

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

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## BOARD OF DIRECTORS

Monday, October 2, 2023, 9:30 AM

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

Call to Order  
Invocation  
Pledge of Allegiance  
Roll Call  
Safety Minute

1. Memorial Resolution for Association Vice President John Hoopes  
.....PRESIDENT DAVID ROUSSEAU
  
2. **CONSENT AGENDA:** The following agenda item(s) will be considered as a group by the Board of Directors and will be enacted with one motion. There will be no separate discussion of these item(s) unless a Board Member requests, in which event the agenda item(s) will be removed from the Consent Agenda and considered as a separate item ..... PRESIDENT DAVID ROUSSEAU
  - A. Request for approval of the minutes for the meetings of August 29, August 30, and September 11, 2023.
  - B. Request for approval of the Monthly Cash Statement for August 2023 (recommended by the Finance and Budget Committee on September 21, 2023).
  - C. Request for approval to sell 1.42 acres of excess land located in Page, Arizona to the current licensed user of the property (recommended by the Facilities and Support Services Committee on September 21, 2023). (See proposed resolution)
  - D. Request for approval to amend the Papago Park Center, Inc. (PPC) Ground Lease and mutually terminate the PPC Ground Sublease of 1667 North Priest Drive, Tempe, Arizona (recommended by the Facilities and Support Services Committee on September 21, 2023). (See proposed resolution)
  
3. Report of the Compensation Committee Meeting of September 19, 2023  
.....DIRECTOR MARK PACE
  - A. Report on action taken by the Compensation Committee, as a fiduciary of the Salt River Project Employees' Retirement Plan (the Plan), authorizing Management to update the Plan asset allocation structure and Investment Policy Statement to increase the Fixed Income (Liability Driven Investment) allocation from 25% of plan assets to 30%.

B. Report on action taken by the Compensation Committee, as a fiduciary of the Plan, approving the increase in the investment management fee to be charged by Marshall Wace, a global long/short equity manager within the opportunistic platform of the Plan. The fee increase is effective October 1, 2023, and will be capped at 0.75% of NAV per annum.

- 4. Report of the Power Committee Meeting of September 21, 2023 ..... DIRECTOR LESLIE C. WILLIAMS

Request for approval of recommended strategies to support the key findings of the 2021-2023 Integrated System Plan (ISP) process.

- 5. Report of the Facilities and Support Services Committee Meeting of September 21, 2023..... DIRECTOR STEPHEN WILLIAMS

Closed Session, Pursuant to A.R.S. §30-805(B), for the Board to Consider Matters Relating to Competitive Activity, Including Trade Secrets or Privileged or Confidential Commercial or Financial Information, with Respect to a Request for Approval to Sell Two 900 Megahertz (MHz) Licenses Issued by the Federal Communications Commission.

- 6. Update on Upcoming Proposed Revenue Bond Sale ..... AIDAN McSHEFFREY

Informational presentation to provide an update regarding the upcoming proposed revenue bond sale, including a discussion on the need for the sale and potential parameters approval process.

- 7. Report on Current Events by the General Manager and Chief Executive Officer and Designees..... JIM PRATT

- A. Power System ..... JOHN COGGINS
- B. Finance and Information Services ..... AIDAN McSHEFFREY
- C. Customer Operations ..... RUDY NAVARRO
- D. Water Resources ..... LESLIE MEYERS

- 8. Reservoir Report / Weather Report..... TIM SKARUPA

- 9. Council Chairman's Report ..... COUNCIL CHAIRMAN TYLER FRANCIS

- 10. President's Report / Future Agenda Topics ..... PRESIDENT DAVID ROUSSEAU

The Board 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 Board on any of the matters listed on the agenda.

The Board may go into Closed Session, pursuant to A.R.S. §30-805(B), for discussion of 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 BOARD MEETING IS SCHEDULED FOR  
MONDAY, NOVEMBER 6, 2023**



**SAFETY MINUTE: HEARING LOSS PREVENTION  
SRP BOARD**

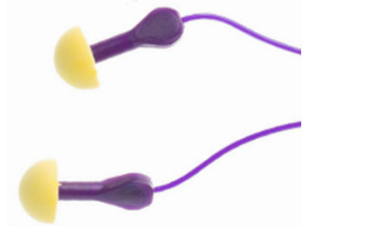
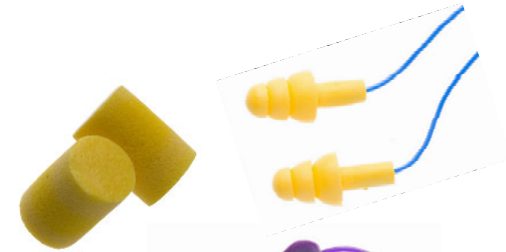
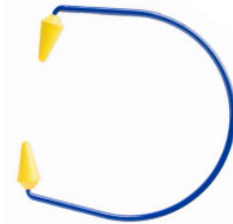
**SARA MCCOY  
DIRECTOR, RISK MANAGEMENT  
OCTOBER 2, 2023**



Delivering water and power™

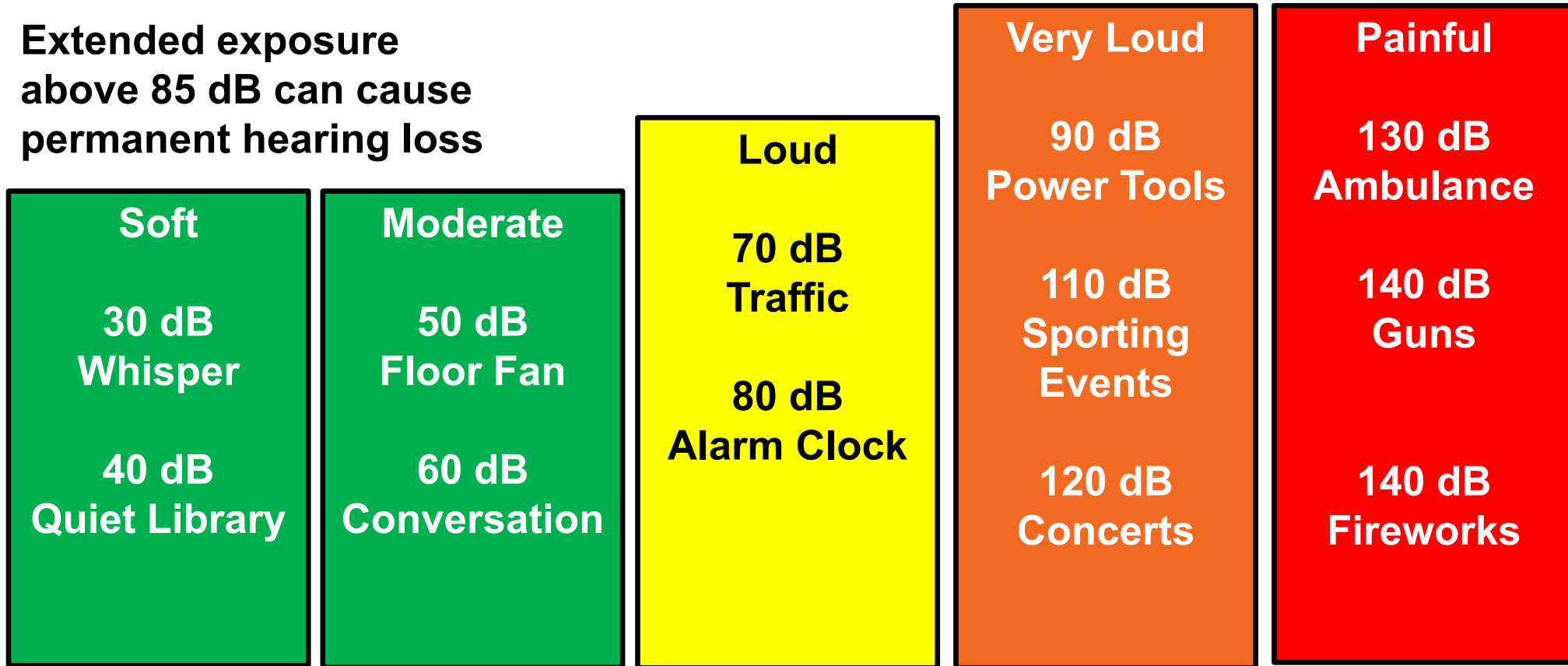
# HEARING CONSERVATION

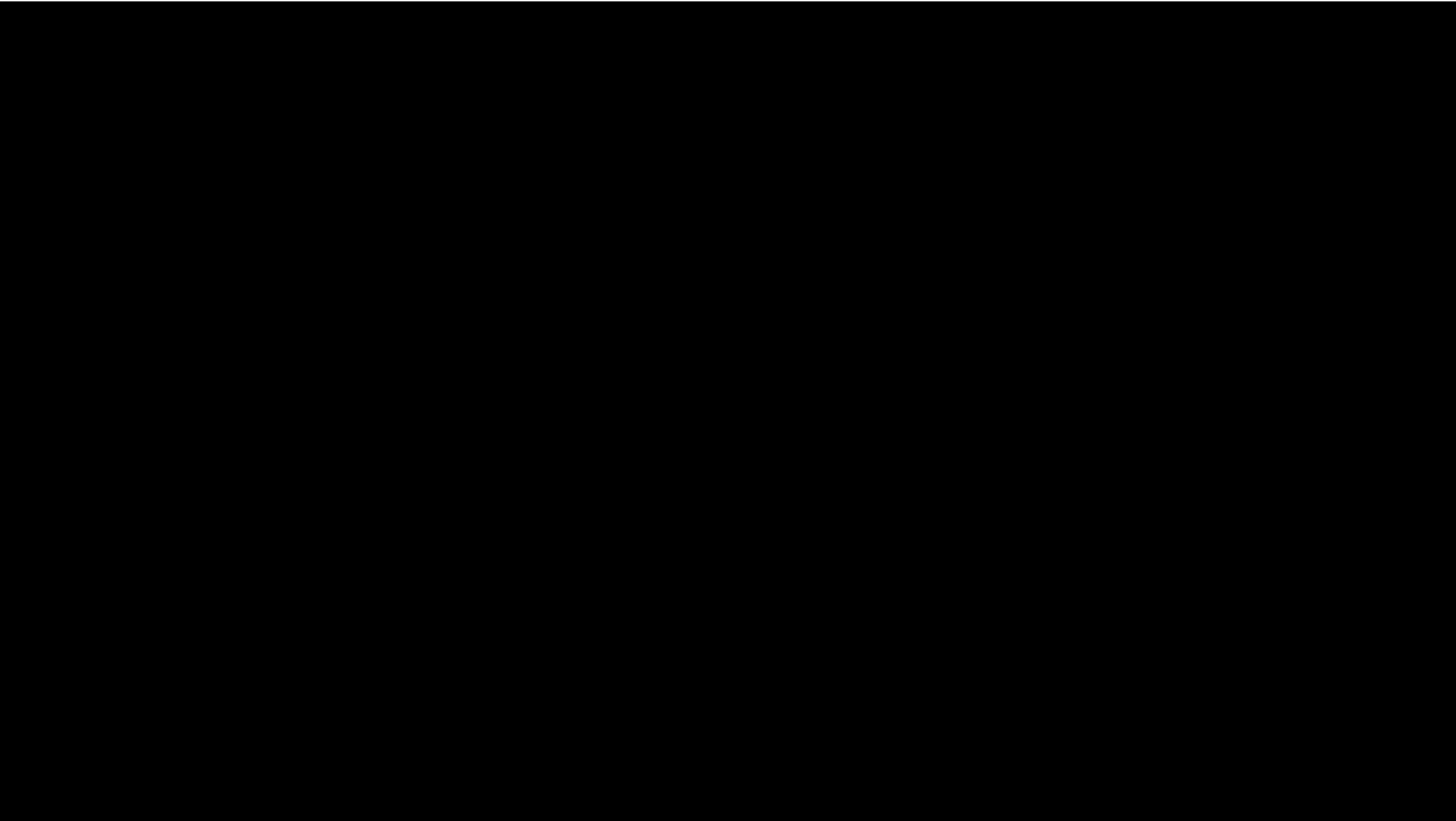
- Hazard
  - Effects of noise: temporary or permanent hearing loss
  - Increased noise exposure leads to increased hearing loss over time
- Hearing Loss Symptoms
  - Tinnitus – ringing, humming, buzzing sounds in ear
  - Difficulty hearing conversations or in noisy areas
- Prevention
  - Avoid or minimize noise exposure
  - Replace or modify noisy equipment
  - Wear hearing protection: ear plugs, canal caps, ear muffs



# HEARING LOSS PREVENTION: KNOW THE HAZARD

Extended exposure above 85 dB can cause permanent hearing loss







## **MEMORIAL RESOLUTION**

### **John R. Hoopes**

**WHEREAS**, John R. Hoopes, a loyal and respected servant of the Salt River Project ("SRP") and

**WHEREAS**, John was elected in 1997 to the Council, ultimately serving as its Chairman, and was elected in May 2010 as the Vice President of the Board.

**WHEREAS**, during his 26 years of dedicated service, John performed his duties in an exemplary manner and to the highest professional standards, and

**WHEREAS**, by virtue of his personal integrity and unfailing devotion to duty, John earned the respect and admiration of management, the electors and shareholders of SRP, and the members of the SRP Boards and Councils;

**NOW, THEREFORE, BE IT HEREBY RESOLVED**, that this Memorial in tribute to John R. Hoopes be spread upon the minutes of this meeting as an expression of the Board's highest regard for John and sorrow at his passing, and

**BE IT FURTHER RESOLVED**, that a copy of this Memorial be presented to the family of John R. Hoopes.

**BY ORDER OF THE SRP BOARDS** this 2nd day of October 2023.



MINUTES  
JOINT BOARD OF DIRECTORS AND COUNCIL  
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT  
WORK STUDY SESSION

**DRAFT**

August 29, 2023

In accordance with a written order and call signed by the President of the Salt River Project Agricultural Improvement and Power District (the District) and filed with Corporate Secretary J.M. Felty, a joint meeting of the Board of Directors and Council of the District convened at 9:30 a.m. on Tuesday, August 29, 2023, at the PERA Sandhill East and West Rooms, 1 East Continental Drive, Tempe, Arizona. This meeting was conducted in-person and via teleconference in compliance with open meeting law guidelines. The District and Salt River Valley Water Users' Association (the Association) are collectively known as SRP.

President D. Rousseau called the meeting to order, and Corporate Secretary J.M. Felty entered into the minutes the order for the meeting, as follows:

Tempe, Arizona  
August 22, 2023

NOTICE OF MEETING

I, David Rousseau, the duly elected and qualified President of the Salt River Project Agricultural Improvement and Power District (the District), do hereby order a joint meeting of the Board of Directors and Council to be held at 9:30 a.m. on Tuesday, August 29, 2023, from the Sandhill East and West Rooms, at the PERA, 1 East Continental Drive, Tempe, Arizona. The purpose of the joint meeting is to discuss, consider, or make decisions on the matters listed on the agenda.

WITNESS my hand this 22nd day of August 2023.

/s/ David Rousseau  
President

Present at roll call were President D. Rousseau; District Vice President C.J. Dobson; Directors R.C. Arnett, N.R. Brown, M.J. Herrera, K.J. Johnson, A.G. McAfee, R.J. Miller, K.L. Mohr-Almeida, K.H. O'Brien, M.V. Pace, P.E. Rovey, J.M. White Jr., L.C. Williams, S.H. Williams, and K.B. Woods; Council Chairman T.M. Francis; Council Vice Chairman J.R. Shelton; and Council Members J.R. Augustine, M.B. Brooks, M.L. Farmer, A.A. Freeman, G.E. Geiger, A.S. Hatley, A.M. Herrera, R.S. Kolb, M.A. Lewis, J.W. Lines, M.R. Mulligan, T.S. Naylor, M.C. Pedersen, I.M. Rakow, M.G. Rakow, W.P. Schrader III, R.W. Swier, and N.J. Vanderwey.

Absent at roll call were Council Members D.B. Lamoreaux, C.M. Leatherwood, J.L. Miller, B.E. Paceley, W.P. Schrader Jr., W.W. Sheely, H. Tjaarda Jr., P.A. Van Hofwegen, and M.A. Warren.

Also present were Governor L.D. Rovey of the Association; Council Member M.A. Freeman of the Association; Mmes. I.R. Avalos, A.N. Bond-Simpson, M.J. Burger, A.P. Chabrier, D. Cohen, L.G. Harrison, L.F. Hobaica, V.P. Kisicki, S.C. McCoy, L.A. Meyers, G.A. Mingura, M.D. Naff, K.S. Ramaley, J.R. Schuricht, and C.M. Sifuentes; Messrs. J.D. Coggins, D.W. Dreiling, J.M. Felty, K.C. Heckel, R.T. Judd, B.J. Koch, K.J. Lee, A.J. McSheffrey, R. Navarro, B.K. Nielsen, M.J. O'Connor, B.A. Olsen, A.S. Peterson, J.M. Pratt, G.M. Smedley, J. Tapia, and R.R. Taylor; Joe Hooker and Nick Schlag of Energy and Environmental Economics, Inc. (E3); April Smith and John Sessions of Bellomy Research, Inc. (Bellomy); and Joan Isaacson of Kearns & West, Inc. (Kearns & West).

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 meeting of the Board of Directors and Council at the SRP Administration Building, 1500 N. Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Friday, August 25, 2023.

#### Opening Statement

Jim M. Pratt, SRP General Manager and Chief Executive Officer, extended a welcome to the Board and Council Members in attendance.

#### Safety Minute

Using a PowerPoint presentation, Sara C. McCoy, SRP Director of Risk Management, presented a safety minute regarding school zones.

Ms. S.C. McCoy left the meeting.

#### Integrated System Plan (ISP) Overview: Day 1

Using a PowerPoint presentation, Bobby A. Olsen, SRP Associate General Manager and Chief Planning, Strategy, and Sustainability Executive, stated that the purpose of the presentation was to provide an overview of the ISP and demonstrate how coordinated planning throughout generation, transmission, distribution, and customer programs will guide SRP through the energy transition. He introduced Angie N. Bond-Simpson, SRP Senior Director of Resource Management.

Ms. A.N. Bond-Simpson briefed the Board and Council Members on the objectives of the meeting and presented the agenda for day one of the ISP work study session.

### Introduction to the ISP

Ms. A.N. Bond-Simpson defined SRP's ISP as follows: "An Integrated System Plan is the holistic roadmap for the power system of the future which considers evolving customer needs for reliability, affordability, and sustainability and achieves our 2035 goals." She said that utility planning has traditionally paralleled the following processes: customer programs, distribution planning, transmission planning, and resource planning; however, today technologies and customer needs are evolving quickly, and an interactive planning process has been developed to include engagement with the customer and stakeholders.

Ms. A.N. Bond-Simpson discussed why SRP moved to an ISP planning process, how customer preferences are evolving, the advancements of technology, the impacts of supply chain, regional trends, climate risks, and regulations. She said that planning a system that is affordable, reliable, and sustainable involves maintaining reliability, being committed to carbon and water sustainability, and offering the lowest quartile prices regionally. Ms. A.N. Bond-Simpson provided an overview the integrated planning process and the major building blocks of the ISP.

Ms. A.N. Bond-Simpson recognized the collaboration of SRP's key departments, E3, Kearns & West, and Bellomy in supporting the ISP research. She broke down the ISP stakeholder and customer engagement objectives and highlighted the ISP Board and Council Observers taking the lead in the ISP. Ms. A.N. Bond-Simpson introduced Kyle C. Heckel, SRP Senior Engineer.

### ISP Study Plan and Engagement Processes

Continuing, Mr. K.C. Heckel detailed the following aspects of the Summary Study Plan for SRP's ISP revised in February 2023: 1) consider wide-ranging perspectives of what may happen in the future; 2) assess SRP's future system through a variety of strategic planning options; 3) evaluate trends and tradeoffs in affordability, reliability, and sustainability; and 4) reflect on customer and community stakeholder input. He reviewed the process when considering wide-ranging perspectives for the future as follows: Desert Contraction – climate change could make the desert a less favorable place to live; Current Trends – strong load growth and renewable costs could decline; Strong Climate Policy – an aggressive climate policy, renewables, and emerging technology could be available sooner; Desert Boom – Arizona could experience explosive load growth due to employment and data hub opportunities. Mr. K.C. Heckel reviewed additional sensitivities that affect the ISP study plan.

Mr. K.C. Heckel said that technology neutral, no new fossil, and minimum coal are the strategic approaches utilized in analyzing the ISP Study Plan. He compared SRP's ISP model to third-party models involving the input and assumptions development process, the planning process, and the summary process. Mr. K.C. Heckel said that the following metrics are used in evaluating trends: affordability, sustainability, reliability, and customer focus. He explained that SRP used a multi-step process with ISP

stakeholders to collaboratively develop each study plan component. Mr. K.C. Heckel discussed the three phases of residential customer research utilized in bringing the voices of our customers into the system plan. He introduced John Sessions, Chief Executive Officer of Bellomy.

### ISP Residential Customer Research

Continuing, Mr. J. Sessions briefed the Board and Council Members on Bellomy's professional insight, marketing research, digital marketing, and consulting services. He listed numerous energy clients. Mr. J. Sessions introduced April Smith, Director of Client Services, of Bellomy.

Ms. A. Smith said that Bellomy's objective is to bring the voice of SRP's residential customers into the planning of the future energy system and create a residential customer preference metric for consideration in the ISP's decision-making process. She explained that Bellomy conducted a survey that included a three-phased research approach and that the survey revealed a highly positive perception of SRP, specifying the reliability of service along with helpful customer service.

Ms. A. Smith said that 22% of the customers were very concerned about community members' ability to pay their electric bills, the top five issues were affordability related, and affordability and reliability were most often ranked first. She stated that customers were given background on SRP's priorities to ensure power quality continues to improve and that SRP is planning for the future of the Valley in the next 10 to 20 years with a goal to balance sustainability targets with affordable and reliable electricity. She said two-thirds of the customers rated the energy plan positively.

Ms. A. Smith presented the results of a choice system input design survey relating to energy mix, sustainability goals, carbon emissions, water usage, gas power plants, bill impact, power outages, and educational information. She said that customers' greatest importance was the impact of their monthly bill and that those ranking the energy mix first were evenly split amongst affordability, reliability, and sustainability.

Ms. A. Smith highlighted the constraints of real-world cost and forced tradeoffs. She said Bellomy's findings revealed that customers' perspectives of an optimal future system includes managing cost first and foremost, ensuring reliability, and providing the cleanest and most sustainable energy without exceeding a 10% bill increase.

In conclusion, Ms. A. Smith stated that 66% of customers reacted positively to SRP's proposed path forward; a quarter felt it was excellent; and a majority agreed the plan should be prioritized by SRP.

Key ISP Findings

In conclusion, Ms. A.N. Bond-Simpson provided an overview of the following: ISP results, ISP analysis of resource capacity needed by 2035, ISP analysis of future transmission needs, ISP metrics takeaways and need for balance, and ISP system strategies.

