

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

FINANCE AND BUDGET COMMITTEE Thursday, May 22, 2025, No Sooner Than 10:20 AM

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

Committee Members: Mark Pace, Chair; Kathy Mohr-Almeida, Vice Chair; and Casey Clowes,
Randy Miller, Paul Rovey, Jack White Jr., and Leslie C. Williams

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 CHAIR MARK PACE

- Request for approval of the minutes for the meeting of April 24, 2025.

2. Uncollectible Customer Accounts..... VANESSA KISICKI

Informational presentation, in response to a Board Member inquiry, regarding an overview and history of uncollectible customer accounts.

3. Energy Risk Management (ERM) Update JON HUBBARD

Informational presentation regarding the periodic update on ERM activities. Topics include an overview of commodity prices (natural gas/electricity); a summary of retail natural gas hedging requirements and current hedge levels; current gas transportation under contract and expected incremental needs; the wholesale credit exposure summary; and Board-approved aggregate financial limits and existing financial positions.

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

5. Future Agenda Topics CHAIR MARK PACE

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

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

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



THE NEXT FINANCE AND BUDGET COMMITTEE MEETING
IS SCHEDULED FOR TUESDAY, JUNE 24, 2025

05/15/2025

MINUTES
FINANCE AND BUDGET COMMITTEE

DRAFT

April 24, 2025

A meeting of the Finance and Budget Committee of the Salt River Project Agricultural Improvement and Power District (the District) and the Salt River Valley Water Users' Association (the Association), collectively SRP, convened at 11:49 a.m. on Thursday, April 24, 2025, from the Hoopes 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 M.V. Pace, Chair; K.L. Mohr-Almeida, Vice Chair; and R.J. Miller, P.E. Rovey, and L.C. Williams.

Committee Members absent at roll call were C. Clowes and J.M. White Jr.

Also present were Vice President C.J. Dobson; Board Members S.D. Kennedy and L.D. Rovey; Council Chair J.R. Shelton; Council Liaisons W.P. Schrader III and R.W. Swier; Council Members G.E. Geiger, E.L. Gorseger, J.W. Lines, B.E. Paceley, and C. Resch-Geretti; A. Almodova, I.R. Avalos, A.N. Bond-Simpson, M.J. Burger, A.P. Chabrier, J.M. Felty, J. Fry, K.A. Heth, L.F. Hobaica, J.D. Hovis, R.T. Judd, B.J. Koch, K.J. Lee, L.A. Meyers, J. Oh, B.A. Olsen, D.D. Patterson, S.A. Perkinson, T.B. Perry, J.M. Pratt, and C.M. Sifuentes-Kohlbeck of SRP; and Samantha Salton of Strata Clean Energy.

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, April 22, 2025.

Chair M.V. Pace called the meeting to order.

Consent Agenda

Chair M.V. Pace requested a motion for Committee approval of the Consent Agenda, in its entirety.

On a motion duly made by Board Member L.C. Williams and seconded by Board Member R.J. Miller, the Committee unanimously approved and adopted the following items on the Consent Agenda:

- A. Minutes of the Finance and Budget Committee meetings on March 11, March 25, and March 27, 2025, as presented.
- B. Approval of the District and Association Monthly Cash Statement for March 2025.

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

YES:	Board Members M.V. Pace, Chair; K.L. Mohr-Almeida, Vice Chair; and R.J. Miller, P.E. Rovey, and L.C. Williams	(5)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Members C. Clowes and J.M. White Jr.	(2)

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

Prepaid Commodity Transactions

Using a PowerPoint presentation, Tyler B. Perry, SRP Senior Manager of Energy Supply and Trading, stated that the purpose of the presentation was to request approval to enter into one or more long-term prepaid commodity transactions on or before April 30, 2026.

T.B. Perry explained that a prepaid commodity transaction is a financing structure that provides SRP with access to savings through lower tax-exempt interest rates. They reviewed SRP's prepaid transaction history since 2007. T.B. Perry discussed a new prepaid commodity transaction opportunity. They stated that in October 2024, SRP executed a Board approved delivered gas transaction (the Delivered Gas Deal) and that SRP can assign the gas volumes under the Delivered Gas Deal into a prepay structure to yield savings.

