

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

## FINANCE AND BUDGET COMMITTEE Tuesday, June 27, 2023, No Sooner Than 10:15 AM

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

Committee Members: Keith Woods, Chairman; Stephen Williams, Vice Chairman; and Robert Arnett, Nick Brown, Mario Herrera, Kevin Johnson, Kathy Mohr-Almeida, 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 May 25, 2023.
  - B. Request for approval of the Monthly Cash Statements for April and May 2023 (District and Association).
  - C. Request for approval of the Quarterly Cash Statement for Period Ending April 30, 2023 (Association).
2. Review of the Financial Results for the Month of April 2023 and Fiscal Year 2023 Audit Results..... VARIOUS
3. Report on Current Events by the General Manager and Chief Executive Officer or Designees .....JIM PRATT
4. 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: 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, AUGUST 22, 2023

06/20/2023



MINUTES  
FINANCE AND BUDGET COMMITTEE

**DRAFT**

May 25, 2023

A meeting of the Finance and Budget Committee of the Salt River Project Agricultural Improvement and Power District (the District) and the Salt River Valley Water Users' Association (the Association), collectively SRP, convened at 11:45 a.m. on Thursday, May 25, 2023, from the Board Conference Room at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona. This meeting was conducted in-person and via teleconference in compliance with open meeting law guidelines.

Committee Members present at roll call were K.B. Woods, Chairman; S.H. Williams, Vice Chairman; and N.R. Brown, M.J. Herrera, K.J. Johnson, K.L. Mohr-Almeida, and L.D. Rovey.

Committee Member absent at roll call was R.C. Arnett.

Also present were President D. Rousseau; District Vice President C.J. Dobson; Board Member M.V. Pace; Council Vice Chairman J.R. Shelton; Council Liaison A.M. Herrera; Council Members I.M. Rakow and R.W. Swier; Mmes. A.P. Chabrier, L.F. Hobaica, L.A. Meyers, G.A. Mingura, C.M. Sifuentes, and L.M. Sotelo; and Messrs. J.M. Baran, J.D. Coggins, A.C. Davis, J.M. Felty, R.T. Judd, B.J. Koch, K.J. Lee, A.J. McSheffrey, R. Navarro, M.J. O'Connor, B.A. Olsen, J.I. Riggs, and A.A. Tapia.

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, May 23, 2023.

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 Board Member M.J. Herrera and seconded by Vice Chairman S.H. Williams, the Committee unanimously approved and adopted the following items on the Consent Agenda:

- Minutes of the Finance and Budget Committee meeting on April 20, 2023, as presented

Corporate Secretary J.M. Felty polled the Committee Members on Board Member M.J. Herrera's 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 N.R. Brown, M.J. Herrera, K.J. Johnson, K.L. Mohr-Almeida, and L.D. Rovey	(7)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Member R.C. Arnett	(1)

### Report on Shareholder Compensation Program for 2021

Using a PowerPoint presentation, Jason I. Riggs, SRP Director and Assistant Treasurer of Treasury Operations and Compliance, stated that the purpose of the presentation was to report on the results of the Shareholder Compensation Program for Calendar Year 2021 (CY21).

Mr. J.I. Riggs reported that applications were sent by direct mail to 28,980 residents of the 15% Area based on analysis of their electric bills. He stated that 5,845 applications for compensation were received and processed. Mr. J.I. Riggs said that 4,095 applications were paid, and the total amount compensated was \$1,494,486.

Mr. J.I. Riggs concluded by stating that 1,750 applications were rejected for not meeting eligibility rules or because the billing differential between Arizona Public Service Company (APS) and SRP was less than 15%.

Mr. J.I. Riggs 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.

### Shareholder Compensation Program for 2022

Using a PowerPoint presentation, Mr. J.I. Riggs stated that the purpose of the presentation was to request approval to initiate the Shareholder Compensation Program for CY22. He reported that the calculated compensation is based on the customer billing data from APS and that SRP reserves approximately \$2.9 million for payments and administration costs.

Mr. J.I. Riggs stated that the application period for the 2022 Shareholder Compensation Program begins June 6, 2023 and ends September 4, 2023. He concluded by recommending approval to begin the Shareholder Compensation Program for 2022.

Mr. J.I. Riggs responded to questions from the Committee.

