

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

SPECIAL BOARD OF DIRECTORS

Tuesday, October 29, 2024, No Sooner Than 11:45 AM

**PERA Training and Conference Center
1 E. Continental Drive, Tempe, AZ 85288**

Call to Order
Roll Call

1. Board Consultant Overview of the SRP Price Process
..... PRESIDENT DAVID ROUSSEAU; and
BRUCE CHAPMAN, CHRISTENSEN ASSOCIATES

Informational presentation and discussion with the Board’s price process consultant, Bruce Chapman of Christensen Associates, regarding an overview of the role that the Board’s consultant will play in the upcoming price process, including how the Board can interact with and use the consultant during the price process. Mr. Chapman will address the Board’s expectations and will address any questions and comments from the Board as to his engagement and work on behalf of the Board relative to the price process.

2. Adjourn..... 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 Committee 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 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 4, 2025**



Salt River Project Price Process: Board Consultant Introduction

Bruce Chapman
October 29, 2024

Agenda

- Board Consultant qualifications
- Board Consultant's role and responsibilities
- Initial review of SRP pricing process

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Board Consultant Qualifications

Christensen Associates Energy Consulting

Economic consulting firm founded nearly 50 years ago in Madison, Wisconsin

- Staff of economists, programmers, and data analysts
- Areas of specialization:
 - Cost allocation / Cost-of-service analysis
 - Marginal cost analysis
 - Utility rate design
 - Cost of capital
 - Incentive regulation / Performance-based regulation
 - Load Forecasting
- Regularly provide expert testimony and reports on behalf of utilities, regulators, and interested stakeholders



Project Team



Bruce Chapman

Vice President

MA, University of Wisconsin–Madison

- Project manager
- Previous work for SRP – Buy-Through Option review
- Cost-of-Service methodology review and COS studies
- Traditional and innovative rate design
 - Distributed Energy Resources pricing
 - Time-of-Use,
 - Market-based pricing, etc.
- Oral and written testimony in rate applications

Project Team



Michael Ty Clark

Vice President

PhD, Florida State University

- Marginal Cost analysis
- Innovative rate design:
 - Residential and commercial electric vehicle charging
- Load and revenue forecasting
- Oral and written testimony in rate applications

Project Team



Dan Hansen

Managing Director

PhD, Michigan State University

- Price response analysis:
 - Critical-peak pricing
 - Real-time pricing
- Innovative rate design
- Decoupling analysis
- Oral and written testimony in rate applications

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Board Consultant's Role and Responsibilities

Role

- Objectively review Management's proposals re:
 - Cost of Service
 - Existing rate designs
 - Rate/pricing innovations
- Timely work to comply with price process timeline
- Reporting to Board
 - Response to inquiries
 - Engagement with stakeholders, subject to Board direction

Responsibilities

- Review costs and rate designs based on industry principles
 - Cost causation
 - Bonbright criteria for sound rate design
- Review for prospects of achieving SRP pricing and corporate objectives

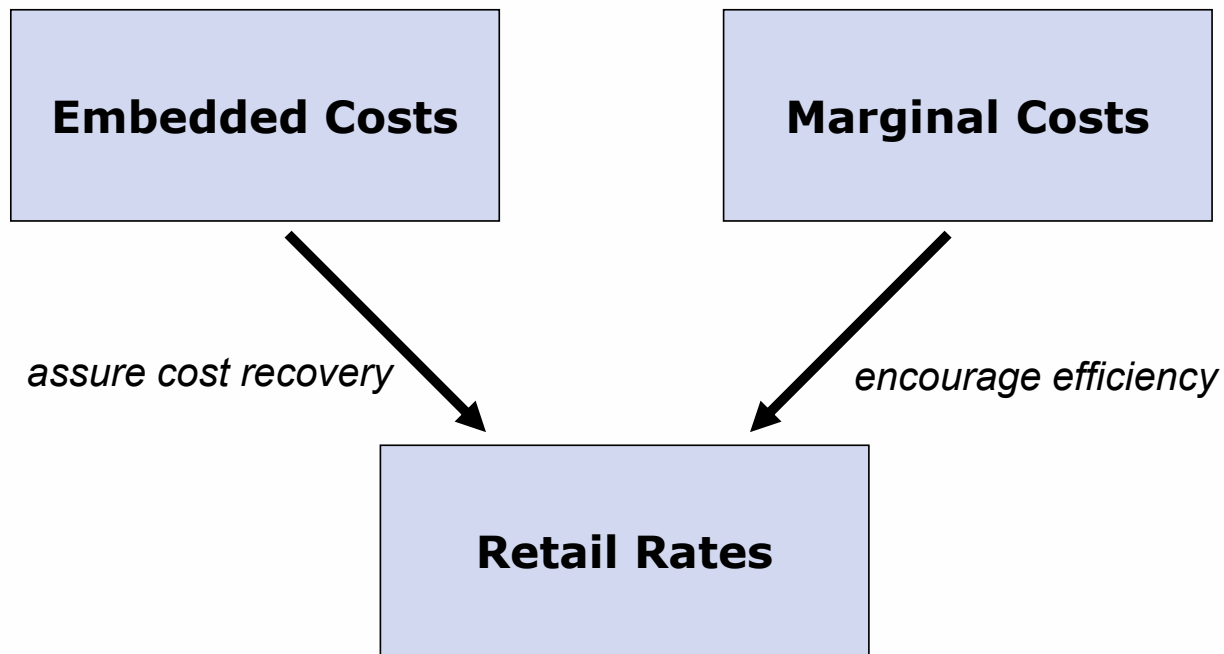
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Initial Review of SRP Pricing Process