Continuing, T.B. Perry reviewed the cumulative savings projection and volumes of the Delivered Gas Deal as a percent of retail needs. They reviewed an electric PPA volume forecasted through 2054, parameter constraints, and next steps.

T.B. Perry concluded with Management's recommendation for approval to adopt a resolution authorizing the President, Vice President, General Manager and Chief Executive Officer, Associate General Manager and Chief Planning, Strategy, and Sustainability Executive, or Associate General Manager and Chief Financial Executive, to execute 1) one or more long-term, prepaid commodity transactions (each, a Transaction), each entered into on or before April 30, 2026, subject to the conditions and limitations, as further set forth in the proposed form of resolution; and 2) in furtherance of the Transactions, one or more assignment and assumption agreements with respect to the purchase agreements for the underlying commodity transactions.

T.B. Perry responded to questions from the Committee.

On a motion duly made by Board Member P.E. Rovey and seconded by Board Member

L.C. Williams and carried, the Committee agreed to recommend Board approval, as presented.

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

YES:	Board Members M.V. Pace, Chair; K.L. Mohr-Almeida, Vice Chair; and P.E. Rovey, and L.C. Williams	(4)
NO:	Board Member R.J. Miller	(1)
ABSTAINED:	None	(0)
ABSENT:	Board Members C. Clowes and J.M. White Jr.	(2)

Copies of the draft Board resolution 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.

Council Member G.E. Geiger left the meeting during the presentation.

Review of the Financial Results for the Month of March 2025

Jeremy Fry, 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 March 2025. Using a PowerPoint presentation, they compared the actual versus budgeted figures for categories such as general fund balance, year-to-date (YTD) combined net revenue (CNR), system sales, and customer accounts. J. Fry concluded by reviewing the financial summary, key financial indicators, and capital expenditures for the month of March 2025.

J. Fry 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.

T.B. Perry of SRP left the meeting during the presentation. Autumn Johnson of Tierra Strategy entered the meeting during the presentation.

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

There was no report on current events by Jim M. Pratt, SRP General Manager and Chief Executive Officer.

Future Agenda Topics

Chair M.V. Pace 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 12:09 p.m.

