

COMMISSION

JOHN F. SULLIVAN – CHAIRMAN
PHILIP C. BASHAW – VICE CHAIRMAN
RUSSELL L. JONES – COMMISSIONER
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”) MEETING HELD APRIL 19, 2022

- PRESENT:** Philip C. Bashaw, Vice Chairman
Russ Jones, Commissioner
Kim Owens, Commissioner (*Attended Virtually*)
John Sullivan, Chairman
Jim Sweeney, Commissioner
- STAFF:** Heather Cole, Executive Secretary to Commission
Gary Kern, Financial Administrator
Ben Norris, Attorney General’s Office
Sonseeahray Thayer, Senior Accountant
- OTHER:** Ryan Boyd
Michael Curtis, Cortaro Marana
Dennis Delaney, KR Saline & Associates
Sheri Farag, Salt River Project
Ed Gerak, Irrigation & Electrical Districts Association (IEDA)
Elston Grubaugh, Wellton Mohawk
Doug Milligan, SRP
Jason Moyes, Moyes, Sellers & Hendricks
Donovan Neese, Roosevelt Irrigation District
Paul Orme, Electrical District #3
Cape Powers, City of Peoria
Ken Robbins, Electrical District #2
Ken Saline, KR Saline & Associates
Meghan Scott, Wellton Mohawk
Elizabeth Story
Sheryl Sweeney, Clark Hill
Glen Vortherms, Maricopa Water Conservation District
Jeff Woner, KR Saline & Associates
Brian Young, CAWCD

CALL TO ORDER: The meeting was called to order at 10:00 a.m. by Chairman John Sullivan. Quorum was established.

Commissioner Owens joined the meeting virtually at 10:03am.

ROLL CALL: Commissioners Bashaw, Jones, Owens, 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 held on March 15, 2022 was made by Vice Chairman Bashaw and seconded by Commissioner 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.

- **Motion:** To approve the minutes from the Special Commission Meeting held on March 15, 2022 was made by Vice Chairman Bashaw and seconded by Commissioner 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.

- **Motion:** To approve the minutes from the Executive Session held on March 15, 2022 was made by Vice Chairman Bashaw and seconded by Commissioner 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.

LEGISLATIVE UPDATE: Russell Smoldon, B3 Strategies, updated the Commissioners and Customers on the activities at the State Legislature. March 15 is the 100th day of the session. In 2021 the legislative session lasted for 170 days. To date the Governor has signed 157 bills and has vetoed none. In a typical year the Governor will sign between 350-360 bills. 28 bills are awaiting Governor action. 331 bills are still moving through the process. The budget process has started. Constitutionally the legislature needs to pass a budget and they can no longer hide non-related items in it.

With regard to Water – what happens if there is no generation @ Glen Canyon Dam and will they still be able to push water through downstream? There are several groups working together to explore options. IEDA, AMPUA, SPPA, APA, the Cooperatives & CREDA will be asking for help from Congress. There are currently not any “Emergency Supplemental Funds” being discussed. The State Water Authority discussions are continuing but even if approved, programs will take 15-20 years to be fully operational. Micro ideas such as conservation, waste water and effluent processes need to be

explored immediately. The APA will have the opportunity to continue to educate the legislature on the nexus between water and power.

REVIEW OF EXPENDITURES AND FINANCIAL REPORTS AND APPROVAL OF

CLAIMS: Sonseeahray Thayer, Sr. Accountant, provided the Expenditures & Financial Reports.

Hoover Operations Fund Claims #13337 - #13374 and APA Fund Claims #650 - #652 for the period March 1, 2022 through March 31, 2022 were presented.

- **Motion:** To approve Hoover Operations Fund Claims #13337 - #13374 and APA Claims #650 - #652 as presented was made by Commissioner Jones and seconded by Commissioner 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.

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

- Monthly precipitation – This March was significantly dryer than the same time last year.
- Water Year Precipitation – However, when we compare this water year to date to the same time period last year, over all we have had more precipitation.
- Upper Colorado River System – Precipitation to Date in the upper Colorado river system is at 95% which is considerably higher than the same time last year.
- Lake Powell inflow is forecast to be 58% of normal for the year.
- Total System Contents – (Upper and lower basin) There was so little snow this past year that we are not seeing an increase in the basins and we do not expect to see this getting much better in the coming months.
- Reservoir and System Capacity – Currently Lake Powell is at 24% and Lake Mead is at 32% of capacity
- Lake Mead Elevation – Lake Mead is currently below 1,075. By this time next year, we anticipate the elevation to be at the 1,040 mark.
- The Climate Forecast from the Colorado Basin River Forecast Center for Arizona is above normal temperatures with a 33%-60% chance of below normal precipitation over the next 3 months.

