

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

FINANCE AND BUDGET COMMITTEE

Thursday, November 17, 2022, No Sooner Than 10:25 AM

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

This SRP District Committee meeting will be held in the Board Committee Room with an option to attend in-person or observe via Zoom. The public may receive the teleconference meeting access information by contacting the Corporate Secretary's Office at (602) 236-4398. Supplemental materials will be posted on the SRP website.

Committee Members: Keith Woods, Chairman; Stephen Williams, Vice Chairman; and Robert Arnett, Mario Herrera, Kevin Johnson, and Larry Rovey

Call to Order

Roll Call

1. **CONSENT AGENDA:** The following agenda item(s) will be considered as a group by the Committee and will be enacted with one motion. There will be no separate discussion of these item(s) unless a Committee Member requests, in which event the agenda item(s) will be removed from the Consent Agenda and considered as a separate item CHAIRMAN KEITH WOODS
 - A. Request for approval of the minutes for the meeting of October 20, 2022
 - B. Request for approval of the Monthly Cash Statement for October 2022 (District and Association)
 - C. Request for approval of the Quarterly Cash Statement for Period Ending October 31, 2022 (Association)
2. New Residential Time-of-Day Pilot Price Plan ADAM PETERSON

Request for approval to introduce a new residential time-of-day pilot price plan, acknowledging the evolving grid by introducing a low-cost super off-peak period during the day and on-peak hours later in the day.
3. Cable TV and Telecommunications Pole Attachment Fees BRANDON SHOEMAKER

Request for approval to increase the Cable TV and Telecom pole attachment fees from the current level of \$20.22 to \$22.95 per attachment per year. If approved, the new fees would become effective January 1, 2023.
4. Review of SRP's Investment Portfolio of Working Capital and Debt Reserve Investments..... DALE POLITI
5. Report on Current Events by the General Manager and Chief Executive Officer or Designees..... MIKE HUMMEL
6. Future Agenda Topics..... CHAIRMAN KEITH WOODS

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

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

Visitors: All property in your possession, including purses, briefcases, packages or containers, will be subject to inspection.



**THE NEXT FINANCE AND BUDGET COMMITTEE MEETING
IS SCHEDULED FOR TUESDAY, DECEMBER 13, 2022**

11/10/2022

MINUTES
FINANCE AND BUDGET COMMITTEE

DRAFT

October 20, 2022

A meeting of the Finance and Budget Committee of the Salt River Project Agricultural Improvement and Power District (the District) and the Salt River Valley Water Users' Association (the Association), collectively SRP, convened at 10:41 a.m. on Thursday, October 20, 2022, from the Board Conference Room at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona. This meeting was conducted in-person and via teleconference in compliance with open meeting law guidelines.

Committee Members present at roll call were K.B. Woods, Chairman; S.H. Williams, Vice Chairman; and R.C. Arnett, M.J. Herrera, and L.D. Rovey.

Committee Member absent at roll call was K.J. Johnson.

Also present were District Vice President C.J. Dobson; Association Vice President J.R. Hoopes; Board Members N.R. Brown, A.G. McAfee, R.J. Miller, K.L. Mohr-Almeida, K.H. O'Brien, M.V. Pace, J.M. White Jr., and L.C. Williams; Council Vice Chairman J.R. Shelton; Council Liaison A.M. Herrera; Council Members G.E. Geiger, T.S. Naylor, and R.W. Swier; Mmes. K.J. Barr, M.J. Burger, A.P. Chabrier, L.F. Hobaica, M.R. Maser, L.A. Meyers, G.A. Mingura, and S.A. Perkinson; Messrs. J.M. Felty, M. Hummel, R.T. Judd, A.J. McSheffrey, M.J. O'Connor, J.M. Pratt, G. Saint Paul, and J.A. Wright; and Dugan Marieb of Pine Gate Renewables.

In compliance with A.R.S. §38-431.02, Andrew Davis of the Corporate Secretary's Office had posted a notice and agenda of the Finance and Budget Committee meeting at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Tuesday, October 18, 2022.

Chairman K.B. Woods called the meeting to order.

Consent Agenda

Chairman K.B. Woods requested a motion for Committee approval of the Consent Agenda, in its entirety.

On a motion duly made by Vice Chairman S.H. Williams and seconded by Board Member R.C. Arnett, the Committee unanimously approved and adopted the following items on the Consent Agenda:

- A. Minutes of the Finance and Budget Committee meeting on September 22, 2022, as presented
- B. Approval of the District and Association Monthly Cash Statement for September 2022

Corporate Secretary J.M. Felty polled the Committee Members on Vice Chairman S.H. Williams' motion to approve the Consent Agenda, in its entirety. The vote was recorded as follows:

YES:	Board Members K.B. Woods, Chairman; S.H. Williams, Vice Chairman; and R.C. Arnett, M.J. Herrera, and L.D. Rovey	(5)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Member K.J. Johnson	(1)

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

Finance Presentation

Jeff A. Wright, SRP Director of Financial Reporting, referenced the financial handout distributed to the Members relative to the combined highlights of operations of the District and Association for the month of September 2022. Using a PowerPoint presentation, he compared the actual versus budgeted figures for categories such as CNR, system sales, and customer count. Mr. J.A. Wright concluded by reviewing the financial summary and key financial indicators for the month of September 2022 and fiscal year-to-date.

Mr. J.A. Wright responded to questions from the Committee.

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

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

Mike Hummel, SRP General Manager and Chief Executive Officer, reported on a variety of federal, state, and local topics of interest to the Committee.

Future Agenda Topics

Chairman K.B. Woods asked the Committee if there were any future agenda topics. None were requested.

There being no further business to come before the Finance and Budget Committee, the meeting adjourned at 10:49 a.m.

John M. Felty
Corporate Secretary



Statement of Cash Received and Disbursed

October 2022

(\$000)

	<u>District</u>	<u>Association</u>	<u>Total Month</u>	<u>Year-to-Date</u>
Fund Balance Beginning of Period	\$ 960,308	\$ 13	\$ 960,321	\$ 1,007,546
Cash Receipts:				
Electric Revenues	375,417	---	375,417	2,095,262
Water Revenues	---	380	380	5,321
Electric Customer Deposits	4,150	---	4,150	28,509
Reimbursement on Joint Ownership Projects	4,450	---	4,450	44,300
Construction Contributions and Advances	47,579	---	47,579	170,983
Proceeds from Bond Sales	---	---	---	---
Proceeds from Other Borrowings	---	---	---	---
Transfers from Segregated Funds	1,800	---	1,800	92,137
Sales Tax Collected	22,406	---	22,406	160,506
Other Cash Receipts	9,258	---	9,258	58,887
Total Cash Receipts	<u>465,060</u>	<u>380</u>	<u>465,440</u>	<u>2,655,905</u>
Fund Transfers - Net	<u>(5,065)</u>	<u>5,065</u>	<u>---</u>	<u>---</u>
Cash Disbursements:				
Purchased Power and Fuel	167,458	---	167,458	728,052
Operations and Maintenance	75,788	1,473	77,261	486,968
Employee Payroll and Payroll Taxes	44,877	2,747	47,624	336,430
Purchased Inventory	30,140	---	30,140	132,053
Cash Segregated for -				
Bond Interest	15,318	---	15,318	91,989
Bond Principal	9,076	---	9,076	54,969
Other Debt - Principal Repayment	---	---	---	3,500
Other Debt - Interest Expense	581	---	581	4,593
Capital Expenditures	56,597	---	56,597	364,798
Advances on Joint Ownership Projects	---	---	---	---
Transfers to Segregated Funds	---	---	---	90,337
In Lieu and Ad Valorem Taxes	---	---	---	63,102
Sales Tax Remitted	36,057	---	36,057	179,028
Margin and Collateral Disbursed - Net	65,955	---	65,955	192,920
Miscellaneous Cash Disbursements	2,943	---	2,943	17,961
Total Cash Disbursements	<u>504,790</u>	<u>4,220</u>	<u>509,010</u>	<u>2,746,700</u>
Fund Balance End of Period	<u>\$ 915,513</u>	<u>\$ 1,238</u>	<u>\$ 916,751</u>	<u>\$ 916,751</u>

**Cash Position****October 2022**

Composition of Funds Balance	(\$000)		
	<u>District</u>	<u>Association</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 442,851	\$ 1,238	\$ 444,089
Other Temporary Investments	293,893	---	293,893
Other Non-Current Investments	<u>178,769</u>	<u>---</u>	<u>178,769</u>
General Fund	<u>915,513</u>	<u>1,238</u>	<u>916,751</u>
Segregated Funds			
Electric System Debt Reserve Fund	80,598	---	80,598
Debt Service Fund	155,916	---	155,916
Rate Stabilization Fund	---	---	---
Nuclear Decommissioning Fund	510,864	---	510,864
Post-Retirement Benefits Fund	1,002,002	---	1,002,002
Construction Fund	---	---	---
RHCP Fund	10,869	---	10,869
HHCP Fund	7,221	---	7,221
SPRHCP Fund	3,158	---	3,158
Four Corners Mine Reclamation Trust	11,954	---	11,954
Other Special Funds	<u>600</u>	<u>---</u>	<u>600</u>
Total Segregated Funds	<u>\$ 1,783,182</u>	<u>\$ ---</u>	<u>\$ 1,783,182</u>