John M. Felty
Corporate Secretary

Overview of Uncollectible Customer Accounts

Finance & Budget Committee

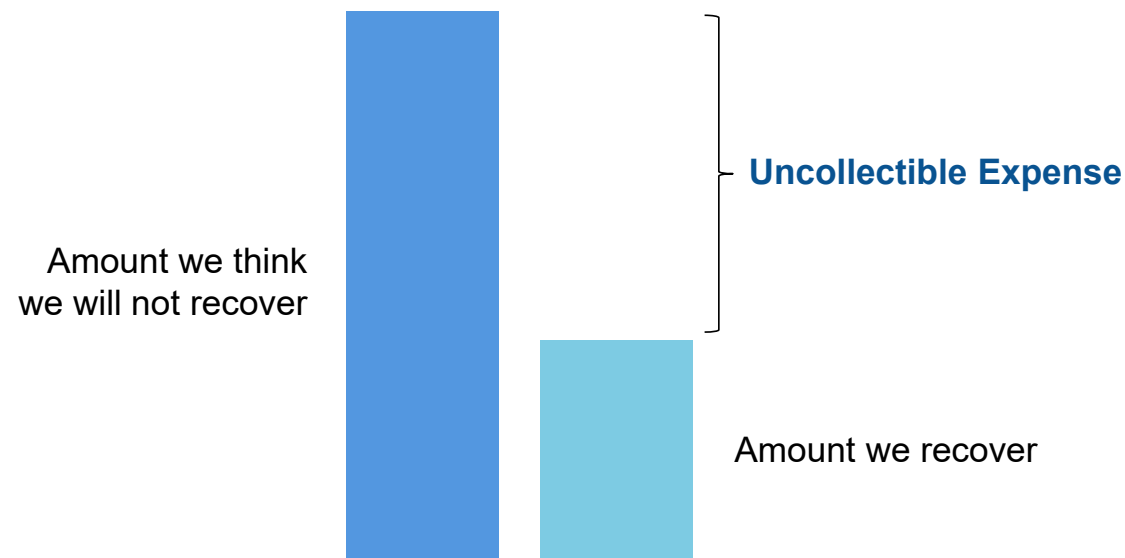
Vanessa Kisicki | May 22, 2025

Today's Discussion

- Uncollectible expense overview
- History of uncollectible expenses

Uncollectible Expense Overview

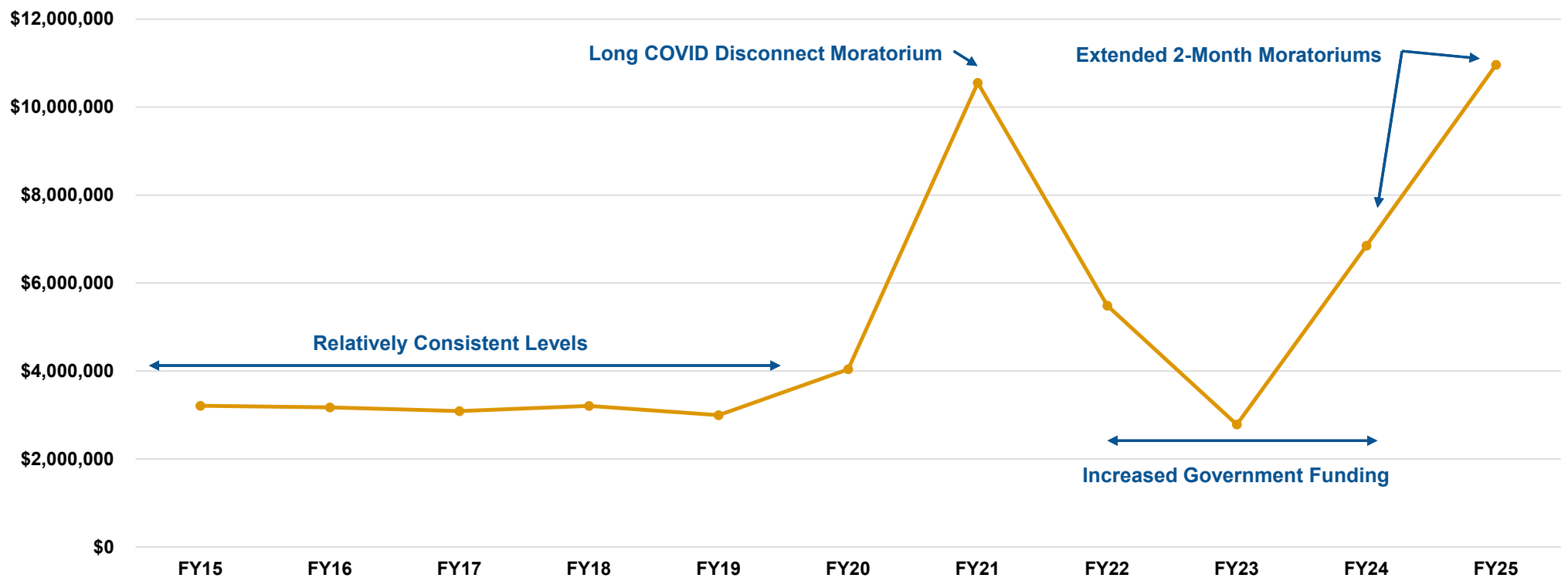
The **Uncollectible Customer Account** is the amount SRP determines it is unlikely to ever collect from retail customers.