Ms. A.N. Bond-Simpson; and April Smith and John Sessions of Bellomy responded to questions from the Board and Council.

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

Conclusion

Mr. B.A. Olsen thanked Ms. A.N. Bond-Simpson and her staff, E3, Kearns & West, and Bellomy for their presentations.

There being no further business, the meeting adjourned at 11:59 a.m.

John M. Felty  
Corporate Secretary





MINUTES  
JOINT BOARD OF DIRECTORS AND COUNCIL  
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT  
WORK STUDY SESSION

**DRAFT**

August 30, 2023

In accordance with a written order and call signed by the President of the Salt River Project Agricultural Improvement and Power District (the District) and filed with Corporate Secretary J.M. Felty, a joint meeting of the Board of Directors and Council of the District convened at 9:30 a.m. on Wednesday, August 30, 2023, at the PERA Sandhill East and West Rooms, 1 East Continental Drive, Tempe, Arizona. This meeting was conducted in-person and via teleconference in compliance with open meeting law guidelines. The District and Salt River Valley Water Users' Association (the Association) are collectively known as SRP.

President D. Rousseau called the meeting to order, and Corporate Secretary J.M. Felty entered into the minutes the order for the meeting, as follows:

Tempe, Arizona  
August 23, 2023

NOTICE OF MEETING

I, David Rousseau, the duly elected and qualified President of the Salt River Project Agricultural Improvement and Power District (the District), do hereby order a joint meeting of the Board of Directors and Council to be held at 9:30 a.m. on Wednesday, August 30, 2023, from the Sandhill East and West Rooms, at the PERA, 1 East Continental Drive, Tempe, Arizona. The purpose of the joint meeting is to discuss, consider, or make decisions on the matters listed on the agenda.

WITNESS my hand this 23rd day of August 2023.

/s/ David Rousseau  
President

Present at roll call were President D. Rousseau; District Vice President C.J. Dobson; Directors R.C. Arnett, N.R. Brown, M.J. Herrera, K.J. Johnson, A.G. McAfee, R.J. Miller, K.L. Mohr-Almeida, K.H. O'Brien, M.V. Pace, P.E. Rovey, J.M. White Jr., L.C. Williams, S.H. Williams, and K.B. Woods; Council Chairman T.M. Francis; Council Vice Chairman J.R. Shelton; and Council Members J.R. Augustine, M.B. Brooks, M.L. Farmer, A.A. Freeman, G.E. Geiger, R.S. Kolb, M.A. Lewis, J.W. Lines, M.R. Mulligan, T.S. Naylor, M.C. Pedersen, I.M. Rakow, M.G. Rakow, W.P. Schrader III, R.W. Swier, and N.J. Vanderwey.

Absent at roll call were Council Members A.S. Hatley, A.M. Herrera, D.B. Lamoreaux, C.M. Leatherwood, J.L. Miller, B.E. Pacey, W.P. Schrader Jr., W.W. Sheely, H. Tjaarda Jr., P.A. Van Hofwegen, and M.A. Warren.

Also present were Governor L.D. Rovey of the Association; Council Member M.A. Freeman of the Association; Mmes. I.R. Avalos, A.N. Bond-Simpson, A.P. Chabrier, D. Cohen, M.K. Greene, L.G. Harrison, L.F. Hobaica, V.P. Kisicki, S.C. McCoy, L.A. Meyers, G.A. Mingura, M.D. Naff, K.S. Ramaley, J.R. Schuricht, and C.M. Sifuentes; Messrs. J.D. Coggins, A.C. Davis, D.W. Dreiling, J.M. Felty, K.C. Heckel, R.T. Judd, B.J. Koch, K.J. Lee, R. Navarro, B.K. Nielsen, M.J. O'Connor, B.A. Olsen, A.S. Peterson, J.M. Pratt, and G.M. Smedley; Ana Gorla of Sierra Club; Joe Hooker and Nick Schlag of Energy and Environmental Economics, Inc. (E3); April Smith and John Sessions of Bellomy Research, Inc. (Bellomy); and Joan Isaacson of Kearns & West, Inc. (Kearns & West).

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 meeting of the Board of Directors and Council at the SRP Administration Building, 1500 N. Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Monday, August 28, 2023.

#### Opening Statement

Bobby A. Olsen, SRP Associate General Manager and Chief Planning, Strategy, and Sustainability Executive, extended a welcome to the Board and Council Members in attendance.

#### Safety Minute

Using a PowerPoint presentation, Sara C. McCoy, SRP Director of Risk Management, presented a safety minute regarding monsoon season safety.

Ms. S.C. McCoy left the meeting.

#### Integrated System Planning (ISP) Overview: Day 2

Using a PowerPoint presentation, Mr. B.A. Olsen stated that the purpose of the presentation was to provide an overview of the ISP and demonstrate how coordinated planning throughout generation, transmission, distribution, and customer programs will guide SRP through the energy transition. He introduced Angie N. Bond-Simpson, SRP Senior Director of Resource Management.

Ms. A.N. Bond-Simpson briefed the Board and Council Members on the objectives of the meeting and presented the agenda for day two of the ISP work study session. She resumed previous day's presentation regarding the need to balance affordability, sustainability, reliability, customer focus, along with scenarios of rate impacts and carbon reduction.

### ISP Recommendation: System Strategies

Next, Ms. A.N. Bond-Simpson stated that this portion of the presentation will review a step-by-step presentation of the recommended system strategies that Management is recommending. She described the system strategies as long-term strategies for planning and operating the power system to achieve SRP's 2035 goals, and she highlighted its objectives as follows: 1) provide guidance and priority for how to plan and operate the system in the future; 2) provide transparency to customers and other stakeholders of what strategies SRP plans to employ to evolve its system; and 3) serve as the starting point for building an illustrative Balanced System Plan and ISP actions designed to implement the system strategies.

Ms. A.N. Bond-Simpson provided a breakdown of the recommended system strategies as follows: energy investments, capacity investments, proactive transmission, distribution innovation, reinforcement of existing assets, evolution of customer programs and pricing, and partnership and suppliers. She acknowledged the collaboration among SRP's key contributing departments, E3, Kearns and West, and Bellomy. Ms. A.N. Bond-Simpson introduced Nick Schlag of E3.

Continuing, Mr. N. Schlag discussed the major trends impacting Arizona as follows: energy demand continues to grow rapidly – SRP's system reached a new peak load of 8,163 Megawatt (MW) on July 18, 2023; the Inflation Reduction Act (IRA) provides significant funding for clean energy – \$350 billion in new funding for a wide range of clean energy technologies and programs; and the North American Electric Reliability Corporation (NERC) faces increased reliability risks. He reviewed the 12 scenario-based system plans used in analyzing strategic approaches and compared SRP's ISP model to third-party models involving the input and assumptions development process, the planning process, and the summary process.

Mr. N. Schlag said that the specific "energy investments" strategy that is being recommended is to invest in renewables and storage to manage fuel consumption and drive carbon and water reductions. He stated that renewable and storage resources reduce fuel costs and contribute to improved sustainability.

Mr. N. Schlag said that the second specific "capacity investment" strategy that is being recommended is to invest in firm generation, including natural gas, to support reliability and manage affordability, while also supporting advancement of emerging firm technologies. He stated that firm resources are needed.

Next, Ms. A.N. Bond-Simpson said that the third specific "proactive transmission" strategy that is being recommended is to proactively plan to expand transmission infrastructure to enable generator interconnections and load growth. She stated that proactive transmission planning enables load growth and the addition of generating resources.

Ms. A.N. Bond-Simpson said that the fourth specific “distribution innovation” strategy that is being recommended is to ensure distribution grid readiness to maintain reliability and enable customer innovations to drive carbon reductions. She stated that distribution readiness for growth and evolving customer needs will drive additional infrastructure needs in the SRP electric service area.

Ms. A.N. Bond-Simpson said that the fifth specific “partnerships and suppliers” strategy that is being recommended is to explore partnerships, supply chain, and develop solutions that manage cost and availability to meet the pace of transformation. She highlighted that partnership and supplier solutions can help SRP meet the pace of transformation through 2035.

Ms. A.N. Bond-Simpson said that the sixth specific “evolution of customer programs and pricing” strategy that is being recommended is to evolve pricing and customer programs to improve economy-wide carbon reductions and pace infrastructure development, while recognizing customers’ diverse needs. She said customer programs and price plans help SRP manage peak energy demand and meet new system needs.

Ms. A.N. Bond-Simpson said that the seventh specific “strategic investment reinforcement of existing assets” strategy that is being recommended is to reinforce and maximize value of existing infrastructure with strategic investments to manage affordability and ensure future performance, grid security, and resilience. She explained that existing assets are the foundation for the future system and that any future planning scenarios require maintaining the existing system.

#### Draft Balanced System Plan

Continuing, Ms. A.N. Bond-Simpson stated that the guidance for moving forward includes a Balanced System Plan. She said that the objective of the Balanced System Plan is to serve as an illustrative path for SRP’s system that is consistent with the ISP system strategies. Ms. A.N. Bond-Simpson presented a draft of the Balanced System Plan forecasting total load capacity for SRP’s 2025 and 2035 goals. She provided a chart of the Balanced System Plan that included additional diversified resources to meet the estimated 2035 demand and a chart of the 2035 energy mix based on the current trends scenario.

Ms. A.N. Bond-Simpson stated that the Balance System Plan includes transmission infrastructure needed to meet load and generation growth, balance a hub and pro-rata resource location strategy, and provided a map of transmission upgrades and additions. She said that the Balance System Plan adds distribution infrastructure needed to meet growing load, including that from electric vehicles, while preparing the grid for future customer innovation. Ms. A.N. Bond-Simpson provided a map of SRP’s service territory.

Ms. A.N. Bond-Simpson provided comparisons of the average system cost and carbon emission in 2035. She summarized the affordability, reliability, sustainability,

customer-focused programs and reviewed the intended use of the 2035 Balanced System Plan.

### ISP Actions

Ms. A.N. Bond-Simpson explained that the ISP actions are a set of near-term actions that SRP will complete following the publication of the ISP. She highlighted the objectives of the ISP actions as follows: 1) kick start implementation of the system strategies and make progress toward the 2035 goals and 2) serve as SRP's commitment to pursue these actions and to provide annual progress updates.

Ms. A.N. Bond-Simpson introduced Adam S. Peterson, SRP Director of Corporate Pricing.

#### ISP Action No. 1: Residential Time-Of-Use Pilot

Continuing, Mr. A.S. Peterson reminded the Board and Council Members that last year, the Board approved a Residential Time-Of-Use Pilot Program to perform research to evaluate customer's response to new time-of-use peak periods and a super off-peak period in the middle of the day which informed SRP's load forecast for long-term system planning and SRP's price process. He stated that this action aligns with the following system strategies: evolution of customer programs and pricing, partnerships and suppliers, and energy investments.

#### ISP Action No. 2: Time-Of-Use Evolution

Mr. A.S. Peterson explained that once the research from the Residential Time-Of-Use Pilot is analyzed, a pricing process and communication plan will be developed and time-of-use hours will be presented to commercial, large industrial, and residential customers and stakeholders. He said that this action aligns with the following system strategies: partnerships and suppliers, evolution of customer programs and pricing, and energy investments. Mr. A.S. Peterson introduced Dan W. Dreiling, SRP Director of Customer Programs.

#### ISP Action No. 3: Customer Programs

Continuing, Mr. D.W. Dreiling stated that SRP continuously refreshes program plans and drives participation in customer programs at levels consistent with those in the ISP. He said that SRP continues to evaluate the cost-effectiveness and emissions impacts of different customer program measures using the avoided costs and emissions impacts results from the ISP. Mr. D.W. Dreiling said that this action aligns with the following system strategies: partnerships and suppliers, evolution of customer programs and pricing, energy investments, and distribution innovation.

#### ISP Action No. 4: Electric Vehicle (EV) Management

Mr. D.W. Dreiling stated that SRP is developing a roadmap by evaluating customer needs and system impacts and assessing viable pathways for managing EV charging through price plans, customer programs, and educational efforts to align with time periods that are lower-cost and minimize additional infrastructure needs. He said that this action aligns with the following system strategies: energy investments, strategic investment and reinforcement of existing assets, evolution of customer programs and pricing, partnerships and suppliers, and distribution innovation.

#### ISP Action No. 5: Electrification

Mr. D.W. Dreiling explained that SRP analyzes the benefits and costs of non-EV electrification within SRP's service area, including effects on SRP operations and economy-wide emissions, and assesses options for expanding E-Tech program offerings related to residential and commercial electrification. He said that this action aligns with the following system strategies: energy investments, strategic investment and reinforcement of existing assets, evolution of customer programs and pricing, partnerships and suppliers, and distribution innovation. Mr. D.W. Dreiling introduced Vanessa P. Kisicki, SRP Director of Distribution Strategy.

#### ISP Action No. 6: Distribution Enablement Roadmap

Continuing, Ms. V.P. Kisicki said that SRP continually implements SRP's Distribution Enablement (DE) roadmap as follows: deployment of Advanced Distribution Management System (ADMS) and Distributed Energy Resources Management System (DERMS); implementation of advanced planning tools; advancement of the distribution interconnection process; and execution of the DE Research and Development (R&D) plan. She said that this action aligns with the following system strategies: distribution innovation, partnerships and suppliers, and strategic investment and reinforcement of existing assets. Ms. V.P. Kisicki introduced Grant M. Smedley, SRP Director of Resource Planning, Acquisition, and Development.

#### ISP Action No. 7: Resource Selection

Mr. G.M. Smedley discussed the issuance of all-source requests for proposals (RFP) or requests for information (RFI) at least once every two years and comparing them with self-build options and ensuring that SRP can select resource technologies that meet SRP's reliability and sustainability goals with minimizing total system cost. He said that this action aligns with the following system strategies: capacity investments, energy investments, and partnerships and suppliers.

### ISP Action No. 8: Coal Transition Action Plan

Mr. G.M. Smedley said that SRP continues to coordinate with co-owners to develop a path forward for the Springerville Generating Station; prepare plans for repurposing the Coronado Generating Station site; develop solutions that preserve transmission following the retirement of coal plants; and test strategies for minimizing coal plant emissions while leveraging their capacity to maintain reliability. He said that this action aligns with the following system strategies: capacity investments, strategic investment and reinforcement of existing assets, proactive transmission, and partnerships and suppliers. Mr. G.M. Smedley introduced Bryce K. Nielsen, SRP Director of Transmission Planning, Strategy, and Development.

### ISP Action No. 9: Proactive Siting

Mr. B.K. Nielsen said that SRP develops and initiates siting research that considers collaborative community engagement, land, resources and transmission, and distribution to proactively identify, prepare, and preserve options for feasible sites for future system infrastructure. He said that this action aligns with the following system strategies: partnerships and suppliers, capacity investments, energy investments, proactive transmission, and distribution innovation.

### ISP Action No. 10: Regional Transmission

Mr. B.K. Nielsen stated that SRP is pursuing transmission projects that would enable it to access diverse renewable resource options beyond solar, such as wind and geothermal, and engage with project developers, as appropriate. In conclusion, he said that this action aligns with the following system strategies: capacity investments, energy investments, proactive transmission, distribution innovation, and partnerships and suppliers.

Mmes. A.N. Bond Simpson and V.P. Kisicki; Messrs. D.W. Dreiling, B.K. Nielsen, B.A. Olsen, A.S. Peterson, and G.M. Smedley; and Nick Schlag of E3 responded to questions from the Board and Council.

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

### Conclusion

Jim M. Pratt, SRP General Manager and Chief Executive Officer, thanked all participants for their presentations.

There being no further business, the meeting adjourned at 12:18 p.m.

John M. Felty  
Corporate Secretary





MINUTES  
BOARD OF DIRECTORS  
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT  
DRAFT

September 11, 2023

In accordance with a written order and call signed by the President of the Salt River Project Agricultural Improvement and Power District (the District) and filed with Corporate Secretary J.M. Felty, a meeting of the Board of Directors of SRP convened at 9:30 a.m. on Monday, September 11, 2023, from the Board 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. The District and Salt River Valley Water Users' Association (the Association) are collectively known as SRP.

President D. Rousseau called the meeting to order, and Corporate Secretary J.M. Felty entered into the minutes the order for the meeting, as follows:

Tempe, Arizona  
September 5, 2023

NOTICE OF MEETING

I, David Rousseau, the duly elected and qualified President of the Salt River Project Agricultural Improvement and Power District (the District), do hereby order a meeting of the Board of Directors to be held at 9:30 a.m. on Monday, September 11, 2023, from the Board Room at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona. The purpose of the meeting is to discuss, consider, or make decisions on the matters listed on the agenda.

WITNESS my hand this 5th day of September 2023.

/s/ David Rousseau  
President

Director R.C. Arnett offered the invocation. Corporate Secretary J.M. Felty led the Pledge of Allegiance.

Board Members present at roll call were President D. Rousseau; and Directors R.C. Arnett, N.R. Brown, M.J. Herrera, K.J. Johnson, A.G. McAfee, R.J. Miller, K.L. Mohr-Almeida, K.H. O'Brien, P.E. Rovey, J.M. White Jr., L.C. Williams, and K.B. Woods.

Board Members absent at roll call were Directors M.V. Pace and S.H. Williams.

Also present were District Vice President C.J. Dobson; Governor L.D. Rovey of the Association; Council Chairman T.M. Francis; Council Vice Chairman J.R. Shelton; Customer Utility Panel Chair M.T. Hutchinson; Mmes. I.R. Avalos, M.J. Burger, A.J. Fitzpatrick, L.F. Hobaica, K.M. Libby, S.C. McCoy, L.A. Meyers, G.A. Mingura, D.D. Olaya, K.S. Ramaley, A. Rickard, and C.M. Sifuentes; Messrs. P.R. Bachman, J.D. Coggins, T. Cooper, J.M. Felty, K.J. Lee, A.J. McSheffrey, R. Navarro, M.J. O'Connor, B.A. Olsen, J.M. Pratt, P.B. Sigl, and R.R. Taylor; George Hammond of University of Arizona (UARizona); Martin Stiles of Central Arizona Project (CAP); and Brad Moore of Arizona Municipal Water Users Association (AMWUA).

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 meeting of the Board of Directors at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Friday, September 8, 2023.

### Safety Minute

Using a PowerPoint presentation, Sara C. McCoy, SRP Director of Risk Management, provided a safety minute regarding emergency evacuation instructions for the SRP Public Administration Building.

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. S.C. McCoy left the meeting.

### Customer Utility Panel (CUP) Chair's Report

CUP Chair M.T. Hutchinson reported on discussions held at the August 24, 2023 CUP meeting.

CUP Chair M.T. Hutchinson left the meeting.

### Consent Agenda

President D. Rousseau requested a motion for Board approval of the Consent Agenda, in its entirety, as presented.

On a motion duly made by Director M.J. Herrera and seconded by Director R.C. Arnett, the Board unanimously approved and adopted the following item on the Consent Agenda:

- A. Approval of the minutes for the meetings of August 7 and August 10, 2023
- B. Approval of the Monthly Cash Statements for June and July 2023 (recommended by the Finance and Budget Committee on August 22, 2023)

- C. Approval to contribute \$40,000 to the Arizona Educational Foundation to support the 2023 40th Anniversary and a one-time increase to help celebrate teacher excellence in Pre-K through 12th grade public education (recommended by the Community Relations Committee on August 22, 2023)
- D. Approval to contribute \$40,000 to the United Food Bank to support the 2024 Annual Friends of United Food Bank Breakfast and the Emergency Hunger Relief Services (recommended by the Community Relations Committee on August 22, 2023)
- E. Approval to contribute \$45,000 to A New Leaf to support shelter programs, the Volunteer Income Tax Assistance (VITA) Program, and annual fundraising events (recommended by the Community Relations Committee on August 22, 2023)
- F. Approval to contribute \$45,000 to UMOM New Day Centers Inc. to support the Family Emergency Shelter Program and the annual fundraiser (recommended by the Community Relations Committee on August 22, 2023)
- G. Approval to contribute \$50,000 to St. Mary's Food Bank for the purchase of three swamp coolers to replace old, broken-down units at the Knight Center in Phoenix (recommended by the Community Relations Committee on August 22, 2023)
- H. Approval to contribute \$66,774 to the University of Arizona Foundation to support the ENG102 Solar Tracker Project; Design Day Luncheon; ENGIneering Access, Greater Equity, and Diversity (ENGAGED) Program; Student STEM Clubs; and Endowed Scholarship program for Native American students in engineering (recommended by the Community Relations Committee on August 22, 2023)
- I. Approval to contribute \$25,000 to the "Invest in PHX" Committee for voter education and get-out-the-vote efforts with regards to the 2023 Phoenix General Obligation (GO) Bond (recommended by the Community Relations Committee on August 22, 2023)

Corporate Secretary J.M. Felty polled the Directors on Director M.J. Herrera's motion to approve the Consent Agenda, in its entirety. The vote was recorded as follows:

|            |                                                                                                                                                                                                                              |     |
|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| YES:       | President D. Rousseau; and Directors R.C. Arnett, N.R. Brown, (13)<br>M.J. Herrera, K.J. Johnson, A.G. McAfee, R.J. Miller,<br>K.L. Mohr-Almeida, K.H. O'Brien, P.E. Rovey, J.M. White Jr.,<br>L.C. Williams, and K.B. Woods |     |
| NO:        | None                                                                                                                                                                                                                         | (0) |
| ABSTAINED: | None                                                                                                                                                                                                                         | (0) |
| ABSENT:    | Directors M.V. Pace and S.H. Williams                                                                                                                                                                                        | (2) |

Copies of the handouts distributed are on file in the Corporate Secretary's Office and,

by reference, made a part of these minutes.

### 2023 SRP Boosters Campaign

Using a PowerPoint presentation, Alaina J. Fitzpatrick, SRP Manager of Facility Development and SRP Employee Boosters Association President, discussed the 2022 Annual Fundraising Campaign success for SRP Employee Boosters and the 2023 campaign goals. She provided a video regarding employee participants in the Boosters program.

Ms. A.J. Fitzpatrick responded to questions from the Board.

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.

Director S.H. Williams entered the meeting. Mmes. A.J. Fitzpatrick and D.D. Olaya left the meeting.

### Economic Outlook

Using a PowerPoint presentation, Bobby A. Olsen, SRP Associate General Manager and Chief Planning, Strategy, and Sustainability Executive, stated that the purpose of the presentation was to provide information regarding the national and local economic outlook and a brief overview of the economic implications relevant to SRP. He introduced George Hammond, Ph.D. Director of the Economic and Business Research Center in the Eller College of Management at UArizona. Mr. G. Hammond reviewed the overall performance of the national and local economies detailing the following: Phoenix area inflation; Phoenix area housing affordability; Phoenix labor market; baseline U.S. forecast calls for a soft landing without a U.S. recession; and Arizona's lead in national economic growth.

Continuing, Paul R. Bachman, SRP Senior Corporate Economist, detailed the economic implications for SRP. He said that the local economic trends indicate continued vigorous load growth. Mr. P.R. Bachman explained that the tight labor market creates opportunity for higher living standards for some of SRP's residential customers, but the benefits could be spread unevenly across our customer base. He concluded with an overview of the challenges posed by housing affordability, education levels, and infrastructure.