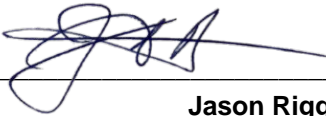
SALT RIVER VALLEY WATER USERS' ASSOCIATION

STATEMENT OF CASH RECEIVED AND DISBURSED

For Fiscal Quarter Ended October 31, 2022

(In Thousands)

Funds Balance at July 31, 2022	\$ 240
Cash Received:	
Water revenues	\$ 1,430
Other cash receipts	\$ -
Total cash received	\$ 1,430
Operating Funds from SRPAI&PD - Net	\$ 15,591
Total Funds Received	\$ 17,021
Cash Disbursed:	
Operating and maintenance expense	\$ 5,714
Net paychecks and deductions paid to others	\$ 10,309
Corporate and payroll taxes	\$ -
Other	\$ -
Total Cash Disbursed	\$ 16,023
Funds Balance at October 31, 2022	\$ 1,238



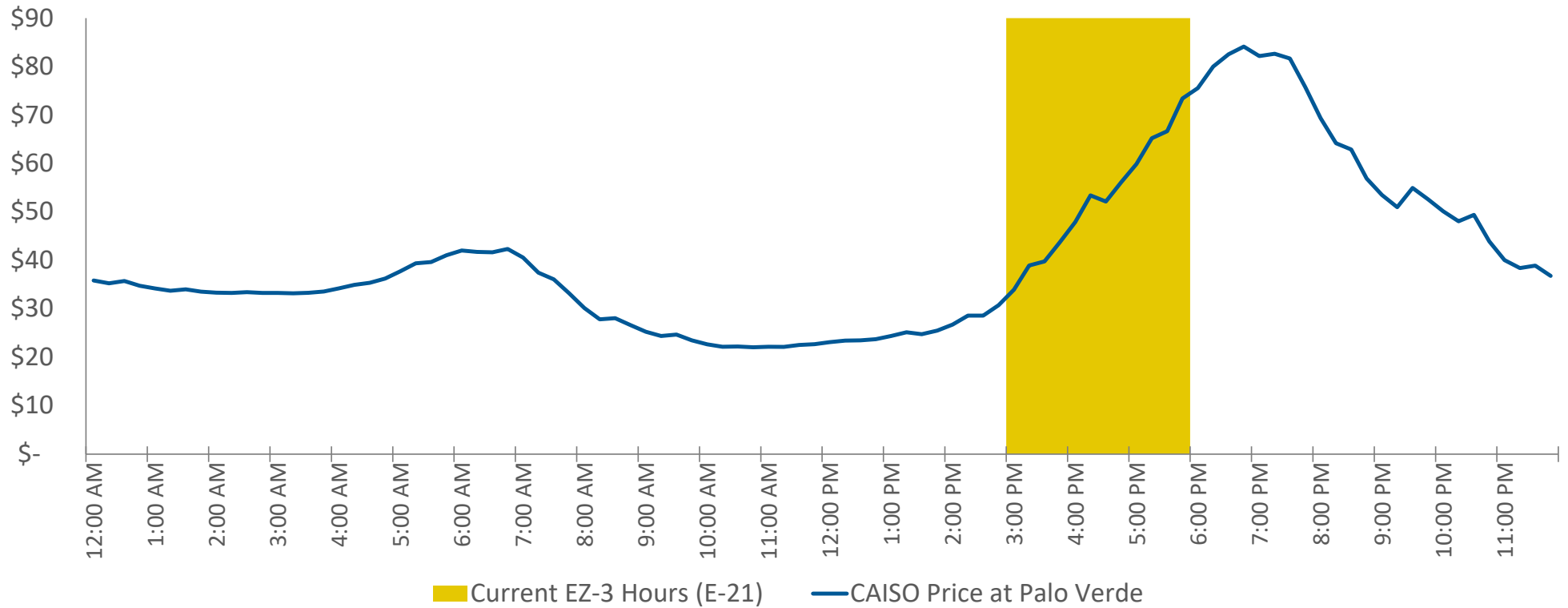
Jason Riggs
Assistant Corporate Treasurer

Proposed Residential Time-of-day Pilot Price Plan

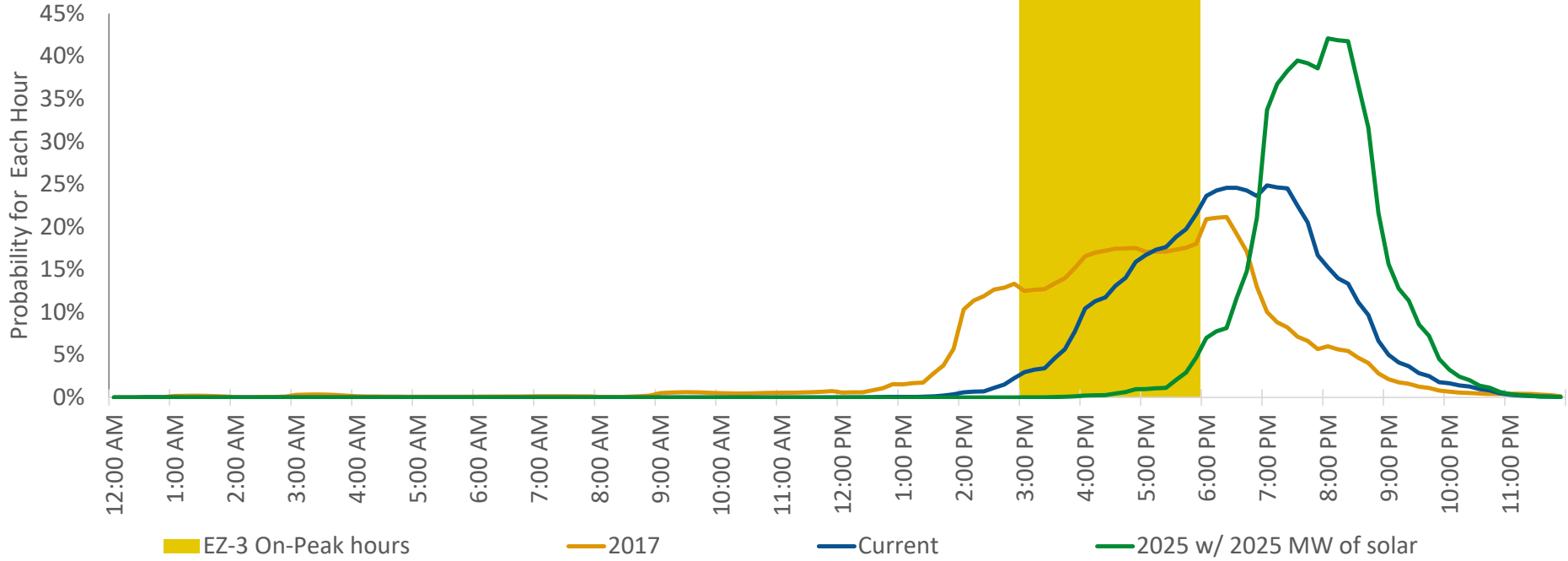
Finance & Budget Committee

Adam Peterson | November 17, 2022

Shifting Energy Prices



Loss of Load Probability



Note: Represents the hours in which a loss of load event are most likely to occur, given that there is an outage

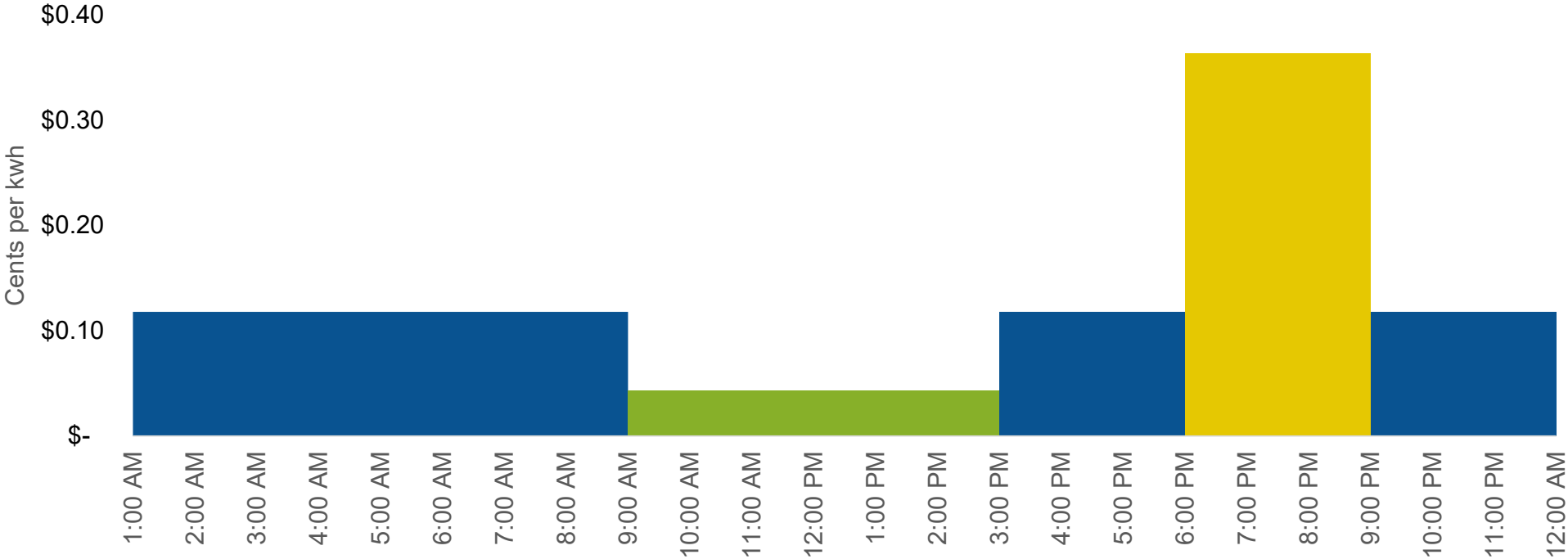
Time-of-day (TOD) Pilot Price Plan Opportunity

