

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT MEETING NOTICE AND AGENDA

FINANCE AND BUDGET COMMITTEE

Thursday, September 21, 2023, No Sooner Than 9:50 AM

SRP Administration Building
1500 N. Mill Avenue, Tempe, AZ 85288

Committee Members: Jack White Jr., Chairman; Leslie C. Williams, Vice Chairman; and Nick Brown, Randy Miller, Krista O'Brien, Stephen Williams, and Keith Woods

Call to Order
Roll Call

1. **CONSENT AGENDA:** The following agenda item(s) will be considered as a group by the Committee and will be enacted with one motion. There will be no separate discussion of these item(s) unless a Committee Member requests, in which event the agenda item(s) will be removed from the Consent Agenda and considered as a separate item CHAIRMAN JACK WHITE JR.
 - A. Request for approval of the minutes for the meeting of August 22, 2023.
 - B. Request for approval of the Monthly Cash Statement for August 2023 (District and Association).
2. Review of the Financial Results for the Month of August 2023 JEFF WRIGHT
3. Report on Current Events by the General Manager and Chief Executive Officer or DesigneesJIM PRATT
4. Future Agenda Topics..... CHAIRMAN JACK WHITE JR.

The Committee may vote during the meeting to go into Executive Session, pursuant to A.R.S. §38-431.03 (A)(3), for the purpose of discussion or consultation for legal advice with legal counsel to the Committee on any of the matters listed on the agenda.

The Committee may go into Closed Session, pursuant to A.R.S. §30-805(B), for records and proceedings relating to competitive activity, including trade secrets or privileged or confidential commercial or financial information.

Visitors: The public has the option to attend in-person or observe via Zoom and may receive teleconference information by contacting the Corporate Secretary's Office at (602) 236-4398. If attending in-person, all property in your possession, including purses, briefcases, packages, or containers, will be subject to inspection.



THE NEXT FINANCE AND BUDGET COMMITTEE MEETING
IS SCHEDULED FOR THURSDAY, OCTOBER 26, 2023

09/14/2023

MINUTES
FINANCE AND BUDGET COMMITTEE

DRAFT

August 22, 2023

A meeting of the Finance and Budget Committee of the Salt River Project Agricultural Improvement and Power District (the District) and the Salt River Valley Water Users' Association (the Association), collectively SRP, convened at 11:25 a.m. on Tuesday, August 22, 2023, from the Board Conference Room at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona. This meeting was conducted in-person and via teleconference in compliance with open meeting law guidelines.

Committee Members present at roll call were L.C. Williams, Vice Chairman; and N.R. Brown, R.J. Miller, K.H. O'Brien, and S.H. Williams.

Committee Members absent at roll call were J.M. White Jr., Chairman; and K.B. Woods.

Also present were President D. Rousseau; District Vice President C.J. Dobson; Board Members K.J. Johnson, A.G. McAfee, K.L. Mohr-Almeida, and L.D. Rovey; Council Chairman T.M. Francis; Council Vice Chairman J.R. Shelton; Council Liaison P.A. Van Hofwegen; Council Member R.S. Kolb; Mmes. I.R. Avalos, M.J. Burger, A.P. Chabrier, L.F. Hobaica, L.A. Meyers, G.A. Mingura, S.A. Perkinson, V.A. Pomerence, and C.M. Sifuentes; Messrs. J.D. Coggins, J.M. Felty, M.R. Hill, R.T. Judd, K.J. Lee, A.J. McSheffrey, M.J. O'Connor, B.A. Olsen, J.M. Pratt, G. Saint Paul, R.R. Taylor, and J.A. Wright; and Hunter Moore of Cazador Consulting.

In compliance with A.R.S. §38-431.02, Andrew Davis of the Corporate Secretary's Office had posted a notice and agenda of the Finance and Budget Committee meeting at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Friday, August 18, 2023.

Vice Chairman L.C. Williams called the meeting to order.

Consent Agenda

Vice Chairman L.C. Williams requested a motion for Committee approval of the Consent Agenda, in its entirety.

On a motion duly made by Board Member R.J. Miller and seconded by Board Member K.H. O'Brien, the Committee unanimously approved and adopted the following items on the Consent Agenda:

- A. Minutes of the Finance and Budget Committee meeting on June 27, 2023, as presented
- B. Approval of the District and Association Monthly Cash Statements for June and July 2023

C. Approval of the Association Quarterly Cash Statement for period ending July 31, 2023

Corporate Secretary J.M. Felty polled the Committee Members on Board Member R.J. Miller's motion to approve the Consent Agenda, in its entirety. The vote was recorded as follows:

YES:	Board Members L.C. Williams, Vice Chairman; and N.R. Brown, R.J. Miller, K.H. O'Brien, and S.H. Williams	(5)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Members J.M. White Jr., Chairman; and K.B. Woods	(2)

Copies of the handouts distributed are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

Finance Presentation

Sue Ann Perkinson, SRP Controller and Senior Director of Corporate Accounting Services, referenced the financial handout distributed to the Members relative to the combined highlights of operations of the District and Association for the fiscal year through July 2023. Using a PowerPoint presentation, she compared the actual versus budgeted figures for categories such as General Fund balance, Combined Net Revenue (CNR), system sales, and customer accounts. Ms. S.A. Perkinson concluded by reviewing the financial summary and key financial indicators for the fiscal year through July 2023.

Ms. S.A. Perkinson responded to questions from the Committee.

Copies of the handout distributed and the PowerPoint slides used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes. The financial information in the handouts and PowerPoint slides is unaudited and non-GAAP.

Board Member K.L. Mohr-Almeida left the meeting during the presentation.

SAP Industries, Inc. Software Agreement

Using a PowerPoint presentation, Jim M. Pratt, SRP General Manager and Chief Executive Officer, stated that the purpose of the presentation was to request approval to enter into a five-year contract with SAP Industries, Inc. to provide software and technology solutions to support the preplanning, development, and implementation of the Customer Modernization Program. He introduced Valerie A. Pomerence, SRP Director of Customer Modernization.

Continuing, Ms. V.A. Pomerence provided an overview of the Customer Modernization Program and said that the program is dedicated to modernizing SRP's customer experience, which includes implementing a new Customer Information System (CIS) using SAP Enterprise Platform and implementing supporting systems and business

processes. She reviewed SRP's current Customer Relationship System within PHOENIX and the timeline for the Customer Modernization Program. She introduced Gibs Saint Paul, SRP Director of Customer Modernization.