Messrs. P.R. Bachman and G. Hammond responded to questions from the Board.

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.

Messrs. P.R. Bachman; and George Hammond of UArizona left the meeting. Ms. A. Rickard left the meeting during the presentation.

### Report of the Water Committee Meeting of August 15, 2023

Governor L.D. Rovey of the Association reported that Management, at the Water Committee meeting of August 15, 2023, requested approval to authorize the Associate General Manager and Chief Water Resources and Services Executive, President, Vice President, or General Manager and Chief Executive Officer to execute 1) the Temporary Standpipe Well Agreement between EPCOR and SRP; 2) the Amended and Restated Agreement for upstream exchange of Central Arizona Project water and other matters between EPCOR and SRP; and 3) any subsequent amendments to such agreements that do not materially modify the terms of the agreements. He said that the new agreements between SRP and EPCOR are intended to 1) protect SRP shareholder surface and subsurface water rights; 2) limit EPCOR's allowable pumping; 3) extend the term of the exchange for two 50-year terms for a total of 100 years; and 4) protect SRP's water supply as EPCOR seeks a temporary solution for RVF through a standpipe well and eventually incorporate it into the amended exchange agreement.

On a motion duly made by Director K.B. Woods, seconded by Director L.C. Williams and carried, the Board granted approval, as recommended by the Water Committee.

Corporate Secretary J.M. Felty polled the Directors on Director K.B. Woods' motion for approval. The vote was recorded as follows:

|            |                                                                                                                                                                                                                                |     |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| YES:       | President D. Rousseau; and Directors R.C. Arnett, N.R. Brown, (13)<br>M.J. Herrera, K.J. Johnson, A.G. McAfee, K.L. Mohr-Almeida,<br>K.H. O'Brien, P.E. Rovey, J.M. White Jr., L.C. Williams,<br>S.H. Williams, and K.B. Woods |     |
| NO:        | Director R.J. Miller                                                                                                                                                                                                           | (1) |
| ABSTAINED: | None                                                                                                                                                                                                                           | (0) |
| ABSENT:    | Director M.V. Pace                                                                                                                                                                                                             | (1) |

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

Ms. K.M. Libby; and Mr. T. Cooper left the meeting during the report.

### Report of the Compensation Committee Meeting of August 15, 2023

Director R.C. Arnett reminded the Board that in 2012, the Board had amended the SRP Employees' Retirement Plan (the Plan) and the SRP Employees' 401(k) Plan (401(k) Plan) documents to name the Compensation Committee as fiduciary of the Plan and 401(k) Plan and to authorize the Committee to make all necessary investment decisions for the Plan and 401(k) Plan. He reported that Management, at the Compensation Committee meeting of August 15, 2023, received authorization to replace the current T. Rowe Price Growth Stock Fund Tr-B with the separately managed account; and

authorization for the Treasurer or his designee to enter into the investment management agreements and other necessary documents related to the transition.

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

#### Report of the Finance and Budget Committee Meeting of August 22, 2023

Director L.C. Williams reported that Management, at the Finance and Budget Committee meeting of August 22, 2023, requested approval to authorize the President, Vice President, General Manager and Chief Executive Officer or Associate General Manager and Chief Financial Executive, or a designee to execute 1) a five-year software agreement with SAP Industries, Inc. to support the Customer Modernization Program and 2) any subsequent amendments to such agreement that do not materially modify the terms of such agreement. He said that SAP Industries, Inc. provides solutions and technology to support customer modernization via subscription-based cloud software. The five-year agreement with SAP Industries, Inc. would begin in Fiscal Year 2024 (FY24) with a total cost of \$5,192,950.

On a motion duly made by Director L.C. Williams, seconded by Director R.C. Arnett and carried, the Board granted approval, as recommended by the Finance and Budget Committee.

Corporate Secretary J.M. Felty polled the Directors on Director L.C. Williams' motion for approval. The vote was recorded as follows:

|            |                                                                                                                                                                                                                                             |     |
|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| YES:       | President D. Rousseau; and Directors R.C. Arnett, N.R. Brown, (14)<br>M.J. Herrera, K.J. Johnson, A.G. McAfee, R.J. Miller,<br>K.L. Mohr-Almeida, K.H. O'Brien, P.E. Rovey, J.M. White Jr.,<br>L.C. Williams, S.H. Williams, and K.B. Woods |     |
| NO:        | None                                                                                                                                                                                                                                        | (0) |
| ABSTAINED: | None                                                                                                                                                                                                                                        | (0) |
| ABSENT:    | Director M.V. Pace                                                                                                                                                                                                                          | (1) |

#### Executive Session: SRP v. ACC

President D. Rousseau requested a motion to enter into executive session of the Board of Directors, pursuant to A.R.S. §38-431.03(A)(3) and (A)(4), to provide an update and to have discussion or consultation with attorneys for legal advice regarding the Sierra Club's appeal of the Certificate of Environmental Compatibility (CEC) related to SRP's Coolidge Expansion Project (CEP), Sierra Club v. Arizona Corporation Commission (ACC), Maricopa County Superior Court CV-2023-013467.

On a motion duly made by Director J.M. White Jr., seconded by Director S.H. Williams and carried, the District Board convened into executive session at 10:49 a.m.

Corporate Secretary J.M. Felty polled the Directors on Director J.M. White Jr.'s motion to enter into executive session. The vote was recorded as follows:

|            |                                                                                                                                                                                                                                             |     |
|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| YES:       | President D. Rousseau; and Directors R.C. Arnett, N.R. Brown, (14)<br>M.J. Herrera, K.J. Johnson, A.G. McAfee, R.J. Miller,<br>K.L. Mohr-Almeida, K.H. O'Brien, P.E. Rovey, J.M. White Jr.,<br>L.C. Williams, S.H. Williams, and K.B. Woods |     |
| NO:        | None                                                                                                                                                                                                                                        | (0) |
| ABSTAINED: | None                                                                                                                                                                                                                                        | (0) |
| ABSENT:    | Director M.V. Pace                                                                                                                                                                                                                          | (1) |

Director K.L. Mohr-Almeida; Martin Stiles of CAP; and Brad Moore of AMWUA left the meeting.

The Board convened into open session at 11:11 a.m. with the following Members and others present: President D. Rousseau; District Vice President C.J. Dobson; Directors R.C. Arnett, N.R. Brown, M.J. Herrera, K.J. Johnson, A.G. McAfee, R.J. Miller, K.L. Mohr-Almeida, K.H. O'Brien, P.E. Rovey, J.M. White Jr., L.C. Williams, S.H. Williams, and K.B. Woods; Governor L.D. Rovey of the Association; Council Chairman T.M. Francis; Council Vice Chairman J.R. Shelton; Mmes. I.R. Avalos, M.J. Burger, L.F. Hobaica, L.A. Meyers, G.A. Mingura, K.S. Ramaley, and C.M. Sifuentes; and Messrs. J.D. Coggins, J.M. Felty, K.J. Lee, A.J. McSheffrey, R. Navarro, M.J. O'Connor, B.A. Olsen, J.M. Pratt, P.B. Sigl, and R.R. Taylor.

Director K.L. Mohr-Almeida; Martin Stiles of CAP; and Brad Moore of AMWUA entered the meeting.

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

Using a PowerPoint presentation, Jim M. Pratt, SRP General Manager and Chief Executive Officer, reported on a variety of federal, state, and local topics of interest to the District. Rob R. Taylor, SRP Associate General Manager and Chief Public Affairs and Corporate Services Executive, reported the number of scholarships for the Randolph Community.

Directors R.C. Arnett, A.G. McAfee, and K.H. O'Brien; and Ms. C.M. Sifuentes left the meeting during the report. Council Member M.B. Brooks entered the meeting during the report.

#### Status of Power System

Using a PowerPoint presentation, John D. Coggins, SRP Associate General Manager and Chief Power System Executive, provided an update on the SRP's power system. He provided an overview of the summer peak load and a summary of August operations. Mr. J.D. Coggins provided an update on Monsoon storm damage from



August 31, 2023, a cracked cable issue at Parlett Substation, and the status of the Navajo Generating Station decommissioning. He reported that Kyrene Generating Station received a safety recognition from the Voluntary Protection Program for substation design, construction, and maintenance.

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.

#### Status of Financial and Information Services

Using a PowerPoint presentation, Aidan J. McSheffrey, SRP Associate General Manager and Chief Financial Executive, reviewed the combined net revenue (CNR) for the fiscal year-to-date, the financial highlights for the month of July, and the status of collections through July 2023 within the Fuel and Purchased Power Adjustment Mechanism (FPPAM). He reviewed the preliminary retail energy sales for FY24 and provided a summary of wholesale net revenue for August. Mr. A.J. McSheffrey concluded with a review of SRP's FY24 bond sale and new money deal.

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

#### Status of Water Resources

Using a PowerPoint presentation, Leslie A. Meyers, SRP Associate General Manager and Chief Water Resources Executive, provided an update on water resources. She provided an update on the Arizona Governor's Water Policy Council, including its focus areas and objectives, Assured Water Supply Committee and Rural Groundwater Management Committee meeting recaps, and upcoming meetings. She concluded with an update on the Grand Canalscape project and an update on the Roosevelt flood control process.

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

Mr. T.E. Skarupa entered the meeting.

#### Reservoir and Weather Report

Using a PowerPoint presentation, Tim E. Skarupa, SRP Manager of Watershed Management, reviewed the cumulative watershed precipitation outlook from October 2022 to September 2023; rainfall for Monsoon Season 2023-to-date; and the average daily Monsoon Season temperature from 2019 to 2023. He reviewed the reservoir storage data for the Salt River, Verde River, C.C. Cragin Reservoir, Lake Pleasant, San Carlos Reservoir, and Upper and Lower Colorado River Basin systems as of September 1, 2023. Mr. T.E. Skarupa discussed the surface runoff and pumping data for August 2023

and year-to-date.

Continuing, Mr. T.E. Skarupa provided a review of Lake Powell inflow from April 2023 through July 2023. He concluded by providing a seven-day precipitation forecast and a review of the seasonal percent of normal precipitation outlook from October 2023 through December 2023.

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

Council Chairman's Report

There was no report from Council Chairman T.M. Francis.

President's Report/Future Agenda Topics

President D. Rousseau asked the Board if there were any future agenda topics. None were requested.

There being no further business to come before the Board, the meeting was adjourned at 12:25 p.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> |



**RESOLUTION OF THE BOARD OF DIRECTORS OF SALT RIVER PROJECT  
AGRICULTURAL IMPROVEMENT AND POWER DISTRICT  
AUTHORIZING THE SALE OF APPROXIMATELY 1.42 ACRES OF DISTRICT  
OWNED EXCESS LAND, LOCATED IN COCONINO COUNTY, ARIZONA**

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE  
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT AS  
FOLLOWS:**

The sale of excess land identified in "Exhibit A" attached hereto ("Property") by the Salt River Project Agricultural Improvement and Power District (the "District") to America First Credit Union, a federally chartered credit union ("Buyer"), is hereby approved; and

The President, David Rousseau, and Vice President, Christopher J. Dobson, of the District be, and each is hereby authorized and directed, in the name and on behalf of the District, to execute and deliver a Special Warranty Deed ("Deed") for the Property; and

The Senior Director, Manager, and Staff of the Land Department are hereby authorized and directed, in the name and on behalf of the District, to execute and deliver any and all documents, except the Deed, which are necessary or advisable to fulfill the purpose and intent of the Board approved terms and conditions of the Agreement, and carry into effect the intent of this Resolution.

## EXHIBIT A

## LEGAL DESCRIPTION OF THE REAL PROPERTY

Tract 40 N-20-1 of that minor subdivision, Instrument #3975015, records of Coconino County, Arizona.

A portion of Section 5, Township 40 North, Range 9 East of the Gila and Salt River Base and Meridian, Coconino County, Arizona, further described as follows:

**COMMENCING** at the Southwest corner of Section 32, Township 41 North, Range 9 East of the Gila and Salt River Base and Meridian, Coconino County, Arizona, being a BLM brass cap stamped "1959";

THENCE South 35° 16' 04" West, a distance of 577.31 feet (South 35° 15' 54" West, a distance of 577.18 feet record per Docket 1047, Page 18 hereinafter referred to as **record**) to the Southerly right-of-way line of Haul Road, a found brass cap in concrete with no markings, and the **POINT OF BEGINNING**;

THENCE along a 1,101.92 foot radius curve concave Southwesterly, a radial from this curve bears South 04° 30' 53" West (South 04° 30' 24" West **record**) through a central angle of 20° 35' 31", an arc distance of 396.03 feet to a set 1/2 inch rebar with brass cap stamped "SRP LS 32224";

THENCE South 27° 31' 13" West, a distance of 147.52 feet to a set 1/2 inch rebar with brass cap stamped "SRP LS 32224";

THENCE South 50° 47' 08" West, a distance of 153.00 feet to a set 1/2 inch rebar with brass cap stamped "SRP LS 32224" on the Easterly line of Doland Sports Complex per Case 4, Map 140 and Book 9, Page 53;

THENCE North 30° 35' 52" West (North 30° 36' 04" West **record**), a distance of 381.35 feet along the Easterly line of said Doland Sports Complex (City of Page Ranchette Estates Unit V **record**) to the **POINT OF BEGINNING**.

Containing 1.42 acres, more or less.

**END OF DESCRIPTION**





**RESOLUTION OF THE BOARD OF DIRECTORS OF SALT RIVER PROJECT  
AGRICULTURAL IMPROVEMENT AND POWER DISTRICT  
AUTHORIZING THE AMENDMENT OF THE PAPAGO PARK CENTER GROUND  
LEASE AND MUTUAL TERMINATION OF THE GROUND SUBLEASE OF THE  
PROPERTY LOCATED AT 1667. N. PRIEST DRIVE.**

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE  
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT AS  
FOLLOWS:**

The amendment of the Amended and Restated Papago Park Center Ground Lease (“Master Ground Lease”) by the Salt River Project Agricultural Improvement and Power District (the "District" or “Lessor”) and Papago Park Center, Inc. (“PPC” or “Lessee”) and the mutual termination of the Ground Sublease (“Sublease”) of the property located at 1667 N. Priest Dr. by the District as Assignee and PPC as the Landlord, is hereby approved; and

The President, David Rousseau, and Vice President, Christopher J. Dobson, and the Senior Director of the Land Department of the District be, and each is hereby authorized and directed, in the name and on behalf of the District, to execute and deliver any and all documents, which are necessary or advisable to fulfill the purpose and intent of the Board approval, and carry into effect the intent of this Resolution.



# **Salt River Project Employees' Retirement Plan**

## **Asset Allocation and Investment Policy Statement**

### **Compensation Committee**

Chalsee Haraldsen | September 19, 2023

# Summary of Asset Allocation Recommendation

- Periodic review of Retirement Plan's asset allocation policy conducted by SRP Management and CAPTRUST
- Rise in discount rates support increasing the Plan's Liability Driven Investment (LDI) mandate
- Recommend reduction in Opportunistic Platform from 15% to 10%
- Recommend increase in LDI mandate from 25% to 30%
- Maintain long-term expected rate of return + reduction in funded status volatility
- Any additional increases in LDI mandate may be beneficial to the Plan in terms of "locking in" funded status gains and reducing downside risk

# Retirement Plan Investment Policy Statement

## IV. Asset Allocation Policy

| CURRENT            |             |
|--------------------|-------------|
| Asset Class        | Weight      |
| U.S. Equity        | 30%         |
| Non-U.S. Equity    | 20%         |
| Hedge Funds        | 15%         |
| Fixed Income (LDI) | 25%         |
| Real Estate        | 10%         |
| <b>Total</b>       | <b>100%</b> |

| RECOMMENDED        |             |
|--------------------|-------------|
| Asset Class        | Weight      |
| U.S. Equity        | 30%         |
| Non-U.S. Equity    | 20%         |
| Hedge Funds        | 10%         |
| Fixed Income (LDI) | 30%         |
| Real Estate        | 10%         |
| <b>Total</b>       | <b>100%</b> |

# Timeline

| Timing         | Action                                                                                                                                                                                                                                                      |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| September 2023 | <ul style="list-style-type: none"><li>• Recommend asset allocation policy and seek approval to reallocate assets to reduce Opportunistic platform to 10% and increase Liability Driven Investment mandate to 30%</li></ul>                                  |
| Q4 2023        | <ul style="list-style-type: none"><li>• Strategic Reallocation Plan</li><li>• Notify investment managers within Opportunistic Platform of redemptions, as applicable<ul style="list-style-type: none"><li>– Various redemption policies</li></ul></li></ul> |
| Q1-Q2 2024     | <ul style="list-style-type: none"><li>• Reallocation to new asset allocation policy complete</li></ul>                                                                                                                                                      |

# Approval and Recommendation

Management requests the Compensation Committee approve the following:

- Approve the recommended Asset Allocation Policy
- Adopt the recommended Investment Policy Statement for the Retirement Plan
- Authorize the Treasurer or his designee to enter into the investment management agreements and other necessary documents, as needed, related to the reallocation of assets
- The Compensation Committee is the named Fiduciary of the SRP Employees' Retirement Plan and is authorized to make this change



**thank you!**



# **Salt River Project Employees' Retirement Plan**

## **Compensation Committee**

**Chalese Haraldsen, SRP | Tim Egan and Ellen Martel, CAPTRUST**

**September 19, 2023**

# Marshall Wace Background

- Hired in December 2019
- Represents 1 of 4 managers in Opportunistic Platform within the Retirement Plan
- Leading global alternative investment manager that specializes in long/short equity
- Combines fundamental investing and quantitative strategies in pursuit of delivering strong risk-adjusted returns, net of fees
- Announced increase in investment management fee of up to 0.75% effective October 1, 2023; increases SRP fee from 1.50% to a maximum of 2.25%

# Hedge Fund Market Overview

- Dichotomy in today's hedge fund universe between larger and smaller firms
  - Largest firms have strong AUM growth and ability to leverage success to increase fees and hire top talent from other firms
  - Smallest firms have stagnant to declining AUM, are under pressure to lower fees and face challenges attracting aspiring managers
- More aspiring investment managers implementing additional fees to compete for talent and ultimately investment returns
- Average fees for firms that implement additional compensation fees has climbed to 1.5% - 2.5% range

# Considerations

- Current line-up provides style diversification and access to top-tier firms
- Hedge fund market is limited in terms of access to quality and comparable investment styles
- Alternative option is to remove Marshall Wace and equalize assets between 3 remaining hedge fund managers, subject to redemption periods and availability

| Manager                | Investment Management Fee | Incentive / Performance Fee | Status                        |
|------------------------|---------------------------|-----------------------------|-------------------------------|
| Wellington Archipelago | 0.90%                     | 20%                         | Open                          |
| Select Equity Group    | 1.00%                     | 20%                         | Soft Close                    |
| Southpoint             | 1.50%                     | 20%                         | Open                          |
| Marshall Wace          | 1.50%                     | 20%                         | Closed to New Investors/Flows |

# Conclusion

- While the new Marshall Wace proposed fee agreement is above market for other industry peers and a step-up from the prior arrangement, Management and CAPTRUST believe Marshall Wace continues to be a top-tier investment manager and retain conviction in the Eureka strategy
  - Above average risk-adjusted returns since inception, net of fees
  - Unique make-up of fundamental portfolio managers and individual traders

# Approval and Recommendation

Management requests the Compensation Committee approve the following:

- Approve Marshall Wace's investment management fee increase
- Authorize the Treasurer or his designee to enter into the investment management agreements and other necessary documents, as needed, related to new investment management fee
- The Compensation Committee is the named Fiduciary of the SRP Employees' Retirement Plan and is authorized to make this change



**thank you!**





September 27, 2023

Salt River Project  
1500 N. Mill Avenue  
Tempe, AZ 85288

RE: Integrated System Plan and Stakeholder Engagement

Salt River Project and Board,

The Arizona Solar Energy Industries Association (AriSEIA) requested to be a part of the Integrated System Plan (ISP) stakeholder group in 2022. That request was denied. AriSEIA also requested to be included in the Sustainability Advisory Council and, to date, that has also not been granted. It is unclear why AriSEIA continues to be excluded from all formal SRP stakeholder processes. Therefore, AriSEIA submits the following comments on Item 4 of the October 2<sup>nd</sup> Board Meeting:

SRP should be required to issue All Source Requests for Proposals (ASRFPs) for all major procurements of generating resources. Those ASRFPs should be vetted through the ISP stakeholder process, as Arizona Public Service (APS) has started to do. The ISP stakeholder process should not exclude stakeholders that request inclusion, especially if they are well established organizations that participate in the resource planning processes of every other major utility in the state. Additionally, no stakeholder process should purposely exclude an entire stakeholder segment, such as renewable energy organizations. Such a stance needlessly excludes valuable expertise from what should be a technically robust process. Meetings should also be virtual or hybrid. In person meetings, such as has been the case for the last two, exclude many stakeholders. Stakeholders that are out of the Phoenix metro area, have small children, or cannot devote multiple hours to commuting to and from SRP are excluded. The other major utilities all have remote options for stakeholder participation.

Further, the ISP stakeholder process should be meaningful. There should be an exchange of information in both directions and the utility should be willing to make modifications based on stakeholder feedback, run requested portfolios, and provide the modeling inputs and results to stakeholders. Board members should familiarize themselves with the Arizona Corporation Commission (ACC) Integrated Resource Plan (IRP) process and should hold SRP to a similar standard, as you all serve as the regulator of SRP.

SRP has been holding meetings on the ISP for more than two years. The board should be voting on a resource plan, not three vague slides called “strategies.” That is not adequate oversight of an unregulated monopoly. The “strategies” provide no meaningful information as to what the utility plans to do regarding RFPs, procurement, or implementation of their sustainability goals. The

2017-2019 resource plan was much more detailed and it completely neglected major procurements, such as the Coolidge expansion.

SRP is the only major utility in the state that does not have an exit date for all coal; does not have a mass based carbon emissions goal; and has pursued major gas plant expansions that were never in a resource plan or RFP. The board should demand that the company do better. You are the only oversight on the second largest utility in the state.

Sincerely,

/s/ Autumn T. Johnson

*Executive Director*

**AriSEIA**

(520) 240-4757

[autumn@ariseia.org](mailto:autumn@ariseia.org)



September 29, 2023

Dear Salt River Project (SRP) Board and Management,

**Re: Agenda Item #4: SWEEP Comments on SRP Integrated System Plan (ISP) Strategies with Recommended Modifications**

On behalf of the Southwest Energy Efficiency Project (SWEEP), we appreciate the opportunity to comment on the Integrated System Plan (ISP) and Management's proposed ISP Strategies. As active members of SRP's ISP Advisory Council, we want to thank the ISP team for recognizing that the evolving customer grid, coal transition planning, and regional transmission are not only essential activities but paramount to the future success of SRP's system while ensuring all communities are a part of the clean energy transition.