- Align TOD super-off-peak hours with low-cost and low-carbon hours
 - Time-of-day Pilot Price Plan can help customers save money and make energy use more sustainable
- Shift on-peak hours to later in the evening to match higher costs in the evening as a result of an evolving grid

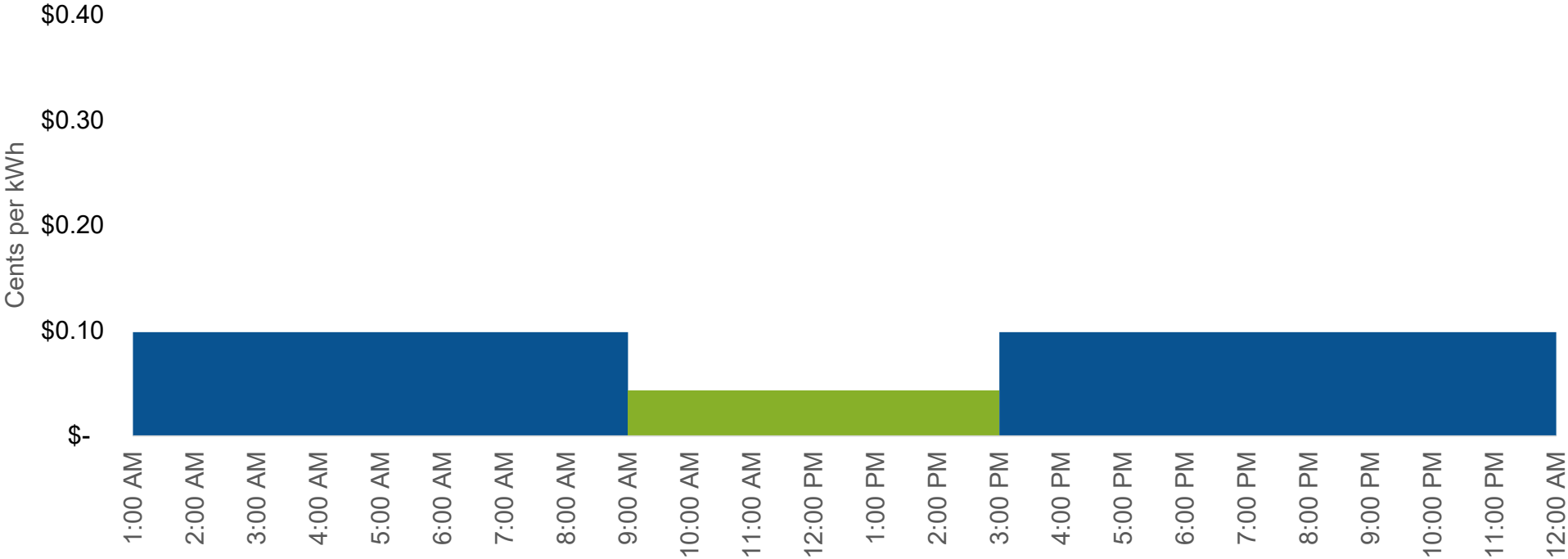
Benefits of Pilot Approach

- Research opportunity to inform future TOD hours before establishing a standard price plan
 - Discover what drives interest and adoption of the price plan
 - Learn how customers change behaviors in response to various price signals
 - Test the effectiveness of communications and mechanisms
 - Understand impact to customer segments, EV owners, legacy EZ3/TOU participants, etc.
 - Discover barriers to participation and compliance to inform marketing and communications
 - Identify profile of customers and size of market, if a standard price plan is offered
 - Identify unforeseen challenges and mitigate risks by limiting participation
 - Evaluate overall customer satisfaction & customer experience impacts

Proposed May 1 – October 31 Hours



Proposed November 1 – April 30 Hours



Time-of-day Pilot Price Plan Prices

Season	On-Peak (6 – 9 PM, Weekdays Only)	Off-Peak	Super Off-Peak (9 AM – 3 PM, Everyday)
Summer	\$0.3572	\$0.1096	\$0.0433
Summer Peak	\$0.3637	\$0.1180	\$0.0433
Winter	\$0.3463	\$0.0987	\$0.0433

* Winter on-peak price will only apply to usage during October that is included with the November billing cycle.

Pilot Details

- An initial 1,000 customers will be by SRP recruitment only
 - Manual billing requirements inform the size of the initial pilot group
 - Participation cap of 2,000 customers to allow for future flexibility, if conditions allow
- Open to new customers until May 2026, unless sooner terminated
- Effective as of the March 2023 bill cycle
- Titled “E-28 Pilot Price Plan for Residential Time-of-Day Service with Super Off-Peak Hours”

Recommendation

In accordance with the terms discussed herein and set forth on the accompanying pilot price plan sheet, request that the Committee recommend that the Board approve the E-28 Pilot Price Plan for Residential Time-of-Day Service with Super Off-Peak Hours.

thank you!



SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

E-28

PILOT PRICE PLAN FOR RESIDENTIAL TIME-OF-DAY SERVICE WITH SUPER OFF-PEAK HOURS

Effective: March 2023 Billing Cycle

AVAILABILITY:

Availability of this E-28 Pilot Price Plan will be solely determined by SRP, and is subject to equipment availability and other conditions, as determined in SRP's sole discretion. No more than 2,000 customers may concurrently participate on this pilot price plan. This pilot price plan is open to new enrollments until May 1, 2026, unless sooner terminated.

APPLICABILITY:

Service under this price plan is limited to residential customers without on-site generation. This plan is applicable to a single family house, a single unit in a multiple family house, a single unit in a multiple apartment, a manufactured housing unit, or other residential dwelling, supplied through one point of delivery and measured through one meter. Service under this price plan excludes resale, sub-metering and standby uses.

ACCESSIBILITY:

Equipment used to provide time-of-use service must be physically accessible to SRP personnel without prior notice.

CHARACTER OF SERVICE:

Sixty hertz alternating current at approximately 120/240 volts, single-phase. SRP, in its sole discretion, may provide three-phase service, at not more than 120/240 volts.

CONDITIONS:

- A. On-peak hours from May 1 through October 31 consist of those hours from 6 p.m. to 9 p.m., Monday through Friday, Mountain Standard Time, excluding the following holidays: New Year's Day (observed), Memorial Day (observed), Independence Day (observed), Labor Day, Thanksgiving Day and Christmas Day (observed). There are no on-peak hours from November 1 through April 30.
- B. Super off-peak hours year-round, including weekdays, weekends, and holidays, consist of those hours from 9 a.m. to 3 p.m., Mountain Standard Time. All hours that are not on-peak or super off-peak are off-peak.

- C. Metering will be such that kilowatt-hours (kWh) can be related to time-of-use.
- D. A customer may cancel service under this price plan and elect service under another applicable price plan. The customer may not subsequently elect service under this price plan for at least one year after the effective date of cancellation.
- E. A customer requiring additional interconnection, metering, or other equipment beyond what is necessary for SRP to provide basic service applicable under this price plan must pay SRP for the costs of such additional equipment.
- F. Applicable monthly charges or credits may be converted to daily amounts. The amounts would be annualized and then converted to daily charges or credits.
- G. As a pilot plan, this price plan is subject to change or termination at any time, with approval of the SRP Board.