On a motion duly made by Board Member M.J. Herrera and seconded by Vice Chairman S.H. Williams, the Committee agreed to recommend Board approval, as presented.

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

YES:	Board Members K.B. Woods, Chairman; S.H. Williams, Vice Chairman; and N.R. Brown, M.J. Herrera, K.J. Johnson, K.L. Mohr-Almeida, and L.D. Rovey	(7)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Member R.C. Arnett	(1)

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.

### Shareholder Compensation Program Administrative Fee

Using a PowerPoint presentation, Mr. J.I. Riggs stated that the purpose of the presentation was to request approval to modify the method for calculating the administrative fee to recover the expenses incurred in connection with administering the Shareholder Compensation Program, starting with the 2023 program year. He provided an overview of the Shareholder Compensation Program, the current methodology for calculating the administrative fee, and the impact that adjusting the fee has on potential participants.

Mr. J.I. Riggs stated that to help recover more costs associated with administering the program, Management recommends increasing the administrative fee for the Shareholder Compensation Program to \$50 for program year 2023. He noted that the increase will have a manageable impact to participants and will be re-evaluated for program year 2024. Mr. J.I. Riggs concluded by requesting approval to modify the method for calculating the administrative fee to recover the expenses incurred in connection with administering the Shareholder Compensation Program, starting with the 2023 program year.

Mr. J.I. Riggs responded to questions from the Committee.

On a motion duly made by Vice Chairman S.H. Williams and seconded by Board Member M.J. Herrera, the Committee agreed to recommend Board approval, as presented.

Corporate Secretary J.M. Felty polled the Committee Members on Vice Chairman S.H. Williams' motion to recommend Board approval. The vote was recorded as follows:

YES:	Board Members K.B. Woods, Chairman; S.H. Williams, Vice Chairman; and N.R. Brown, M.J. Herrera, K.J. Johnson, K.L. Mohr-Almeida, and L.D. Rovey	(7)
NO:	None	(0)
ABSTAINED:	None	(0)

ABSENT: Board Member R.C. Arnett (1)

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.

Mmes. A.D. Moreno and A. Rickard entered the meeting during the presentation.

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

Aidan J. McSheffrey, SRP Associate General Manager and Chief Financial 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 11:52 a.m.

John M. Felty  
Corporate Secretary



**Statement of Cash Received and Disbursed**

April 2023

(\$000)

	<u>District</u>	<u>Association</u>	<u>Total Month</u>	<u>Year-to-Date</u>
Fund Balance Beginning of Period	\$ 738,383	\$ 1,313	\$ 739,696	\$ 1,007,546
Cash Receipts:				
Electric Revenues	229,321	---	229,321	3,651,449
Water Revenues	---	5,293	5,293	25,086
Electric Customer Deposits	3,291	---	3,291	55,259
Reimbursement on Joint Ownership Projects	12,652	---	12,652	108,386
Construction Contributions and Advances	32,847	---	32,847	325,498
Proceeds from Bond Sales	---	---	---	---
Proceeds from Other Borrowings	---	---	---	---
Transfers from Segregated Funds	29,074	---	29,074	790,714
Sales Tax Collected	13,190	---	13,190	245,458
Other Cash Receipts	10,545	---	10,545	112,878
Total Cash Receipts	<u>330,920</u>	<u>5,293</u>	<u>336,213</u>	<u>5,314,728</u>
Fund Transfers - Net	<u>(1,196)</u>	<u>1,196</u>	<u>---</u>	<u>---</u>
Cash Disbursements:				
Purchased Power and Fuel	92,052	---	92,052	1,456,830
Operations and Maintenance	92,782	3,820	96,602	1,086,055
Employee Payroll and Payroll Taxes	45,679	2,838	48,517	655,266
Purchased Inventory	17,074	---	17,074	257,649
Cash Segregated for -				
Bond Interest	18,335	---	18,335	186,050
Bond Principal	9,494	---	9,494	110,556
Other Debt - Principal Repayment	---	---	---	3,500
Other Debt - Interest Expense	1,369	---	1,369	12,832
Capital Expenditures	81,591	---	81,591	856,312
Advances on Joint Ownership Projects	---	---	---	---
Transfers to Segregated Funds	---	---	---	292,060
In Lieu and Ad Valorem Taxes	1,031	---	1,031	122,306
Sales Tax Remitted	16,571	---	16,571	301,343
Margin and Collateral Disbursed - Net	(5,541)	---	(5,541)	259,084
Miscellaneous Cash Disbursements	1,033	---	1,033	24,650
Total Cash Disbursements	<u>371,470</u>	<u>6,658</u>	<u>378,128</u>	<u>5,624,493</u>
Fund Balance End of Period	<u>\$ 696,637</u>	<u>\$ 1,144</u>	<u>\$ 697,781</u>	<u>\$ 697,781</u>