**SWEEP can support the adoption of the proposed ISP Strategies exclusively with three modifications discussed below.**

**I. THE BOARD MUST DIRECT MANAGEMENT TO CONDUCT THE ISP PROCESS ANNUALLY TO BE KEPT ABREAST OF CHANGING MARKET CONDITIONS.**

We recognized the significant undertaking of the first iteration of the ISP, and SWEEP appreciates the progress made thus far. However, progress on the ISP Strategies will achieve better results if the ISP is re-evaluated annually. Undoubtedly, SRP – and the utility industry – is evolving at an unprecedented pace. Resource planning decisions must happen more often because the industry is achieving supply- and demand-side technology advancements faster than ever. Other states have recognized this need as well, with 14 states updating their Integrated Resource Plans at least every two years.<sup>1</sup> Significant changes to SRP's projected load growth in recent years also indicate the need for re-evaluation more often.

Conducting the ISP annually would allow SRP to stay current with the evolving energy landscape and ensure SRP can adapt in response to shifting marketing conditions. Unprecedented load growth will require new tactics to achieve the same reliability without compromising affordability and sustainability. One example approach could be evaluating what technologies are defined to provide firm capacity for the electric system, which has been a central discussion point throughout the ISP process. The ISP states that new firm capacity options are needed to satisfy reliability requirements under a high-load growth scenario.<sup>2</sup> As discussed in ISP Advisory Council meetings, some customer programs, like "updating the building envelope in energy efficiency," **count as a firm capacity option for its ability to avoid peak capacity over time.**<sup>3</sup> SRP should amend its

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<sup>1</sup> "Integrated Resource Planning in the U.S. Overview,"

[https://eta-publications.lbl.gov/sites/default/files/sc\\_commission\\_day\\_1\\_irps\\_in\\_us\\_review\\_of\\_requirements\\_final.pdf](https://eta-publications.lbl.gov/sites/default/files/sc_commission_day_1_irps_in_us_review_of_requirements_final.pdf)

<sup>2</sup> 9/21/2023 Power Committee Supplemental Materials

[https://www.srpnet.com/assets/srpnet/pdf/about/governance-leadership/district-meetings/20230921\\_Power\\_packet.pdf](https://www.srpnet.com/assets/srpnet/pdf/about/governance-leadership/district-meetings/20230921_Power_packet.pdf)

<sup>3</sup> See Page 8, "Integrated System Plan Advisory Group Meeting #12- Summary,"

[https://www.srpnet.com/assets/srpnet/pdf/grid-water-management/grid-management/isp/ISP\\_Advisory\\_Group\\_Meeting\\_12\\_Summary.pdf](https://www.srpnet.com/assets/srpnet/pdf/grid-water-management/grid-management/isp/ISP_Advisory_Group_Meeting_12_Summary.pdf).

definition of firm capacity to maintain affordability, which will only happen in an ISP investigation context.

In summary, annual resource planning for electric utilities is essential to adapt to changing market conditions, optimize resource allocation, manage risks, control costs, and meet customer and environmental goals. We strongly encourage the Board to require annual ISP evaluations so SRP can stay competitive and resilient in a rapidly evolving energy landscape.

## **II. THE BOARD MUST DIRECT STAFF ONLY TO CONDUCT COMPETITIVE, ALL-SOURCE REQUEST FOR PROPOSALS (ASRFP) THAT IS VETTED BY SRP STAKEHOLDERS AND THIRD-PARTY SUBJECT MATTER EXPERTS.**

To ensure the selection of the most economically competitive option to meet system needs, it is a best practice for a utility to issue a competitive ASRFP overseen by an independent monitor, especially in an environment where technologies and costs are rapidly changing (as they are now). Conducting an industry-standard ASRFP process assures SRP customers that resources are *not* arbitrarily selected, which may result in higher costs. There are several reasons why SRP should exclusively utilize ASRFPs for resource acquisition, including achieving an optimal energy mix based on cost, reliability, and sustainability. ASRFPs can also offer more competitive pricing<sup>4</sup>, risk mitigation, and improvements to long-term resiliency and grid reliability. An ASRFP also provides flexibility to adapt to changing market conditions and emerging technologies. SRP must conduct a competitive, all-source RFP to identify the least cost option to meet its resource needs, and one of its latest bidding processes resulted in ***dozens*** of competitive resource options.<sup>5</sup> SWEEP also believes an ASRFP process vetted by stakeholders and subject matter experts will deliver better market-driven results, as already being realized in states like Colorado.<sup>6</sup>

## **III. SRP SHOULD PRIORITIZE ISP STRATEGIES THAT EXPLORE CUSTOMER PROGRAMS THAT CAN SAVE RATEPAYERS MONEY.**

We congratulate SRP on its successful, nationally recognized demand-side management programs. These programs have saved customers hundreds of millions of dollars while delivering energy and capacity at the lowest cost.

However, in today's energy landscape, utilities and policymakers must prioritize energy efficiency programs tailored to the unique needs of customers with a high energy burden, while also taking advantage of federal funding and tax credits enabled by the Inflation Reduction Act.<sup>7</sup> While the ISP Strategies to “Refresh Customer Programs” is a good start, we believe a more significant

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<sup>4</sup> “Xcel’s record-low-price procurement highlights benefits of all-source competitive solicitations,” <https://www.utilitydive.com/news/xcel-s-record-low-price-procurement-highlights-benefits-of-all-source-compe/600240>.

<sup>5</sup> See February 24th, 2022 Power Committee Materials, <https://www.srpnet.com/about/boardagenda/AgendaPage.aspx?DocID=62940&Secondary=true>.

<sup>6</sup> “Making The Most Of The Power Plant Market: Best Practices For All-Source Electric Generation Procurement,” <https://energyinnovation.org/wp-content/uploads/2020/04/All-Source-Utility-Electricity-Generation-Procurement-Best-Practices.pdf>.

<sup>7</sup> Energy burden is defined as the percentage of gross household income spent on energy costs. <https://www.energy.gov/scep/slsc/low-income-community-energy-solutions#:~:text=Energy%20burden%20is%20defined%20as,which%20is%20estimated%20at%203%25>.

action must be taken to guarantee that demand-side resources are developed to avoid unnecessarily building out the system as much as possible. Specifically, we encourage SRP to consider ways to expand its DSM programs for customers so they can better manage soaring utility costs, as well as low-income weatherization and rehabilitation programs that help customers with the highest energy burden. In addition, it will be important to evolve SRP's programs to align with the Home Energy Rebate programs to maximize the benefit of federal dollars.

**In conclusion, we look forward to continued collaboration with SRP Management and Staff as you implement SRP ISP strategies with the three recommendations we have made above.**

Respectfully submitted this 29th day of September 2023 by:



Caryn Potter  
Arizona Representative  
SWEEP  
[cpotter@swenergy.org](mailto:cpotter@swenergy.org)

cc:  
Jim Pratt  
Bobby Olsen  
Angie Bond Simpson  
Daniel Dreiling  
Grant Smedley







Grand Canyon Chapter • 514 W. Roosevelt St. • Phoenix, AZ 85003  
Phone: (602) 253-8633 • Email: [grand.canyon.chapter@sierraclub.org](mailto:grand.canyon.chapter@sierraclub.org)

September 29, 2023

Board and Management  
Salt River Project  
1500 N. Mill Avenue  
Tempe, AZ 85288  
Sent via email to [john.felty@srpnet.com](mailto:john.felty@srpnet.com)

**Re: Proposed Integrated System Plan Strategies must be rejected and revised**

Dear SRP Management and Board of Directors:

On behalf of Sierra Club's Grand Canyon (Arizona) Chapter and our 34,000 members and supporters, including the thousands who are Salt River Project (SRP) ratepayers, we want to express our disappointment and deep concern about the proposed Integrated System Plan (ISP) Strategies and the portfolio upon which they are predicated, as well as the process for developing them. After two years, you would think that more information and actual engagement would have occurred, and that the Board could have found time to hear directly from Sierra Club regarding the Alternative Resource Plan prepared by Strategen<sup>1</sup>, what we call the People's Energy Plan, and how it could address SRP's energy needs. Instead, after months of requesting an opportunity to present to the Board, we see broad strategies and no preferred portfolio, just a likely portfolio identified as the "Balanced System Plan" and that the SRP ISP team did not even consider our clean portfolios, indicating there was a gap, but with an inadequate explanation of how they determined that.

SRP failed to really consider what an affordable, clean, and reliable power grid should look like in the future. It is the only major utility in Arizona with no retirement date for one of its coal units and the utility with the weakest carbon goals. It is the only utility in Arizona planning for excessive amounts of gas, the 2000 megawatts included in the so-called "Balanced System Plan." Those 2000 MW do not even include the significant amounts of gas SRP wants to add at Coolidge and the additions at Agua Fria, Desert Basin, and Copper Crossing. It's as if SRP is unaware of how powerful a greenhouse gas methane is.

Gas plants emit greenhouse gases, primarily carbon, directly into the air when the gas is burned. However, extracting, processing, and transporting the gas to the power plant also have a climate

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<sup>1</sup><https://www.sierraclub.org/sites/www.sierraclub.org/files/2022-10/Alternative%20Resource%20Plan%20for%20SRP%20ISP%202022.pdf>

impact and can include leaks of methane – as much as 4% of fracked gas is lost to leakage<sup>2</sup>. Methane is a potent greenhouse gas, about 30 times as potent global warming potential over 100 years as carbon dioxide. When including the extracting, processing, and transporting portions of the process, it greatly increases the climate warming emissions associated with the gas plants that will be added should the board adopt these strategies and give management the rubber stamp on massive amounts of gas. According to a Global Methane Assessment released in 2021 by the Climate and Clean Air Coalition (CCAC) and the United Nations Environment Programme<sup>3</sup>, human-caused methane emissions can be reduced by up to 45 per cent this decade, avoiding nearly 0.3°C of global warming by 2045 and “would be consistent with keeping the Paris Climate Agreement’s goal to limit global temperature rise to 1.5 degrees Celsius (1.5°C) within reach.” SRP is not doing its part to ensure that.

Also problematic is the fact that the SRP ISP Strategies will result in maintaining the Springerville 4 Generating Station. According to the Clean Air Task Force’s Toll from Coal report<sup>4</sup>, the Springerville Generating Station emits 8,930,296 tons of CO<sub>2</sub> per year. While Springerville 4 is not responsible for all of those emissions, it is responsible for significant amounts and of course emits other pollutants as well.

We again urge you to look seriously at a path that provides a portfolio similar to what is outlined in the People’s Energy Plan<sup>5</sup>. The plan finds:

- Retiring and replacing SRP’s coal units with clean energy resources could save SRP customers \$390 million (net present value, 2023-2035) and 45 million tons of cumulative CO<sub>2</sub> emissions in the same period even prior to the extension of tax credits under the Inflation Reduction Act (IRA). Re-optimizing the Clean Replacement Portfolio to find the optimal timing of retirements given the new federal support for clean energy results in a significantly accelerated transition and saves an additional \$740 million while reducing CO<sub>2</sub> emissions by a total of 59 million tons.
- A more ambitious target that reduces CO<sub>2</sub> by 85% (from 2005 levels) by 2035 is feasible and can generate additional emission savings. The “Lower Carbon Scenario” portfolio results in cost savings of \$110 million and 49 million tons of CO<sub>2</sub> over the study period. Re-optimizing the portfolio to include the extended tax credits, the portfolio saves \$590 million and 63 million tons of CO<sub>2</sub>. This clean energy portfolio further protects customers from fossil fuel price spikes like those experienced in early 2022 by reducing reliance on gas generation from existing units as well.
- After including tax credit extensions enabled by the IRA, the least cost portfolio for SRP includes no new gas generating capacity.

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<sup>2</sup> The False Promise of Natural Gas, Philip J. Landrigan, M.D., Howard Frumkin, M.D., Dr.P.H., and Brita E. Lundberg, M.D., [January 9, 2020](#), N Engl J Med 2020; 382:104-107, DOI: 10.1056/NEJMp1913663, pg 105.

<sup>3</sup> <https://www.ccacoalition.org/resources/global-methane-assessment-full-report>

<sup>4</sup> [https://www.tollfromcoal.org/#/map/\(title:8223//detail:8223//map:8223/AZ\)](https://www.tollfromcoal.org/#/map/(title:8223//detail:8223//map:8223/AZ))

<sup>5</sup> <https://www.sierraclub.org/sites/www.sierraclub.org/files/2022-10/Alternative%20Resource%20Plan%20for%20SRP%20ISP%202022.pdf>



We urge you to revisit multiple areas of the Integrated System Plan that were not adequately considered, including adopting a stronger commitment to energy efficiency, the lowest-cost resource, committing to a coal retirement date for all coal units immediately, like your neighboring utility Arizona Public Service (APS) did three years ago<sup>6</sup>. SRP must also limit its excessive expansion of fossil gas for the benefit of its ratepayers and our communities. In the meantime, say no to these strategies and get on track with a clean energy future.

Sincerely,



Sandy Bahr  
Chapter Director  
Sierra Club – Grand Canyon Chapter







## Mark Lewis, Councilman SRP D7

8485 E. McDonald Dr. Ste. B55  
Scottsdale, AZ 85250

E-mail: [Mark@Waterresources.org](mailto:Mark@Waterresources.org)

Board and Council Presidents  
Salt River Project  
1500 Mill Ave,  
Phoenix, AZ 85281

10/1/2023

RE: Request for second opinion before committing \$11 billion dollars to rebuild the power system for a Zero Carbon agenda under the Salt River Project Power District, Integrated System Plan.

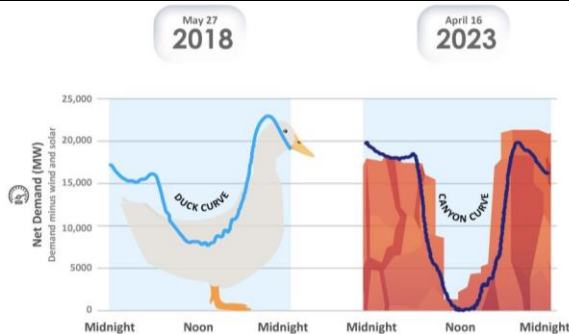
Dear SRP Board and Council presidents, and Director Woods,

The new SRP Electric Integrated System Plan (“ISP”) up for board approval has been rushed through without proper consideration and buy-in from the leadership at Salt River Project. Once more, in my opinion the consultant, has a history of making recommendations to power system regulators<sup>i</sup>, that do not prioritize low-cost resources that 40% of my customers want<sup>ii</sup>. We cannot double power bills to customers without a second opinion. My understanding is the current E3 plan increases residential rates from .11 cts Kwh to .22 cts a Kwh, which by itself is outrageous to my constituents.

For these reasons, and others I would ask that the board defer the approval of the ISP and obtain a second opinion from a 2nd consultant, that does not have a consulting history on power systems that results in massive power outages<sup>iii</sup>, increase peaking prices<sup>iv</sup>, and unreliable power supplies to large digital customers and low-income residents. All the board needs to do is look at California electric grid history to determine that this consultant does not have a low-cost consulting track record with system reliability and low-cost generation<sup>v</sup>. A second opinion is needed before the board approval of a \$11 billion reconstruction of the entire SRP Electric system.

Integrating variable renewables in the power system, now looks like a “canyon,” Arshad Mansoor, president, and CEO (EPRI), has warned<sup>vi</sup>.

Consultants for 2<sup>nd</sup> opinion. **Current opinion<sup>vii</sup>** is 17,200 MW of Solar + batteries made in China.



- Black and Veatch
- Scott Madden Energy Consulting
- EY Energy Group
- Hitachi Energy

**Renewable & storage additions under an aggressive federal clean energy requirement scenario:  
+17,200 MW**

Any one of these firms could provide advice and new modeling efforts to make sure that the SRP values and price impacts are minimized, without excess costs impacts to customers, while maintaining a low carbon solution for the future power grid in metro Phoenix. If you look at the actual grid performance in CAISO over time, you can see CA leadership & consultants’ recommendations make the Grid peaking system worse not better by over indexing renewables. EPRI CEO said as much.

Board and council leaders let's avoid the same mistakes that CAISO made with pricing and blackouts and get a second opinion.

We don't have any urgent crisis to solve, other than spending money on Zero Carbon agenda. Let's take our time, use reason and logic, and ask for another set of eyes on the modeling plans before committing to rebuild the entire SRP power system, using a model that makes the duck curve worse, and increase prices significantly to working class customers.

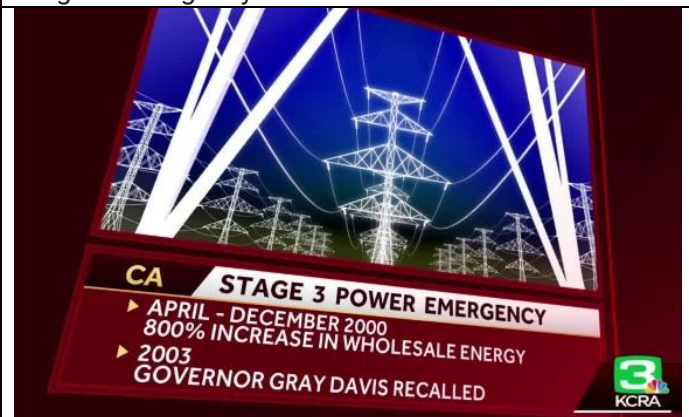
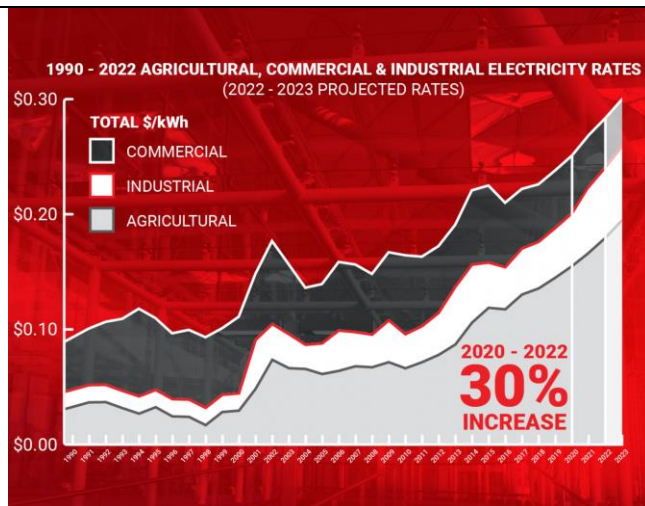
Thank you for allowing me to express my constitutes opinions as their elected representative,

Mark Lewis, Councilman SRP D7, Public servant since 1994

CC: Director Woods, and SRP D7 council members, IEDA, CEI, Sen. Sinema, & Reps. Gosar & Biggs

California Investor-Owned Utility Electricity Rate Case Study (SCE, SDGE, PGE)

Hundreds of thousands of Californians experienced rolling blackouts Friday night after officials declared a Stage 3 emergency due to a statewide heat wave.



<sup>i</sup> Introduction to the California Net Energy Metering Ratepayer Impacts Evaluation, [https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc\\_website/content/utilities\\_and\\_industries/energy/reports\\_and\\_white\\_papers/nemreportwithappendices.pdf](https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc_website/content/utilities_and_industries/energy/reports_and_white_papers/nemreportwithappendices.pdf)

<sup>ii</sup> Deep Decarbonization in a High Renewables Future Updated Results from the California PATHWAYS Model “Simulations show up to 90% of California’s power can come from a combination of wind, solar, batteries and geothermal.” Arne Olsen. *Senior Partner, E3*; <https://www.utilitydive.com/news/getting-to-100-zero-emissions-in-california-beyond-caisos-eight-solution/544467/>

<sup>iii</sup> California hasn't seen rolling blackouts since 2001: Here's what happened, <https://youtu.be/JZuYt2Ur89Q?si=8h-pixHHgcKIZ-UO>

<sup>iv</sup> <https://revel-energy.com/rising-electricity-costs-for-california-businesses-in-2023/>

<sup>v</sup> Because demand peaks later in the day when the sun begins to set, grid operators need to ramp up nearly 15 GW of generation in a matter of a couple hours. That's the equivalent of 7 Diablo Canyon nuclear plants. The solar duck curve looks more like a canyon than ever <https://www.ctvc.co/duck-duck-juice-148/>

<sup>vi</sup> The “duck curve,” a concept that has become emblematic of the challenges associated with integrating variable renewables in the power system, now looks like a “canyon,” <https://www.powermag.com/epri-head-duck-curve-now-looks-like-a-canyon/>

<sup>vii</sup> [https://www.srpnet.com/assets/srpnet/pdf/about/governance-leadership/district-meetings/20230830\\_WSS\\_packet.pdf](https://www.srpnet.com/assets/srpnet/pdf/about/governance-leadership/district-meetings/20230830_WSS_packet.pdf)





October 1, 2023

Salt River Project  
1500 N. Mill Ave.  
Tempe, AZ 85288

Dear SRP Board of Directors,

**Re: Proposed Integrated System Plan**

Western Resource Advocates (WRA) appreciates this opportunity to provide comments on SRP's Integrated System Plan (ISP). Due to fundamental flaws in the underlying analytical process that informs this ISP, WRA respectfully urges you to reject this set of staff recommendations and vote no.

WRA is a nonprofit conservation organization dedicated to protecting the land, air, and water of the West to ensure that communities exist in balance with nature, with a vision of a prosperous economy that is not dependent on fossil-fueled electricity generation. WRA develops and implements policies to reduce the environmental impacts of utilities in the Interior West by advocating for a Western electric system that provides clean, affordable, and reliable energy, reduces economic risks, and protects the environment through the expanded use of energy efficiency, renewable energy resources, and other clean energy technologies.

WRA has been an active participant in the ISP's advisory group from the beginning of this process, which began in the summer of 2021. Throughout the process, WRA has pushed SRP to fully evaluate the economic and environmental risks associated with continued reliance on fossil fuel sources of electricity generation, particularly coal. WRA repeatedly requested information from SRP staff in order to independently validate the claims and assumptions used in this IRP process. However, SRP staff failed to provide that information.

To maintain a pathway of limiting warming to two degrees Celsius and avoiding the worst impacts of climate change, the U.S. power sector must reduce climate changing pollution from electricity generation at least 80% by 2030, as compared to a 2005 baseline. This transition would not only benefit the climate; multiple studies confirm that achieving an 80% reduction in carbon emissions from the power sector also brings financial benefits to customers, investment into local economies, and improved public

**REGIONAL OFFICES**

1429 North 1<sup>st</sup> Street  
Suite 100  
Phoenix • AZ 85004

2260 Baseline Road  
Suite 200  
Boulder • CO 80302

1536 Wynkoop Street  
Suite 500  
Denver • CO 80202

343 East Alameda  
Santa Fe • NM 87501

550 W. Musser  
Suite G  
Carson City • NV 89703

307 West 200 South  
Suite 2000  
Salt Lake City • UT 84101

health outcomes, all without sacrificing grid reliability.<sup>1</sup> Across the West, utilities such as Xcel Energy are on track to meet or exceed these standards.