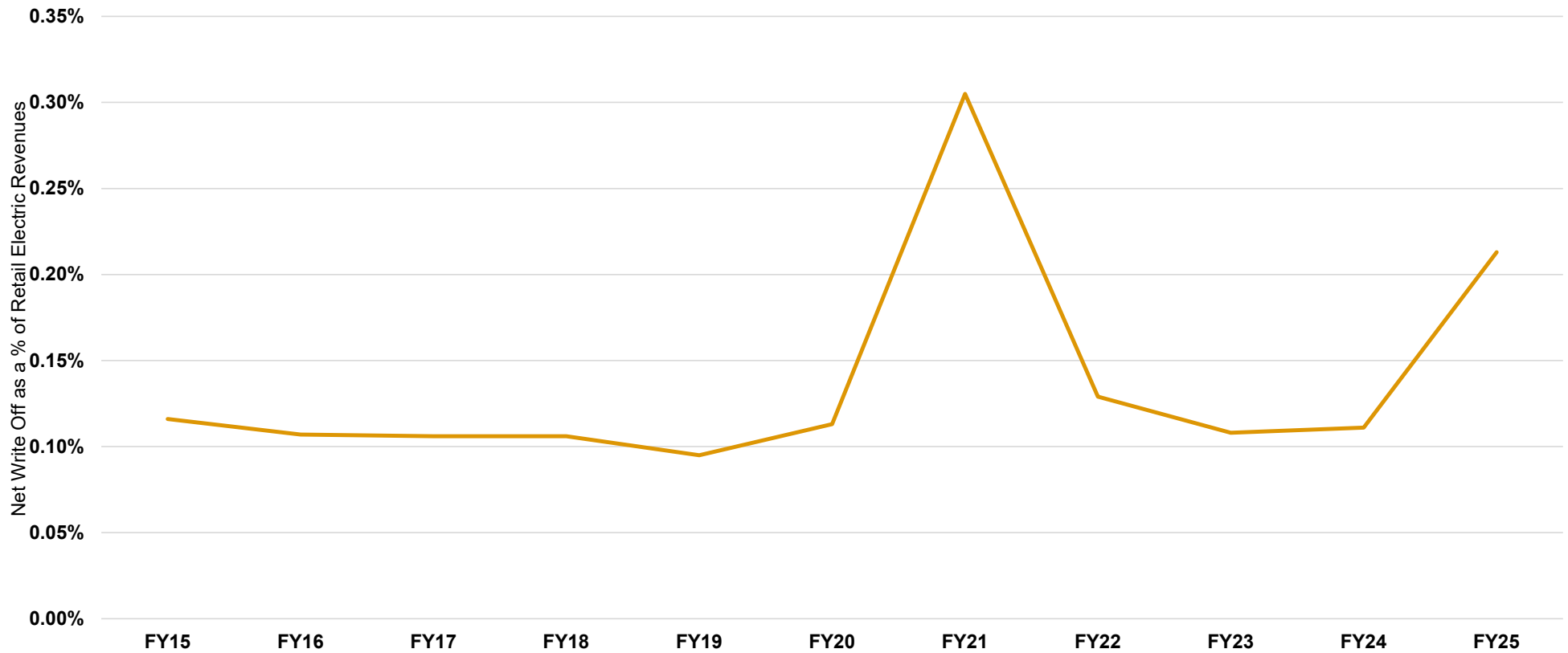
Factors Impacting Uncollectible Expense

- Revenue
- Historical collection rate
- Disconnect moratoriums
- Assistance availability
- Inflation
- Seasonality/population growth
- Unusual credit activity or fiscal events
- Political factors

Uncollectible Expense History



Write-off as a Percentage of Retail Electric Revenues



thank you!