PRICE PER METER:

Monthly Service Charge

Billing and Customer Service	\$17.60
Meter	\$2.04
Distribution Facilities	\$0.36
Total	\$20.00

Per kWh Charges

Summer	On-Peak kWh	Off-Peak kWh	Super Off- Peak kWh
Distribution Delivery	\$0.1658	\$0.0200	\$0.0016
Transmission	\$0.0645	\$0.0059	\$0.0004
Transmission Cost Adjustment	\$0.0000	\$0.0000	\$0.0000
Ancillary Services 1-2	\$0.0058	\$0.0011	\$0.0009
Ancillary Services 3-6	\$0.0034	\$0.0008	\$0.0006
System Benefits	\$0.0029	\$0.0029	\$0.0029
Generation	\$0.0812	\$0.0453	\$0.0033
Fuel and Purchased Power Adjustment	\$0.0336	\$0.0336	\$0.0336
Total	\$0.3572	\$0.1096	\$0.0433

(Continued on next page)

Per kWh Charges

Summer Peak	On-Peak kWh	Off-Peak kWh	Super Off- Peak kWh
Distribution Delivery	\$0.1652	\$0.0239	\$0.0016
Transmission	\$0.0603	\$0.0068	\$0.0004
Transmission Cost Adjustment	\$0.0000	\$0.0000	\$0.0000
Ancillary Services 1-2	\$0.0089	\$0.0012	\$0.0009
Ancillary Services 3-6	\$0.0052	\$0.0009	\$0.0006
System Benefits	\$0.0029	\$0.0029	\$0.0029
Generation	\$0.0876	\$0.0487	\$0.0033
Fuel and Purchased Power Adjustment	\$0.0336	\$0.0336	\$0.0336
Total	\$0.3637	\$0.1180	\$0.0433

Winter	On-Peak kWh	Off-Peak kWh	Super Off- Peak kWh
Distribution Delivery	\$0.0960	\$0.0119	\$0.0017
Transmission	\$0.0719	\$0.0054	\$0.0004
Transmission Cost Adjustment	\$0.0000	\$0.0000	\$0.0000
Ancillary Services 1-2	\$0.0016	\$0.0010	\$0.0009
Ancillary Services 3-6	\$0.0013	\$0.0008	\$0.0006
System Benefits	\$0.0029	\$0.0029	\$0.0029
Generation	\$0.1391	\$0.0432	\$0.0033
Fuel and Purchased Power Adjustment	\$0.0335	\$0.0335	\$0.0335
Total	\$0.3463	\$0.0987	\$0.0433

While there are no on-peak hours from November 1 through April 30, Winter on-peak prices will be applicable to any on-peak hours in October that are part of the November billing cycle.

Summer is defined as the May, June, September, and October billing cycles. Summer Peak is defined as the July and August billing cycles. Winter is defined as the November through April billing cycles.

ANCILLARY SERVICES:

Ancillary services provided include:

- 1) Scheduling, System Control and Dispatch Service
- 2) Reactive Supply and Voltage Control from Generation Sources Service
- 3) Regulation and Frequency Response Service
- 4) Energy Imbalance Service
- 5) Operating Reserve – Spinning Reserve Service
- 6) Operating Reserve – Supplemental Reserve Service

MINIMUM BILL:

The Monthly Service Charge.

ADJUSTMENTS:

- A. SRP may increase or decrease the price for Fuel and Purchased Power based on changes in the average cost of fuel and purchased power. The price for Fuel and Purchased Power is calculated for the summer and winter season based on the projected cost of fuel and purchased power, adjusted for the actual over- or under-collection of fuel and purchased power revenues relative to fuel and purchased power expenses from prior periods.
- B. SRP may adjust the Transmission Cost Adjustment Factor to recover transmission related costs or charges incurred by SRP resulting from standardized wholesale market designs, regional transmission organizations or related activities.
- C. SRP will increase or decrease billings under this price plan in proportion to any taxes, fees, or charges (excluding federal or state income taxes) levied or imposed by any governmental authority and payable by SRP for any services, power, or energy provided under this price plan.

RULES AND REGULATIONS:

Service under this price plan and all associated riders shall be in accordance with the terms of SRP’s Rules and Regulations, as they may be amended or revised by SRP from time to time. Failure by a customer to comply in all material respects with SRP’s Rules and Regulations may result in SRP terminating electric service to the customer.

SPECIAL RIDERS:

- A. Limited-income customers may qualify for a discount under the Economy Discount Rider.
- B. Customers with medical life support equipment may qualify for a discount under the Medical Life Support Equipment Discount Rider, if and to the extent that rider is available for participation by such customers.
- C. Customers who wish to support the development of renewable energy may elect to participate in the Renewable Energy Credit Pilot Rider.

- D. Customers may be eligible to participate in SRP's Renewable Energy Services Pilot Rider.
- E. Customers may be eligible to participate in SRP's Sustainable Energy Services Pilot Rider.

2023 Pole Attachment Fees Annual Review

Finance & Budget Committee

Brandon Shoemaker | November 17, 2022

Management's Proposal

- **Modify Pole Attachment Fees in accordance with FCC formula**
 - Increase both Cable TV fee and Telecommunications fee from \$20.22 to \$22.95 (13.5%)
- **Proposed Annual Revenues: \$992,971 (\$118,152 increase)**
 - Cable TV: \$ 194,004 (\$23,084 increase)
 - Telecom: \$ 798,967 (\$95,068 increase)

Background

- Change in fees requires SRP Board approval
- Board adopted the FCC methodology for Cable TV and Telecommunications in 2001
- FCC revised Telecom methodology in 2011 to effectively create a single fee
- If annual review calculation indicates an adjustment outside a +/- 5% dead band, an adjustment is proposed

FCC Formula for Fee Calculation

- Calculate Average Pole Value
- Multiply by Annual Carrying Charge
 - Cost of Capital
 - Depreciation
 - O&M
 - Administrative & General
 - Taxes
- Multiply by Space Allocation Factor

Attachment Fee Calculation

	Cable TV Attachment Fee	Telecommunications Attachment Fee
Average Pole Value	\$1,843.75	\$1,843.75
Annual Carrying Costs	16.84%	16.84%
Annual Pole Cost	\$310.48	\$310.48
Urban Adjustment Factor		0.66
Adjusted Annual Pole Cost	\$310.48	\$204.92
Allocation Factor	7.41%	11.20%
Calculated Annual Fee	\$23.00	\$22.95
Change from Current (\$20.22)	13.7%	13.5%

Customer Communications

- Letters mailed to all affected customers regarding proposed change and November Finance & Budget Committee Meeting
- There have been no comments to date

Schedule - 2023 Pole Attachment Fees

- 10/06/22: Notification letter & management report mailed to customers
- 11/17/22: Management presentation to the Finance & Budget Committee
- 12/05/22: Board decision
- 01/01/23: Change in fees effective

Recommendation

- Management recommends Board approval of the increase to the Telecommunications and Cable TV pole attachment fees from \$20.22 to \$22.95 per pole attachment effective January 1, 2023.

thank you!





Delivering water and power™

MANAGEMENT REPORT

ON

POLE ATTACHMENT FEES

October 2022

**MANAGEMENT REPORT ON
POLE ATTACHMENT FEES
October 2022**

Summary

Management prepares an annual report to the SRP Board of Directors regarding Cable TV and Telecommunications pole attachment fees. Formal action, in the form of customer notification and Board action, is only taken when management recommends a change to the existing Cable TV or Telecommunications pole attachment fees. Management only recommends a pole attachment fee adjustment when the newly calculated fee falls outside of the $\pm 5\%$ dead band established by the Board (the “dead band”).

At its January 8, 2001 meeting, the Board of Directors approved the use of the Federal Communications Commission (FCC) methodology in determining the Cable TV and Telecommunications pole attachment fees.

On April 7, 2011, the FCC issued an order (FCC 11-50) that changed how the Telecommunications fee is calculated. The revised methodology results in a Telecommunications pole attachment fee that is essentially equal to the Cable TV fee. In an effort to simplify the process, the Board of Directors approved using the amount calculated for the Telecommunications fee for both Cable TV and Telecommunications attachments.

The current Telecommunications pole attachment fee of \$20.22 has been in effect since January 1, 2020. Using the FCC methodology and updated economic factors, the fee for 2023 would fall outside the dead band. Management therefore proposes that the annual Telecommunications attachment fee be changed from \$20.22 to \$22.95, an increase of 13.5%.

The Cable TV formula results in a fee of \$23.00, an increase of 13.7%. However, Management recommends using the result of the Telecommunications formula, \$22.95, for Cable TV attachments. This would result in an increase of 13.5% and would continue the use of the same fee for both types of attachments.

Background

Pole attachment fees are collected from companies that request space on SRP electric poles to attach their own equipment, historically coaxial cable for cable TV or telephone lines. SRP currently has two types of pole attachment fees that apply to parties who do not jointly own poles with SRP:

1. Fees for cable TV companies; and
2. Fees for telecommunication providers.

Attachment Fees

The FCC methodology uses an average pole value as the starting point for calculating the fee. The pole cost is multiplied by an annual carrying charge to recover capital costs and pole related expenses. The result is the annualized average pole cost which is then allocated among potential users. This becomes the basis for the Cable TV and Telecommunications pole attachment fees.

Average Pole Value

The FCC methodology uses actual accounting records to determine average pole value. This results in an average pole value that is consistent with industry standards and practices.

