

## 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 AUGUST 20, 2024

**PRESENT:** Phil Bashaw, Chairman (*virtual*)  
Russ Jones, Commissioner (*virtual*)  
Kim Owens, Commissioner  
John Sullivan, Commissioner (*virtual*)  
Jim Sweeney, Vice Chairman (*virtual*)

**STAFF:** Heather Cole, Executive Secretary to Commission  
Jordy Fuentes, Executive Director  
Ben Norris, Legal Counsel  
John Schutter, Chief Analyst  
Sonseeahray Thayer, Financial Administrator

**OTHER:** Dennis DeLaney, KR Saline & Associates  
Ed Gerak, IEDA  
Daniel Herderer, Clark Hill  
Taylor Howerter, Roosevelt Irrigation District  
Leslie James, CREDA  
Daniel Jones, Electrical District #4  
Jimmy Kendrick, WAPA  
Adam McAnally, SRP  
Derek McEachern, Electrical District #4  
Kristin McMinimy, AEPCO  
Jason Moyes, Moyes, Sellers & Hendricks  
Donovan Neese, Roosevelt Irrigation District  
Paul Orme, Electrical District #4  
Daniel Pritchard, K.R. Saline & Associates  
Jeff Ritter, Central Arizona Project  
Ken Robbins, Electrical District #2  
Ken Saline, KR Saline & Associates  
Scott Saline, KR Saline & Associates  
Kent Simer, KR Saline & Associates  
Russell Smoldon, AMPUA  
Elizabeth Story  
Sheryl Sweeney, Clark Hill

Kelly Urbine, Current Insights  
Glen Vortherms, Maricopa Water Conservation District  
Jeff Woner, K.R. Saline & Associates  
Brian Yerges, Electrical District #3  
Brian Young, Central Arizona Project

**CALL TO ORDER:** The meeting was called to order at 1:00 p.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 held on July 16, 2024, was made by Vice Chairman Sweeney and seconded by Commissioner Sullivan.
- **Vote:** Commissioners Bashaw, Jones, Sullivan & Sweeney approved the motion. Commissioner Owens abstained since she left the meeting early.
- **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 #14791 - #14917 & APA Claims #676- #677 for the period July 1, 2024 through July 31, 2024 were presented.

- **Motion:** To approve Hoover Operations Fund Claims #1479 - #14917 & APA Claims #676- #677 as presented was made by Commissioner Jones 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 DRAFT APA & HOOVER OPERATIONS FUND 2025 BUDGETS -** Sonseeahray Thayer, Financial Administrator explained the revisions.

**APA Budget**

The APA budget remains mainly as presented in the June customer meeting with the exception of actuals for OY24 updated through July of 2024 and estimated depreciation and earned interest amounts updated to better reflect estimates based on additional OY24 information. Please note, revenue and insurance expenses for ED4 are also estimated, as ADOA has not finalized their insurance billings as of today.

Firming activity is expected to be minimal in OY 2025, and are primarily for the benefit of Current Insight customers. The depreciation expense is expected to be \$29,000 with claw back from the HOA fund of \$13,000. Capital purchases are estimated at \$150,000, mainly for parking lot renovations. The ED4 revenue is comprised of \$8,172, which is 60% of the estimated risk management premiums, and \$2,500 in APA administrative fees.

### **HOA Budget**

The A&G detail has been minorly fine-tuned from the HOA budget presented previously. These minor changes did not have any impact on the composite rate and were updated to more accurately reflect anticipated expenses based on current expenditures to date.

The latest budget presented here utilizes a Hoover generation amount of 3,036,000 MWh less 110,000 MWh to account for the estimated decrease in generation from the IDD conservation agreement, as determined by WAPA. APA staff conducted a customer meeting on August 14, 2024 to give customers the opportunity to voice their opinion on whether the APA should create the OY25 budget based on the full estimated IDD decrease or by using a smaller decrease to soften the change in composite rate increase by half. The consensus was that customers would rather use the entire decrease in the estimate now, rather than increasing the possibility of a rate increase during the OY25 operating year. Therefore, the budget presented for your approval today uses the full 110,000 MWh estimated decrease to determine the OY25 budget generation of 2,926,000 MWh. Using this amount, the composite rate presented for your approval for the OY25 Operating year is \$35.60. This is an increase of \$1.04 or 3% from the current OY24 Composite Rate of \$34.56.