Unfortunately, SRP is far off-track from this industry standard, and the ISP presented for your consideration will only put the utility farther behind. There have been several significant inadequacies in this ISP process, which have foreclosed consideration of cleaner, more economic alternatives to continued reliance on fossil fuels.

These include:

- Refusing to thoroughly evaluate whether the retirement or reduced utilization of SRP's coal fleet, including Springerville Unit 4 and Coronado, would provide cost savings for SRP ratepayers;
- Rejecting calls to model at least one scenario that achieves an 80% reduction in annual carbon emissions by 2030 in order to assess feasibility;
- Unwillingness to fully utilize the electric system optimization modelling software to evaluate the most cost-effective retirement date for Springerville Unit 4;
- Failing to model energy efficiency or other demand side resources in a way that would maximize system-wide benefits for ratepayers, reducing both peak demand and overall consumption;
- Overestimating costs of renewable energy resources like wind and solar, above accepted industry benchmarks; and
- Utilizing overly optimistic price forecasts for fossil fuels, particularly fossil gas, below recent historical price highs, even in the "high gas" sensitivity case.

In addition to these flaws in the underlying analysis, the strategies and actions outlined by SRP staff are excessively broad, thus depriving you, the Board, of the information necessary to hold staff accountable to a particular course of action.

You are also likely to hear that this ISP warrants your support because it is consistent with SRP's sustainability goals. However, the current intensity-based decarbonization goal is plainly inadequate and must be updated. SRP's carbon emissions reduction goal is to reduce the amount of CO<sub>2</sub> emitted by each MWh of electricity generated 65% by 2035, as compared to 2005 levels.<sup>2</sup> This intensity-based goal obscures the true task at hand, which is to reduce the *total tons* of greenhouse gas pollution entering the atmosphere. SRP staff celebrates that, under this ISP, the utility will exceed its current intensity-based greenhouse gas reduction goal, reducing the CO<sub>2</sub> emissions per MWh of electricity generated by 82%. However, the ISP predicts significant *increases* in the total number of MWh that will be generated. In other words, by increasing the denominator, intensity-based metrics present a misleadingly rosy picture of SRP's climate impact. Instead, a mass-based goal which tracks total tons of CO<sub>2</sub> emissions is required to correctly evaluate SRP's progress towards sustainability.

In reality, the emissions reduction trajectory for SRP, when measured in terms of actual tons of climate pollution emitted, puts SRP far outside the mainstream of Western utilities. Evaluated on a mass-basis, SRP will achieve only a 61% reduction in total tons of climate pollution released into the atmosphere by 2035, falling far short of the industry standard of an 80% reduction by 2030. And, as noted above, SRP staff did not evaluate a single modelling scenario that would achieve an 80% reduction in total carbon emissions by 2030 in order to assess whether it was achievable and cost effective. This ISP process was SRP's opportunity to model science-based goals and lay out a resource acquisition strategy for the next decade that protects public health and the

---

<sup>1</sup> Dan Esposito, [Studies Agree 80 Percent Clean Electricity by 2030 Would Save Lives and Create Jobs at Minimal Cost](https://energyinnovation.org/wp-content/uploads/2021/09/Studies-Agree-80-Percent-Clean-Electricity-by-2030-Would-Save-Lives-and-Create-Jobs-at-Minimal-Cost.pdf) (2021) available at: <https://energyinnovation.org/wp-content/uploads/2021/09/Studies-Agree-80-Percent-Clean-Electricity-by-2030-Would-Save-Lives-and-Create-Jobs-at-Minimal-Cost.pdf>

<sup>2</sup> <https://www.srpnet.com/grid-water-management/sustainability-environment/sustainability-overview#carbon>

environment, as well as to inform the upcoming review of SRP's corporate sustainability goals. That opportunity has been squandered.

SRP staff describes this ISP as "affordable, reliable, and sustainable." Unfortunately, due to these fundamental flaws in the underlying process, it's impossible for you to assess whether this is truly the best path forward for SRP and its ratepayers. A lot of hard work and effort have gone into this undertaking by SRP staff. Additionally, many stakeholder hours have been consumed by this process. And yet, the final project is extremely disappointing; this ISP holds little value in informing us of how SRP should operate their system going forward.

**WRA strongly urges you to vote no on SRP staff's set of recommendations** and direct SRP staff and management to go back to the drawing board to correct the current ISP by addressing the analytical insufficiencies identified above. The flawed analyses in this ISP will inform the utility's investments and resource acquisitions for the next few years. Additionally, for meaningful oversight from the SRP Board, we ask that you require annual updates on implementation and mass-based emissions, and approval of SRP staff's strategies, assumptions, and actions for resource acquisition and planning. Your vote today is of incredible consequence. You have an opportunity to lay the foundation for a bright future for SRP, protecting our communities while also delivering cost savings to SRP ratepayers. Please, don't let it slip away.

Sincerely,

Alex Routhier, Ph.D.  
Arizona Clean Energy Manager/Senior Policy Advisor  
Western Resource Advocates



Ronen Berechman  
3665 South Danielson Way,  
Chandler, AZ, 85286  
berechman@pm.me  
(480) 227 9583

10/1/2023  
Salt River Project (SRP)  
Attn: Customer Relations  
P.O. Box 52025  
Phoenix, AZ 85072-2025

Subject: Support for ISP's Low Carbon Energy Option and Phasing Out Coal Plants

Dear SRP Board,

I am writing as a concerned resident and customer to express my strong support of SRP's embrace of a low-carbon option and in particular the phasing out coal plants under any of the ISP's proposed options. I encourage SRP to continue prioritizing renewable energy and sustainability in future planning.

This summer we experienced, by far, the hottest summer on record, which underscores the urgency of addressing climate change and transitioning to clean energy sources. The burning of coal is a significant contributor to greenhouse gas emissions and air pollution, which pose a threat to our environment, public health, and the well-being of future generations. By taking proactive steps to reduce your reliance on coal, SRP is not only helping to combat climate change but also leading the way toward Arizona's sustainable and resilient energy future.

I urge SRP to continue investing in renewable energy sources such as solar and wind power, as well as exploring innovative technologies and energy storage solutions as part of SRP's future grid development. By diversifying your energy portfolio and expanding your clean energy infrastructure, SRP can ensure a reliable and sustainable energy supply and habitable climate, for the communities you serve.

Thank you for your time and dedication to a cleaner and more sustainable energy future.

Sincerely,

Ronen Berechman



# Revenue Bond Sale:

## SRP 2023 Series B

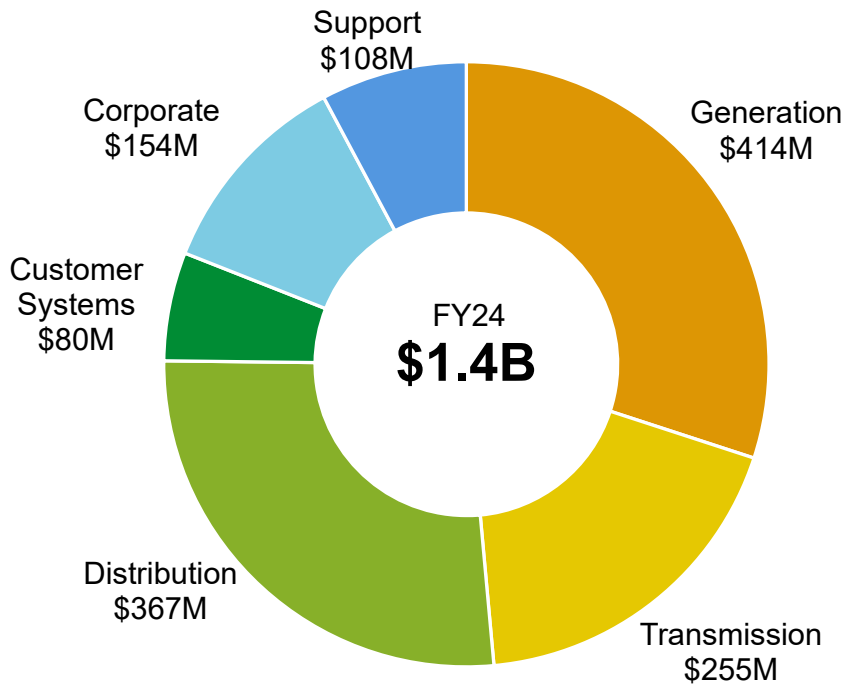
SRP Board Meeting

Aidan J. McSheffrey

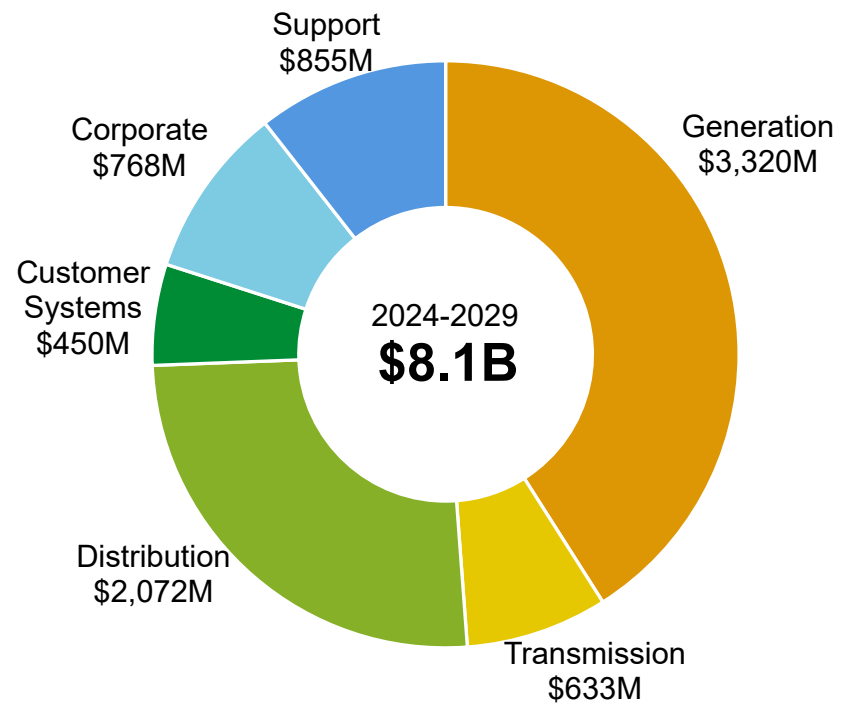
October 2, 2023

# Projected Capital Spend by Segment: FY24 and FP24

## Capital by Segment

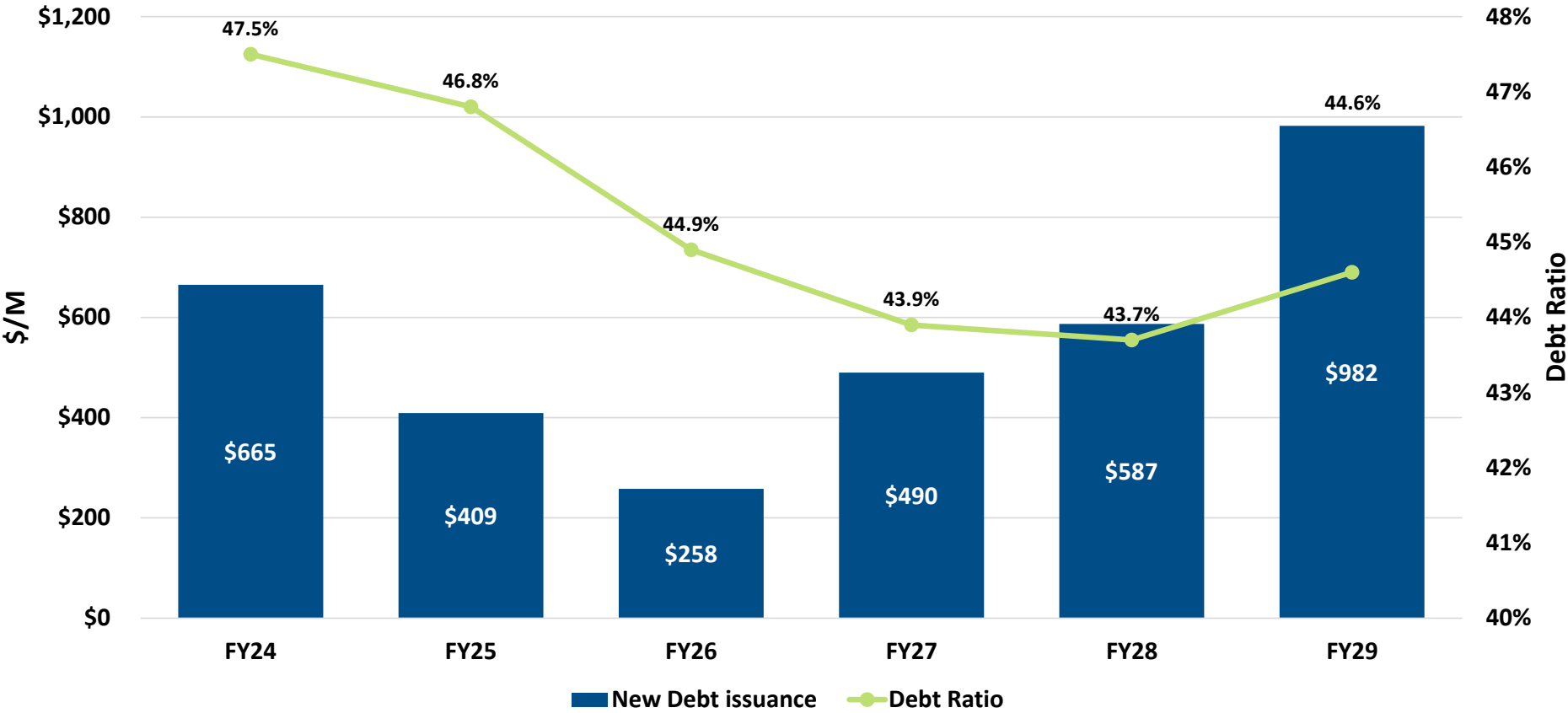


## Capital by Segment





# Continued SRP Growth Will Require More Financing



# Bond Sale Resolution Process Change

| Under Current Resolution Process                                              | Under Parameters Resolution Process                                              |
|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| Advise B&C of Bond Sale, Review Market Conditions                             | Advise B&C of Bond Sale, Review Market Conditions and Preliminary Parameters     |
| Lead Banker Selection                                                         |                                                                                  |
| Engage Rating Agencies                                                        |                                                                                  |
| Update Preliminary Official Statement (POS) and Other Financing Documents     |                                                                                  |
|                                                                               | <b>Update B&amp;C + Parameters Approval Vote</b>                                 |
| Finalize POS, Investor Presentation and Other Financing Documents             |                                                                                  |
| <b>Predetermined Pricing Day</b>                                              | <b>Target Pricing Day/Week</b>                                                   |
| <b>Special B&amp;C Meeting to Review and Approve Final Pricing (Next Day)</b> | <b>Bond Purchase Agreement signed after pricing within parameters (Same Day)</b> |
| <b>Bond Purchase Agreement Signed <u>if Vote Passes</u> (Next Day)</b>        | <b>Bonds Released to Investors* (Same Day)</b>                                   |
| <b>Bonds Released to Investors* (Next Day)</b>                                | <b>Update B&amp;C on Bond Sale Results</b>                                       |

\*Bonds cannot be released until a vote of approval is obtained and the Bond Purchase Agreement is signed and delivered

# Business Reasons For Parameters Process Approval

1

## Allows for robust and less time-sensitive discussion

- Adds Board & Council meetings/discussions *prior* to bond sale

2

## Creates pricing day flexibility to mitigate market risks

- Currently "lock" in a pricing day, little flexibility to adjust

3

## Provides certainty for investors and SRP

- Avoids investors assigning a risk premium for approval uncertainty
- Bond Purchase Agreement signed day of pricing rather than day after

# The Parameters

1

## Par Amount

- Not to exceed "\$"
- Represents the amount of principal to be paid at maturity
- Referred to as "face amount" of a security

2

## True Interest Cost

- Not to exceed "%"
- Overall rate of interest to be paid over the life of the bonds

3

## Final Maturity

- Not greater than "40 years"
- Final maturity of the entire bond series cannot exceed 40 years

4

## Redemption Price

- Not to exceed "%"
- Price at which securities will be redeemed, if called
- Generally, at or above Par
- Stated as % of principal amount called

5

## Underwriter's Compensation

- Not to exceed "\$1.50 per \$1,000 of bonds issued"
- Compensation to Underwriters for services rendered
- Also referred to as *Underwriter's Discount / Fee*

# Majority of Public Power Issuers Have Evolved to Using Parameters Resolutions



# Investor-Owned Utilities Also Delegate Execution to Management

# Takeaways

- Board and Council approval is required
- Supportive of investor relations and optimizing investor demand for bonds
- Avoids risk of “locking in” a pricing day as well as conducting a bond offering and pricing, but then failing to execute and deliver bonds
- Financial flexibility is gained, helping SRP meet its strategic financial objectives
- Management will execute deal within 45 days of approval

# Illustrative Board & Council Calendar Under Parameters Approach

| Date                                             | Detail                             |
|--------------------------------------------------|------------------------------------|
| <i>September Board &amp; Council</i>             | <i>Initial Update/Info – Aidan</i> |
| <b>October</b> Board & Council (regular meeting) | Informational Update on Bond Sale  |
| <b>Oct/Nov</b> Board & Council (special meeting) | <b>Parameters Approval</b>         |
| <b>November/December</b>                         | Execute Bond Sale/Sign BPA         |
| <b>December</b> Board & <b>January</b> Council   | Review Bond Sale                   |

# Bond Sale Team

Lead Bank:

Morgan Stanley

Syndicate:

J.P.Morgan BofA SECURITIES 



Advisor:



Bond Counsel:

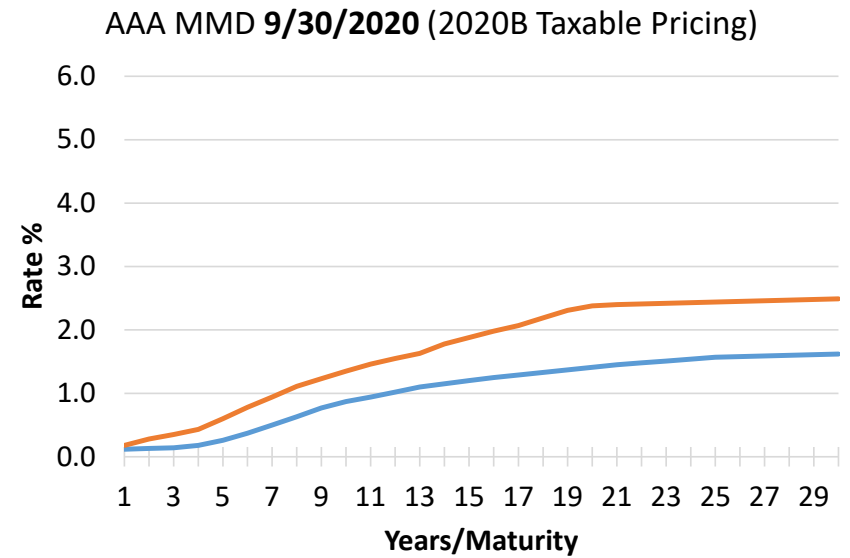
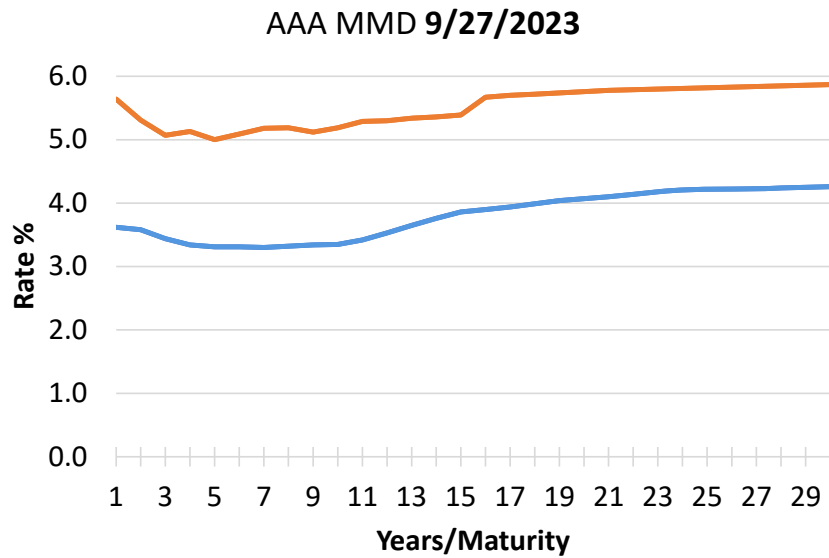


Tax Counsel:





# AAA Tax-Exempt and Taxable MMD Rates





An aerial photograph of a large dam situated in a deep, rugged canyon. The canyon walls are composed of layered, reddish-brown rock. A river flows through the canyon, and the dam is a prominent structure across it. The sky is clear and blue. The text 'Board Report' is overlaid in large white letters.