**Cash Position****April 2023**

Composition of Funds Balance	(\$000)		
	<u>District</u>	<u>Association</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 282,407	\$ 1,144	\$ 283,551
Other Temporary Investments	276,245	---	276,245
Other Non-Current Investments	<u>137,985</u>	<u>---</u>	<u>137,985</u>
General Fund	<u>696,637</u>	<u>1,144</u>	<u>697,781</u>
Segregated Funds			
Electric System Debt Reserve Fund	80,598	---	80,598
Debt Service Fund	104,746	---	104,746
Rate Stabilization Fund	---	---	---
Nuclear Decommissioning Fund	576,441	---	576,441
Post-Retirement Benefits Fund	1,093,253	---	1,093,253
Construction Fund	57,322	---	57,322
RHCP Fund	12,080	---	12,080
HHCP Fund	8,047	---	8,047
SPRHCP Fund	3,507	---	3,507
Four Corners Mine Reclamation Trust	12,217	---	12,217
Other Special Funds	<u>811</u>	<u>---</u>	<u>811</u>
Total Segregated Funds	<u>\$ 1,949,022</u>	<u>\$ ---</u>	<u>\$ 1,949,022</u>



**Statement of Cash Received and Disbursed**

May 2023

(\$000)

	<u>District</u>	<u>Association</u>	<u>Total Month</u>	<u>Year-to-Date</u>
Fund Balance Beginning of Period	\$ 696,637	\$ 1,144	\$ 697,781	\$ 697,781
Cash Receipts:				
Electric Revenues	252,161	---	252,161	252,161
Water Revenues	---	497	497	497
Electric Customer Deposits	4,311	---	4,311	4,311
Reimbursement on Joint Ownership Projects	15,746	---	15,746	15,746
Construction Contributions and Advances	19,242	---	19,242	19,242
Proceeds from Bond Sales	---	---	---	---
Proceeds from Other Borrowings	---	---	---	---
Transfers from Segregated Funds	25,725	---	25,725	25,725
Sales Tax Collected	21,119	---	21,119	21,119
Other Cash Receipts	11,664	---	11,664	11,664
Total Cash Receipts	<u>349,968</u>	<u>497</u>	<u>350,465</u>	<u>350,465</u>
Fund Transfers - Net	<u>(6,454)</u>	<u>6,454</u>	<u>---</u>	<u>---</u>
Cash Disbursements:				
Purchased Power and Fuel	107,662	---	107,662	107,662
Operations and Maintenance	110,759	2,112	112,871	112,871
Employee Payroll and Payroll Taxes	64,759	4,375	69,134	69,134
Purchased Inventory	20,495	---	20,495	20,495
Cash Segregated for -				
Bond Interest	16,288	---	16,288	16,288
Bond Principal	9,494	---	9,494	9,494
Other Debt - Principal Repayment	---	---	---	---
Other Debt - Interest Expense	1,250	---	1,250	1,250
Capital Expenditures	117,268	---	117,268	117,268
Advances on Joint Ownership Projects	---	---	---	---
Transfers to Segregated Funds	---	---	---	---
In Lieu and Ad Valorem Taxes	57,830	---	57,830	57,830
Sales Tax Remitted	14,500	---	14,500	14,500
Margin and Collateral Disbursed - Net	11,761	---	11,761	11,761
Miscellaneous Cash Disbursements	1,326	---	1,326	1,326
Total Cash Disbursements	<u>533,392</u>	<u>6,487</u>	<u>539,879</u>	<u>539,879</u>
Fund Balance End of Period	<u>\$ 506,759</u>	<u>\$ 1,608</u>	<u>\$ 508,367</u>	<u>\$ 508,367</u>