- **Motion:** To approve APA & Hoover Operations Fund 2025 Budgets 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.

### **BUSINESS ITEMS**

- Consideration and Possible Approval of Base Rate Change
- Consideration and Possible Approval of APA & Hoover Operating Fund 2025 Budgets
  - **Motion:** To approve APA & Hoover Operations Fund 2025 Budgets 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.

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

- Monthly precipitation – Taking a look at monthly precipitation, we had more precipitation this July compared to the same time last year.

- Water Year Precipitation – However, when we compare Water Year 2024 to date to the same time last year, over all we have had less precipitation.
- Upper Colorado River System – Precipitation to Date in the upper Colorado river system is currently at 101%, lower than it was at the same time last year but higher than the previous 3 years.
- Lake Powell Inflow - Lake Powell inflow is forecast to be at 83% of normal for the year.
- Total System Contents – (Upper and lower basin) Total system contents for the current water year has been slowly decreasing over the last few months.
- Reservoir and System Capacity – Lake Powell’s is currently at 41% capacity, Lake Mead’s is at 33% capacity, while total system capacity is at 43%.
- Lake Mead Elevation – By June of 2026, we anticipate the elevation at Lake Mead to be at the 1,057 mark.
- Glen Release – The Glen release for WY24 is comparable to the same time over the last few years
- Hoover Release – and the Hoover release remains relatively consistent year over year.

## **EXECUTIVE DIRECTOR REPORT**

- APA REC Program Update
  - 181,544 Sold @ \$1.86/REC
  - CRSP REC Update – CRSP Office & WAPA Regions are working to update contracts. We expect an announcement soon.
- APA Empowering Rural America Grant Update – Pinal Solar Project – Letters of Support have been submitted.
- Arizona Water Law Conference Update – Topics included Tribal Settlement and San Pedro Litigation
- Long-Term Experimental Management Plan (LTEMP)/Supplemental Environmental Impact Statement (SEIS) Update – Leslie James shared that due to temperatures being higher, Reclamation is increasing the bypass volume. WAPA has carved out prime time hrs. The Gauge was installed at River Mile #61 and there has not been any evidence of spawning @ the current temperature.
- Drought Impact Updates & Discussions – Visitors Services continues to be a drain on power customers. Mr. Fuentes will be sharing a presentation at the upcoming Technical Review Committee (TRC) meeting.
- Markets Conversation – Pseudo Tie Update – Ken Saline shared that progress is being made with the SPP Tariff.
- Building Security/Landscaping - Update – Fencing the perimeter of the property will begin the 1<sup>st</sup> week in September.

## **BUSINESS ITEMS *Continued***

- Consideration and Possible Approval of ADOA Contract T124083 – The Power Authority Fencing Project – Change Order 1.
  - **Motion:** To approve Contract Change Order T124083 for complete removal of olive trees & stumps with the Arizona Department of Administration as presented was made by Commissioner Jones and Commissioner Owens.

- o **Vote:** Commissioners Bashaw, Jones, Owens, Sullivan & Sweeney approved the motion.
- o **Resolved:** Approved as stated above and the written documents are entered into the Commission records.

**VISITORS' COMMENTS/CALL TO THE PUBLIC:** Russell Smoldon heard from Lane Dickson in Washington that "Arizona" Language has been added to legislation, however neither the Department of Water Resources nor the Governor's Office submitted the language. Mr. Smoldon will track down the source of the language and report back to the APA.

**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 2:10 p.m.

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Phil Bashaw, Chairman

ATTEST:

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Heather J. Cole, Executive Secretary to Commission