# Board Report

Board Meeting

October 2, 2023



# Current Events

Jim Pratt



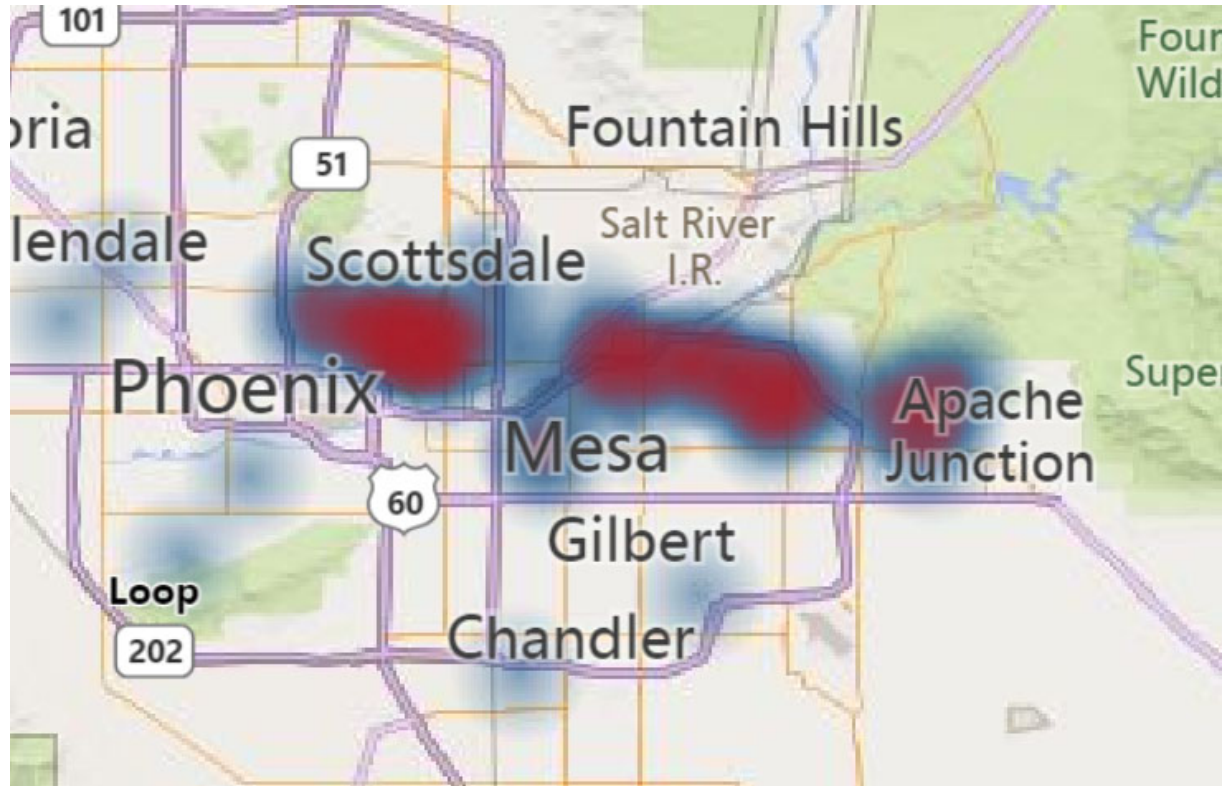
# Power System Update

John Coggins

# Operational Updates – September 2023

- Customer peak demand: 7394 MW
  - Occurred on September 9th with 112-degree temperature
  - 277 MW higher than forecast
- Assets performed well overall
- No major unplanned outages
  - Agua Fria Unit 3 remains on outage – ETR 11/20
- September 12<sup>th</sup> Monsoon causing 43,000 customer outages

# September 12<sup>th</sup> Monsoon Storm





# September 12<sup>th</sup> Monsoon Storm cont'd



# CGS Split SCR (Selective Catalytic Reduction) for Unit 1

|                        |                                                                                 |
|------------------------|---------------------------------------------------------------------------------|
| <b>Schedule Status</b> | <b>On Schedule</b>                                                              |
| Planned Date           | January 31, 2025                                                                |
| Current Forecast       | January 31, 2025                                                                |
| <b>Budget Status</b>   | <b>Over Budget</b>                                                              |
| Overall Budget         | \$50M                                                                           |
| Current Forecast       | \$77.7M                                                                         |
| Issues                 | Construction cost increase based on final contractor bids impacted by inflation |



Structural Steel and Foundation

| Risks                  | Recent Accomplishments                                                                 | Upcoming Activities                                          |
|------------------------|----------------------------------------------------------------------------------------|--------------------------------------------------------------|
| Supply Chain Shortages | Foundations complete, steel erection initiated<br>Crane pad for 600-ton crane complete | Start-up and Commissioning Plan                              |
| Weather Related Delays | Receiving shipments of new duct sections<br>Assembling truss sections                  | Continue steel erection and truss installs start in November |

# Parlett Substation (Intel) – Time Lapse



# Climb and Shake





# Financial Update

Aidan McSheffrey

# Combined Net Revenues



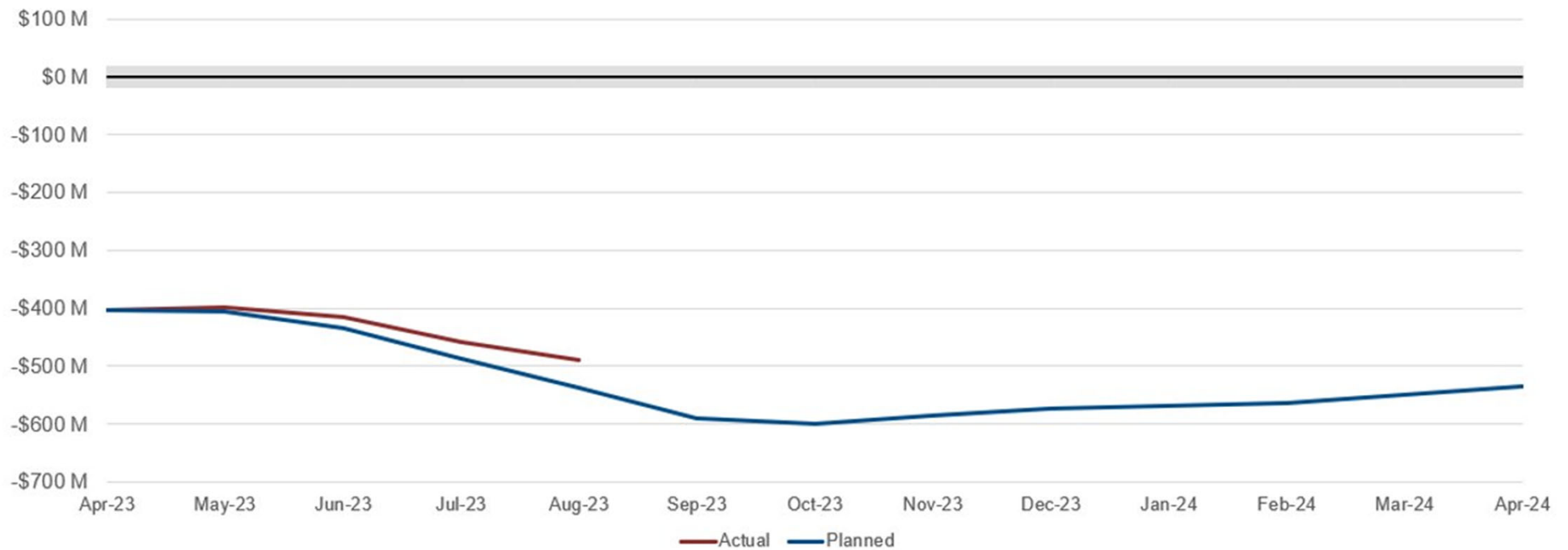
# Financial Summary

## August 2023

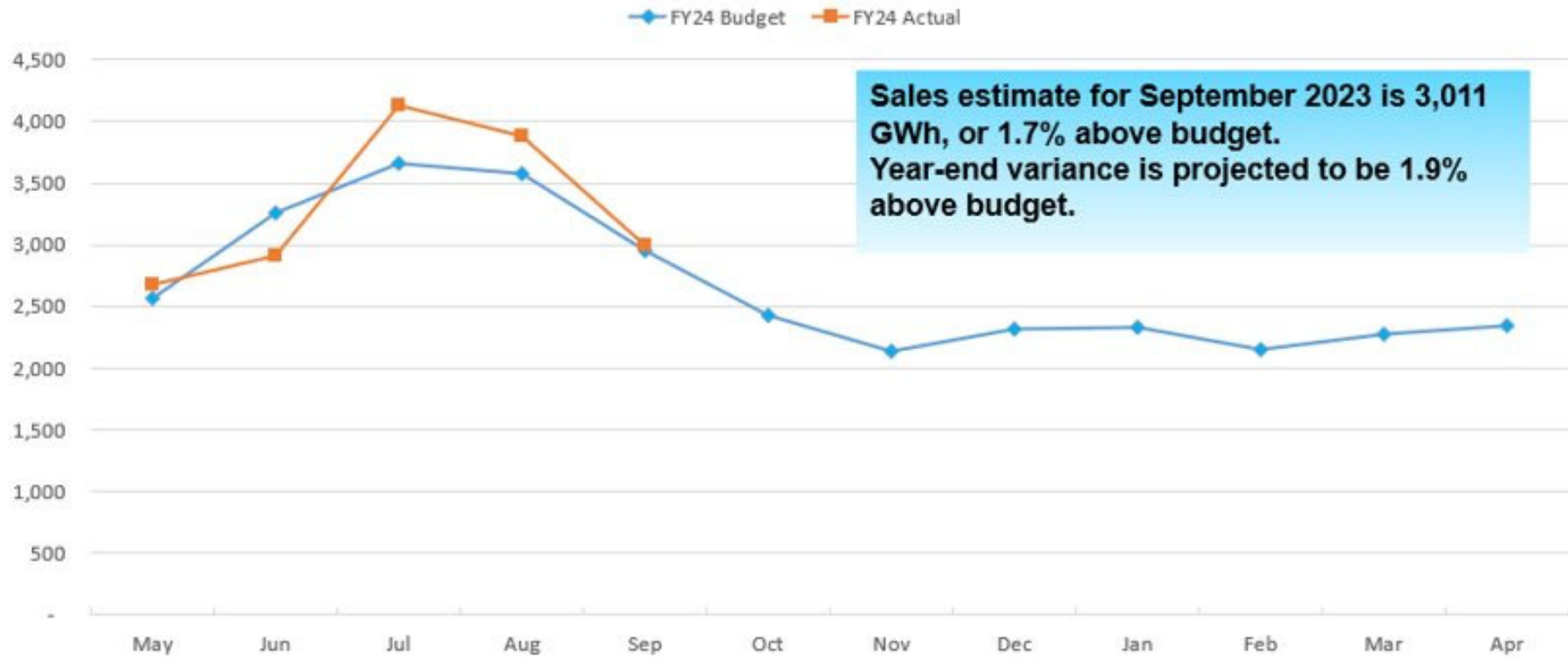
| <b>\$ Millions</b>   | <b>Actual</b> | <b>Budget</b> | <b>Variance</b> | <b>% of Budget</b> |
|----------------------|---------------|---------------|-----------------|--------------------|
| Combined Revenues    | \$543.1       | \$475.1       | \$68.0          | 114%               |
| Combined Expenses    | \$394.9       | \$376.3       | \$18.6          | 105%               |
| Comb Net Revs (Loss) | \$148.2       | \$98.8        | \$49.4          | 150%               |
| Funds Available      | \$184.6       | \$134.7       | \$49.9          | 137%               |
| Capital Expenditures | \$122.3       | \$99.6        | \$22.7          | 123%               |



# Fuel and Purchased Power Adjustment Mechanism Fiscal YTD Through August 2023



# FY24 Preliminary Retail Energy Sales (GWh)



# August Wholesale Summary



## Primary Drivers:

- Below budget wholesale margins
  - Lower than budgeted electricity prices



# Customer Update

Rudy Navarro

## Summer 2023 Heat Moratorium

- SRP's practice has been to suspend disconnects for non-payment during heat advisory events as declared by the National Weather Service
- There were 55 days the temperature exceeded 110 F
- Started the moratorium on June 30<sup>th</sup> and ended on September 20<sup>th</sup>
- Our continuing goal is to work with our customers through our "Here to Help" campaign

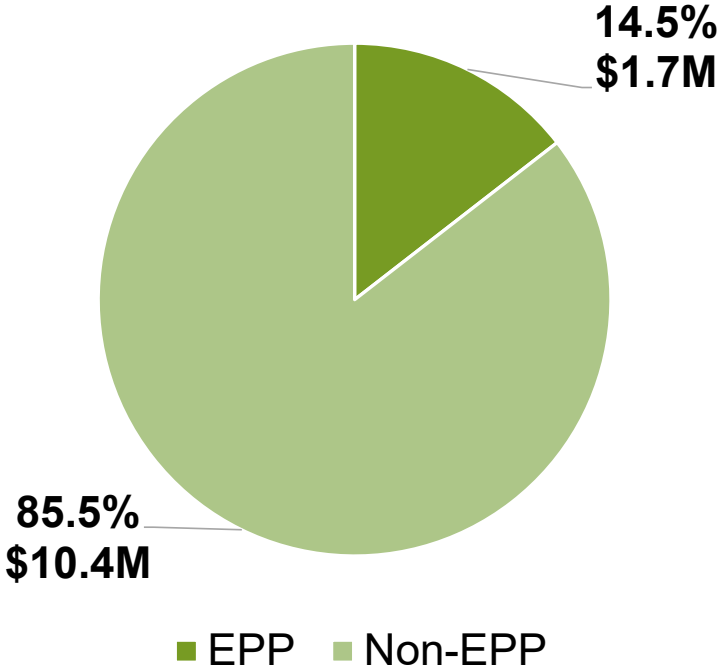
# Summer 2023 Heat Moratorium

## Overall Statistics

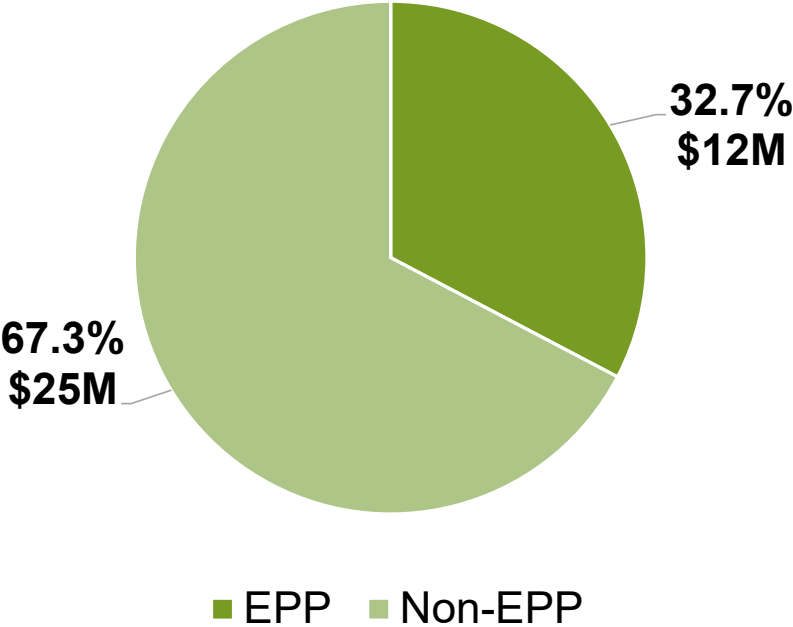
- **\$37M** Total Debt
  - Started at \$12M
- **42,110** M-Power Customers *Eligible* for Self-Disconnect
  - Staggered Response
  - 31,278 M-Power Customers Self-Disconnected
- **6,550** Credit Customers *Eligible* for Disconnect
  - All placed on payment arrangements

# Debt Segment Comparison

June 2023



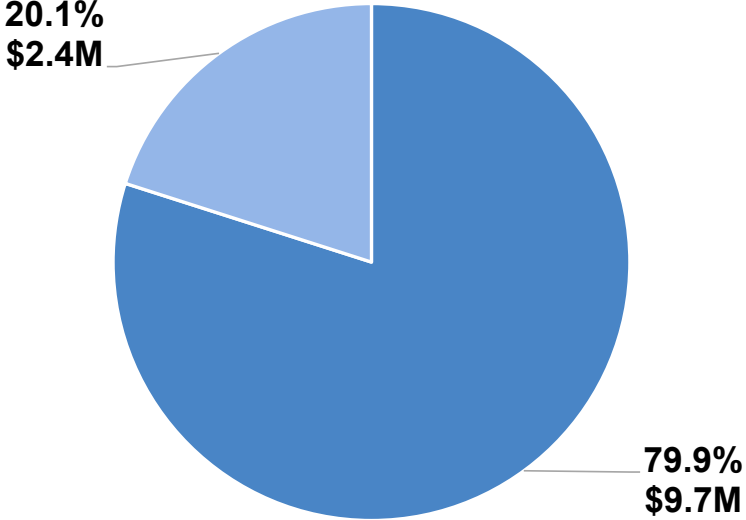
September 2023





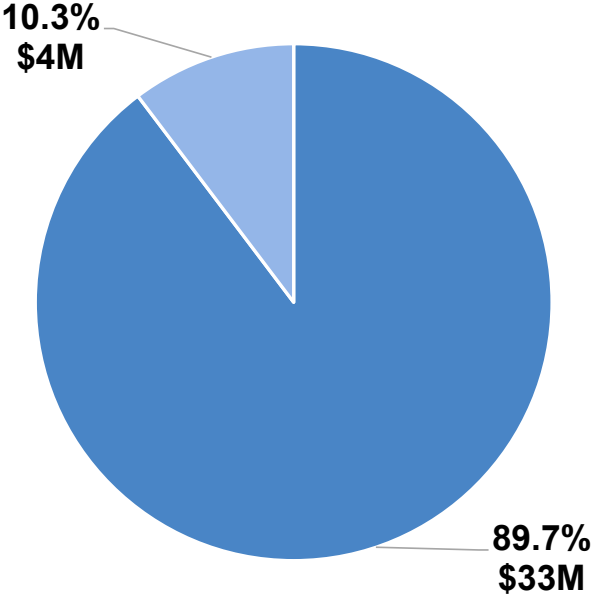
# Debt Segment Comparison

### June 2023



■ Residential ■ Commercial

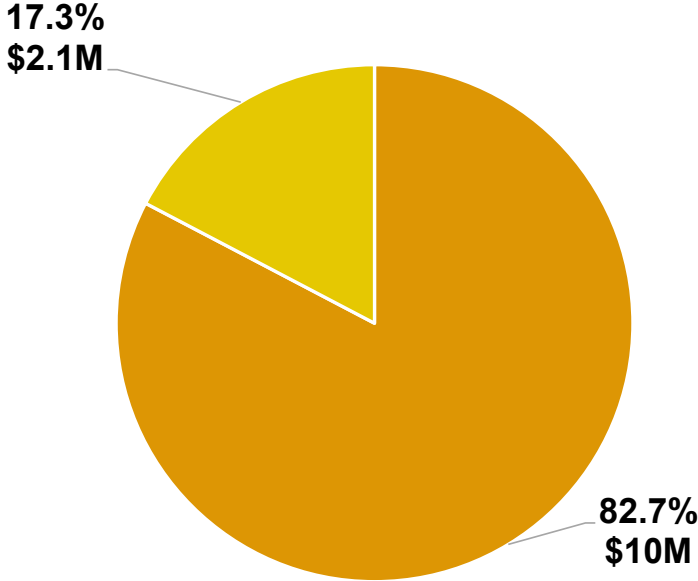
### September 2023



■ Residential ■ Commercial

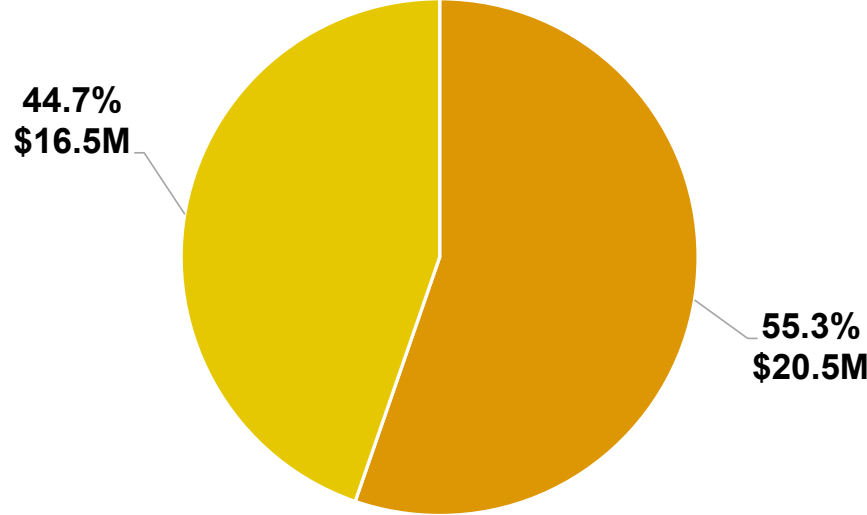
# Debt Segment Comparison

### June 2023



■ Credit ■ M-Power

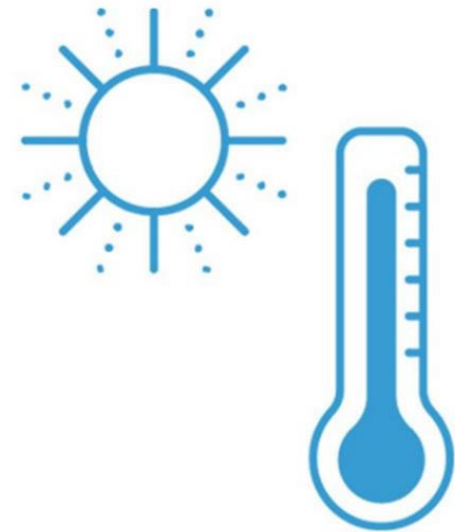
### September 2023

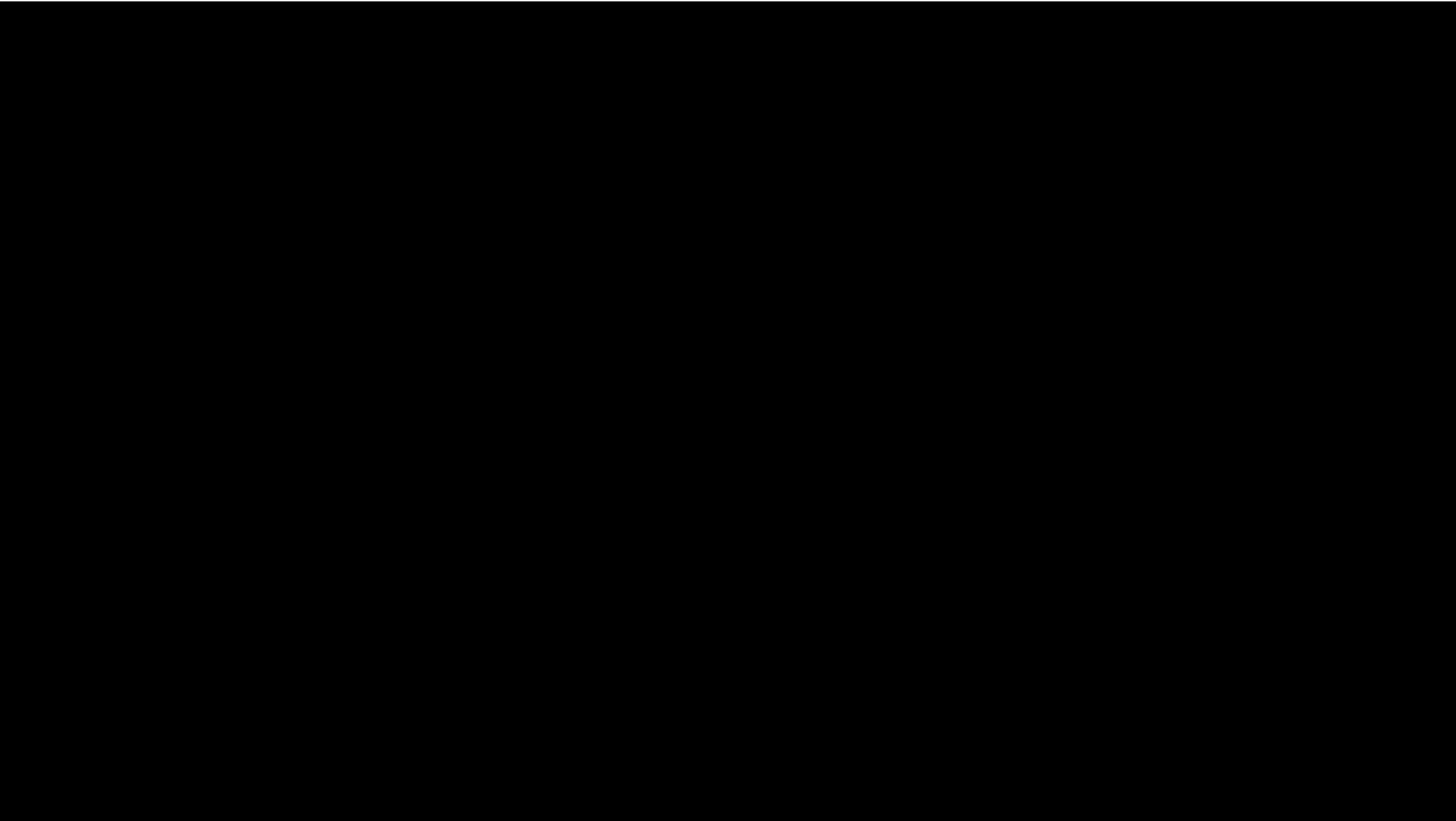


■ Credit ■ M-Power

# Heat Moratorium – Next Steps

- Customer Approach
  - Payment Arrangements (Credit Customers)
    - **31,315** System Generated Payment Arrangements entered on 9/19
  - Paydown Accounts (M-Power Customers)
    - **42,110** Individual Debt Balances Transferred to Paydown
  - Community Partnerships
- Next Steps
  - Data Analytics – effects of this moratorium on customer classes
  - Governor’s Office – Heat Emergency Issuance
  - On-going discussions with Agency Partners
  - Determine if we should modify our heat moratorium approach





