

COMMISSION

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JOHN F. SULLIVAN – COMMISSIONER

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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 FEBRUARY 13, 2024

PRESENT: Phil Bashaw, Chairman
Russ Jones, Commissioner (*Virtual*)
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: Val Danos
Tara Davis, AEPCO
Darrin Francom, Central Arizona Project
Elston Grubaugh, Wellton Mohawk
R. DeWayne Justice, ED #7
Kristine McMinimy, AEPCO
Frank McRae, SPPA
Jason Moyes, Moyes, Sellers & Hendricks
Daniel Pritchard, KR Saline & Associates
Jeff Ritter, Central Arizona Project
Ken Robbins, ED #2
Ken Saline, KR Saline & Associates
Scott Saline, KR Saline & Associates
Jeff Woner, KR Saline & Associates
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.

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 January 16, 2024, 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: Sonseeahray Thayer, Financial Administrator, provided the Expenditures & Financial Reports. Hoover Operations Fund Claims #14470 - #14507 & APA Claim #666 for the period January 1, 2024 through January 31, 2024 were presented.

- **Motion:** To approve Hoover Operations Fund Claims #14470 - #14507 as presented was made by Commissioner Owens and seconded by Vice Chairman 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, Financial Administrator, reported on the following:

- Monthly precipitation – The month of January was dryer compared to the same time last year.
- Water Year Precipitation – When comparing Water Year 2024 to Water Year 2023, overall, there is significantly less precipitation.
- Upper Colorado River System – Precipitation to date in the Upper Colorado River System is currently at 92%, lower than it has been in the prior 2 years.
- Lake Powell inflow - Lake Powell inflow is forecast to be at 68% 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.
- Reservoir and System Capacity – Lake Powell's is currently at 35% capacity, Lake Mead's is at 36% capacity, and the total system capacity is at 42%
- Lake Mead Elevation – By December of 2025, we anticipate the elevation at Lake Mead to be at the 1,044 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

- **APA Customer Survey** – the 2024 survey was sent out several times to Customers. 7 Survey's were returned with the APA receiving high marks for the following:
 - Being A Leader for Hoover, Arizona, the Colorado River and Public Power Issues
 - Striving for Operational Excellence
 - Maintaining a Culture of Customer Service
 - Maintaining Regular Communication with Customers
 - Ensuring Customer Billings are Accurate & Timely
 - Effective at serving as Information Source for Customers
 - Managing Resources
 - Pursuing projects that are within APA's Legislative Authority
 - Providing Active Representation on Issues that impact Public Power

- **Arizona Power Authority Sunset Review** - Jordy Fuentes reported that the continuation bill made it through the House Natural Resource Energy & Water Committee unanimously. The Bill allows for the APA to continue for 8 years.

- **APA Empowering Rural America Grant Update:** The process continues to move forward but is still behind schedule. AEPCO is working with the Developer to determine if they can increase the project from 400 MW to 500 MW. There is more interest than just the 500 MW. It appears that the project may continue with or without the grant funds. Completion date for Phase 1 – 400MW is still scheduled for June 2026. The APA will begin to make deposits used for transmission funding on behalf of the interested customers. The funds received from the Legislative Appropriation will be used for these deposits. Real conversations with those customers that indicated interest and preparation of draft contracts will begin taking place. The Commission will need to approve of moving forward into the negotiation phase at a future Commission meeting.

Mr. Fuentes will prepare a timeline in conjunction with AEPCO to share with the Commissioners prior to the March Commission Meeting.

- **Drought Impact Updates & Discussions:**
 - **Psuedo Tie** - A Steering Committee & Technical Committee have been formed. WAPA is committed to the Psuedo Tie but ensures that the Lower Basin entities will continue to receive their allocation of CRSP Power.

Mr. Saline commented that once WAPA makes this move, their Balancing Authority (BA) will be gone on the CRSP system.

 - **Market Conversations** – The Kelly-Sinema-Maloy Bill has gained traction. This bill covers issue that will be the starting point for the Post 2026 Guidelines and includes mitigation for water.

- **APA REC Program** – Mr. Fuentes reported that all APA V2023 4th Quarter RECs were sold at the price of \$1.36/REC, which is the highest price received to date. Over \$114,000 will be sent to customers by the end of February.

Non-Hoover REC Program - Mr. Fuentes is working with Legal Counsel on draft contracts for Non-Hoover Public Power entities in Arizona to have the opportunity for the APA to market their RECs. The APA would charge a minimal administrative fee approximately \$0.03/REC to recover any time & effort spent by APA employees working for non-APA customers. Legal Counsel will provide an opinion confirming that this process fits within the APA legislative Authorities. More details to follow.

- **Update & Discussion of Other Matters and Issues Affecting the Operations of the APA**
 - APA Staff is continuing to work with ADOA on the removal of the Vital Records building to the West of the APA. Once the fencing around that property is installed, the APA will be able to use their fencing on the west side. By only needing to fence the APA perimeter on 3 sides, the APA will reduce the costs originally budgeted for our fencing.
 - Due to scheduling conflict in May with CREDA, the APA meeting scheduled for May 21 will be held Virtually as APA Staff will be in Jackson Hole, WY.

BUSINESS ITEMS:

- **Consideration and Possible Approval of Contract with AEPCO to Enter Into Contract & Make A Deposit on Behalf of the APA and Customer For Project Development Services**

A discussion was held earlier in the meeting regarding a Letter Agreement with AEPCO that includes information on Deposits that will need to be made to AEPCO on behalf of APA customers for transmission development. Mr. Fuentes recommends that the APA deposit \$900,000 with AEPCO. These funds will come directly from the appropriation the APA received from the legislature for resource planning. \$100,000 less as amounts already expended will remain at the APA and will be used for ongoing technical & legal services.

The scope of work remains the same as the originally letter agreement with AEPCO when this process began. In addition, all work performed and disbursement of funds will need to be agreed upon and approved by the Commission. The funds will also be refundable to the APA.

- **Motion:** To approve the Letter Agreement with AEPCO to Enter into Contract & Make A Deposit on Behalf of the APA and Customers for Project Development Service 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.

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

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 Owens and seconded by Vice Chairman 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.

RETURN TO OPEN SESSION (*possible action*)

BUSINESS ITEMS (Continued)

- **Motion:** To authorize staff to proceed with the recommendation as discussed in Executive Session and to send the appropriate paperwork to the Arizona Department of Administration was made by Vice Chairman Sweeney 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.

➤ *Commissioner Owens left the meeting @ 11:55.*

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 12:00 p.m.

Phil Bashaw, Chairman

ATTEST:

Heather J. Cole, Executive Secretary to Commission