The pole value was determined using the following formula:

Original Installed Cost	\$232,781,042.68
less Accumulated Depreciation	\$41,833,410.69
Original Installed Cost Depreciated (OICD)	\$190,947,631.99
less Framing (15% of OICD)	\$28,642,144.80
Net Pole Investment	\$162,305,487.19
Pole Count	88,030
Average Pole Value	\$1,843.75

The key driver for the increase in this component from \$1,748.98 in FY2019 (which was the last year SRP increased fees) is the replacement of older poles. The installation of new poles as replacements for older poles is generally more costly over time because of labor and material cost inflation as well as crews having to work around more existing infrastructure.

Annual Carrying Charge

The annual carrying charge for the FCC methodology consists of:

- Cost of Capital
- Depreciation
- Administrative and General Expenses
- Maintenance Expense
- Taxes

The annual carrying charge component increased from 15.64% in FY2019 to 16.84% in FY2022. This increase is driven primarily by a higher cost of capital, higher administrative and general expenses, and higher taxes. Based on the FY22 average pole value, the FY22 annual pole cost for Cable TV and Telecommunications is \$310.48.

Joint Use Allocation

For Cable TV, the FCC methodology assumes there is 13.5 feet of usable space on a pole. Each attachment is presumed to use 1 foot of the usable space. The allocation is derived by the formula:

$$1 / 13.5 = 7.41\%$$

For Telecommunications, the FCC methodology uses a detailed formula that considers pole height, usable space and non-usable space. This methodology differs from the joint use allocation formula used for the Cable TV fee. The FCC telecommunications allocation factor for SRP is 11.20%, derived by the formulas:

$$\text{Usable Space Factor: } (1 \text{ foot} / 13.5 \text{ feet} * 13.5 \text{ feet} / 37.5 \text{ feet}) = 2.67\%$$

$$\text{Unusable Space Factor: } (2/3 * 1 / \# \text{ of users [5 for SRP]} * 24 \text{ feet} / 37.5 \text{ feet}) = 8.53\%$$

$$2.67\% + 8.53\% = 11.20\%$$

Proposed Fee

The calculation for the Cable TV fee and Telecommunications fees according to the FCC formula are as follows:

	Cable TV Attachment Fee	Telecommunications Attachment Fee
Average Pole Value	\$1,843.75	\$1,843.75
Annual Carrying Costs		
Cost of Capital	6.17%	6.17%
Depreciation	3.72%	3.72%
O&M	2.40%	2.40%
A&G	2.70%	2.70%
Taxes	1.86%	1.86%
Total	16.84%	16.84%
Annual Pole Cost	\$310.48	\$310.48
Urban Adjustment Factor		0.66
Adjusted Annual Pole Cost	\$310.48	\$204.92
Allocation Factor	7.41%	11.20%
Calculated Annual Fee	\$23.00	\$22.95
Change from Current (\$20.22)	13.7%	13.5%

Management recommends that the Telecommunications formula continue to be used to set the fee for both types of attachments, as the results of both formulas are nearly identical. While the Cable TV fee is slightly higher (\$0.05) than the Telecommunications fee, when calculated using the FCC formulas, the formulas are designed to produce a maximum allowable rate. Management therefore recommends that the fee be set at \$22.95 per attachment per year effective January 1, 2023. This is an increase of \$2.73 (13.5%) from the current pole attachment fee. The proposed fee falls outside the dead band, and therefore management recommends an adjustment to the existing fee.

Currently, there are four customers that pay the Cable TV attachment fee. Current pole attachment fees total \$170,920 for 8,453 Cable TV attachments. The proposed increase would result in 2023 Cable TV pole attachment projected revenues of \$194,004. This represents an increase of \$23,084 in annual revenues.

Currently, there are six customers that pay the Telecommunications fee. Current pole attachment fees total \$703,899 for 34,812 Telecommunications attachments. The proposed increase would result in 2023 Telecommunications pole attachment projected revenues of \$798,967. This represents an increase of \$95,068 in annual revenues.

Management Recommendation

Management continues to recommend using the same fee for both types of attachments. Using the FCC methodology and updated economic factors, the proposed fee falls outside the dead band for both Cable TV and Telecommunications attachments. Management therefore recommends that the annual pole attachment fee be changed to \$22.95 per attachment, effective January 1, 2023. The net revenue impact of the change to both fees is an increase of \$118,152 per year, based on the current number of attachments.

Cash Management Investment Portfolio Review

Finance & Budget Committee
Dale Politi | November 17, 2022

Why We're Here

Annual compliance review of total cash investment portfolio

- Investment Policy
 - Authorized limits and investment types
 - Portfolio metrics
- Compliance Statement

Cash Management Investment Policy Overview

Purpose

- To specify the policies and procedures that support the prudent and systematic investment of surplus funds

