doug Milligan thanked both Linda & Ed for their years of service to the APA.

ADJOURNMENT:

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

The meeting was adjourned at 12:19 p.m.

John F. Sullivan, Chairman

ATTEST:

Heather J. Cole, Executive Secretary to Commission

DRAFT