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RUSSELL L. JONES - COMMISSIONER
KIM OWENS – COMMISSIONER
JIM SWEENEY - COMMISSIONER

STAFF

ED GERAK - EXECUTIVE DIRECTOR
HEATHER COLE - EXECUTIVE SECRETARY



ARIZONA POWER AUTHORITY

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MINUTES OF THE ARIZONA POWER AUTHORITY (“APA”) COMMISSION (“Commission”) IN PERSON/VIRTUAL MEETING HELD ON APRIL 20, 2021

- PRESENT:** Philip C. Bashaw, Vice Chairman
Russell Jones, Commissioner (*attended virtually*)
Kim Owens, Commissioner (*attended virtually*)
John Sullivan, Chairman
Jim Sweeney, Commissioner
- STAFF:** Dena Benjamin, Attorney General’s Office
Heather Cole, Executive Secretary to Commission
Ed Gerak, Executive Director
Gary Kern, Financial Administrator
Linda Levine, Senior Rate Analyst
Ben Norris, Attorney General’s Office
Sonseeahray Thayer, Senior Accountant
- OTHER:** Tisha Brackeen, AEPCO
Dennis Delanes, K.R. Saline & Associates
Jill Kipnes, Irrigation & Electrical Districts Association
Chris Michie, Electrical District #4
Jason Moyes, Moyes Sellers & Hendricks
Donovan Neese, Roosevelt Irrigation District
Wade Noble, Wellton-Mohawk (*attended in person*)
Paul Orme, Electrical District #3
Ken Robbins, Electrical District #2
Ken Saline, K.R. Saline & Associates
Scott Saline, K.R. Saline & Associates
Elizabeth Story
Sheryl Sweeney, Ryley, Carlock & Applewhite
Kelly Urbine, Current Insights
Glen Vortherms, Maricopa Water Conservation District
Jeff Woner, K.R. Saline & Associates
All Guests attended virtually unless otherwise noted

CALL TO ORDER: The meeting was called to order at 10:02 a.m. via Google Meets by Chairman John Sullivan. 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 conflicts 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, March 23, 2021 was made by Vice Chairman Bashaw and seconded by Commissioner 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.

REVIEW OF EXPENDITURES AND FINANCIAL REPORTS: Sonseeahray Thayer, Sr. Accountant, provided the Expenditures & Financial Reports. Hoover Operations Fund Claims #12796 - #12838 and APA Fund Claim #645 for the period March 1, 2021 through March 31, 2021 were presented.

- **Motion:** To approve Hoover Operations Fund Claims #12796 - #12838 and APA Fund Claim #645 as presented was made by Commissioner Sweeney and seconded by Vice Chairman Bashaw.
- **Vote:** Commissioners Bashaw, Jones, Owens, Sullivan and Sweeney approved the motion.
- **Resolved:** Approved as stated above and the written documents are entered into the Commission records.

REPORT ON POWER OPERATION MATTERS: Linda Levine, Sr. Rate Analyst, reported that the dry conditions continue, and the year to date precipitation for April is 73% of average. The estimated snow pack is 65% of normal. The inflow into Lake Powell is forecast to be 45% of average through December 2021. The elevation of Lake Mead is currently forecast to drop below 1075 this June and dip down to just a little below 1050 in December 2020.

LEGISLATIVE & POLICY UPDATE: Mr. Gerak highlighted the following articles in the Legislative Updates:

- Biden Infrastructure Plan: "American Job Plan"
- Battle Erupts Over the Definition of Infrastructure
- Biden Eyes First Major Tax Hike Since 1993 In Next Economic Plan
- New E.P.A. Head Says Agency Has Climate Regulations Underway
- House Republicans Weigh Political Consequences of Earmark Return

Commissioner Jones asked if the water conservation structure(s) are included in the infrastructure bill? It appears that the administration is ignoring the tradition definition of infrastructure and perhaps there

will be an opportunity to apply funds to some of these areas. For example, upgrades at Hoover Dam to regulate intake and flows. Mr. Gerak shared that members of the Arizona Delegation in Washington, DC have been contacted regarding earmarks for the Hoover Waste Site. Chairman Sullivan asked staff to check with BOR to determine if they have requested any earmarks or additional funding for their infrastructure needs.

STRATEGIC PLAN: Sonseeahray Thayer, Sr. Accountant reviewed the Financial Position and Policies of the APA. The presentation included APA Bond History, Financial Policy Guidelines, an explanation of the Composite Rate since 2008, as well as an A&G Breakdown since 2017. Ms. Thayer also shared the listing of Efficiencies and Cost Reductions 2017-2021.