Scope

- Working capital and debt service funds

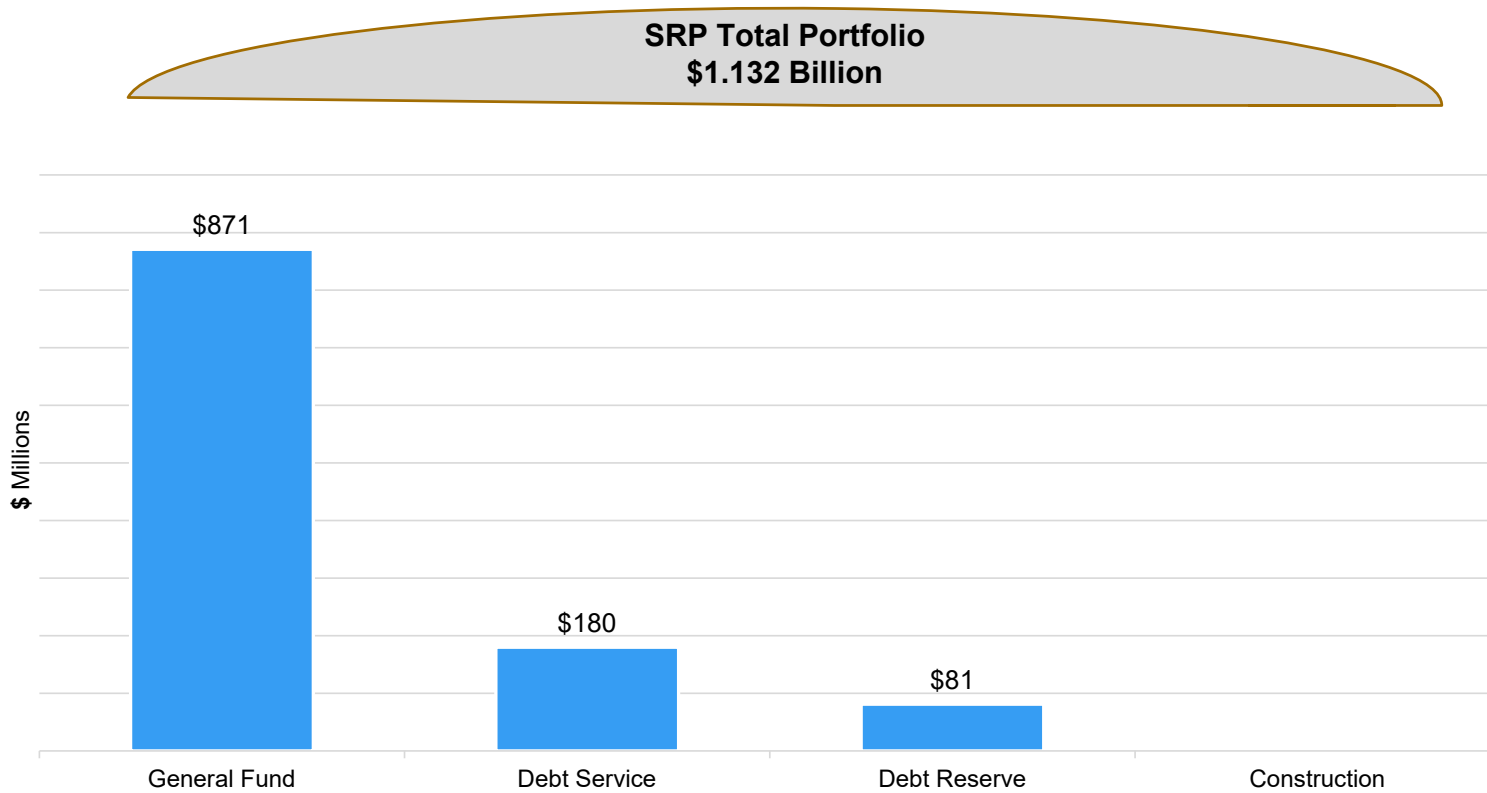
Objectives

- Capital Preservation
- Capital Liquidity
- Investment Yield

Standards of Care

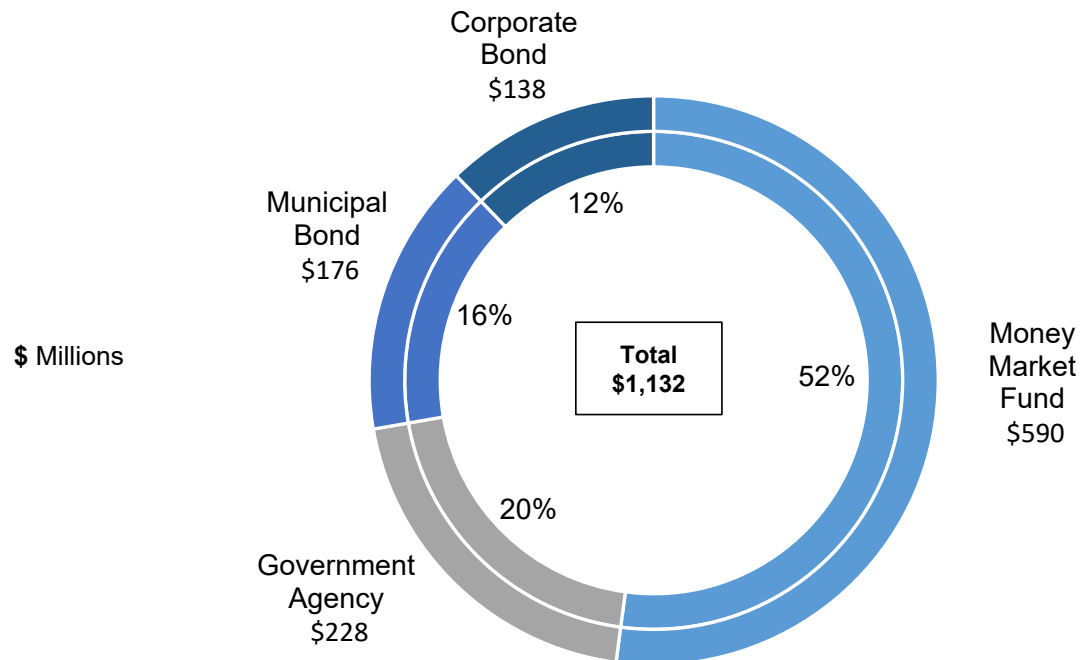
- Prudence
- Delegation of Authority
- Investment Procedures
- Internal Controls
- Ethics and Conflicts of Interest

Investment Portfolio: Fund Breakdown



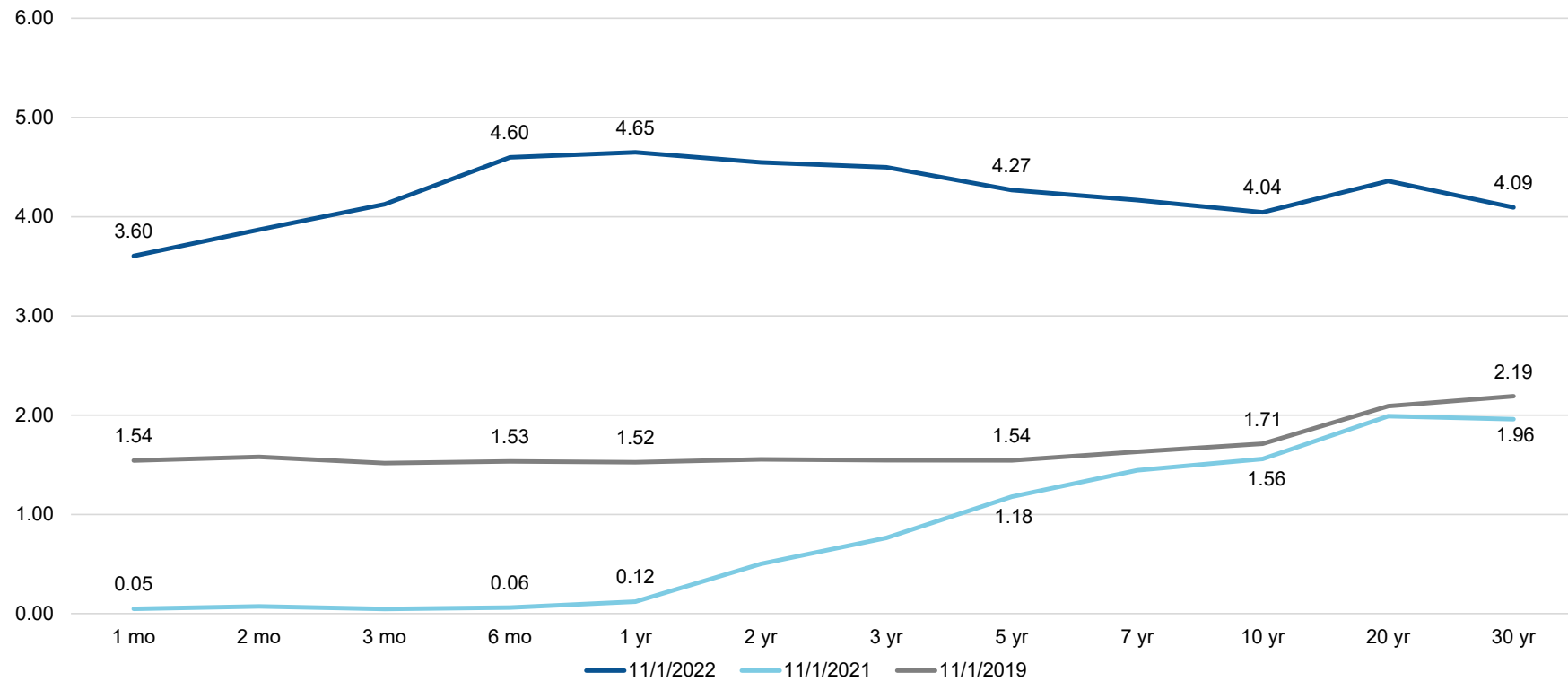
Investment Portfolio: Product Type

Total Portfolio by Product Type

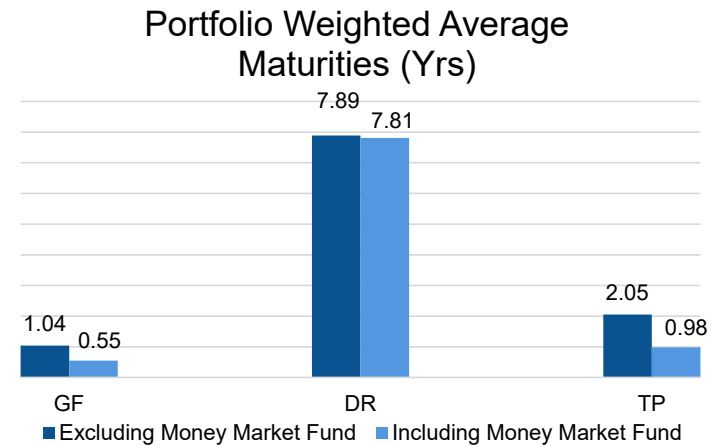
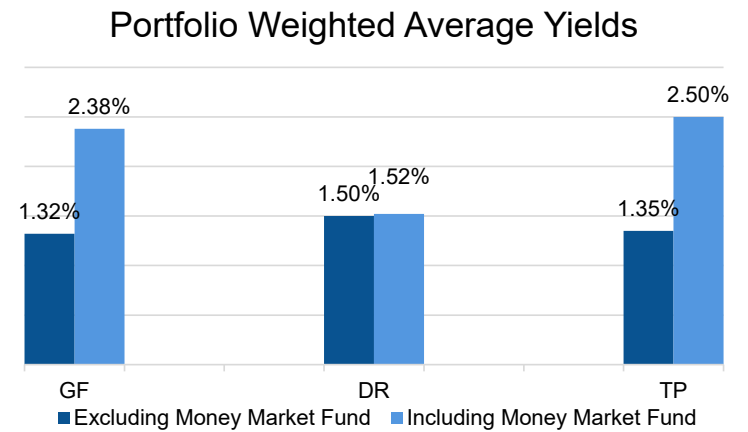
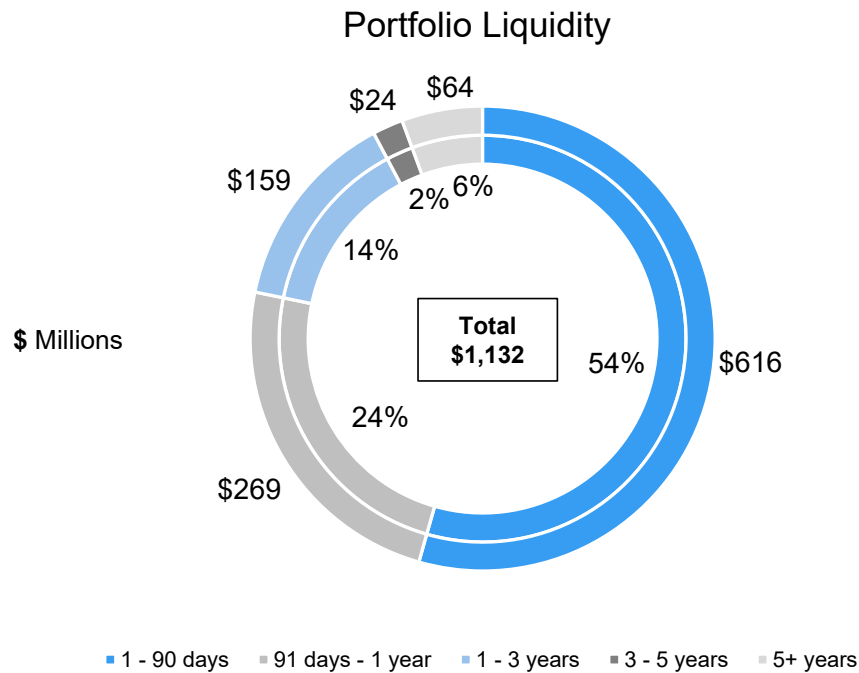


Yield Curve: Impacts Portfolio

Treasury Yield Curve - Historical and Current



Portfolio Metrics: Liquidity, Yields, Maturities



Investment Policy Statement of Compliance

The Investment Portfolio meets all of the credit, liquidity, maximum limits, security type, maximum maturity, prudence, controls, custody, and safety objectives the Policy requires.



