

Arizona Power Authority

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Commission
Russell L. Jones - Chairman
Lawrence V. Robertson Jr. - Vice Chairman
Dalton H. Cole - Commissioner
Drew John - Commissioner
John F. Sullivan - Commissioner

Staff
Ed Gerak - Executive Director
Heather J. Cole - Exec Secretary

**MINUTES OF THE ARIZONA POWER AUTHORITY ("APA")
REGULAR COMMISSION MEETING
HELD ON APRIL 15, 2019**

PRESENT: Russell Jones, Chairman
Dalton H. Cole, Commissioner
Drew John, Commissioner
Lawrence Robertson Jr., Vice-Chairman
John Sullivan, Commissioner

STAFF: Dena Benjamin, Attorney General Office
Diane DeDea, Attorney General Office
Ed Gerak, Executive Director
Abel Gunn, Sr. Accountant
Gary Kern, Financial Administrator
Robert Nieto, IT
Chris Shoop, Senior Rate Analyst
Linda Sullivan, Senior Rate Analyst

OTHER: Dennis Delaney, K.R. Saline & Associates
R.D. Justice, Electrical District #7
Jason Moyes, Moyes, Sellers & Hendricks
Ken Saline, K.R. Saline & Associates
Meghan Scott, Wellton Mohawk Irrigation & Drainage District
Elizabeth Story
Glen Votherms, Maricopa Water District

CALL TO ORDER: The meeting was called to order at 1:20 p.m. at the Arizona Power Authority meeting room by Chairman Russell Jones. Quorum was established.

PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was recited.

ROLL CALL: All Commissioners were present.

CHAIRMAN REQUEST FOR DECLARATION OF CONFLICT OF INTEREST BY ANY COMMISSIONER:

- Each Commissioner declared they had no conflicts of interest on any matter as listed on the agenda for today's meeting.

APA HISTORY: Chairman Jones commented that General Hudson would have enjoyed the 75th Anniversary activities. Abel Gunn shared interesting facts from the APA History Book that is being put together to showcase and celebrate the last 75 years of the Arizona Power Authority. Mr. Gunn described the History of Water in the West as well as the Birth of the Bureau of Reclamation.

APPROVAL OF MINUTES:

- **Motion:** To approve the minutes from the Regular Commission Meeting, March 19, 2019 was made by Commissioner Sullivan and seconded by Commissioner John.
- **Vote:** Commissioners Cole, John, Jones, Robertson and Sullivan approved the motion.
- **Resolved:** Approved as stated above and the written documents are entered into the Commission records.

REVIEW OF EXPENDITURES AND FINANCIAL REPORTS: given by Gary Kern, Financial Administrator. Hoover Operations Fund Claims #11574 - #11619 and APA Claims #602 for the period March 1, 2019 through March 31, 2019 were presented.

- **Motion:** To approve Hoover Operations Fund Claims #11574 - #11619, and APA Claims #602 as presented was made by Commissioner John and seconded by Commissioner Cole.
- **Vote:** Commissioners Cole, John, Jones, Robertson and Sullivan approved the motion.
- **Resolved:** Approved as stated above and the written documents are entered into the Commission records.

REPORT ON POWER OPERATION MATTERS: Linda Sullivan, Sr. Rate Analyst

The Drought Contingency Plan passed in the House and Senate and is ready for the President to sign. Precipitation is at 119% of average and the snow water equivalent is 134% of average. There was a Boulder Canyon base charge meeting at Western Area Power Administration (WAPA), and the OY2020 base charge will be \$67.9 million, which is 2.6% less than this year. WAPA held a workshop to discuss markets in the West. Customers at the market meeting shared their concerns about the challenges, risks and benefits of integrating into an Regional Transmission Organization (RTO) or some other type of market. The customers also agreed that an incremental approach is a good way to integrate renewables, optimize the system and maintain reliability. The Commissioners were provided with a summary of the meeting that can be found on the WAPA website <https://wapa.gov/About/the-source/Documents/Markets-Workshop-Summary-Notes.pdf>.

Vice-Chairman Robertson asked Ms. Sullivan if she could expand on the term “markets” and who could access these markets. Mr. Gerak answered his question and explained that WAPA is attempting to get ahead of the game and control the discussion. Chairman Jones asked if any customers wanted to add anything to the discussion. Mr. Robert Lynch shared that after the

meeting, there was a quickly formed consensus to talk about this issue. More discussions will be held in the coming weeks at both the Irrigation & Electrical Districts Association (IEDA) and Arizona Municipal Power Users Association (AMPUA) meetings.

CUSTOMER SERVICE UPDATE: Executive Director Ed Gerak

- **American Public Power Association (APPA) Webinar Series** – the APA will host the final webinar of the series on the following dates;
 - Friday, April 19 – Keeping Pace w/ Utility Trends and Technologies
- **Hoover Tour – Friday April 26, 2019** – A VIP Hoover Tour for Legislators & APA Customers will be held on Friday, April 26.

LEGISLATIVE UPDATE

- **State & Federal Update** – David Bernhart has been appointed as Secretary of the Interior and New Mexico is exploring having hydroelectric power being classified as a renewable resource. Commissioner Cole asked Mr. Gerak what the American Public Power Association's (APPA) position is on this issue. The Preservationists will continue to take exception with the large dams and their effect on wildlife and nature. Commissioner John explained that the Co-ops would be willing to support this as they need to have renewable resources in their portfolios.

Vice-Chairman Robertson shared that the Arizona Corporation Commission will be holding a workshop to address this issue on April 29-30, 2019. The Commission is looking into updating Arizona's energy rules.

- **HB2274** – Governor Ducey signed the bill on April 1, 2019. Commissioner Cole asked about the timing of the signing of the bill and whether or not it will affect the next annual audit. Mr. Gerak explained that the timing of when the bill takes effect may require an extended or overlapped audit to ensure there are no gaps in the report filed with the state.

REPORT OF THE DIRECTOR: Ed Gerak, Executive Director reported on the following:

- **Annual Report** - Executive Director Gerak briefed the Commissioners on the draft Annual Report
- **APPA & Engineering & Operations Committee (E&OC) Conference** – Solar, Battery, Nuclear, small modular chloride or small non-combustion Natural Gas generator were all presented as possible solutions.
- **Arizona Strategic Enterprise Technology (ASET) Google Migration** – The State has mandated that the APA email and outlook calendars must be moved to Google as all other state agencies to comply with the Governor's directive. Commissioner Sullivan asked what the costs would be to the APA for the migration. Mr. Nieto provided some rough estimates.

BUSINESS ITEMS:

- **Review of Draft History Project** – a comparison of proposals was handed out that summarizes the potential cost of proof reading and fact checking. No action will be taken at this time.
- **Outside Legal Counsel Services Update** – Request for Proposal (RFP) – An RFP was sent out by the Attorney General’s Office with a submission deadline date of April 12. Vice-Chairman Robertson will Chair the Interview Committee and Commissioner Cole also volunteered to help.


COMMISSIONER COMMENTS: Commissioner Sullivan thanked the staff and any others that helped with the preparations and organization the 75th Anniversary event. Vice-Chairman Robertson echoed the sentiments.

VISITORS’ COMMENTS: None

ADJOURNMENT:

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

The meeting was adjourned at 2:05 p.m.



Russell Jones, Chairman

ATTEST:



Heather J. Cole, Executive Secretary

NOTE: A recording of the April 15, 2019 Arizona Power Authority Commission meeting may be heard at the office of the Arizona Power Authority during normal business hours. Please contact the Arizona Power Authority Executive Secretary at 602-368-4265.