Mr. G. Saint Paul explained the benefits of the SAP utility suite including customer experience, risk mitigation, system maturity, application support, and system performance. He explained that SAP Industries, Inc. provides solutions and technology to support customer modernization preplanning and enterprise applications via subscription-based cloud software and leverages the SAP Business Technology Platform, tools for business process modeling, organizational change management, and automated/performance testing. Mr. G. Saint Paul stated that the five-year agreement with SAP Industries, Inc. would begin in Fiscal Year 2024 with a total cost of \$5,192,950.

Mr. G. Saint Paul concluded by requesting approval to authorize the President, Vice President, General Manager and Chief Executive Officer or Associate General Manager and Chief Financial Executive, or designee to execute (1) a five-year software agreement with SAP Industries, Inc. to support the preplanning, development, and implementation of the Customer Modernization Program and (2) any subsequent amendments to such agreement that do not materially modify the terms of such agreement.

On a motion duly made by Board Member N.R. Brown, seconded by Board Member R.J. Miller and carried, the Committee agreed to recommend Board approval, as presented.

Corporate Secretary J.M. Felty polled the Committee Members on Board Member N.R. Brown's motion to recommend Board approval. The vote was recorded as follows:

YES:	Board Members L.C. Williams, Vice Chairman; and N.R. Brown,	(5)
	R.J. Miller, K.H. O'Brien, and S.H. Williams	
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Members J.M. White Jr., Chairman; and K.B. Woods	(2)

Copies of the PowerPoint slides used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

Ms. A. Rickard; and Messrs. B.B. Davis and D.D. Espinoza entered the meeting during the presentation.

Report on Current Events by the General Manager and Chief Executive Officer or Designees

Jim M. Pratt reported on a variety of federal, state, and local topics of interest to the Committee.

Board Member A.G. McAfee; Ms. V.A. Pomerence; and Mr. M.R. Hill left the meeting during the presentation.

Future Agenda Topics

Vice Chairman L.C. Williams asked the Committee if there were any future agenda topics. None were requested.

There being no further business to come before the Finance and Budget Committee, the meeting adjourned at 11:44 a.m.

John M. Felty
Corporate Secretary



Statement of Cash Received and Disbursed

August 2023

(\$000)

	<u>District</u>	<u>Association</u>	<u>Total Month</u>	<u>Year-to-Date</u>
Fund Balance Beginning of Period	\$ 590,230	\$ 77	\$ 590,307	\$ 697,781
Cash Receipts:				
Electric Revenues	457,019	---	457,019	1,343,542
Water Revenues	---	793	793	3,374
Electric Customer Deposits	4,410	---	4,410	17,727
Reimbursement on Joint Ownership Projects	14,870	---	14,870	43,053
Construction Contributions and Advances	25,946	---	25,946	125,277
Proceeds from Bond Sales	---	---	---	---
Proceeds from Other Borrowings	---	---	---	---
Transfers from Segregated Funds	3,648	---	3,648	155,667
Sales Tax Collected	38,101	---	38,101	116,067
Other Cash Receipts	20,848	---	20,848	50,166
Total Cash Receipts	<u>564,842</u>	<u>793</u>	<u>565,635</u>	<u>1,854,873</u>
Fund Transfers - Net	<u>(6,613)</u>	<u>6,613</u>	<u>---</u>	<u>---</u>
Cash Disbursements:				
Purchased Power and Fuel	179,884	---	179,884	480,298
Operations and Maintenance	89,051	1,893	90,944	379,698
Employee Payroll and Payroll Taxes	78,057	5,169	83,226	258,374
Purchased Inventory	37,461	---	37,461	99,259
Cash Segregated for -				
Bond Interest	17,198	---	17,198	66,972
Bond Principal	9,494	---	9,494	37,976
Other Debt - Principal Repayment	---	---	---	---
Other Debt - Interest Expense	1,316	---	1,316	6,023
Capital Expenditures	68,119	---	68,119	319,385
Advances on Joint Ownership Projects	---	---	---	---
Transfers to Segregated Funds	---	---	---	98,205
In Lieu and Ad Valorem Taxes	118	---	118	57,948
Sales Tax Remitted	34,634	---	34,634	97,354
Margin and Collateral Disbursed - Net	3,409	---	3,409	8,308
Miscellaneous Cash Disbursements	1,281	---	1,281	13,996
Total Cash Disbursements	<u>520,022</u>	<u>7,062</u>	<u>527,084</u>	<u>1,923,796</u>
Fund Balance End of Period	<u>\$ 628,437</u>	<u>\$ 421</u>	<u>\$ 628,858</u>	<u>\$ 628,858</u>