**Cash Position**

May 2023

Composition of Funds Balance	(\$000)		
	District	Association	Total
Cash and Cash Equivalents	\$ 111,644	\$ 1,608	\$ 113,252
Other Temporary Investments	257,130	---	257,130
Other Non-Current Investments	<u>137,985</u>	<u>---</u>	<u>137,985</u>
General Fund	<u>506,759</u>	<u>1,608</u>	<u>508,367</u>
Segregated Funds			
Electric System Debt Reserve Fund	80,598	---	80,598
Debt Service Fund	130,528	---	130,528
Rate Stabilization Fund	---	---	---
Nuclear Decommissioning Fund	576,441	---	576,441
Post-Retirement Benefits Fund	1,093,253	---	1,093,253
Construction Fund	31,862	---	31,862
RHCP Fund	12,080	---	12,080
HHCP Fund	8,047	---	8,047
SPRHCP Fund	3,507	---	3,507
Four Corners Mine Reclamation Trust	12,217	---	12,217
Other Special Funds	<u>811</u>	<u>---</u>	<u>811</u>
Total Segregated Funds	<u>\$ 1,949,344</u>	<u>\$ ---</u>	<u>\$ 1,949,344</u>



**SALT RIVER VALLEY WATER USERS' ASSOCIATION**

**STATEMENT OF CASH RECEIVED AND DISBURSED**

**Final For Fiscal Quarter Ended April 30, 2023**

**(In Thousands)**

<b>Funds Balance at January 31, 2023</b>	<b>\$ 1,401</b>
<b>Cash Received:</b>	
<b>Water revenues</b>	<b>\$ 8,964</b>
<b>Other cash receipts</b>	<b>\$ -</b>
	<b><u>          </u></b>
<b>Total cash received</b>	<b>\$ 8,964</b>
<b>Operating Funds from SRPAI&amp;PD - Net</b>	<b>\$ 8,799</b>
	<b><u>          </u></b>
<b>Total Funds Received</b>	<b>\$ <u>17,763</u></b>
<b>Cash Disbursed:</b>	
<b>Operating and maintenance expense</b>	<b>\$ 9,389</b>
<b>Construction in progress</b>	<b>\$ -</b>
<b>Net paychecks and deductions paid to others</b>	<b>\$ 8,631</b>
<b>Other</b>	<b>\$ -</b>
	<b><u>          </u></b>
<b>Total Cash Disbursed</b>	<b>\$ <u>18,020</u></b>
<b>FINAL</b>	
<b>Funds Balance at April 30, 2023</b>	<b>\$ <u><u>1,144</u></u></b>

*Jason I. Riggs*

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**Jason I Riggs**  
**Assistant Corporate Treasurer**