Energy Risk Management Update

Finance & Budget Committee

Jon Hubbard | May 22, 2025

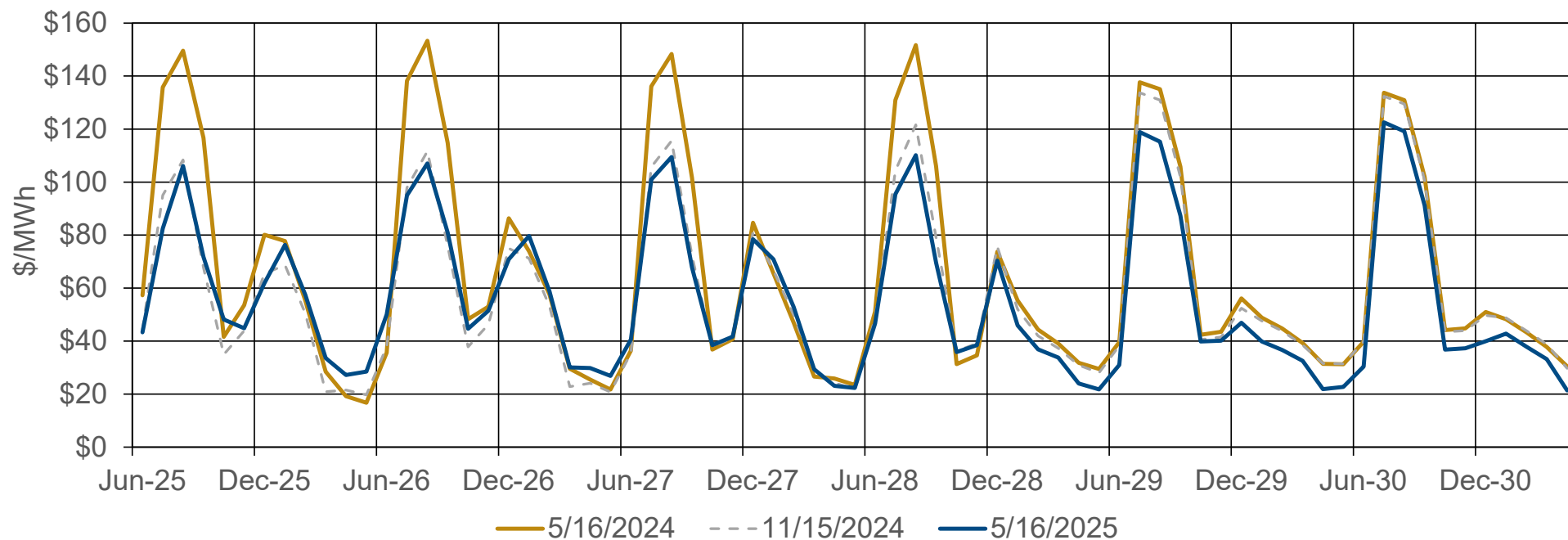
Electricity Prices

Front Month Palo Verde On-Peak



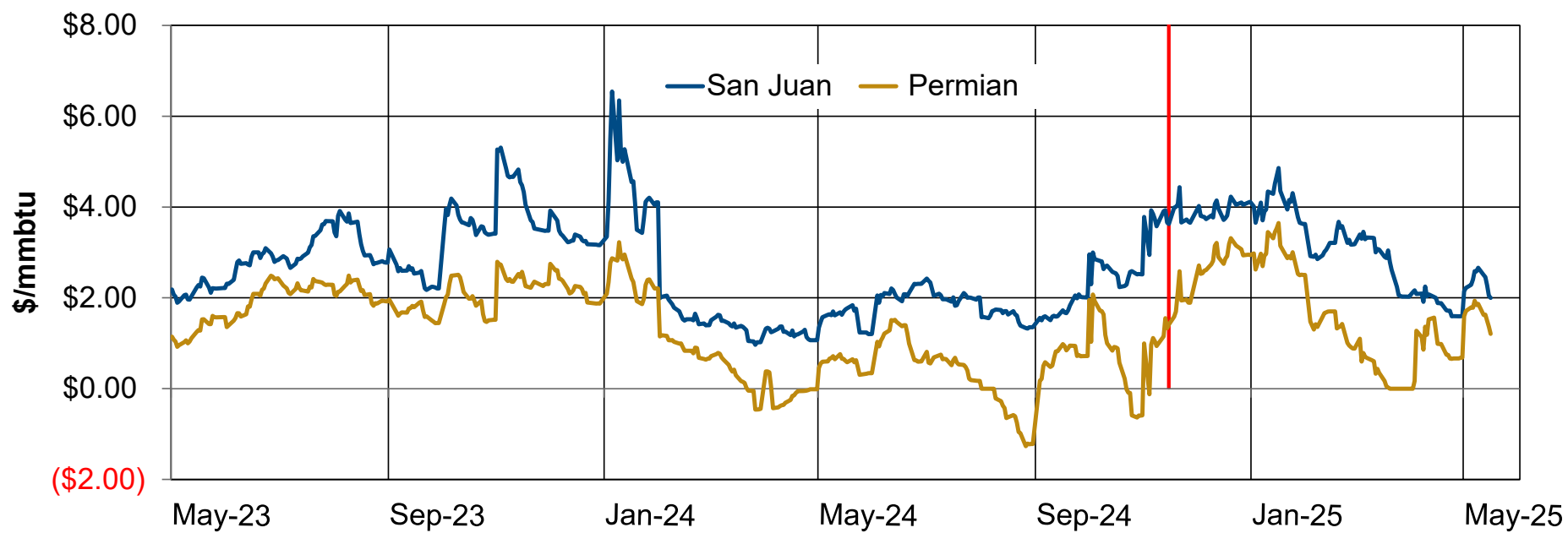
