

## COMMISSION

PHILIP C. BASHAW – CHAIRMAN  
JIM SWEENEY – VICE CHAIRMAN  
RUSSELL L. JONES – COMMISSIONER  
KIM OWENS – COMMISSIONER  
JOHN F. SULLIVAN – COMMISSIONER

## STAFF

JORDY FUENTES – EXECUTIVE DIRECTOR  
HEATHER COLE – EXECUTIVE SECRETARY



## ARIZONA POWER AUTHORITY

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## MINUTES OF THE ARIZONA POWER AUTHORITY (“APA”) COMMISSION (“Commission”) MEETING HELD APRIL 18, 2023

**PRESENT:** Philip C. 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  
Gary Kern, Financial Administrator  
Ben Norris, Attorney General’s Office  
John Schutter, Senior Accountant

**OTHER:** Michael Curtis, Cortaro Marana  
Tara Davis, AEP  
Dennis DeLaney, KR Saline & Associates  
Sheri Farag, Salt River Project  
Darrin Francom, Central Arizona Project  
Ed Gerak, Irrigation & Electrical Districts Association (IEDA)  
Daniel Herder, Clark Hill  
Taylor Howerter, Roosevelt Irrigation District  
Leslie James, CREDA  
Diego Leal, B3 Strategies  
Derek McEachern,  
Kristin McMinimy, AEP  
Frank McRae, SPPA  
Doug Milligan, Salt River Project  
Jason Moyes, Moyes, Sellers & Hendricks  
Donovan Neese, Roosevelt Irrigation District  
Daniel Prichard, K.R. Saline & Associates  
Cape Powers, City of Peoria  
Emily Rice, AMPUA  
Jeff Ritter, Central Arizona Project  
Ken Robbins, Electrical District #2  
Stephen Rot, City of Scottsdale

Ken Saline, KR Saline & Associates  
Scott Saline, KR Saline & Associates  
Meghan Scott, Wellton Mohawk  
Kent Simer, KR Saline & Associates  
Russell Smoldon, AMPUA  
Kelly Urbine, Current Insights  
Robert VanHofwegen, Electrical District #8  
Glen Vortherms, Maricopa Water Conservation District  
Jeff Woner, KR Saline & Associates

**CALL TO ORDER:** The meeting was called to order at 10:02 a.m. by Chairman Phil Bashaw. Quorum was established.

**ROLL CALL:** Commissioners Bashaw, Jones, Owens, Sullivan & 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 21, 2023 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.

**REVIEW OF EXPENDITURES AND FINANCIAL REPORTS AND APPROVAL OF**

**CLAIMS:** John Schutter, Sr. Accountant, provided the Expenditures & Financial Reports. Hoover Operations Fund Claims #13947 - #13983 for the period April 1, 2023 through April 30, 2023 were presented.

- **Motion:** To approve Hoover Operations Fund Claims #13947 - #13983 as presented was made by Vice Chairman Sweeney 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.

**REPORT ON POWER OPERATION MATTERS:** John Schutter, Sr. Accountant, reported on the following:

- Monthly precipitation – Taking a look at monthly precipitation, March precipitation was significantly 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 there has been much more precipitation.

- Upper Colorado River System – Precipitation to date in the upper Colorado river system is at 129%, which is significantly higher than what it was the same time last year.
- Lake Powell inflow - Lake Powell inflow is forecast to be at 133% of normal for the year.
- Total System Contents – (Upper and lower basin) Total system contents is flat.
- Reservoir and System Capacity – Currently Lake Powell is at 23% capacity and Lake Mead is at 28% capacity.
- Lake Mead Elevation – By February of 2025 we anticipate the elevation at Lake Mead to be at the 1,023 mark.
- Glen Release – The Glen release remains fairly consistent year over year.
- Hoover Release – The Hoover release remains fairly consistent year over year.

Lastly, the Climate Forecast from the Colorado Basin River Forecast Center for Arizona is 33%-60% above normal temperatures with a 33%-50% chance of below normal precipitation over the next 3 months.

## EXECUTIVE DIRECTOR REPORT

**APA Renewable Energy Certificate (REC) Program** – Mr. Fuentes shared that Election Forms have gone out to all of the APA Customers. APA Customers have 3 options regarding their RECs:

- Leave 100% of their RECs with WAPA – WAPA will market them and credit proceeds to the customer
- Allow 100% of their RECs to be transferred to the APA – APA will sell them and credit proceeds to the customer
- Customer will claim 100% of their RECs

These forms need to be signed and returned to the APA as soon as possible. APA Staff is working with WAPA to ensure that the numbers are correct and match what we bill our customers.

**HB2218:** The Bill was amended in the Senate and an appropriation of \$1,000,000 was added for a Needs Assessment. Staff has identified a broad cross-section of the APA customer base for an Advisory Committee to have preliminary discussions about the assessment. This will help Staff determine what our customers need and how the APA can be a resource. The Bill passed through the Senate Natural Resource, Energy & Water Committee and Appropriation Committees unanimously. It will now become a part of the Budget Process.

A discussion was held between Commissioners & Customers regarding the affordability of pumping loads specifically in Pinal County and the need for more capacity, the SRP robust program for well replacement and the continued efforts to prepare and mitigate current & future drought responses.

