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ARIZONA POWER AUTHORITY

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MINUTES OF THE ARIZONA POWER AUTHORITY (“APA”) COMMISSION (“Commission”) MEETING HELD AUGUST 16, 2022

PRESENT: Philip C. Bashaw, Vice Chairman
Russ Jones, Commissioner (*attended virtually*)
John Sullivan, Chairman
Jim Sweeney, Commissioner (*attended virtually*)

STAFF: Heather Cole, Executive Secretary to Commission
Jordy Fuentes, Executive Director
Gary Kern, Financial Administrator
Ben Norris, Attorney General’s Office
Sonseeahray Thayer, Senior Rate Analyst

OTHER: Alex Arboleda, TSL Law Group
Dennis Delaney, KR Saline & Associates
Sheri Farag, Salt River Project
Darrin Francom, Central Arizona Project
Ed Gerak, IEDA
Elston Grubaugh, Wellton Mohawk
Leslie James, CREDA
Kristine McMinimy, AEPCO
Doug Milligan, Salt River Project
Jason Moyes, Moyes Sellers & Hendricks
Donovan Neese, Roosevelt Irrigation District
Paul Orme, Electrical District #3
Ken Robbins, Electrical District #2
Ken Saline, KR Saline & Associates
Meghan Scott, Wellton Mohawk
Elizabeth Story
Sheryl Sweeney, ClarkHill
Mark Taylor
Robert Van Hofwegen, Electrical District #8
Glen Vortherms, Maricopa Water District
Jeff Woner, KR Saline & Associates

CALL TO ORDER: The meeting was called to order at 10:32 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 held on July 19, 2022 was made by Vice Chairman Bashaw 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.

REVIEW OF EXPENDITURES AND FINANCIAL REPORTS AND APPROVAL OF CLAIMS: Sonseeahray Thayer, Senior Rate Analyst, provided the Expenditures & Financial Reports. Hoover Operations Fund Claims #13551 - #13590 and APA Fund Claim #657 for the period August 1, 2022 through August 31, 2022 were presented.

- **Motion:** To approve Hoover Operations Fund Claims #13551 - #13590 and APA Claim #657 was presented 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.

Consideration & Possible Approval of APA Fund & Hoover Operating Fund OY2023 Budgets

- **Motion:** To approve the APA Fund & Hoover Operating Fund OY2023 Budgets as presented was made by Commissioner Sweeney and seconded by Vice Chairman Bashaw.
- **Discussion:** Commissioner Sweeney complimented the staff for their work on putting together the budget with so many unknowns and issues they cannot control.
- **Vote:** Commissioners Bashaw, Jones, 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, Senior Rate Analyst provided an update on power operation matters:

- Monthly precipitation – July precipitation was slightly higher than the same time last year.

- Water Year Precipitation – Additionally, when we compare this water year to date to the same time period last year, over all we have had slightly more precipitation.
- Upper Colorado River System – Precipitation to Date in the upper Colorado river system is at 99% which is considerably higher than the same time last year.
- Lake Powell inflow is forecast to be at 55% of normal for the year.
- Total System Contents – (Upper and lower basin) Total system contents continue to decrease in MAF.
- Reservoir and System Capacity – Currently Lake Powell is at 25% and Lake Mead is at 27% of capacity.
- Lake Mead Elevation – Lake Mead is currently below 1,075. By July of 2024 we anticipate the elevation to be at the 1,013 mark.

The Climate Forecast from the Colorado Basin River Forecast Center for Arizona for the next 90 days is leaning to likely above normal temperatures with a predicted normal chance of precipitation over the next 3 months.

Jordy Fuentes shared that in 2021 both inflow and precipitation were low, however, in 2022, inflows remain at 55% but precipitation is at 91%. Conditions are such that the water shed is soaking up all of the water leaving little to none for inflow.

EXECUTIVE DIRECTOR REPORT: Jordy Fuentes, Executive Director

- Legislative Update: Statewide there are several Study Committees beginning to work on energy issues that the APA will be following. On the Federal level, the Inflation Reduction Act will be signed by President Biden which allocates \$4 billion to drought mitigation. Those mitigation efforts will not be for power customers, it is intended for “wet water” users. The APA will need to continue our efforts to educate the legislators on the impacts of the drought to our customers.
- Building Maintenance Update – OSPB & Procurement – The 2021 ADOA Building Maintenance Audit found several areas that need to be addressed in and on the APA building and property. The staff is in the process of working with OSPB in getting bids for those issues that need to be addressed in the near future. The Commission will have an opportunity to review these items at a future Commission Meeting if need be. One item that will need to be addressed is the parking lot, which is in disrepair.
- Discussions are continuing on Drought Mitigation through many different means. The impacts of the levels of what on the Colorado River. Need to address mitigation issues for power customers.

Commissioner Jones commented that the APA needs to continue to educate the legislators and should plan to provide a tour of Hoover Dam and an orientation as we have done before. Mr. Fuentes will also plan to present to the Committees of Interest on the APA, it’s role and the issues we share with those on the water side once the Legislature is back in session.

Public Comment – Ken Saline – With regard to Power Impacts, APA Customers are out developing alternative water supplies, and in some cases reducing their water allocations. Ag customers are using replacement water supplies, the municipal customers are out drilling, refurbishing and rebuilding wells

and Arizona is facing the impacts and trying to develop a replacement water supply. It is proving hard to share this message with our Congressional Members and Staff when talking about the power impacts of the drought. The message needs to associate the issue of power costs along with the added impact of the physical reality of having less water available.

BUSINESS ITEMS: Commission Addressed Earlier on Agenda

MOTION TO GO INTO EXECUTIVE SESSION

- **Motion:** To discuss matters pursuant to A.R.S. § 38-431.03(A)(3) for the purpose of receiving legal advice with the attorneys of the Authority regarding the Proposed Engagement Letter with Duncan Allen, LLP for Outside Legal Services was made by Vice Chairman Bashaw and seconded by Commissioner Jones.
- **Vote:** Commissioners Bashaw, Jones, 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 10:54 a.m.
- The Commission returned to Open Session at 11:15 a.m.

RETURN TO OPEN SESSION @ 11:16 a.m.

BUSINESS ITEMS: Jordy Fuentes, Executive Director

- Proposed Letter Agreement with Duncan Allen, LLP for Outside Legal Services –
 - **Motion:** To authorize the Executive Director to move forward with the Proposed Engagement Letter with Duncan Allen, LLP for Outside Legal Services to file an intervention with the Federal Energy Regulatory Commission (FERC) on behalf of the APA for the Boulder Canyon Project Base Rate Process to protect the interests of the APA and its customers was made by Vice Chairman Bashaw 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.

COMMISSIONER COMMENTS: N/A

VISITORS' COMMENTS/CALL TO THE PUBLIC: Ed Gerak, IEDA – with planned announcement of the 24-Month Study roll out is there any chance of the budget being revised due to energy projections going down? Mr. Fuentes offered that there is a possibility and that discussions need to continue to take place once the information is available. Chairman Sullivan asked for an update on this issue at the September Commission Meeting.

ADJOURNMENT:

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

The meeting was adjourned at 11:21 a.m.

John F. Sullivan, Chairman

ATTEST:

Heather Cole, Executive Secretary to the Commission

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