# **Monthly Financial Report**

## **April 2023**

Finance & Budget Committee Meeting  
Sue Ann Perkinson | June 27, 2023

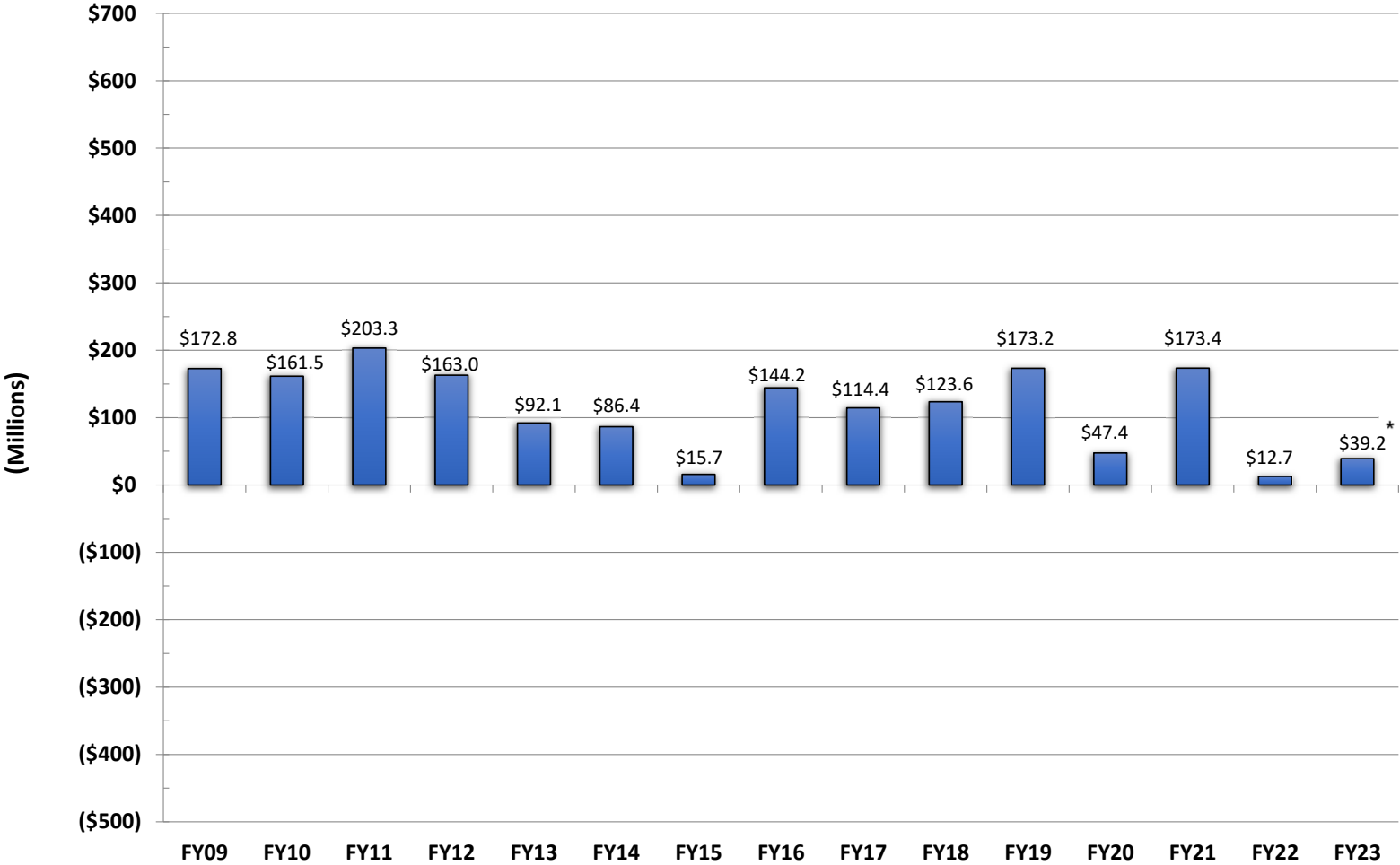


**Preliminary FY23 Combined Net Revenues (CNR)  
(\$ millions)**

	<b>\$ in Millions</b>
<b>Preliminary CNR before audit adjustments</b>	<b>\$72.2</b>
Year-end/Audit adjustments	<u>???</u>
<b>CNR after audit adjustments</b>	<b>\$72.2</b>
EPIC accrual (a)	<u>(\$33.0)</u>
<b>CNR before FMV</b>	<b>\$39.2</b>
Fair Market Value (FMV) adjustment	<u>(\$400.7)</u>
<b>Final audited CNR</b>	<b>(\$361.5)</b>