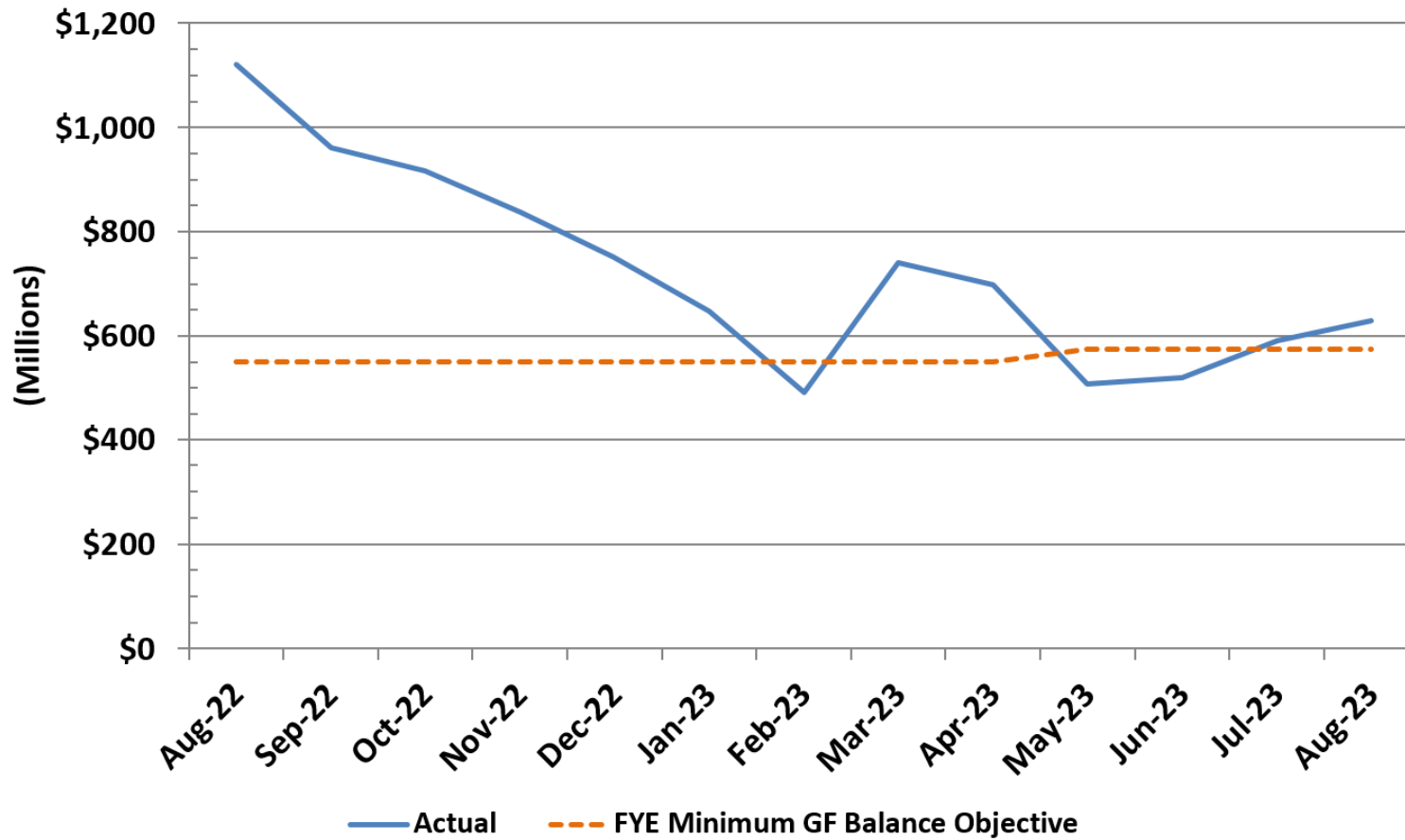
**Cash Position****August 2023**

Composition of Funds Balance	(\$000)		
	<u>District</u>	<u>Association</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 343,421	\$ 421	\$ 343,842
Other Temporary Investments	206,290	---	206,290
Other Non-Current Investments	<u>78,726</u>	<u>---</u>	<u>78,725</u>
General Fund	<u>628,437</u>	<u>421</u>	<u>628,858</u>
Segregated Funds			
Electric System Debt Reserve Fund	80,598	---	80,598
Debt Service Fund	111,967	---	111,967
Rate Stabilization Fund	---	---	---
Nuclear Decommissioning Fund	609,927	---	609,927
Post-Retirement Benefits Fund	1,161,165	---	1,161,165
Construction Fund	---	---	---
RHCP Fund	12,239	---	12,239
HHCP Fund	8,325	---	8,325
SPRHCP Fund	3,505	---	3,505
Four Corners Mine Reclamation Trust	13,797	---	13,797
Other Special Funds	<u>1,286</u>	<u>---</u>	<u>1,286</u>
Total Segregated Funds	<u>\$ 2,002,809</u>	<u>\$ ---</u>	<u>\$ 2,002,809</u>

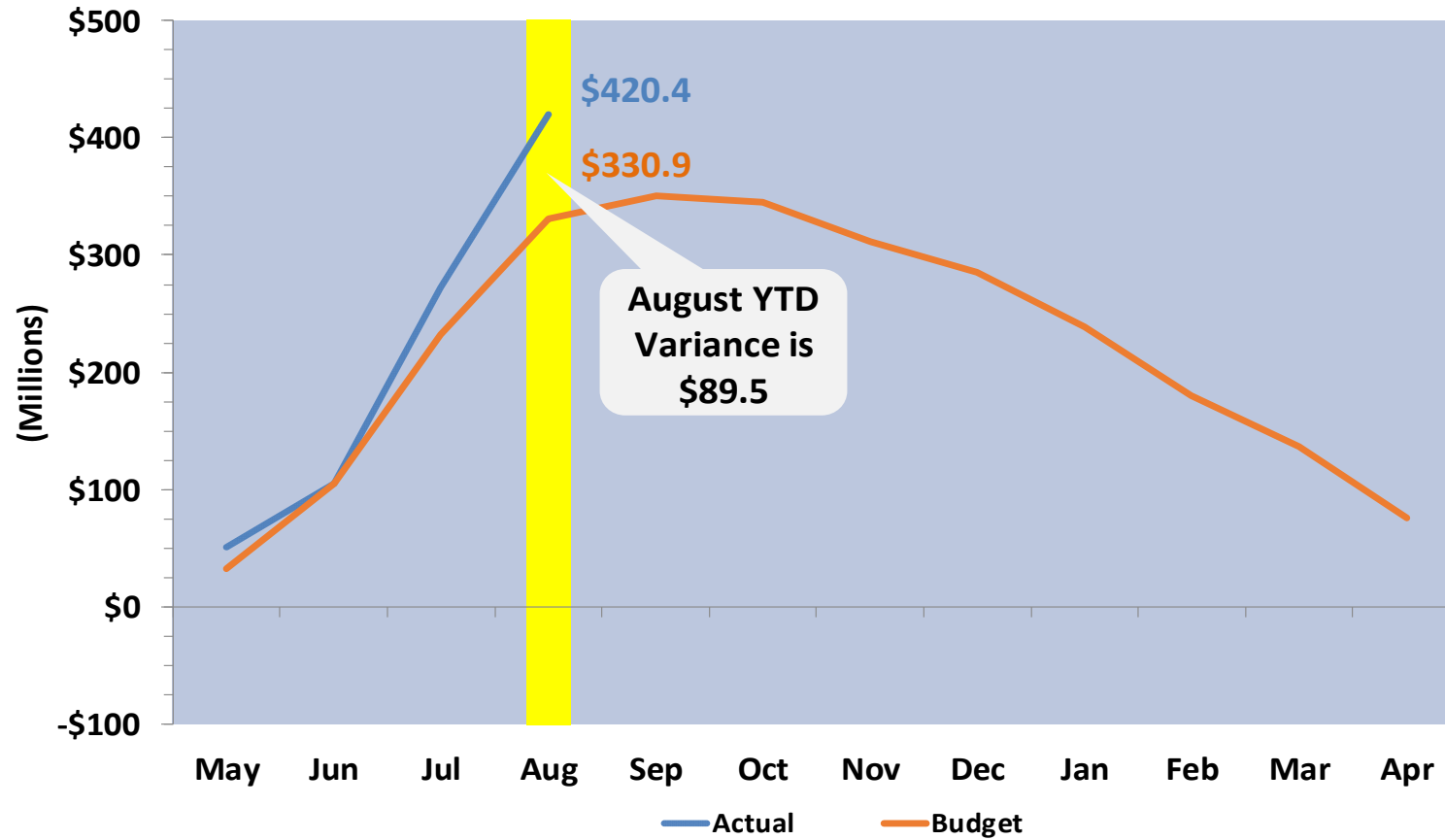
Monthly Financial Report **August 2023**