Power Forward Curve

Change In ICE Palo Verde On-Peak Prices Since 2024



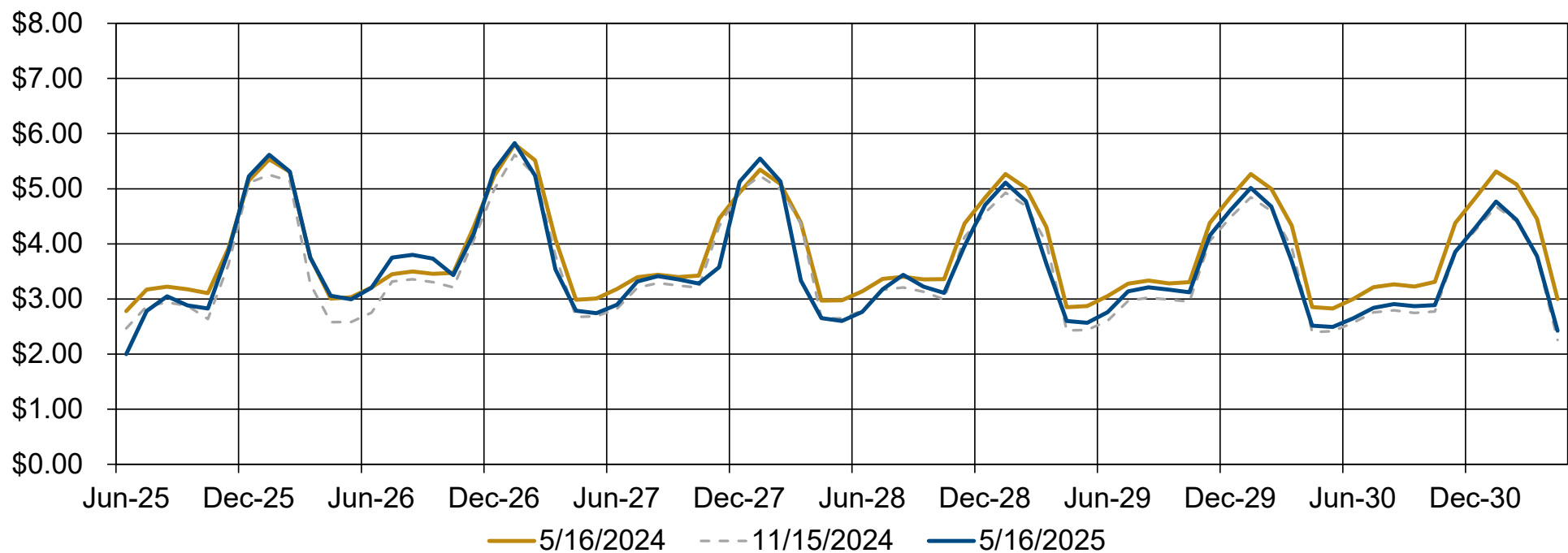
Natural Gas Prices

Front Month Permian & San Juan Basins