**Drought Impact:** The Department of the Interior (DOE) Supplemental Environmental Impact Study has been release and it provided for three alternatives:

- **The No Action Alternative**, The No Action Alternative, required by the National Environmental Policy Act (NEPA), describes the continued implementation of existing agreements that control operations of Glen Canyon and Hoover Dams. Annual release volumes range from 7.0MAF to 9.5MAF.
- **Action Alternative 1** models operational changes to both Glen Canyon Dam and Hoover Dam. Action Alternative 1 includes assumptions for reduced releases from Glen Canyon Dam as well

as assumptions for additional Lower Colorado River Basin (Basin) shortages based on the concept of priority. Action Alternative 1 models progressively larger additional shortages as Lake Mead's elevation declines and models larger additional shortages in 2025-2026 as compared with 2024. The total shortages and Drought Contingency Plan (DCP) contributions in 2024, as modeled, are limited to 2.083 million-acre-feet because this is the maximum volume analyzed in the 2007 Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations of Lake Powell and Lake Mead (2007 Interim Guidelines) 2007 Final Environmental Impact Statement (2007 FEIS).

- **Action Alternative 2** is similar to Action Alternative 1, in how it models operational changes to both Glen Canyon Dam and Hoover Dam. Action Alternative 2 includes assumptions for reduced releases from Glen Canyon Dam as well as assumptions for additional Lower Basin reductions that are distributed in the same percentage across all Lower Basin water users. While both the 2007 Interim Guidelines and the 2019 DCP encompass shortages and contributions that reflect the priority system, the additional shortages identified in Action Alternative 2 for the remainder of the interim period would be distributed in the same percentage across all Lower Basin water users. Action Alternative 2 models progressively larger additional shortages as Lake Mead's elevation declines and models larger Lower Basin shortages in 2025-2026 as compared with 2024. The total shortages and DCP contributions in 2024, as modeled, are limited to 2.083 million-acre-feet because this is the maximum volume analyzed in the 2007 FEIS.

The goal is for the Basin States to set forth a plan so that the Federal Government does not have to determine the course moving forward. There has been much push-back from California. Moving forward discussions need to not just address the water impacts but also the power impacts. This situation is providing a unique opportunity to talk about the impacts to hydropower. The Kelly/Stewart Bill was being pushed hard by the upper basin states, but based on the current water flow, the upper basin has backed off. Currently Arizona is looking at 13% less water going through the dam which roughly means 13% less hydropower.

**CREDA/WAPA CRSP to SPP Update:** Following the meeting last month with WAPA about the move of CRSP resources to SPP, we received a letter from Tracey LeBeau stating WAPA's intent to work with Arizona entities to ensure their CRSP resources are not impaired in the move to SPP. Things are moving slowly but there is adequate assurance that the resources for Arizona & Nevada will not be impacted. Large power producers and figuring out if they can make it work. They are putting pressure on CAISO and may need to include solar/wind from the mid-west. Mr. Saline shared that due to transmission issues, they might not be able to accommodate the loads. This is an ongoing conversation and process.

**Small Mouth Bass Environmental Assessment (EA):** It appears that the letter writing campaign regarding the bypass flows to be conducted during the summer months has worked. They will not be moving forward with this short-sighted proposal and they are not moving forward with the finding of "no significant impact". Moving forward they will likely need to go through a full-blown EIS to make it work. Mr. Fuentes thanked the customers for their diligence in getting in their comments which highlighted the impact that would be felt by customers & water users.

**WAPA 2024 Base Rate Update:** As was previously reported, WAPA is committed to address the Base Rate calculation. We will have more information at a future Commission Meeting

**Upcoming Commission Meetings:** The Month of May has several conflicts and a quorum may not be possible. In June, Mr. Fuentes & Commissioner Sullivan will be attending the APPA Annual Meeting during the week of the regularly scheduled Commission Meeting. Since there are not any pressing items to be addressed in **May, the Commission meeting will be cancelled. The June meeting will be moved forward one week to Tuesday, June 13, 2023. There will be a Customer Meeting immediately following the June Commission Meeting to review the Draft OY24 Budgets.**

**BUSINESS ITEMS:** No Business Items Addressed

**COMMISSIONER COMMENTS:** Chairman Bashaw shared that he had the opportunity to host a tour of his Board of Directors @ Hoover Dam. He thanked APA staff for their help with the arrangements.

Commissioner Owens shared that she was asked to speak at the Scottsdale Rotary on the status of power in Arizona, expectations and projections. Many have concerns regarding the affordability and reliability of all of our natural resources. The APA may be positioned to educate the public and civic groups like the Rotary on the stability of their businesses, homes and lifestyle on the drought and other related issues that they might not understand. Commissioner Jones reiterated that there is rising concern in the public and he agrees that the APA can play a role as we deal with energy but our customers are also involved in water issues. Much of the public does not understand the synergy of the Water/Power nexus.

Questions were raised about the Small Mouth Bass (SMB) issue. Mr. Fuentes shared that proposals are still be considered. A recent article in the paper referred to the Colorado River as the “most endangered river in the United States and called for the need to provide “tender loving care” to the Grand Canyon. The Small Mouth Bass issue could have real consequences for the lower basin states in term of water & energy. Mr. Fuentes explained that there was a fish biologist, who manages the section of the river with the SMB, at the recent CREDA meeting. There are two major issues: 1. Above the dam, they manage the SMB actively so the fishermen can enjoy, and 2. Below the dam, the SMB have become a predator to the Hump Back Chub which is a native fish on the endangered species list. It is a very inconsistent message and discussions with WAPA, Fish & Wildlife and any others that are involved with this issue need to continue. The costs associated with these different management practices are significant and the APA will continue to advocate practices to mitigate the costs to power customers. Hydro power customers need to stay engaged and we need to continue to inform the public.

**CUSTOMER COMMENTS:** N/A

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

The meeting was adjourned at 11:20 a.m.

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Phil Bashaw, Chairman

ATTEST:

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DRAFT