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ARIZONA POWER AUTHORITY

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MINUTES OF THE ARIZONA POWER AUTHORITY (“APA”) COMMISSION (“Commission”) MEETING HELD FEBRUARY 18, 2025

PRESENT: James Sweeney, Chairman
Phil Bashaw, Commissioner
Russ Jones, Commissioner
John Sullivan, Commissioner

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

OTHER: Tara Davis, AEPCO
Dennis Delaney, KR Saline & Associates
Sheri Farag, SRP
Darrin Francom, CAP
Ed Gerak, IEDA
Joshua Greir, SRP
Elston Grubaugh, Wellton Mohawk
Daniel Herderer, Clark Hill
Taylor Howerter, Roosevelt Irrigation District
Leslie James, CREDA
Dan Jones,
DeWayne Justice, ED #7
Adam McAnally, SRP
Derek McEachern, ED #4
Kristine McMinimy, AEPCO
Frank McRea, SPPA
Jason Moyes, Moyes, 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
Meghan Scott, Wellton Mohawk
Kent Simer, KR Saline & Associates

Russell Smoldon, AMPUA
Elizabeth Story
Sheryl Sweeney, Clark Hill
Lori Taitano, SRP
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 10:00 a.m. by Chairman James Sweeney. Quorum was established.

ROLL CALL: Commissioners Bashaw, Jones, 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 & Executive Session held on January 21, 2025 was made by Commissioner Jones and seconded by Commissioner Sullivan.
- **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, Chief Financial Administrator, provided the Expenditures & Financial Reports. Hoover Operations Fund Claims #15200 - #15237 and APA Claims #685 for the period January 1 – January 31 were presented.

- **Motion:** To approve Hoover Operations Fund Claims #15200 - #15237 & APA Claims #685 as presented was made by Commissioner Sullivan and seconded by Commissioner 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.

MOODY'S INVESTORS SERVICES RATING ACTION - *Sonseeahray Thayer, Chief Financial Administrator*

Moody's has published their updated credit opinion for the Arizona Power Authority on January 9, 2025 and I am pleased to announce that the APA has retained its Aa1 stable rating despite the long term drought conditions, reflecting the Authority's predictability of cash flows, our strategic position as the sole entity responsible for acquiring and marketing Arizona's allocation of Hoover power, and the

Authority's strong rate-setting record which has consistently provided for adequate yearly financial performance year over year.

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

- Monthly precipitation – There has been much less precipitation this January compared to the same time last year.
- Water Year Precipitation – When comparing Water Year 2025 to Water Year 2024, overall there has been less precipitation.
- Upper Colorado River System – Precipitation to Date in the Upper Colorado River System is currently at 87%, which is slightly less than the same time last year.
- Lake Powell inflow - Lake Powell inflow is forecast to be at 71% of normal for the year.
- Total System Contents – (Upper and Lower Basin) Total system contents for the current water year is slightly lower than the same time last year but still higher than in operating years '22 and '23.
- Reservoir and System Capacity – Lake Powell is currently at 35% capacity, Lake Mead is at 34% capacity, and the total system capacity is at 41%.
- Lake Mead Elevation – By December of 2026, it is anticipated that the elevation at Lake Mead will be at the 1,055 mark.
- Glen Release – The Glen release for WY25 is comparable to the same time over the last few years
- Hoover Release – and the Hoover release remains relatively consistent year over year as well.

EXECUTIVE DIRECTOR REPORT

- REC Update – Mr. Fuentes reported that the V2024 Qtr 4 Renewable Energy Certificates (REC) were sold at the price of \$2.25/REC. There is robust interest in Federal Hydro Power WECC RECs. Several brokers have indicated that they would like to purchase future RECs from the APA at higher dollar amounts.

Non-Hoover REC Program – WAPA has been working through the process and has the Policy in place. Due to the change in Administration it is uncertain when the Policy will be adopted.

- CREDA Update – The Colorado River Energy Distributors Association (CREDA) met in St. George, Utah last week. Much of the conversation revolved around the new Administration's push for Federal Agencies to downsize. Early retirements and forced layoffs may provide to be a problem for the critical nature & safety for the Bureau of Reclamation and WAPA. The situation is very fluid and, in the days following the CREDA meeting, many of the termination letters sent to employees have been rescinded.