Combined District Investments

by Maturity Date

As of 11/10/22

Number	Maturity	Type	Description	Yield	Principal	Cost Basis
1	11/10/2022	Money Market Fund	Dreyfus Government Cash Management MMF	3.44	\$ 111,000,000.00	\$ 111,000,000.00
2	11/10/2022	Money Market Fund	Federated Government Obligations Premier Fund	3.48	\$ 111,000,000.00	\$ 111,000,000.00
3	11/10/2022	Money Market Fund	BlackRock FedFund Government MMF	3.39	\$ 113,000,000.00	\$ 113,000,000.00
4	11/10/2022	Money Market Fund	Fidelity Government Portfolio Institutional MMF	3.42	\$ 4,000,000.00	\$ 4,000,000.00
5	11/10/2022	Money Market Fund	Fidelity Government Portfolio Institutional MMF	3.42	\$ 79,934,540.47	\$ 79,934,540.47
6	11/10/2022	Money Market Fund	Fidelity Government Portfolio Institutional MMF	3.42	\$ 100,375,416.71	\$ 100,375,416.71
7	11/10/2022	Money Market Fund	Goldman Sachs Financial Square Government Fund	3.57	\$ 123,000,000.00	\$ 123,000,000.00
8	11/15/2022	Corporate Bond	Baycare Health System 11/15/22, 2.61%	0.68	\$ 1,000,000.00	\$ 1,045,804.85
9	12/9/2022	Corporate Bond	MUFG Union Bank NA 12/09/22, 2.10%	1.96	\$ 5,140,000.00	\$ 5,159,634.80
10	1/15/2023	Corporate Bond	Berkshire Hathaway Energy 01/15/23, 2.80%	0.39	\$ 10,000,000.00	\$ 10,571,000.00
11	1/25/2023	Corporate Bond	Charles Schwab Corp 01/25/23, 2.65%	0.38	\$ 10,000,000.00	\$ 10,500,000.00
12	2/15/2023	Municipal Bond	Clear Creek Texas Independent School Dist 02/15/23, 5.00%	0.61	\$ 1,750,000.00	\$ 1,920,852.50
13	3/1/2023	Municipal Bond	City of Kansas MO 03/01/23, 1.075%	1.80	\$ 4,000,000.00	\$ 3,974,200.00
14	3/10/2023	Corporate Bond	Key Bank NA 3/10/23, 1.25%	2.02	\$ 10,000,000.00	\$ 9,930,900.00
15	3/15/2023	Government Agency	FFCB 03/15/23, 0.22%	0.23	\$ 13,250,000.00	\$ 13,246,025.00
16	4/1/2023	Municipal Bond	Miami Dade County 04/01/23, 0.375%	0.48	\$ 10,000,000.00	\$ 9,973,000.00
17	5/3/2023	Corporate Bond	Apple Inc 05/03/23, 2.40%	0.22	\$ 10,000,000.00	\$ 10,567,300.00
18	5/10/2023	Corporate Bond	Philip Morris 5/10/23, 2.125%	2.20	\$ 9,115,000.00	\$ 9,107,571.28
19	6/1/2023	Corporate Bond	SSM Health Care 06/01/23, 3.688%	0.60	\$ 6,000,000.00	\$ 6,459,000.00
20	6/1/2023	Corporate Bond	SSM Health Care 06/01/23, 3.688%	0.60	\$ 4,000,000.00	\$ 4,314,560.00
21	6/30/2023	Municipal Bond	County of Ventura CA 06/30/23, 2.25%	4.11	\$ 10,000,000.00	\$ 9,849,000.00
22	6/30/2023	Municipal Bond	Oregon Education Districts 06/30/23, 0.312%	0.31	\$ 3,500,000.00	\$ 3,500,000.00
23	7/1/2023	Municipal Bond	California State Earthquake Authority 07/01/23, 1.477%	2.20	\$ 10,000,000.00	\$ 9,911,000.00
24	7/1/2023	Municipal Bond	City of Houston Airport System 07/01/23, 1.054%	2.00	\$ 4,555,000.00	\$ 4,502,617.50
25	7/1/2023	Municipal Bond	Phoenix Civic Improvement Corp 07/01/23, 0.679%	0.68	\$ 2,500,000.00	\$ 2,500,000.00
26	7/1/2023	Municipal Bond	Port Authority of NY and NJ 07/01/23, 1.086%	2.16	\$ 10,000,000.00	\$ 9,871,000.00
27	7/5/2023	Corporate Bond	John Deere Capital Corp 07/05/23, 0.70%	0.32	\$ 10,000,000.00	\$ 10,106,800.00
28	7/7/2023	Corporate Bond	AIG Global Funding 07/07/23, 0.80%	0.44	\$ 5,430,000.00	\$ 5,483,974.20
29	7/15/2023	Municipal Bond	County of New Castle DE 07/15/23, 0.29%	0.24	\$ 7,990,000.00	\$ 7,996,951.30
30	8/1/2023	Municipal Bond	Iowa State Finance Authority 08/01/23, 0.258%	0.26	\$ 9,305,000.00	\$ 9,305,000.00
31	8/1/2023	Municipal Bond	State of Oregon 08/01/23, 0.475%	0.35	\$ 6,070,000.00	\$ 6,091,184.30
32	8/1/2023	Municipal Bond	Virginia Public Building Authority 08/01/23, 2.149%	2.15	\$ 3,750,000.00	\$ 3,750,000.00
33	8/15/2023	Municipal Bond	City of Arlington Texas 08/15/23, 0.388%	0.39	\$ 2,000,000.00	\$ 2,000,000.00
34	8/16/2023	Corporate Bond	Bank of New York Mellon 08/16/23, 2.20%	0.40	\$ 10,000,000.00	\$ 10,502,680.00
35	8/25/2023	Government Agency	FNMA 08/25/23, 0.32%	0.32	\$ 15,000,000.00	\$ 15,000,000.00
36	9/14/2023	Government Agency	FFCB 09/14/23, 0.28%	0.29	\$ 20,000,000.00	\$ 19,996,000.00
37	9/15/2023	Municipal Bond	University of Pittsburgh 09/15/23, 2.732%	2.85	\$ 3,800,000.00	\$ 3,794,566.00
38	9/23/2023	Corporate Bond	Pacific Life Global Funding 09/23/23, 0.50%	0.34	\$ 10,000,000.00	\$ 10,031,908.45
39	9/26/2023	Government Agency	FHLB 09/26/23, 4.30%	4.22	\$ 15,000,000.00	\$ 15,012,000.00
40	10/1/2023	Corporate Bond	Cummins Inc 10/01/23, 3.65%	4.74	\$ 10,000,000.00	\$ 9,903,200.00
41	10/1/2023	Municipal Bond	State of Hawaii 10/01/23, 0.571%	0.26	\$ 9,835,000.00	\$ 9,898,829.15
42	10/5/2023	Government Agency	FHLB 10/05/23, 0.22%	0.26	\$ 10,000,000.00	\$ 9,988,000.00
43	11/1/2023	Municipal Bond	Honolulu City & County 11/01/23, 2.812%	1.35	\$ 5,000,000.00	\$ 5,040,300.00
44	11/1/2023	Municipal Bond	State of Mississippi 11/01/23, 0.422%	0.20	\$ 7,500,000.00	\$ 7,537,500.00
45	11/20/2023	Corporate Bond	Bank of America Corp 11/20/23, 0.40%	0.41	\$ 10,000,000.00	\$ 10,000,000.00
46	12/1/2023	Municipal Bond	Pennsylvania Turnpike Commission 12/01/23, 2.929%	3.40	\$ 4,645,000.00	\$ 4,618,291.25
47	12/1/2023	Municipal Bond	South Carolina Public Service 12/01/23, 2.388%	0.55	\$ 10,000,000.00	\$ 10,545,100.00
48	1/1/2024	Municipal Bond	Water Works of Birmingham AL 01/01/24, 0.57%	0.57	\$ 1,250,000.00	\$ 1,250,000.00
49	1/12/2024	Corporate Bond	Protective Life 01/12/24, 0.473%	4.96	\$ 10,000,000.00	\$ 9,445,000.00
50	3/15/2024	Municipal Bond	New York State Urban Development Corp 03/15/24, 2.88%	3.45	\$ 3,500,000.00	\$ 3,470,040.00
51	3/15/2024	Municipal Bond	New York State Urban Development Corp 03/15/24, 2.88%	3.45	\$ 6,500,000.00	\$ 6,444,360.00
52	6/1/2024	Municipal Bond	Louisiana State Insurance Corp 06/01/24, 2.64%	3.05	\$ 9,015,000.00	\$ 8,941,077.00
53	6/30/2024	Municipal Bond	Oregon Education Districts 06/30/24, 0.592%	0.59	\$ 2,500,000.00	\$ 2,500,000.00
54	7/1/2024	Municipal Bond	City of Houston Tx Airport System 7/1/24, 1.272%	2.45	\$ 5,445,000.00	\$ 5,304,845.70
55	7/15/2024	Municipal Bond	NYC Transitional Finance Authority 7/15/24, 0.64%	2.60	\$ 2,300,000.00	\$ 2,201,008.00
56	7/19/2024	Government Agency	FFCB 07/19/24, 0.42%	0.51	\$ 15,000,000.00	\$ 14,985,000.00
57	7/22/2024	Government Agency	FHLMC 07/22/24, 0.51%	0.45	\$ 15,000,000.00	\$ 15,000,000.00
58	8/1/2024	Municipal Bond	Santa Clara California 08/01/24, 2.00%	0.45	\$ 10,000,000.00	\$ 10,460,900.00
59	9/15/2024	Municipal Bond	University of Pittsburgh 09/15/24, 2.877%	3.10	\$ 6,200,000.00	\$ 6,170,426.00
60	10/1/2024	Municipal Bond	State of Texas Public Finance Authority 10/01/24, 0.794%	0.79	\$ 3,000,000.00	\$ 3,000,000.00
61	10/28/2024	Government Agency	FHLB 10/28/24, 0.43%	0.44	\$ 15,000,000.00	\$ 14,994,000.00
62	10/29/2024	Government Agency	FHLB 10/29/24, 0.25% Step-Up	0.25	\$ 15,000,000.00	\$ 15,000,000.00
63	11/12/2024	Corporate Bond	Equitable Financial Life 11/12/24, 1.10%	5.18	\$ 7,525,000.00	\$ 6,940,307.50
64	5/2/2025	Government Agency	FHLMC 05/02/25, 0.46%	0.46	\$ 5,000,000.00	\$ 5,000,000.00
65	8/25/2025	Government Agency	FHLMC 08/25/25, 3.50%	3.53	\$ 2,000,000.00	\$ 2,000,000.00
66	2/27/2026	Government Agency	FHLB 02/27/26, 2.00%	2.01	\$ 1,350,000.00	\$ 1,350,000.00
67	4/6/2026	Government Agency	FHLB 04/06/26, 2.60%	2.67	\$ 2,000,000.00	\$ 1,996,000.00
68	4/28/2026	Government Agency	FHLB 04/28/26, 0.70%	0.70	\$ 10,000,000.00	\$ 10,000,000.00
69	4/28/2026	Government Agency	FHLMC 04/28/26, 1.00%	1.00	\$ 1,000,000.00	\$ 1,000,000.00
70	7/30/2026	Government Agency	FHLMC 07/30/26, 0.80%	0.80	\$ 2,000,000.00	\$ 2,000,000.00