# Water Stewardship

Leslie Meyers

# **GRUSP Update – Potential Delivery Channel Improvements**

March 23<sup>rd</sup> , 2023

## GRUSP Delivery Channel Breach Peak (34,000 cfs)

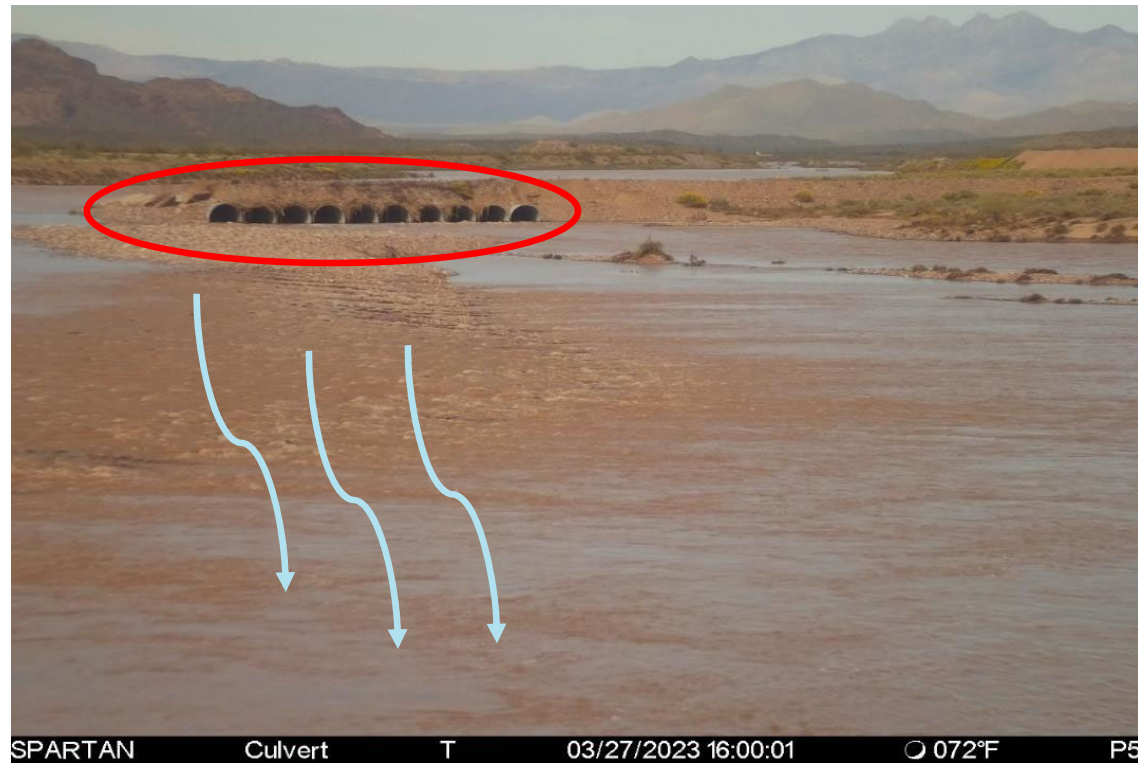


**March 23<sup>rd</sup>, 2023**  
**34,000 cfs**





**March 27<sup>th</sup> ,2023**  
**6,000 cfs**



**thank you!**



## Operating Environment August 2023

|                              | Actual    | Budget    | Variance | % of Budget |
|------------------------------|-----------|-----------|----------|-------------|
| Elec Customers – August 2023 | 1,140,926 | 1,134,166 | 6,760    | 101%        |
| Elec Customers - April 2023  | 1,135,989 |           |          |             |
| Elec Customers – August 2022 | 1,117,698 |           |          |             |
| System Sales GWH             | 3,890.8   | 3,579.5   | 311.3    | 109%        |
| Wholesale Sales GWH          | 806.8     | 408.2     | 398.6    | 198%        |
| Total A.F. Water Delivered   | 96,746    | 93,000    | 3,746    | 104%        |

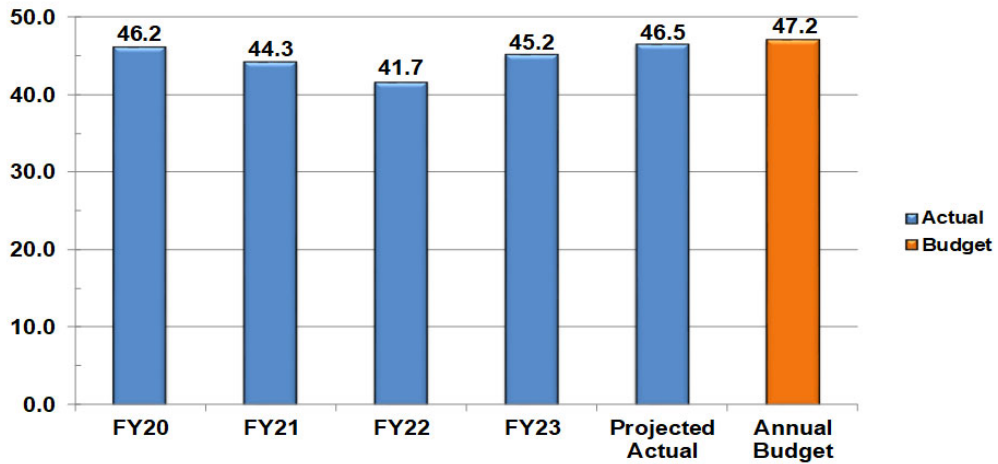
(Non-GAAP, Unaudited)

## Financial Summary August 2023

| \$ Millions          | Actual  | Budget  | Variance | % of Budget |
|----------------------|---------|---------|----------|-------------|
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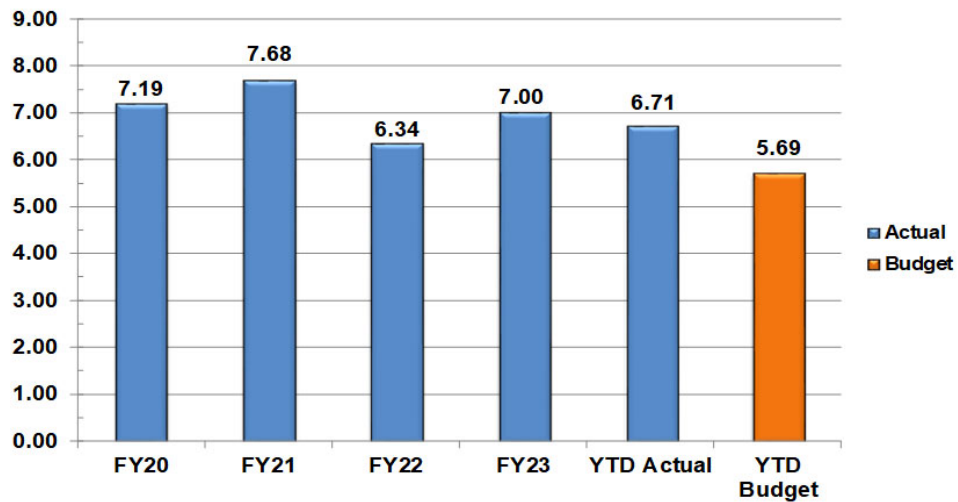
(Non-GAAP, Unaudited)

## Debt Ratio August 2023



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

## Debt Service Coverage Ratio August 2023



Note: Debt Service Coverage Ratio on Total Debt  
(Non-GAAP, Unaudited)



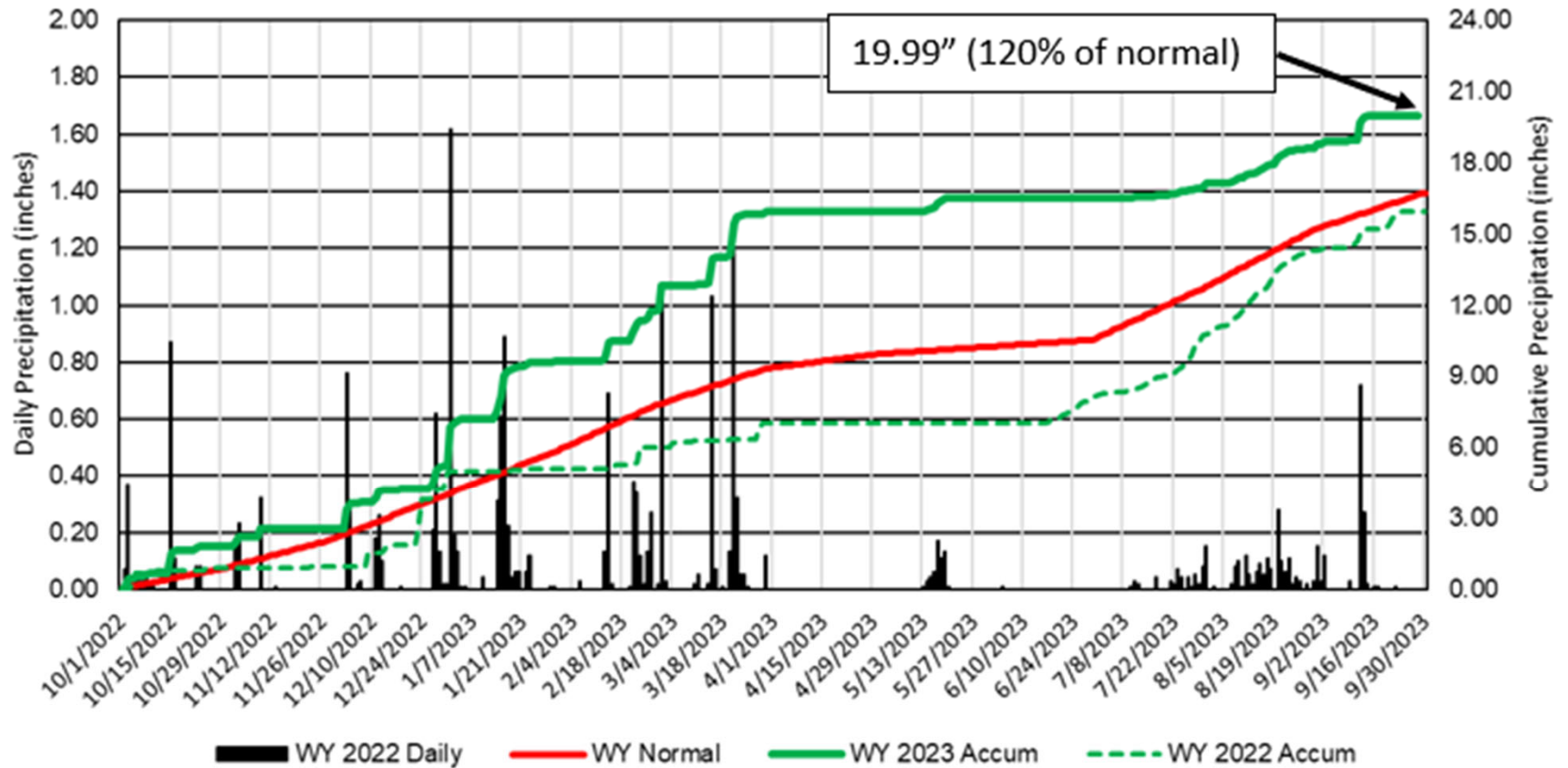
# Water Supply and Weather Report

September Board Meeting

October 2, 2023

Tim Skarupa

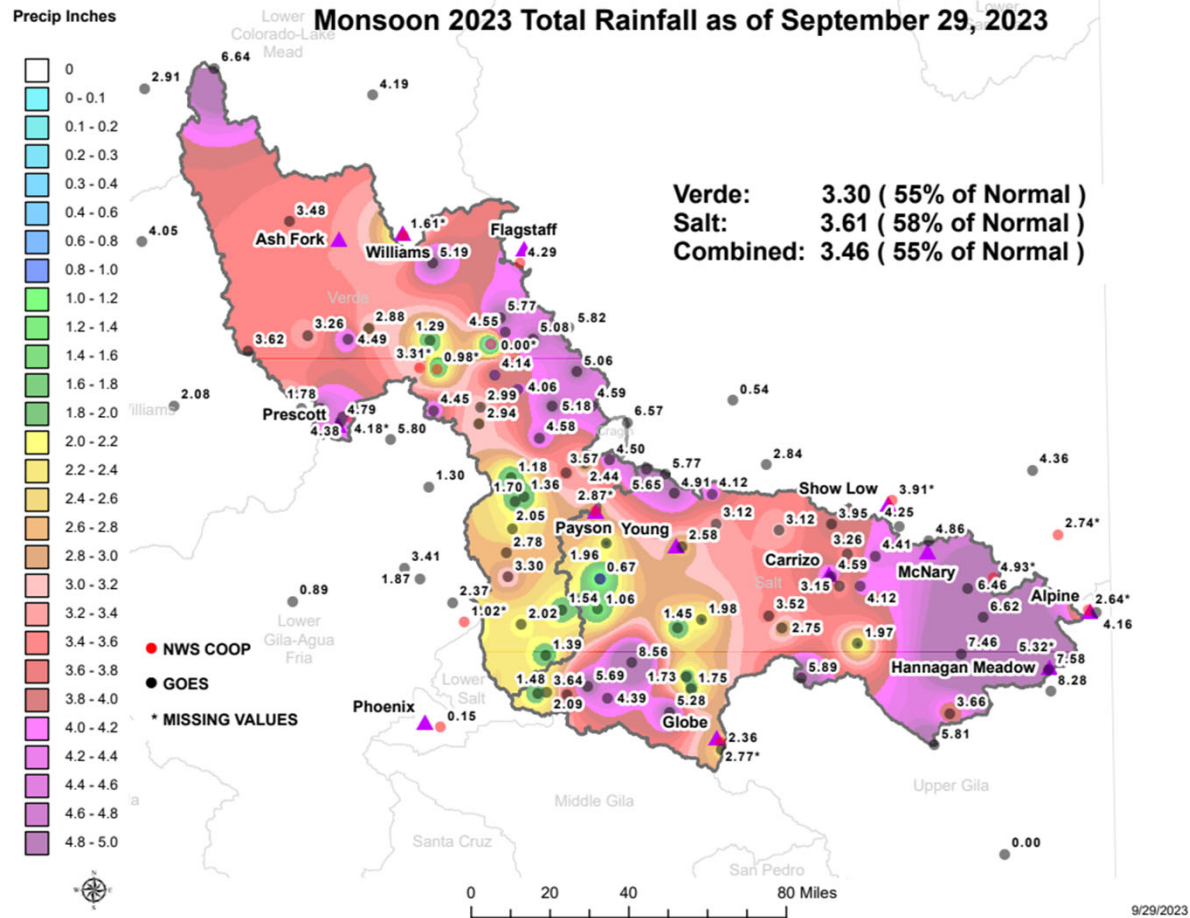
### Cumulative Watershed Precipitation: Water Year (Oct 2022 - Sep 2023)



**Wettest fall-winter-spring since 2005 (before that 1993)**



# Monsoon 2023 Rainfall to Date

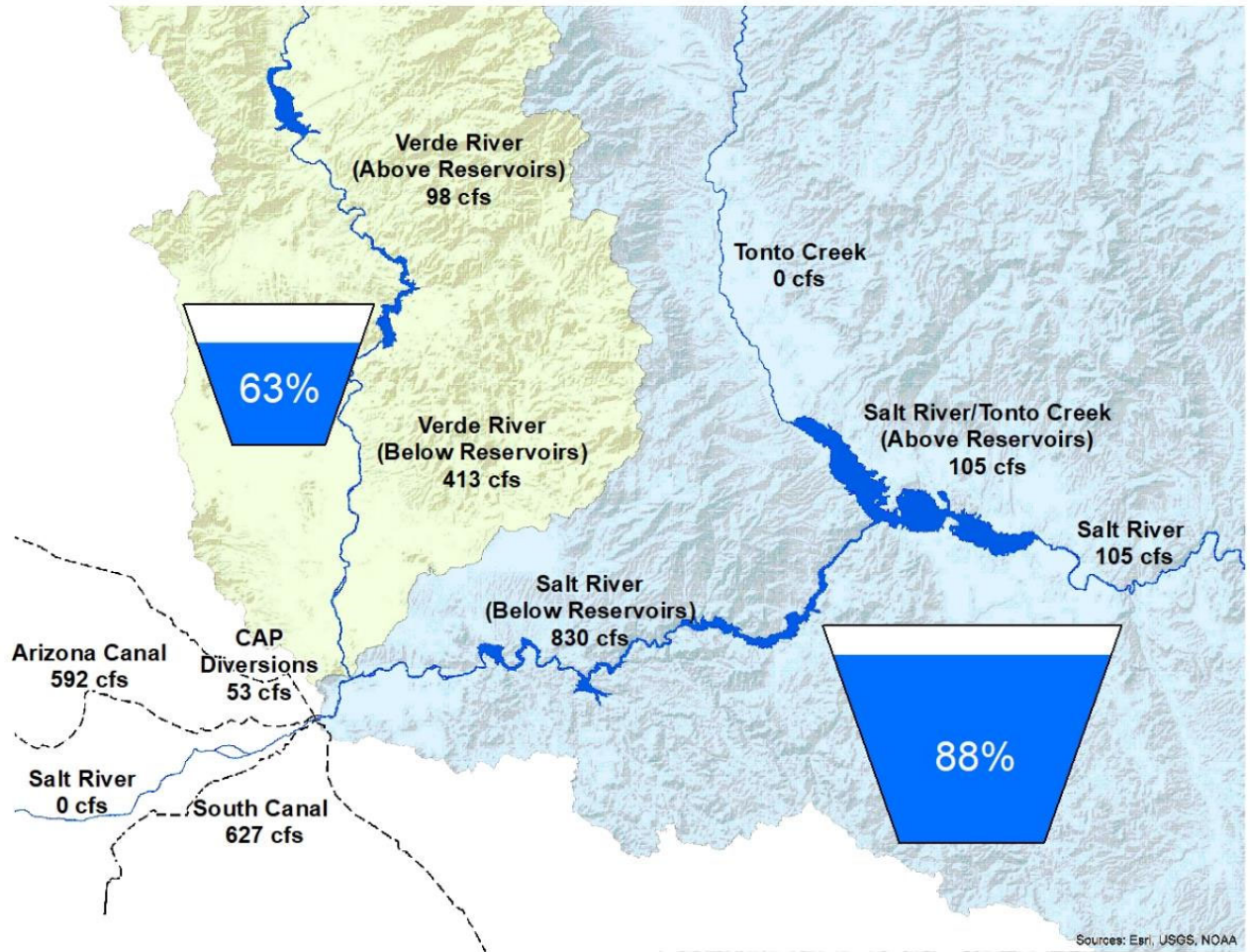


# SRP Reservoir System Status

September 28, 2023

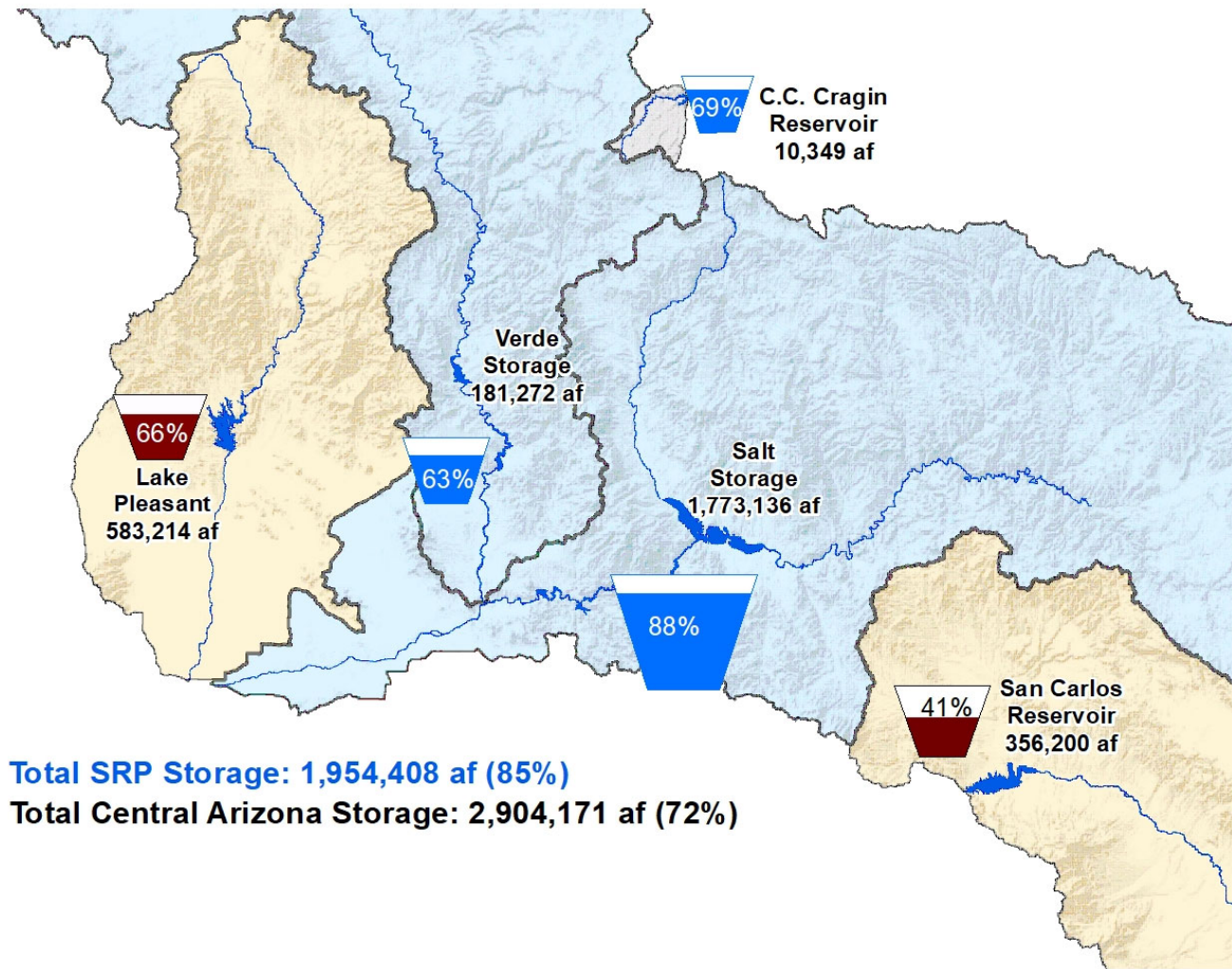
## Current Storage:

|              |                     |
|--------------|---------------------|
| Salt         | 1,773,136 AF        |
| Verde        | 181,272 AF          |
| <b>Total</b> | <b>1,954,408 AF</b> |