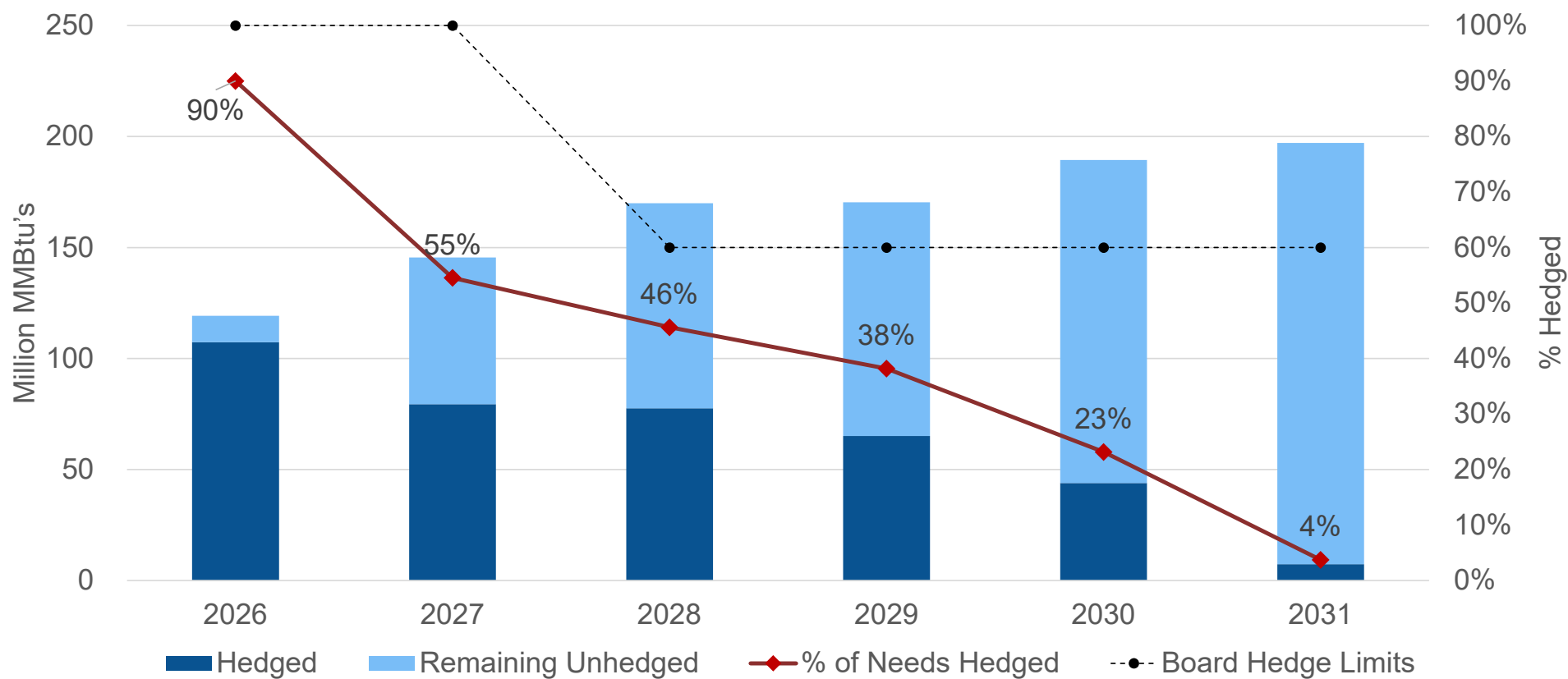
Natural Gas Forward Curve

Change in San Juan Basin Prices Since 2024



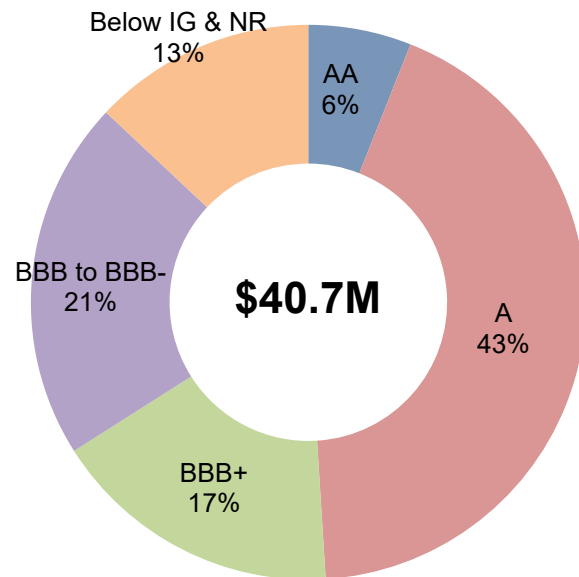
Retail Natural Gas Hedging

Expected Requirements and Hedge Levels (FP26)