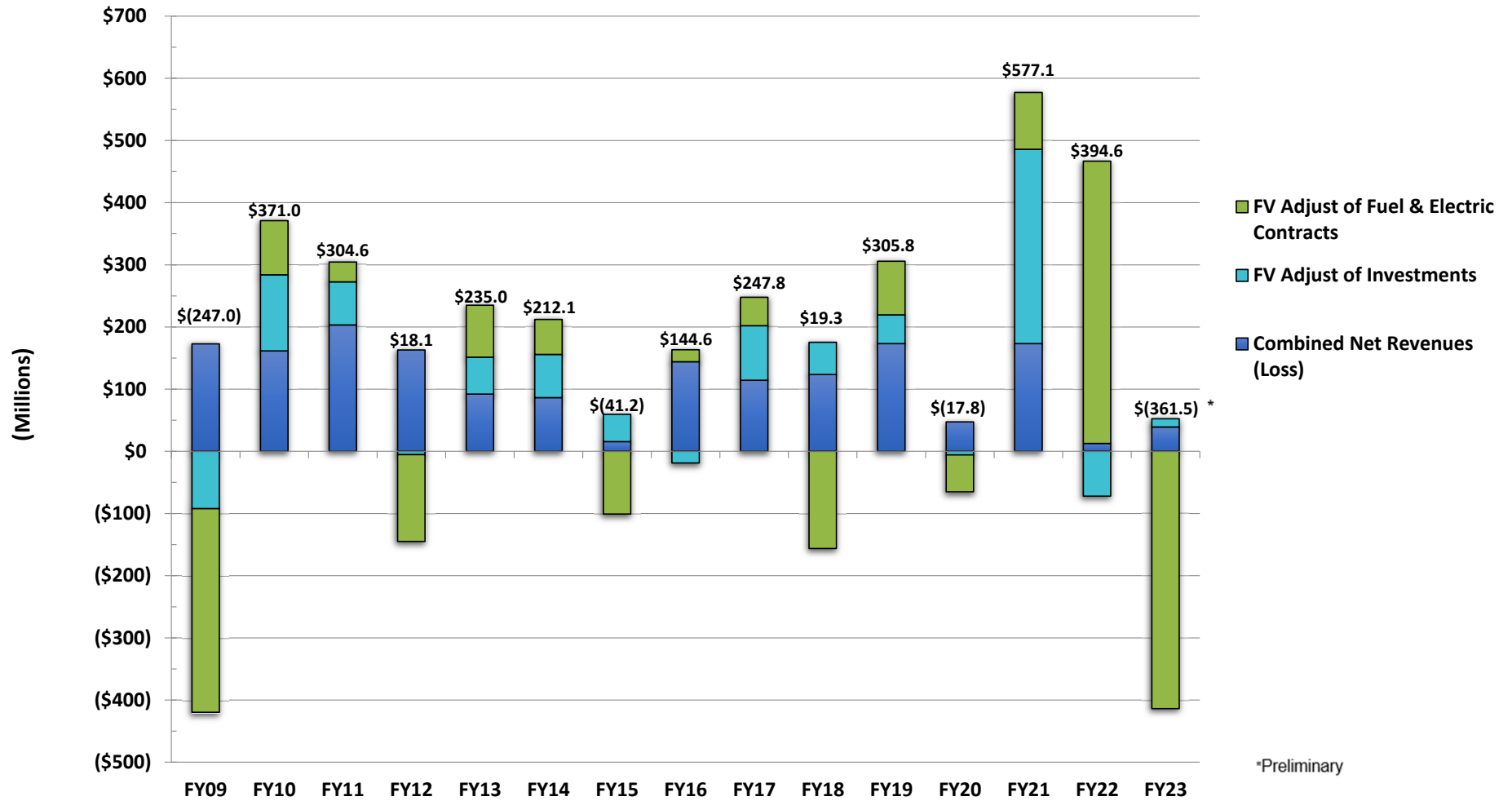
(a) Subject to final combined audit results and Corporate Audit Services review

