

## COMMISSION

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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 JANUARY 16, 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 (*Virtual*)  
Jordy Fuentes, Executive Director  
Ben Norris, Legal Counsel  
John Schutter, Senior Accountant  
Sonseeahray Thayer, Financial Administrator
- OTHER:** Tara Davis, AEPCO  
Sheri Farag, Salt River Project  
Darrin Francom, Central Arizona Project  
Ed Gerak, IEDA  
Daniel Herderer, ClarkHill  
Talyor Howerter, Roosevelt Irrigation District  
Leslie James, CREDA  
R. DeWayne Justice, ED #7  
Ron McEachern, ED #4  
Kristine McMinimy, AEPCO  
Jason Moyes, Moyes, Sellers & Hendricks  
Donovan Neese, Roosevelt Irrigation District  
Daniel Pritchard, KR Saline & Associates  
Ken Robbins, ED #2  
Ken Saline, KR Saline & Associates  
Scott Saline, KR Saline & Associates  
Russell Smoldon, AMPUA  
Elizabeth Story, Guest  
Sheryl Sweeney, ClarkHill  
Lori Tatiano, Salt River Project  
Kelly Urbine, Current Insights  
Robert VanHofwegen, ED #8

Brian Young, Central Arizona Project

**CALL TO ORDER:** The meeting was called to order at 10:04 a.m. by Chairman Phil Bashaw. Quorum was established.

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

***CONGRATULATIONS TO COMMISSIONER & MRS. JONES FOR BEING RECOGNIZED AS THE CITY OF YUMA'S 2023 CITIZENS OF THE YEAR.***

**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 w/ minor corrections, from the Regular Commission Meeting held on December 12, 2023, was made by Commissioner Jones and seconded by Commissioner Sullivan.
- **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:** Sonseeahray Thayer, Financial Administrator, provided the Expenditures & Financial Reports. Hoover Operations Fund Claims #14391 - #14469 for the period December 1, 2023 through December 31, 2023 were presented. There were no APA Claims.

- **Motion:** To approve Hoover Operations Fund Claims #14391 - #14469 as presented was made by Commissioner Owens 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.

Following the Financial Report Update, Executive Director Fuentes shared with the Commission and Customers that due to some changes at the beginning of the operating year for 2023, the OY 2023 Rate check was picking up a monthly firming amount from WAPA that the APA neither charges for or pays. Therefore, the Rate check for OY 23 was reporting higher revenues from Energy than were actually collected for the operating year.

During reconciliations for the OY 2023 customer refunds, an exception in the spreadsheet was caught. When rerunning the numbers for the customer refund using the corrected energy amounts charged to customers, amounts collected were in line with what was originally budgeted. Therefore, as we have

collected substantially the same amount budgeted for OY 2023, the APA will refund the overage under the normal schedule in August of 2023.

Additional checks have been added to the Rate check and other background spreadsheets to catch exceptions in a more timely manner.

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

- Monthly precipitation – The month of December was significantly dryer compared to the same time last year.
- Water Year Precipitation – Additionally, when comparing Water Year 2024 to Water Year 2023, overall, there has been significantly less precipitation.
- Upper Colorado River System – Precipitation to Date in the upper Colorado river system is currently at 74%, lower than it has been in the prior 2 years.
- Lake Powell inflow - Lake Powell inflow is forecast to be at 64% of normal for the year.
- Total System Contents – (Upper and lower basin) Total system contents for the year is still considerably higher compared to the same time last year, although it is slowly decreasing.
- Reservoir and System Capacity – Lake Powell’s is currently at 36% capacity, Lake Mead’s is at 35% capacity, and the total system capacity is at 42%
- Lake Mead Elevation – By November of 2025, we anticipate the elevation at Lake Mead to be at the 1,045 mark.
- Glen Release – The Glen release for OY 24 is comparable to the same time over the last few years.
- Hoover Release – and the Hoover release remains relatively consistent year over year.