CHAIRMAN REPORT:

- Chairman Sullivan announced that the Commission voted unanimously to present an offer to Jordy Fuentes to become the APA Executive Director. Mr. Fuentes accepted the offer and is carrying out his duties as Senior Policy Advisory to the Arizona House of Representatives. He expects to begin at the APA on or around June 1. Mr. Fuentes has a background in utilities and natural resources.
- C3 - Customer Consultation Committee met in March to discuss WAPA's entry into the EIM and to address questions regarding the different approaches being considered by SRP &

AEPCO. The next meeting will include representatives from Western who will provide more direction.

- Federal Register Notice Vol. 87, No. 71 /Wednesday, April 13, 2022

*The Desert Southwest Region (DSW) of the Western Area Power Administration (WAPA) is proposing to renew the Boulder Canyon Project (BCP) formula rates for electric service and to calculate the fiscal year (FY) 2023 base charge and rates under proposed Rate Schedule BCP-F11. The existing formula rates under Rate Schedule BCP-F10 and the current base charge and rates expire on September 30, 2022. The proposed formula rates under Rate Schedule BCP-F11 would be effective October 1, 2022 through September 30, 2027. WAPA proposes no changes to the existing formula rates, which are set forth in the governing terms of the BCP Electric Service Contract (ESC). The FY2023 proposed base charge for BCP electric service is projected to increase from \$67.4 million in FY 2022 to \$69.9 million in FY 2023, a 3.7 percent increase. The change is primarily the result of cost increases in Bureau of Reclamation's (Reclamation) Operations and Maintenance (O&M) and visitor services expenses. Publication of this **Federal Register** notice will initiate the public process to put into place the proposed formula rates for electric service and the proposed FY 2023 base charge and rates. **DATES:** A consultation and comment period begins today and will end July 12, 2022. DSW will present a detailed explanation of the proposed formula rates for electric service and the proposed FY 2023 base charge and rates at a public information forum that will be held on May 13, 2022, from 10 a.m. to 12 p.m. Mountain Standard Time. DSW will also host a public comment forum that will be held on June 13, 2022, from 10 a.m. to 12 p.m. Mountain Standard Time. DSW will conduct both the public information forum and the public comment forum via Webex. Instructions for participating in the forums will be posted on DSW's website at least 14 days prior to the public information and comment forums at: www.wapa.gov/regions/DSW/Rates/Pages/boulder-canyon-rates.aspx. DSW will accept written comments any time during the consultation and comment period.*

Chairman Sullivan shared that there is still a lot of uncertainty due to the lack of water and reduced energy. Thank you to Ken Saline for his diligence in making sure the Consultation Clause of the Electric Service Contract is being adhered to. The C3 committee will also continue discussions regarding the REC's so the APA can have a policy in place on how to handle the renewable energy credits in 2022 and the future.

BUSINESS ITEMS

Western Area Power Administration (WAPA) - APA 13128 REC Agreement - Hoover Associated Renewable Energy Credits (RECs)

- **Motion:** To approve the Western Area Power Administration (WAPA) - APA 13128 REC Agreement - Hoover Associated Renewable Energy Credits (RECs) was made by Vice Chairman Bashaw & seconded by Commissioner Jones
- **Discussion:** The Commission has previously reviewed the document associated with Hoover Renewable Energy Credit (RECs). AEPCO will pay the cost of the transfer of RECs from the APA to AEPCO in the amount of approximately \$194.
- **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 & Approval of ASET Interagency Service Agreement Renewal

- **Motion:** To approve the Arizona Strategic Enterprise Technology (ASET) Agreement Renewal was made by Commissioner Jones & seconded by Vice Chairman Bashaw.
- **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 & Approval of PFM Contract Renewal

- **Motion:** To approve the PFM Contract Renewal was made by Commissioner Sweeney & 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.

COMMISSIONER COMMENTS: Chairman Sullivan announced the both he and Commissioner Sweeney had been confirmed by the Senate for another 6-year term on the APA Commission.

VISITORS' COMMENTS/CALL TO THE PUBLIC: N/A

MOTION TO GO INTO EXECUTIVE SESSION

- **Motion:** To discuss matters pursuant to A.R.S. § 38-431.03(A)(3) and (4) regarding the Navajo Nation v. Department of Interior Update and the Federal Register Notice, Vol. 87, No. 71, Published: April 13, 2022 – Notice of Proposed Boulder Canyon Project (BCP) Formula Rates for Electric Service & Proposed Fiscal Year 2023 Base Charges & Rates for the purpose of receiving legal advice with the attorneys of the Authority regarding the same was made by Commissioner Jones and seconded by Vice Chairman Bashaw.
- **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 Commission recessed to go into Executive Session at 11:17 a.m.
- Commissioner Owens left the Executive Session at 11:55 a.m.
- The Commission returned to Open Session at 12:09 p.m.

RETURN TO OPEN SESSION @ 12:10pm

ADJOURNMENT:

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

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

John F. Sullivan, Chairman

ATTEST:

Heather J. Cole, Executive Secretary to Commission