# Combined Net Revenues - FY09-FY23



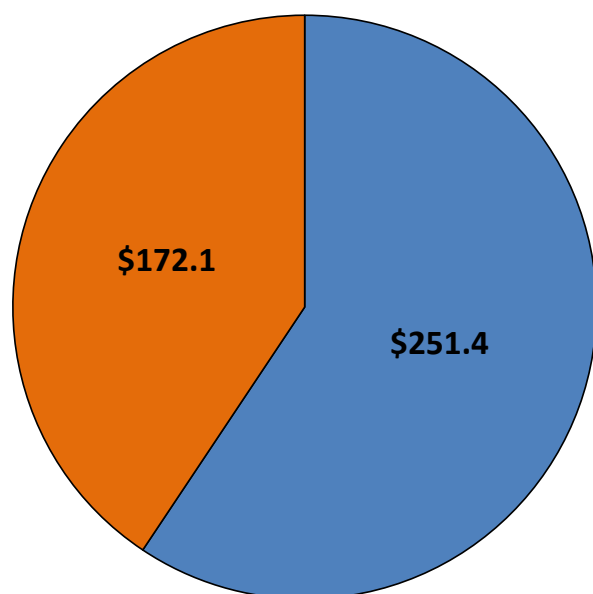
\*Preliminary

# CNR with Fair Value Adjustments - FY09-FY23



# Mark-to-Market Results – Fuel & Electric Contracts

**MTM Loss**  
In Millions



■ Realized Deals    ■ Change in FV of Outstanding deals

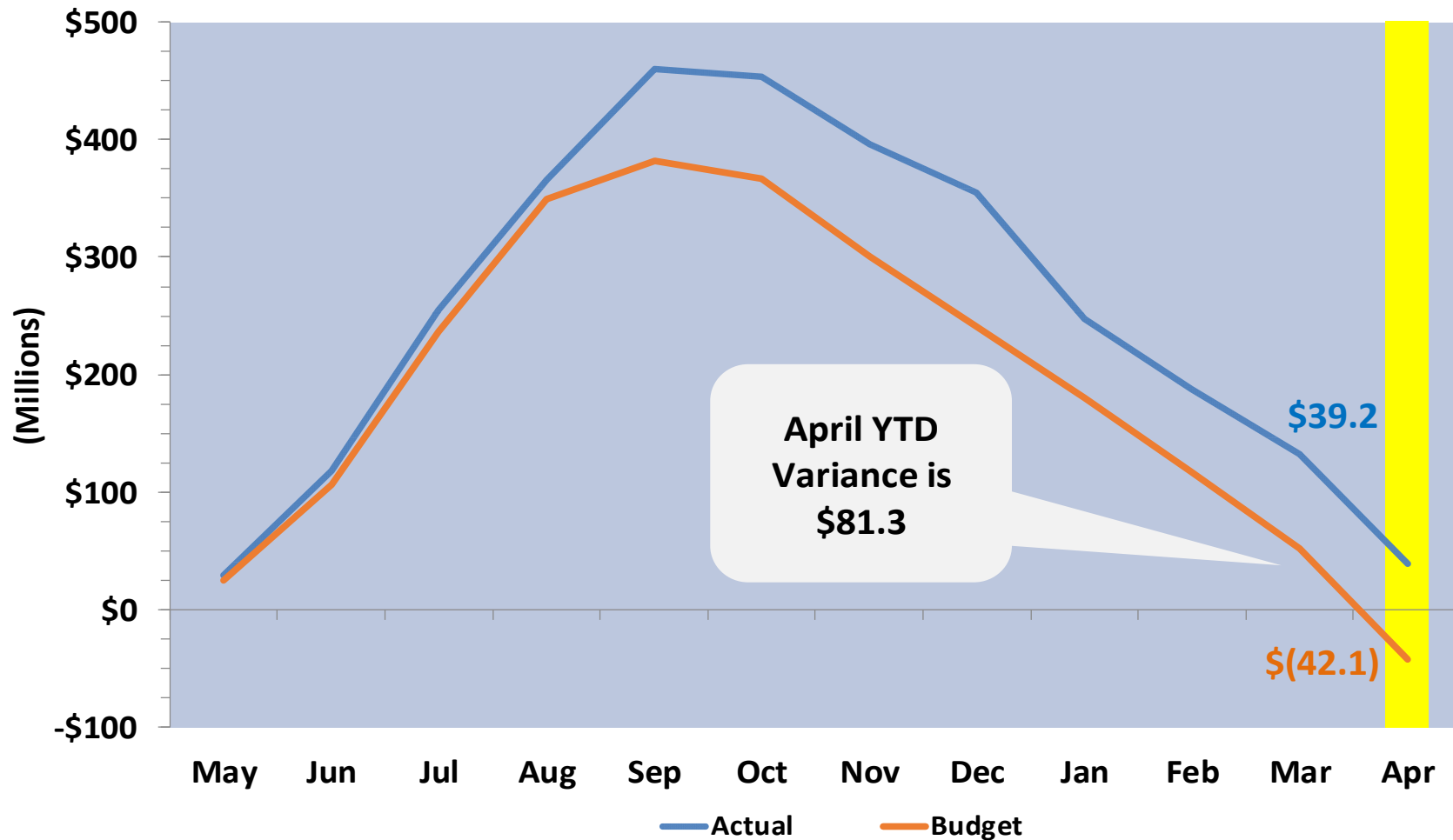
\*\$9.7 million of options/premiums paid not included