Finance & Budget Committee Meeting
Jeffrey A. Wright | September 21, 2023

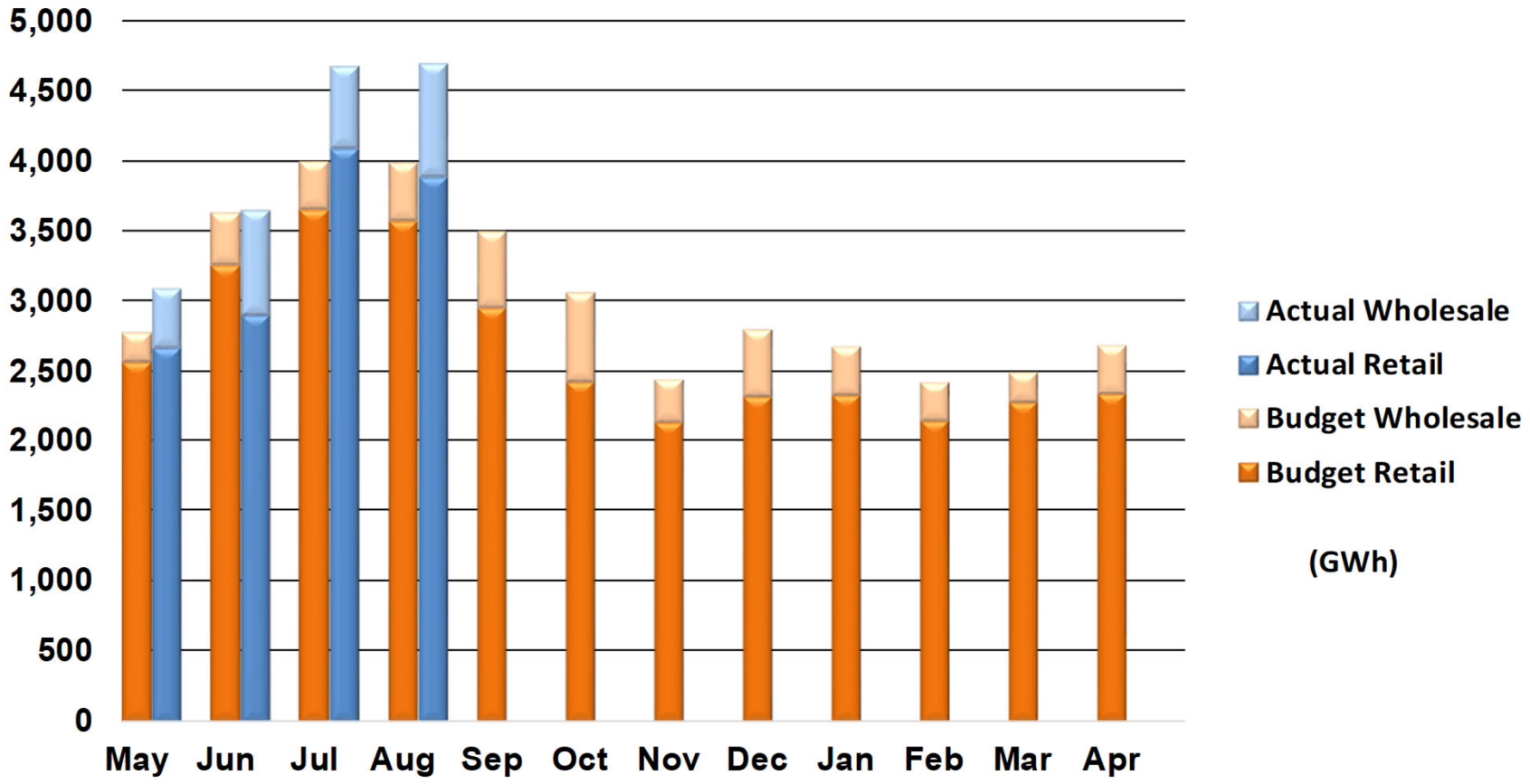
General Fund Balance



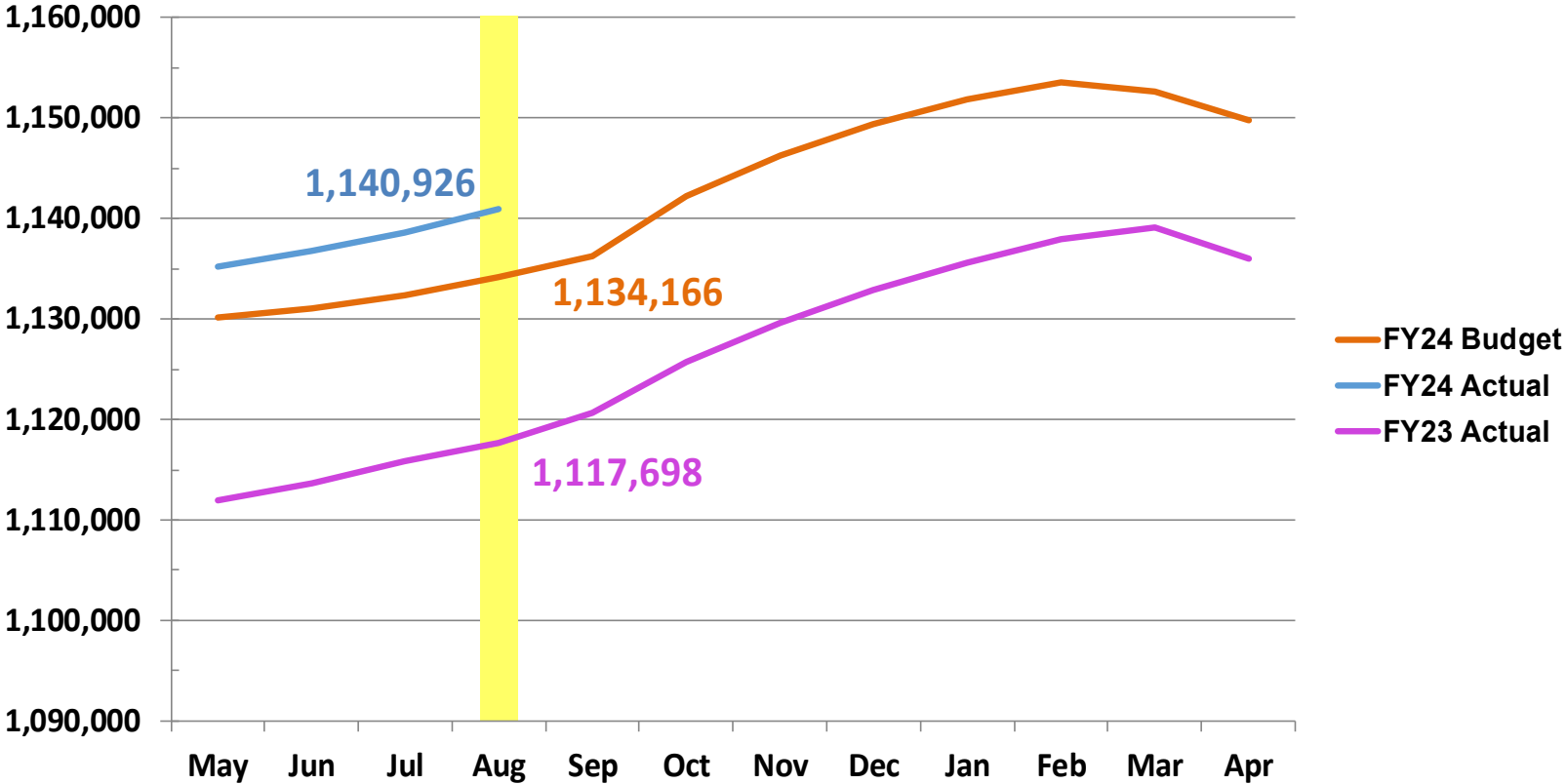
YTD Combined Net Revenue



System Sales



Customer Accounts

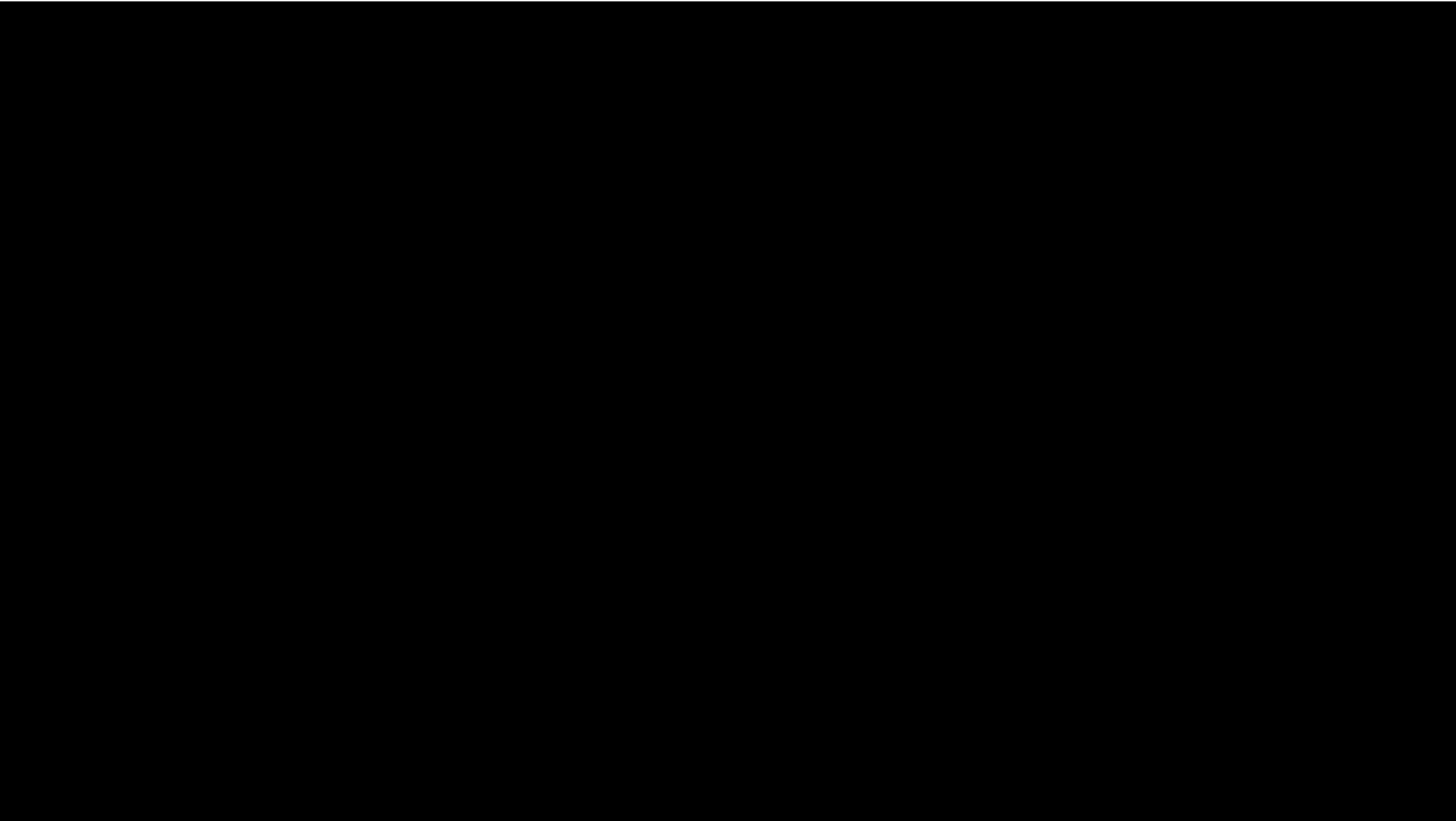


Financial Summary – August 2023

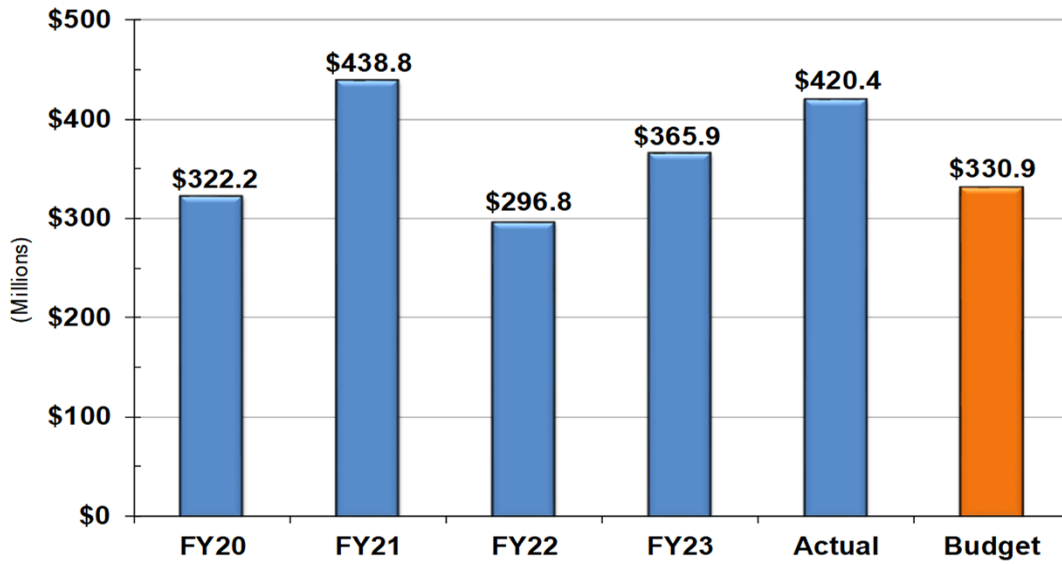
(Thousands)	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Operating Revenues	\$ 536,627	\$ 469,481	\$ 67,146
Operating Expenses			
Fuel	201,735	192,554	9,181
O&M	115,738	106,088	9,650
Depr & Tax	65,141	64,500	641
Total Operating Expenses	382,614	363,142	19,472
Net Financing Costs	12,332	13,156	(824)
Other, Net	6,494	5,633	861
Combined Net Revenues	<u>\$ 148,175</u>	<u>\$ 98,816</u>	<u>\$ 49,359</u>

Key Financial Indicators - YTD August 2023

(Thousands)	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Capital Expenditures	\$ 420,497	\$ 445,084	\$ (24,587)
Funds Available	\$ 572,033	\$ 472,937	\$ 99,096
Debt Service Coverage	6.71	5.69	1.02