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

## **EXECUTIVE DIRECTOR REPORT**

- **Arizona Power Authority Sunset Review** - Jordy Fuentes reported that the continuation bill made it through the Committee of Reference (COR) unanimously. The Bill allows for the APA to continue for 8 years. Senator Kerr will introduce the bill in the next few days. Jordy spent a lot of time speaking with the member of the COR which made a huge difference with the votes.
- **APA Empowering Rural America Grant Update:** The process is still ongoing with the timeline behind schedule. AEPCO expects to hear something in later February/early March. The project is still moving forward with a target completion date of June 2026. Conversations have taken place and APA Customers have determined their transmission delivery points.
- **Drought Impact Updates & Discussions:**
  - **24 Month Schedule** – The #'s will be changing and will reflect conservation agreements. The APA will update the #'s once the next 24-month schedule is received. Mr. Saline noted that the numbers are not correct. Mr. Fuentes will follow-up on this issue.
  - **Market Conversations** – There is an effort to form a Western Transmission Cooperative in the West. There will be meetings in February/March for states from the West that are

not currently in the RTO. Mr. Fuentes met with WAPA Administrator Tracey LeBeau. They discussed the role for Public Power and will continue to have conversations.

- **APA REC Program** – Mr. Fuentes and Staff continue to build relationships with the brokers. Discussions regarding “future markets” have taken place and there is a small premium for future sales. Most programs ask for 75% of RECs confirmed @ the premium rate and the remaining 25% to be sold at the going rate. More discussions will take place as we move into the second year of the APA REC program. Leslie James has had conversations with WAPA as there would need to be WAPA Wide Policy changes for CRSP RECs to be included in our program.

Mr. Fuentes is also doing research and having discussions regarding Solar RECs which are sold at a higher value. Conversations will continue with the brokers.

- **Update & Discussion of Other Matters and Issues Affecting the Operations of the APA**
  - APA Staff is preparing the 2024 Customer Survey. Please take a few minutes to provide input as we value the relationships we have with our customers. We want to hear your feedback so we can continue improving our level of customer service.
  - The APPA Legislative Rally will take place – February 26 – 29. There are also several other conflicts in February. It was recommended that the February Commission Meeting be moved to Tuesday, February 13.

#### **BUSINESS ITEMS:**

- **APA Building Security** – Consideration and Possible Approval of Perimeter Fencing and/or Other Security Measures. Mr. Fuentes updated the Commission on discussions with ADOA regarding fencing the perimeter of the APA property. The Vital Records building to the West will be torn down in the coming weeks and there are no plans to rebuild on that lot. No customer funds will be used for the fencing. The cost of approximately \$68,000 will be taken from interest income. ADOA will manage the project on behalf of the APA.
  - **Motion:** To approve Perimeter Fencing and/or other Security Measures as presented was made by Commissioner Jones and seconded by Commissioner Sullivan.
  - **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.
- **V2023 Q4 RECs** – Consideration and Possible Authorization for APA Staff to Sell Remaining V2023 RECs at Not Less Than \$1.25/REC.

V2023 – 4<sup>th</sup> Qtr REC #'s have not been received although Mr. Fuentes has received interest in the RECs that will be available. APA Staff would like to request that the Commission approve the sale of the 4<sup>th</sup> Qtr RECs at a price not less than \$1.25/REC.

- **Motion:** To approve Authorization for APA Staff to Sell Remaining V2023 RECs at Not Less Than \$1.25/REC was made by Commissioner Sullivan and seconded by Commissioner Jonoes.

- **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** – Leslie James thanked those involved with getting the Kelly/Sinema/Maloy Drought Bill Introduced

**MOTION TO GO INTO EXECUTIVE SESSION**

- **Motion:** A motion for the Commission to go into Executive Session, which will not be open to the public, to discuss the following personnel matters pursuant to A.R.S. §38-431.03 (A) (1): Employee Matters – Executive Director 2023 Performance Review was made by Commissioner Jones and seconded by Commissioner Sullivan.
- **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.

**RETURN TO OPEN SESSION** *(possible action)*

**NO COMMISSION ACTION WAS TAKEN FOLLOWING THE EXECUTIVE SESSION**

**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 1:08 p.m.

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Phil Bashaw, Chairman

ATTEST:

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Heather J. Cole, Executive Secretary to Commission