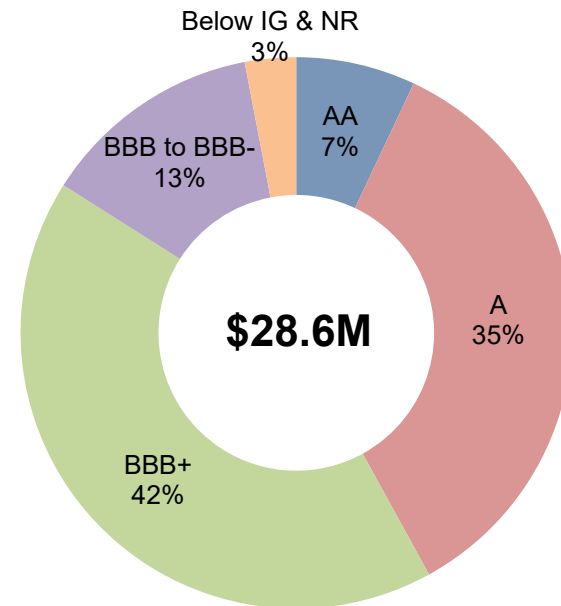


Credit Exposure by Rating

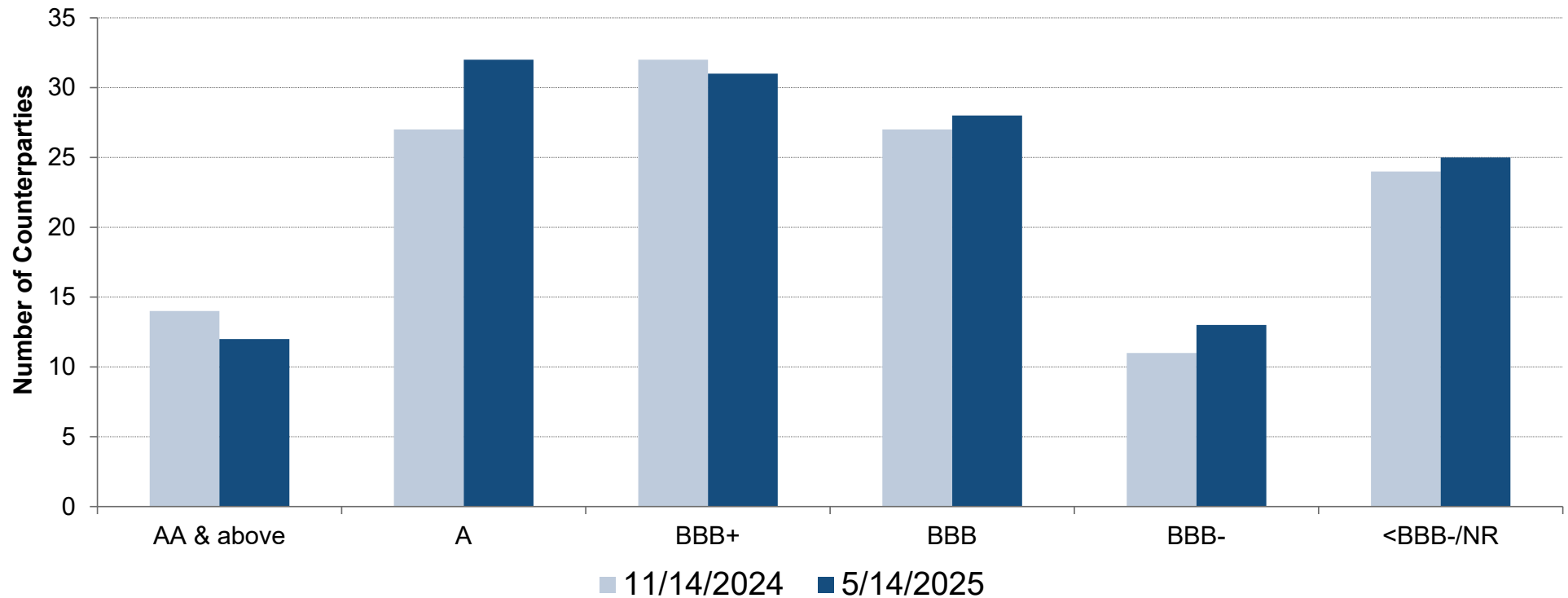
11/14/24



05/14/25



Counterparties by Credit Rating



Aggregate Financial Limits

Commodity	Limit	Current Position	% of Limit
Electricity	\$150M	\$2M	1%
	3M MWh	83K MWh	3%
Natural Gas	\$2B	\$1.3B	65%
	750M MMBtu	389M MMBtu	52%
Unleaded Gas	\$2.6M/FY	\$0.0M	0%
	900k gal/FY	0k gal	0%
Diesel	\$75M	\$11.7M	16%
	25M gal	3.1M gal	12%
Greenhouse Gas and Emissions Compliance Instruments	\$40M	\$1.7M	4%
	1.8M allowances	58K allowances	3%

thank you!