CNR without Fair Value Adjustments - YTD August 2023

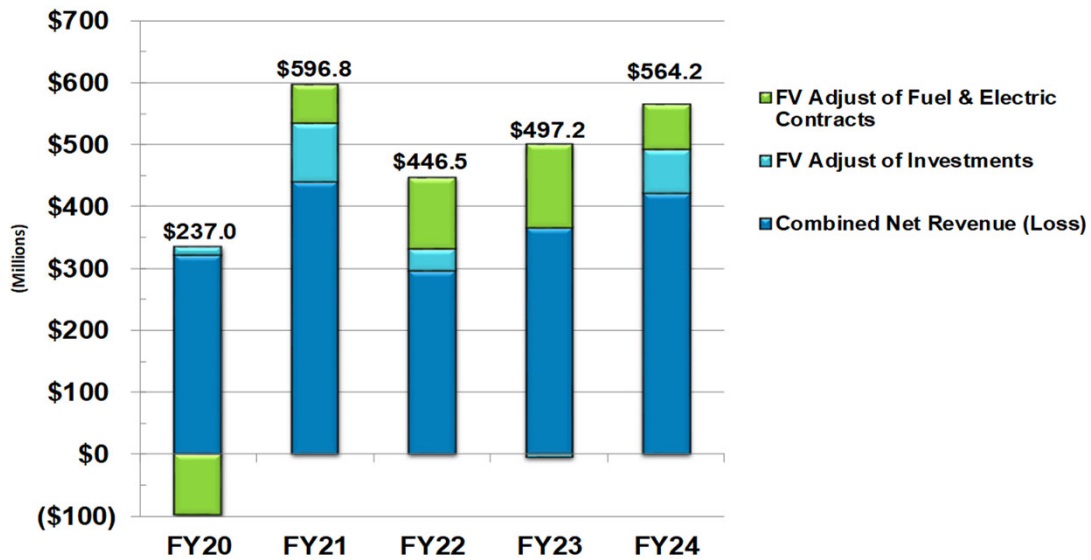


09/21/2023 Finance & Budget Committee Meeting, J. A. Wright

(Non-GAAP, Unaudited) 1

1

CNR with Fair Value Adjustments - YTD August 2023

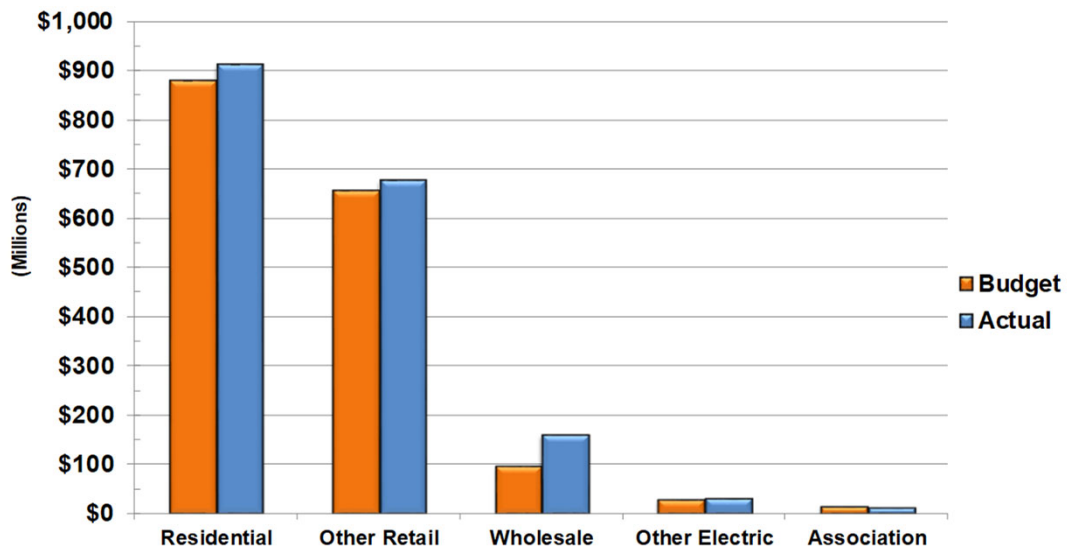


09/21/2023 Finance & Budget Committee Meeting, J. A. Wright

(Non-GAAP, Unaudited) 2

2

Combined Operating Revenues - YTD August 2023

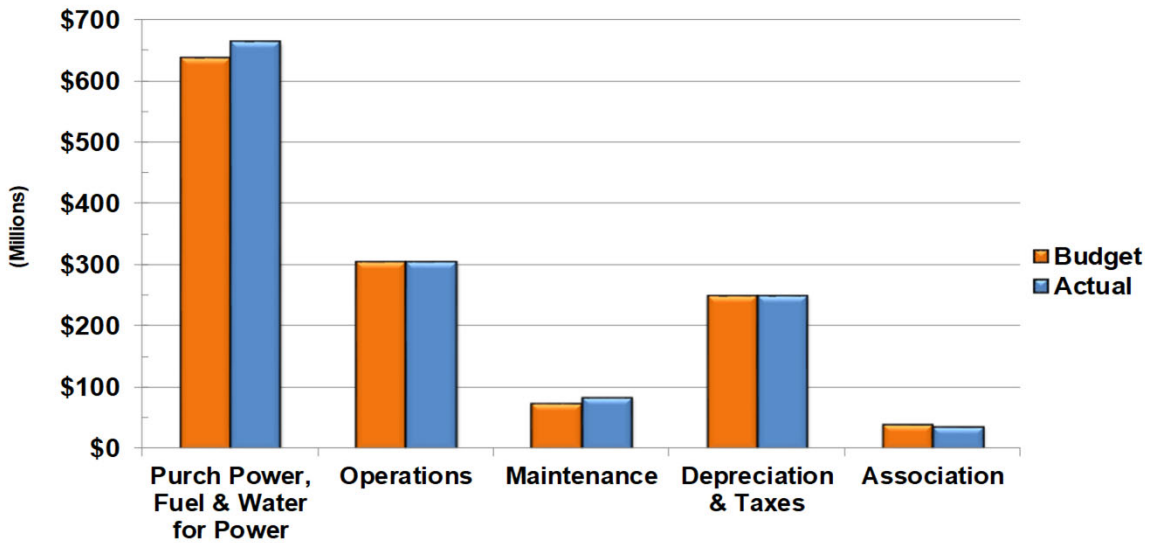


09/21/2023 Finance & Budget Committee Meeting, J. A. Wright

(Non-GAAP, Unaudited) 3