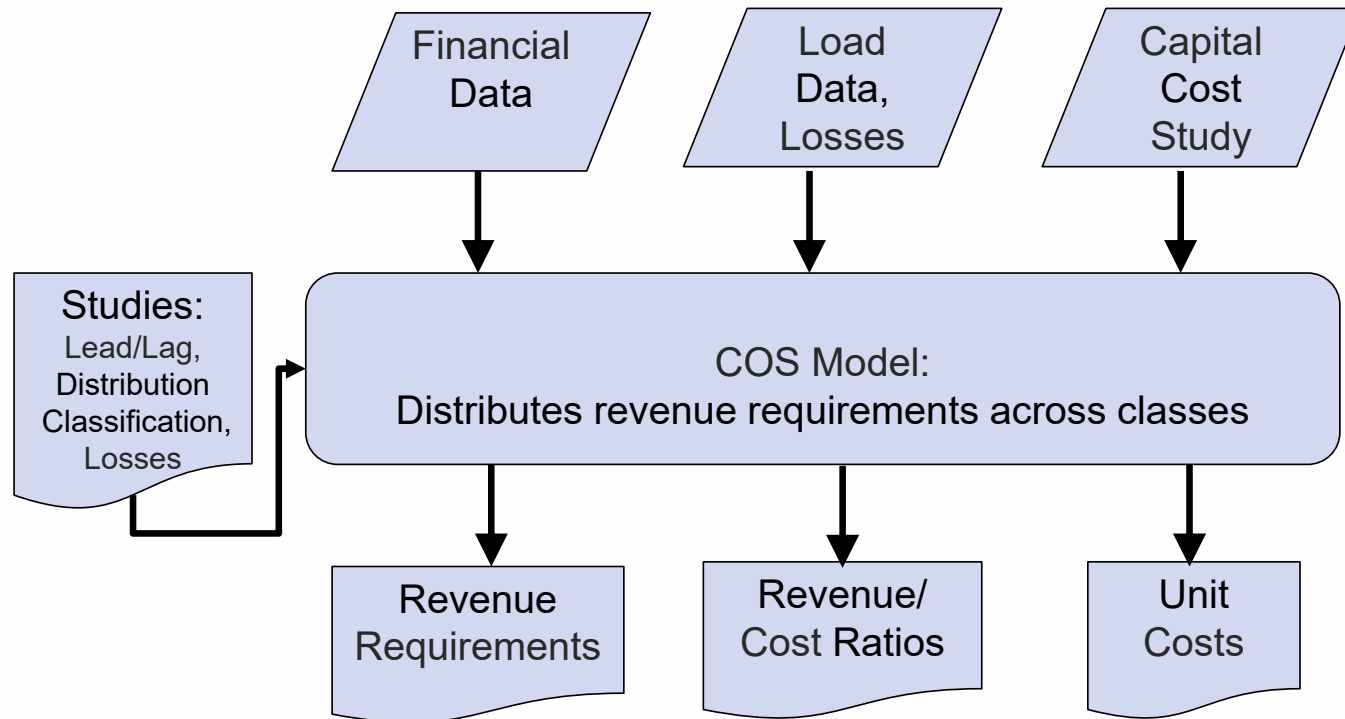
Documents Planned for Review

- Cost Allocation Study – financial costs to rate classes
- Marginal Cost Study – costs to change level of service (= market-based price, efficiency criterion)
- Rate Design Model – conversion of costs to prices
- Revised Tariff Sheets
- New Rate Designs