In other news, the long-anticipated dredging of the slough will begin soon. The slough has warmer water that provides a place for spawning of the small mouth bass. Removal of the slough will allow for the river to flow and cooler water will disrupt the small mouth bass.

Leslie James, CREDA, shared recent developments regarding the SEIS Alternatives including a "Cool-mix" option again for Summer 2025 which would be in conflict with the current Executive Order. A letter is being prepared strongly urging Non-Bypass alternatives this summer. In

addition, at this time there is little to no mention of hydropower included in the Post 2026 discussions.

- San Carlos Irrigation Project (SCIP) Update – SCIP is a Bureau of Indian Affairs (BIA) run utility that has faced structural difficulties due to Federal Regulations. A group of APA Customers have taken on the task of helping SCIP overcome many of the difficulties they are facing. Mr. Fuentes, Jorge Canaca & Russell Smoldon are working as Facilitators. It is clear that Federal Legislation/Appropriations will be needed. The entire system needs repairs & upgrades. Divestiture is needed to address the safety & reliability issues. The APA will not expand its power in this area, however, the Commission feels it is appropriate for the APA to be involved and to continue to facilitate meetings & conversations.
- Hoover Update
 - The Hoover Drought Ad-Hoc Committee has met and is continuing to look for funding to address the addition/replacement of wide-head turbines to address low lake levels.
 - Pension Retirement Benefits (PRB's) – this issue continues to be at the forefront of Congressional discussions and the Bureau of Reclamation is looking for authorization which would allow them to reimburse the customers.
 - Reconciliation Bill – All items in a reconciliation bill must be aligned with 1 specific topic. Funding is the current topic and ways to address Hoover expenses include but are not limited to the allowance of Entrance Fees, the possibility of creating a Foundation as well as Naming Rights & Sponsorships. Rep. Biggs has shown interest in the idea of a Hoover Foundation which would allow for donations to Hoover Dam, to be spent only on Hoover Dam expenses. Currently, any donations would go directly to the US Treasury. Draft bill language is being reviewed by the Hoover Visitor's Services Ad-Hoc Committee.
- Pinal Solar Project Update
 - Authority to Participate in The Project – based on discussions with Legal Counsel, it is their opinion that according to Title 30, the APA does have the broad authority to provide for Renewable Energy for the APA Customers and can participate in the project.
 - Precedent – After researching previous programs in which the APA spent monies on behalf of APA customers on rate cases, it was determined that there is precedent to spending monies on consultants, engineering experts & legal counsel to prevent negative impacts on “some” customers in geographic areas.
 - Development Contract – Section 5 of the draft contract defines how each off-taker will bear the cost of development and how it will be funded. As the project moves forward the Commission will have the opportunity to defer action on spending until such time that there is a Power Purchase Agreement (PPA) in place and at that point would be able to allocate costs appropriately and equitably among the customers involved in the project.

BUSINESS ITEMS

- APA Policy 2025-01 – Vacant Executive Director Policy
 - **Motion:** To approve APA Policy 2025-01 Vacant Executive Director Policy was made by Commissioner Sullivan 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.

- APA Policy 2025-02 – Alcohol & Drug-Free Workplace – Drug & Alcohol Testing of Employees
 - **Motion:** To approve APA Policy 2025-02 Alcohol & Drug-Free Workplace – Drug & Alcohol Testing of Employees was made by Commissioner Sullivan and seconded by Commissioner 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.

- APA Resolution 25-01 - Persons Authorized To Sign Authority Checks
 - **Motion:** To approve APA Resolution 25-01 - Persons Authorized to Sign Authority Checks was made by Commissioner Sullivan and seconded by Commissioner 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.

VISITORS' COMMENTS/CALL TO THE PUBLIC – Leslie James, CREDA, provided a Post 2026 update that indicates the Upper & Lower Basin Post 2026 discussions have been very frank & fruitful and it is understood that the 7 basin states need to work together. The objective is to have an agreement drafted by early Summer 2025 with a final EIS in Spring of 2026 and the Record of Decision prior to October 2026. If legislation is needed, it would need to be introduced by January 2026.

COMMISSIONERS' COMMENTS - None

ADJOURNMENT:

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

The meeting was adjourned at 11:29 a.m.

Jim Sweeney, Chairman

ATTEST:

Heather J. Cole, Executive Secretary to Commission