3

Combined Expenses - YTD August 2023

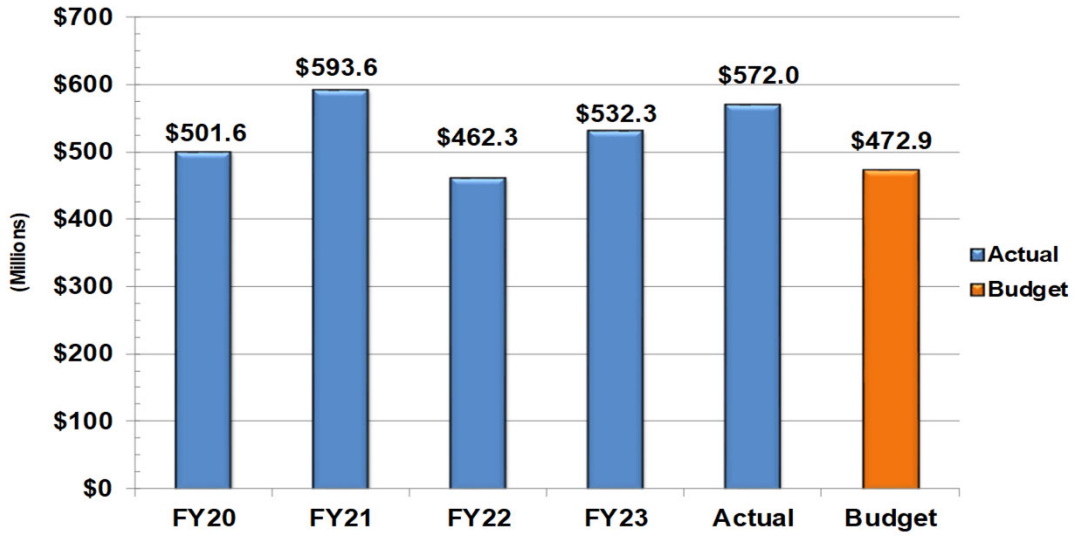


09/21/2023 Finance & Budget Committee Meeting, J. A. Wright

(Non-GAAP, Unaudited) 4

4

Funds Available - YTD August 2023

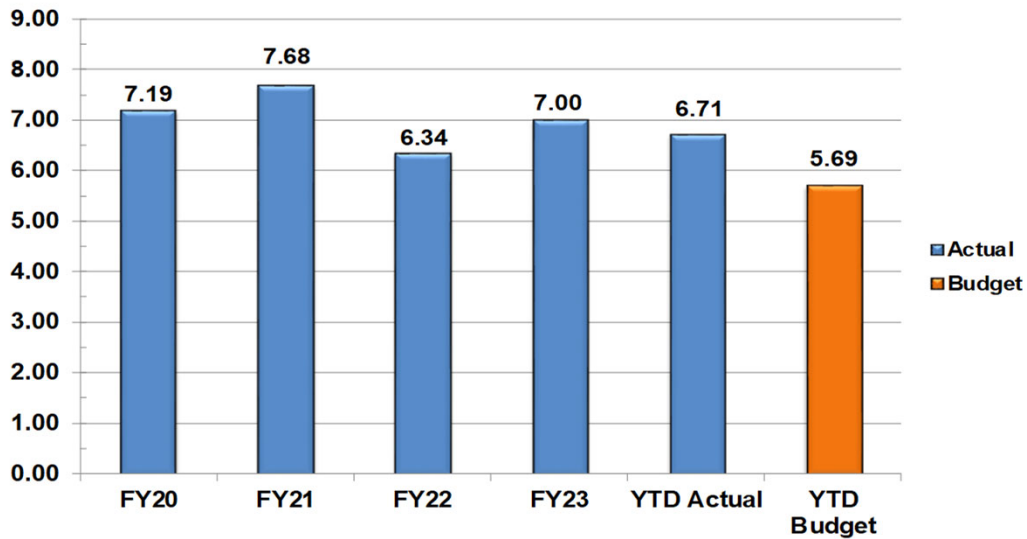


09/21/2023 Finance & Budget Committee Meeting, J. A. Wright

(Non-GAAP, Unaudited) 5

5

Debt Service Coverage - YTD August 2023



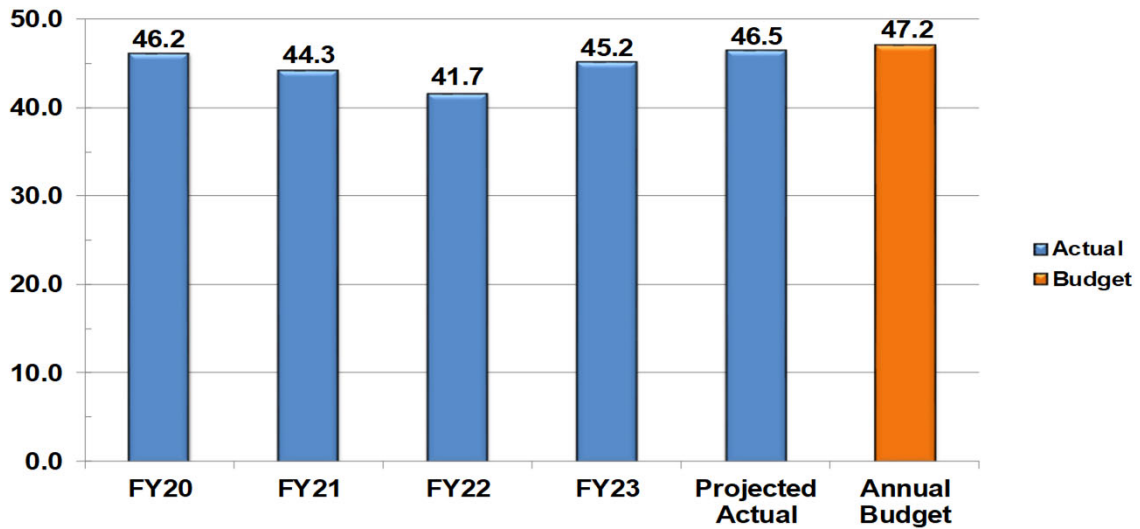
Note: Debt Service Coverage Ratio on Total Debt

09/21/2023 Finance & Budget Committee Meeting, J. A. Wright