Combined District Investments by Maturity Date As of 11/10/22

71	10/29/2026	Government Agency	FHLB 10/29/26, 0.60%	0.60	\$	2,745,000.00	\$	2,745,000.00
72	11/25/2026	Government Agency	FHLB 11/25/26, 0.72%	0.74	\$	2,180,000.00	\$	2,178,256.00
73	7/28/2027	Government Agency	FHLB 07/28/27, 0.80%	0.80	\$	1,250,000.00	\$	1,250,000.00
74	10/20/2027	Government Agency	FFCB 10/20/27, 1.30%	1.32	\$	1,525,000.00	\$	1,523,475.00
75	11/19/2027	Government Agency	FHLMC 11/19/27, 1.00%	1.00	\$	2,000,000.00	\$	2,000,000.00
76	11/30/2027	Government Agency	FNMA 11/30/27, 0.75%	0.77	\$	2,300,000.00	\$	2,297,700.00
77	5/18/2028	Government Agency	FFCB 05/18/28, 1.20%	1.20	\$	2,500,000.00	\$	2,500,000.00
78	6/22/2028	Government Agency	FFCB 06/22/28, 1.05%	1.07	\$	2,000,000.00	\$	1,998,000.00
79	10/27/2028	Government Agency	FHLB 10/27/28, 1.00%	1.00	\$	540,000.00	\$	540,000.00
80	4/30/2029	Government Agency	FFCB 04/30/29, 1.50%	1.50	\$	1,000,000.00	\$	1,000,000.00
81	8/10/2029	Government Agency	FHLMC 08/10/29, 1.00%	1.00	\$	2,000,000.00	\$	2,000,000.00
82	12/7/2029	Government Agency	FHLMC 12/07/29, 1.10%	1.10	\$	2,960,000.00	\$	2,960,000.00
83	12/17/2029	Government Agency	FNMA 12/17/29, 1.20%	1.20	\$	500,000.00	\$	500,000.00
84	1/25/2030	Government Agency	FHLB 01/25/30, 1.25% Step-Up	2.17	\$	1,460,000.00	\$	1,460,000.00
85	4/25/2030	Government Agency	FFCB 04/25/30, 1.83%	1.84	\$	2,675,000.00	\$	2,674,331.25
86	4/29/2030	Government Agency	FFCB 04/29/30, 1.68%	1.68	\$	3,500,000.00	\$	3,500,000.00
87	6/11/2030	Government Agency	FFCB 06/11/30, 1.45%	1.45	\$	2,500,000.00	\$	2,500,000.00
88	12/2/2030	Government Agency	FHLB 12/02/30, 1.27%	1.27	\$	2,500,000.00	\$	2,500,000.00
89	1/13/2031	Government Agency	FFCB 01/13/31, 2.10%	2.12	\$	935,000.00	\$	934,532.50
90	1/28/2031	Government Agency	FHLB 01/28/31, 1.28%	1.28	\$	1,000,000.00	\$	1,000,000.00
91	8/11/2031	Government Agency	FFCB 08/11/31, 1.24%	1.24	\$	2,000,000.00	\$	2,000,000.00
92	1/26/2032	Government Agency	FHLB 01/26/32, 1.50% Step-Up	2.28	\$	1,210,000.00	\$	1,210,000.00
93	5/19/2032	Government Agency	FHLB 05/19/32, 1.68%	1.68	\$	1,565,000.00	\$	1,565,000.00
94	6/24/2032	Government Agency	FFCB 06/24/32, 1.50	1.50	\$	2,060,000.00	\$	2,060,000.00
95	8/12/2032	Government Agency	FHLMC 08/12/32, 1.25%	1.26	\$	1,750,000.00	\$	1,748,250.00
96	9/30/2032	Government Agency	FNMA 09/30/32, 1.30%	1.35	\$	1,500,000.00	\$	1,493,250.00
97	12/22/2032	Government Agency	FNMA 12/22/32, 1.25%	1.30	\$	2,000,000.00	\$	1,990,000.00
98	1/27/2033	Government Agency	FHLMC 01/27/33, 1.50%	1.50	\$	2,000,000.00	\$	2,000,000.00
99	6/8/2033	Government Agency	FHLB 06/08/33, 1.65%	1.65	\$	1,800,000.00	\$	1,800,000.00
100	7/14/2033	Government Agency	FHLMC 07/14/33, 1.55%	1.55	\$	3,500,000.00	\$	3,500,000.00
101	9/9/2033	Government Agency	FNMA 09/09/33, 1.35%	1.36	\$	2,000,000.00	\$	1,999,000.00
102	2/17/2034	Government Agency	FHLB 02/17/34, 1.65%	1.67	\$	1,000,000.00	\$	999,000.00
103	7/25/2034	Government Agency	FHLB 07/25/34, 2.45%	2.47	\$	1,910,000.00	\$	1,908,567.50
104	7/27/2034	Government Agency	FHLMC 07/27/34, 1.60%	1.60	\$	2,000,000.00	\$	2,000,000.00
105	5/14/2035	Government Agency	FFCB 05/14/35, 1.95%	1.95	\$	2,500,000.00	\$	2,500,000.00
106	6/11/2035	Government Agency	FHLB 06/11/35, 1.75%	1.75	\$	1,500,000.00	\$	1,500,000.00
107	1/14/2036	Government Agency	FHLB 01/14/36, 1.73%	1.74	\$	1,000,000.00	\$	1,000,000.00
108	2/22/2036	Government Agency	FHLB 02/22/36, 1.80%	1.82	\$	1,200,000.00	\$	1,198,800.00
109	2/25/2036	Government Agency	FFCB 02/25/36, 2.10%	2.12	\$	900,000.00	\$	899,550.00