Mr. Gerak covered APA Staffing & Building considerations as they apply to the Strategic Plan. The APA has approximately \$3.9 million in the bank. The APA maintains a balance of \$3.5 million for working capital which leaves approximately \$400,000 in excess that can be used at the direction of the Commission. Commissioner Jones remarked that due to the dire water situation, the Staff may need to confirm that the APA reserves are adequate. He also mentioned that perhaps the customers should indicate whether they are looking for rate decreases in the future or would rate stability be more important. Mr. Gerak shared that some customers have expressed that they would like an established rate year-round. At this point in time the rates will increase approximately 12% in 2022.

Chairman Sullivan suggested that the Staff revisit the “loss of energy” scenarios provided to the Commission and customers in 2019. It is understood that the scenarios cannot predict with certainty what the situation will be, but the next 3-5-10 years will be challenging and the APA & customers can prepare mitigation strategies for future risk. Commissioner Sweeney reminded everyone that the major controlling factors, energy production and amount of water in the river, are out of APA control and he complimented staff for the reductions in expenses. Chairman Sullivan acknowledged that the staff has also been very vigilant in watching the pass-through expenses from WAPA and BOR.

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

- Industry Update – Mr. Gerak highlighted the following articles in what he called the California & Water Issue:
 - What California Blackouts Reveal About the U.S. Grid
 - “Record-Breaking” Ramp Up Needed For 100% Clean Grid Report
 - Nevada Farmers, Conservationists Balk at “Water Banking”
- Bureau of Reclamation Response to Trout Raley Letter 01.26.21 – Hoover Waste Site – The APA received a response to the letter sent by Trout Raley to BOR regarding the Waste Site, stating that their position on this subject remains unchanged.

BUSINESS ITEMS: Silver Creek Irrigation District (SCID) and Northern Arizona Power Agency (NAPA) – Application to Amend Existing Power Purchase Certificate (PPC), Docket No. 2015-000008. Chairman Sullivan explained that at the March 2021 meeting a hearing to consider SCID and NAPA’s request to include NAPA in SCID’s PPC so that NAPA could take and receive SCID’s Hoover A power. At the March Commission meeting the Commission voted to grant the Application to Amend, effective immediately.

The Commission considered two documents that formulize the decision, as required by APA rules.

1. Consideration to Approve Findings & Order for the March 23, 2021 Power Purchase Certificate Hearing

- Chairman Sullivan called for a motion to Approve Findings and Order for the March 23, 2021 Power Purchase Certificate Hearing:
 - **Motion:** To Approve Findings and Order for the March 23, 2021 Power Purchase Certificate Hearing was made by Vice Chairman Bashaw and seconded by Commissioner Sweeney.
 - **Discussion** - None
 - **Vote:** Commissioners Bashaw, Jones, Owens, Sullivan & Sweeney approved the motion.

2. Consideration to Approve Amendment to Existing Power Purchase Certificate

The approved Findings and Order provides that SCID’s existing PPC will be amended to reflect that it is issued to “Silver Creek Irrigation District and Northern Arizona Power Agency, as Joint Action Agency that includes Silver Creek Irrigation District.” The draft amended PPC incorporates this language.

- Chairman Sullivan called for a motion to Approve the Amendment to Existing Power Purchase Certificate:
 - **Motion:** To Approve the Amendment to Existing Power Purchase Certificate was made by Vice Chairman Bashaw and seconded by Commissioner Sweeney.
 - **Discussion** - None
 - **Vote:** Commissioners Bashaw, Jones, Owens, Sullivan & Sweeney approved the motion.

COMMISSIONER COMMENTS: Vice Chairman Bashaw commended the APA customers for working with staff and the Commission to find a solution to the SCID situation.

VISITORS’ COMMENTS: Mr. Wade Noble, Wellton-Mohawk Irrigation & Drainage District remarked that the 24th Month Study is available for review and shows Lake Mead elevation at 1050 in December of 2022.

Ken Saline, KR Saline & Associates, thanked the Commission and Staff of behalf of Silver Creek for all their help in resolving their situation.

ADJOURNMENT:

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

The meeting was adjourned at 10:56 a.m.

John F. Sullivan, Chairman

ATTEST:

Heather J. Cole, Executive Secretary

NOTE: A recording of the April 20, 2021 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.