(Non-GAAP, Unaudited) 6

6

Debt Ratio - YTD August 2023



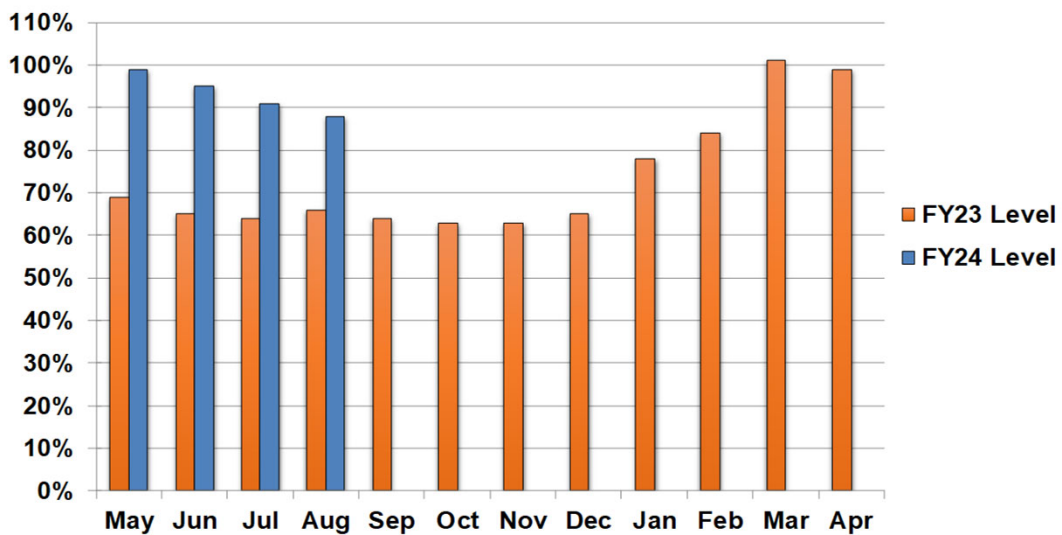
Note: Prior Years and Budget are Fiscal Year-End Ratios

09/21/2023 Finance & Budget Committee Meeting, J. A. Wright

(Non-GAAP, Unaudited) 7

7

Water Storage Levels

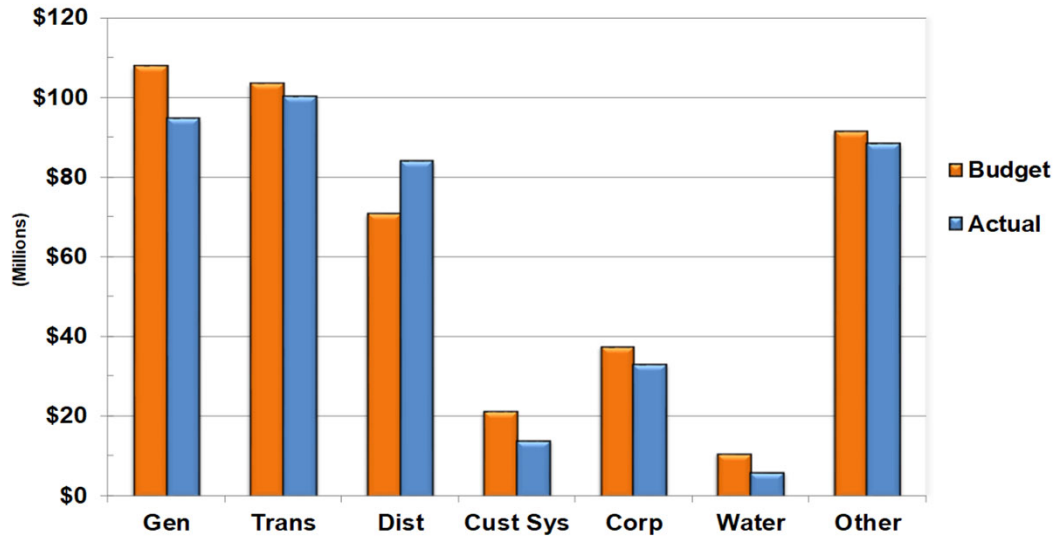


09/21/2023 Finance & Budget Committee Meeting, J. A. Wright

(Non-GAAP, Unaudited) 8

8

Capital Expenditures - YTD August 2023



09/21/2023 Finance & Budget Committee Meeting, J. A. Wright

(Non-GAAP, Unaudited) 9