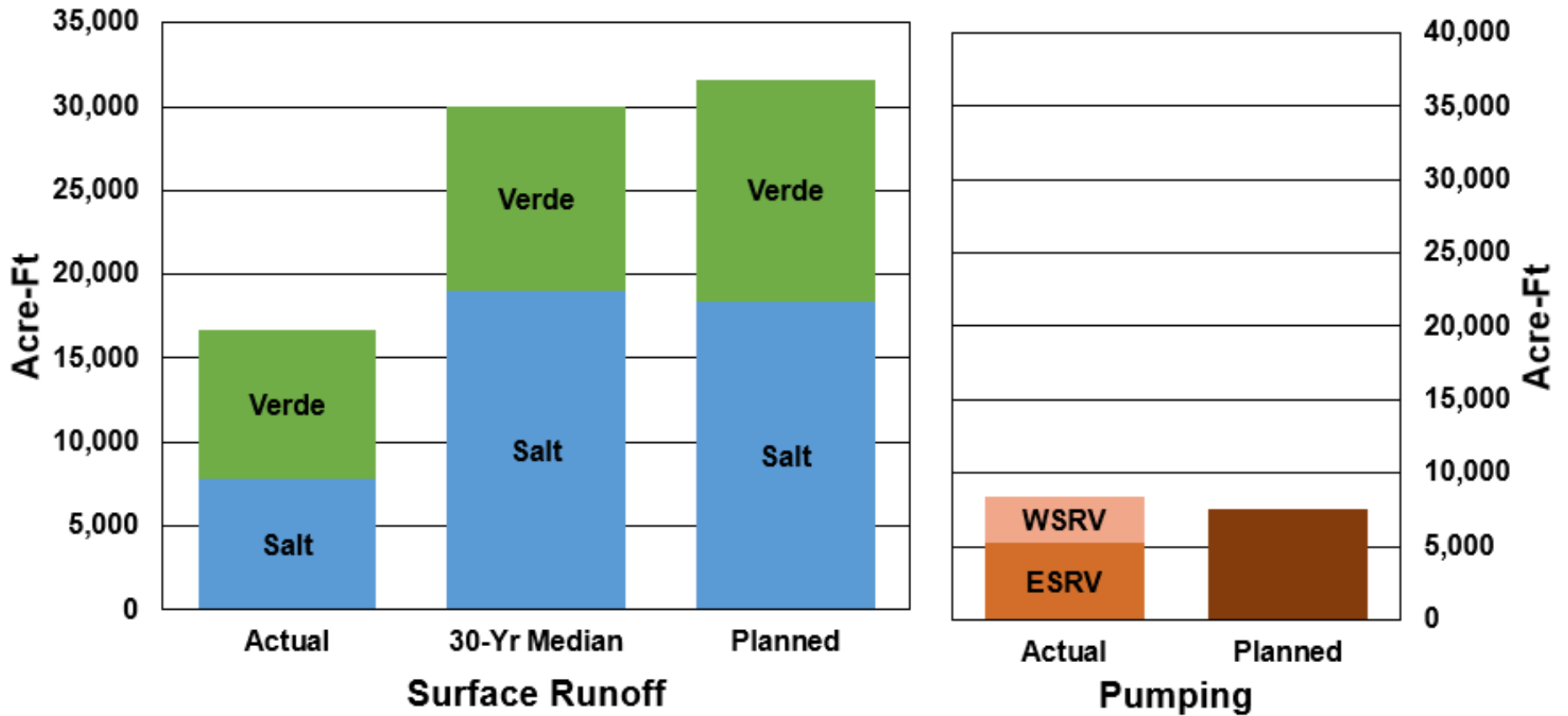


# Central Arizona Reservoir Status

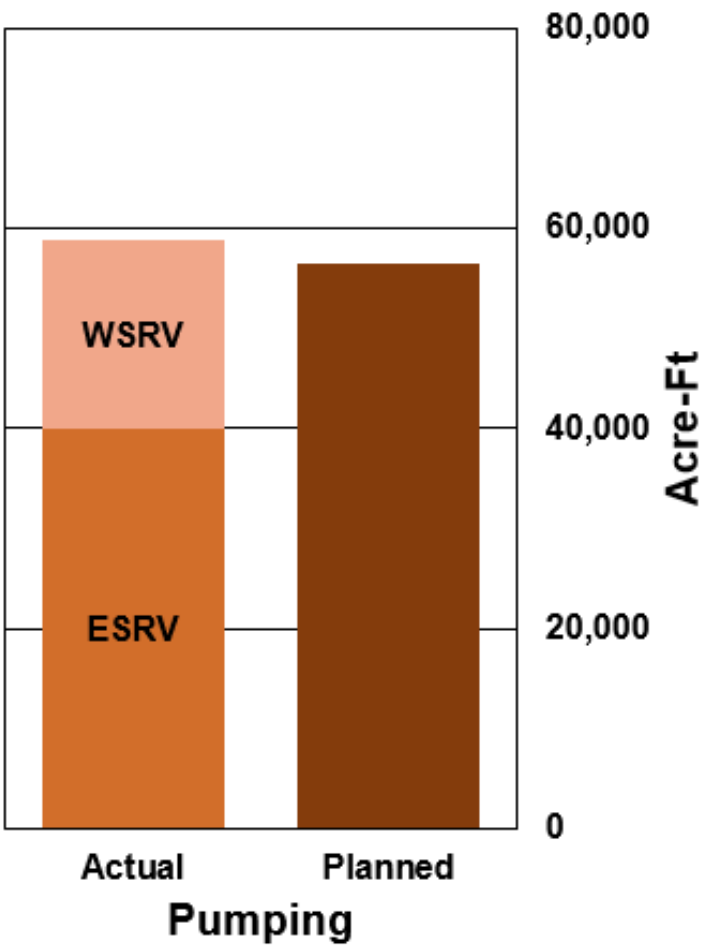
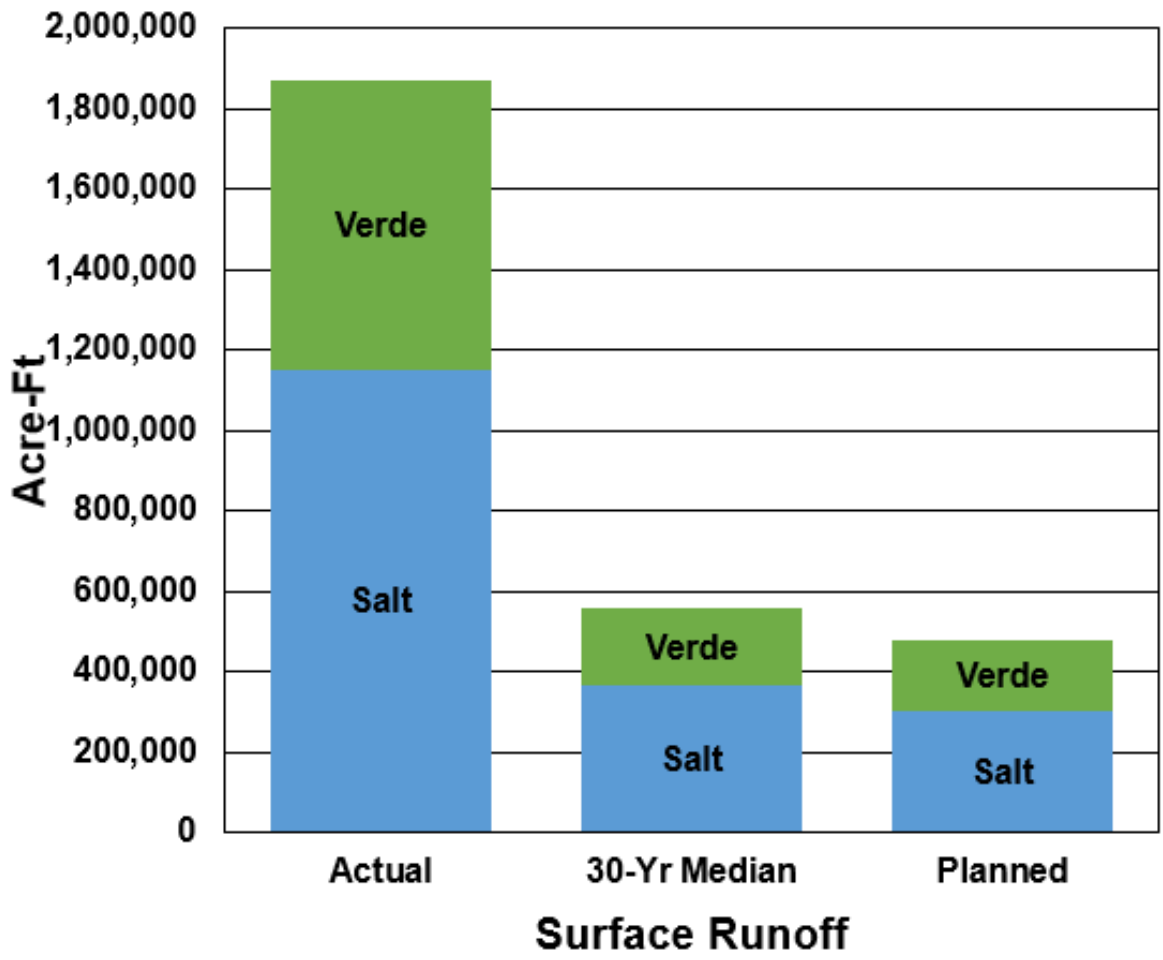
## September 28, 2023



# September 2023



# Year to Date 2023

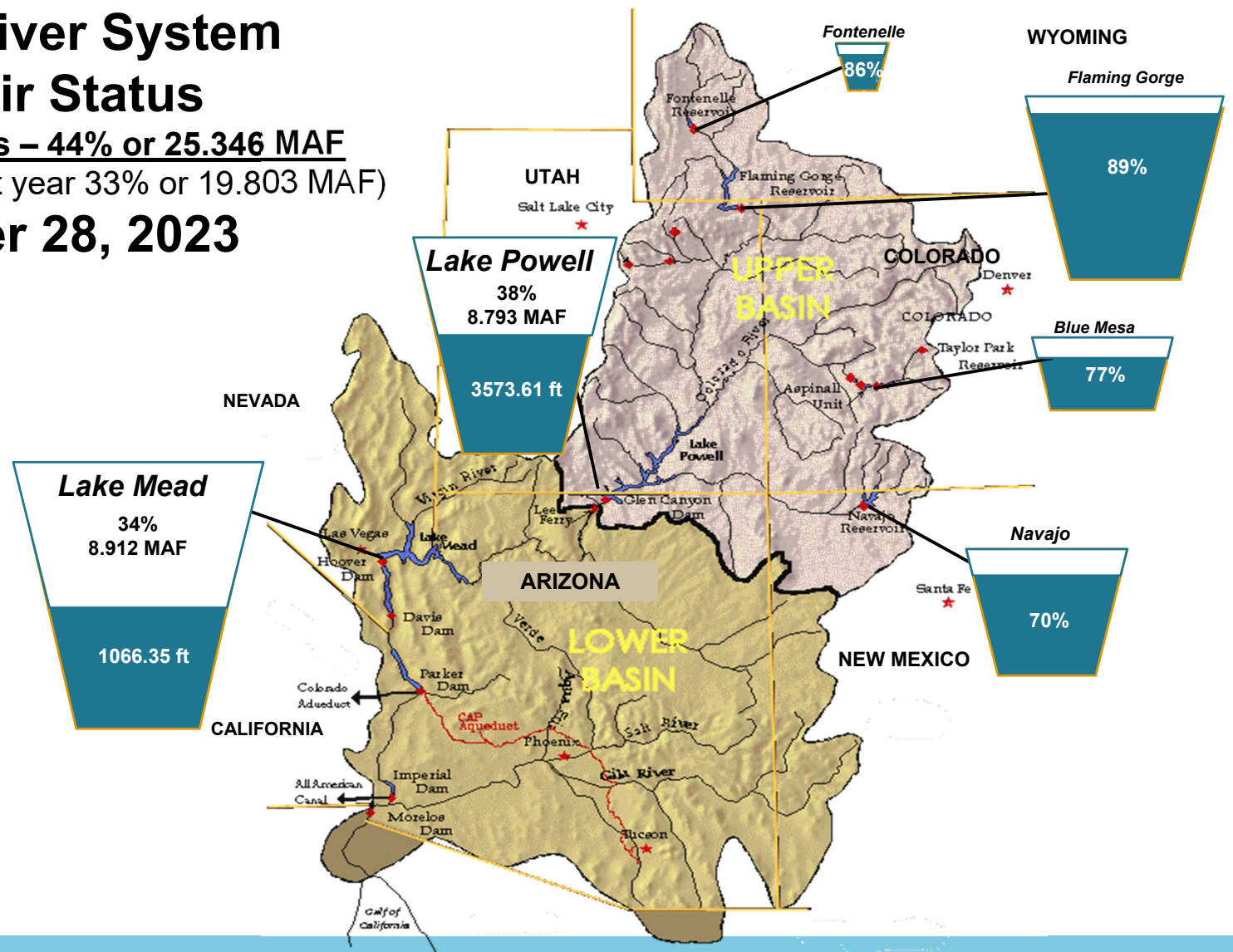


# Colorado River System Reservoir Status

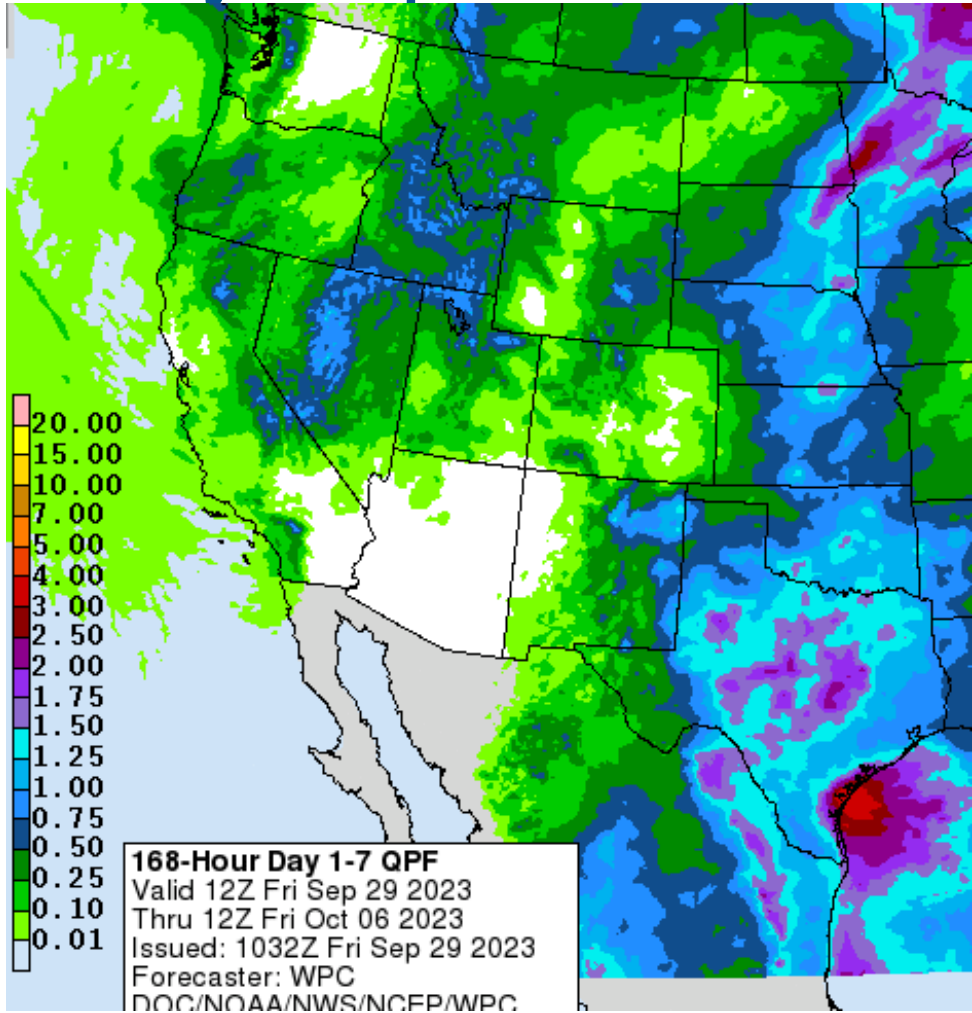
**Total System Contents – 44% or 25.346 MAF**

(Total system contents last year 33% or 19.803 MAF)

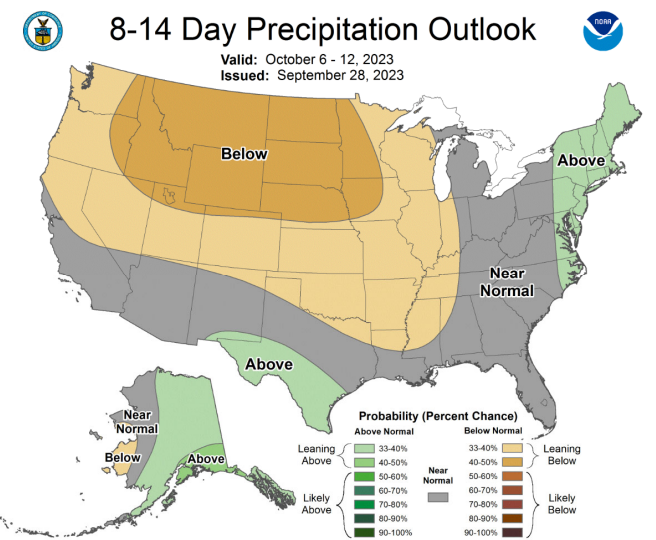
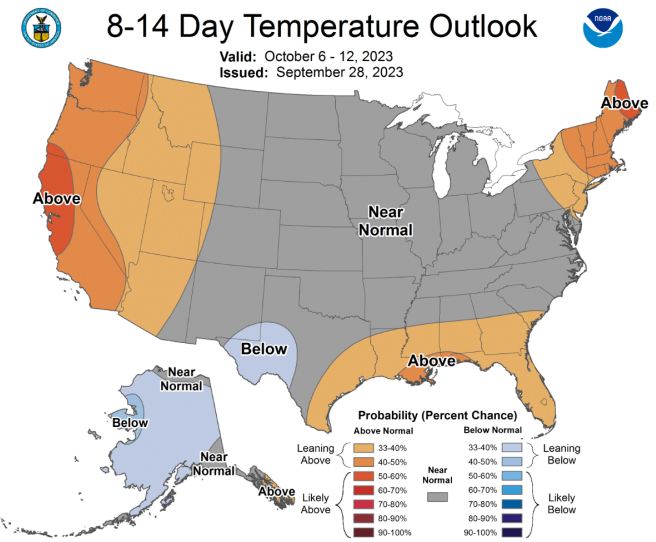
**September 28, 2023**



# 7-day Precipitation Forecast



10/2/2023, Board Meeting, T. Skarupa



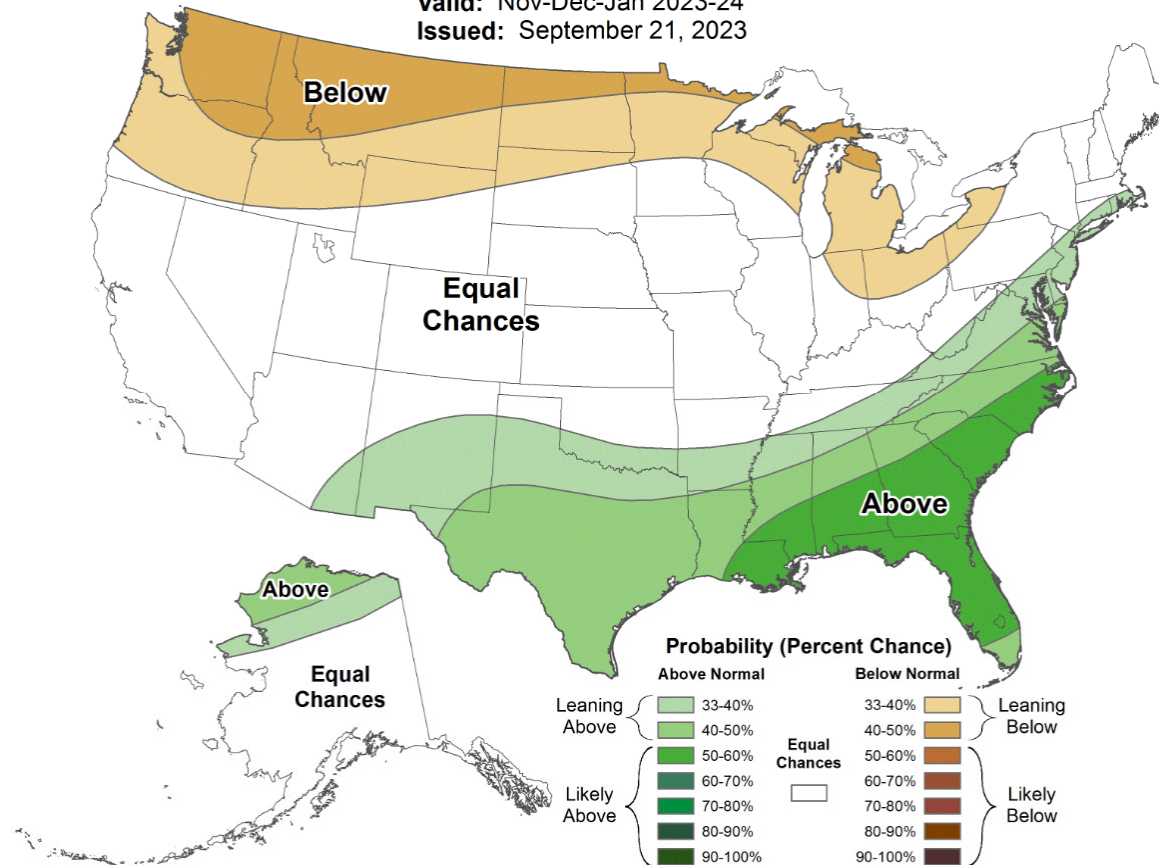
# Nov. 2023 – Jan. 2024 Seasonal Outlook



## Seasonal Precipitation Outlook



Valid: Nov-Dec-Jan 2023-24  
 Issued: September 21, 2023





**thank you!**