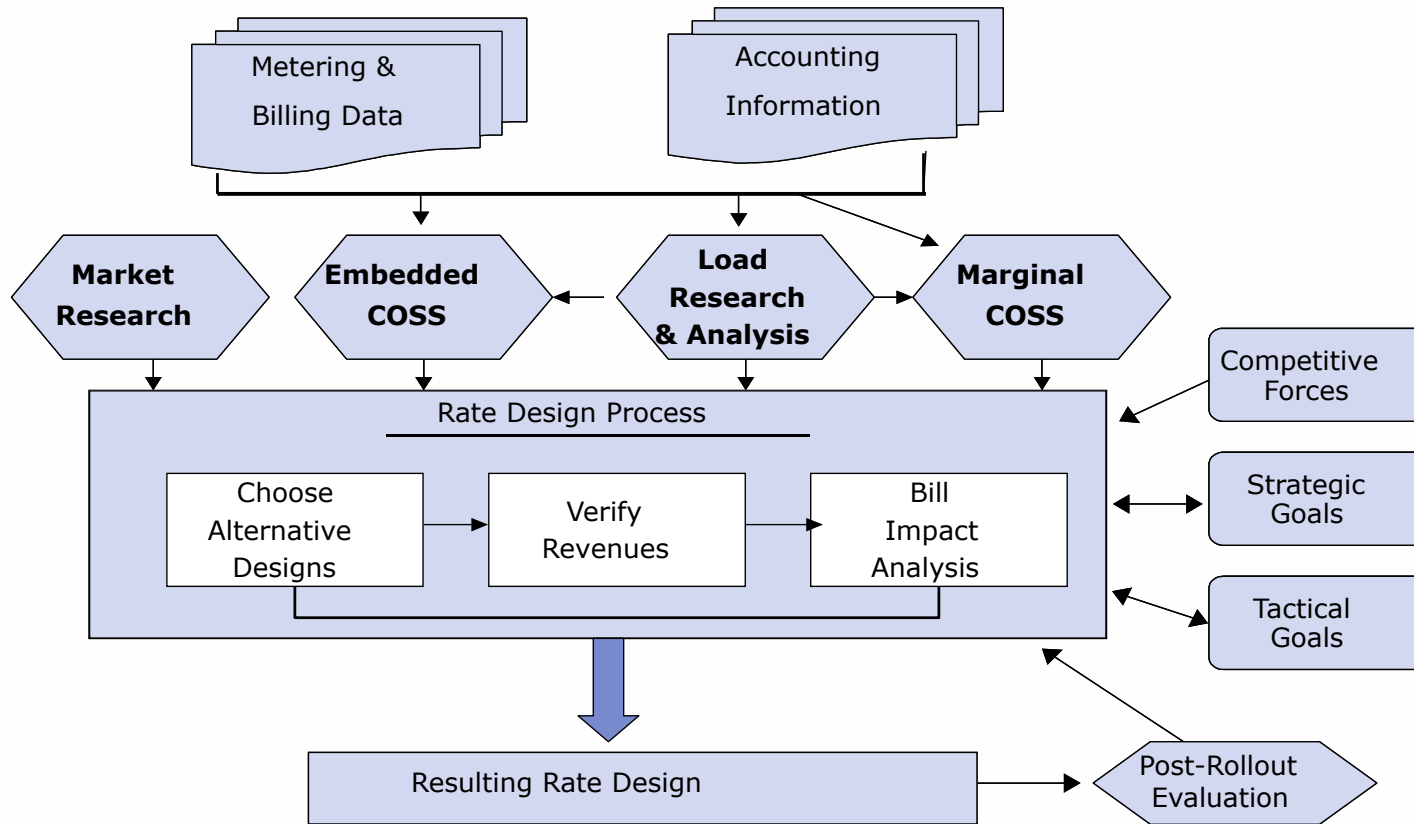
Costs Underlie Rates



COS Study Flow Chart



Rate Design Flow Chart



Anticipated Work

- Review of:
 - COS study
 - Marginal Cost study
 - “Yellow Book” – generation and transmission services costs
 - Test year inputs

Questions?