**Derivative Positions**  
(In Thousands)

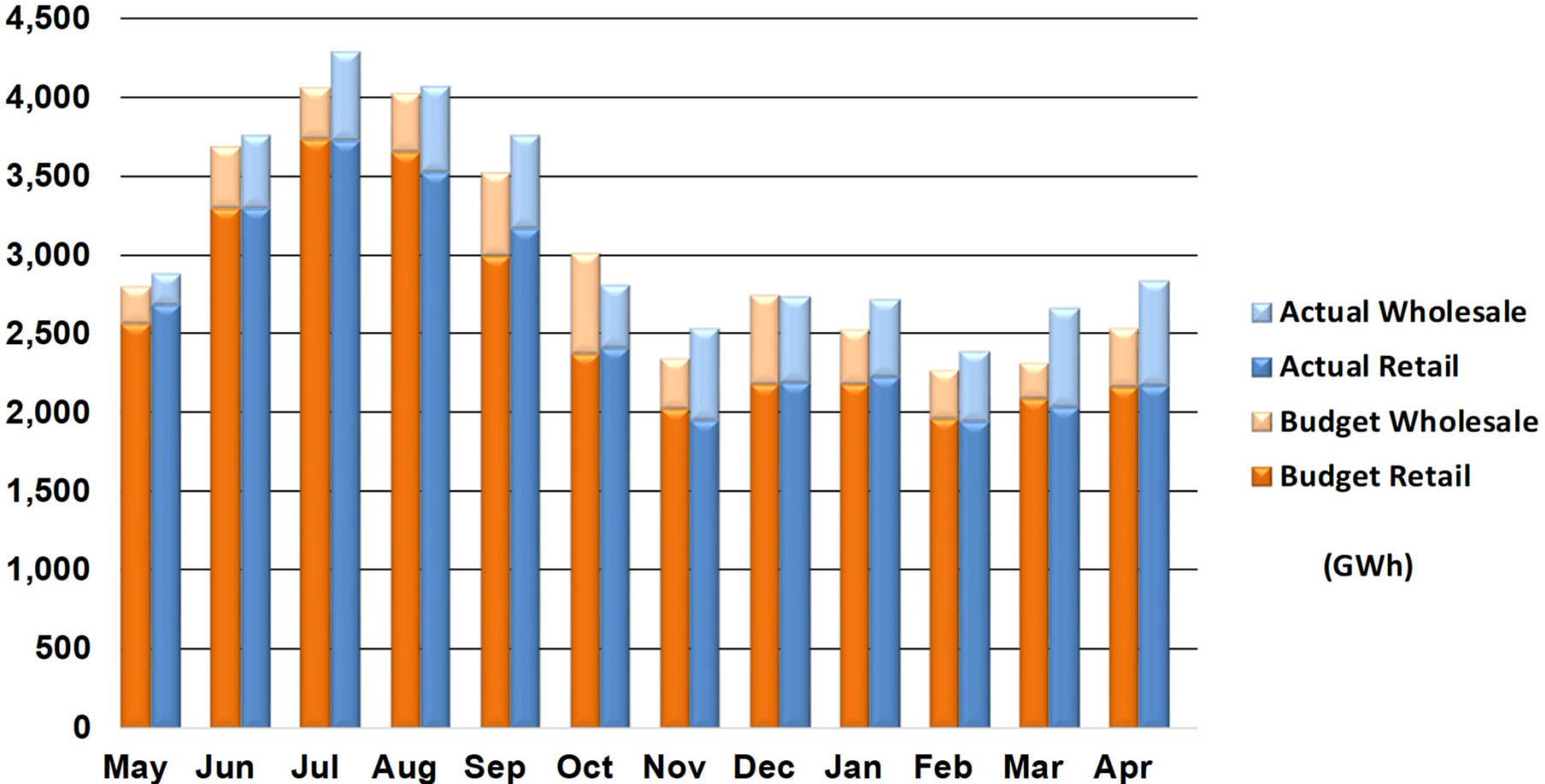
	<u>Beginning balance, May 1, 2022</u>	<u>Change in FV / Realized deals</u>	<u>Ending Balance, April 30, 2023</u>
Current Asset Position	296,568	(296,568)	
Long Term Asset Position	91,687	(35,071)	56,616
Current Liability Position	(9,186)	(95,726)	(104,912)
Long Term Liability Position	(13,292)	3,866	(9,426)
<b>Net Balance</b>	<b>\$ 365,777</b>	<b>(423,499)</b>	<b>\$ (57,722)</b>

Nominal value of hedged portfolio at 4/30/2023 was \$2.5 billion.

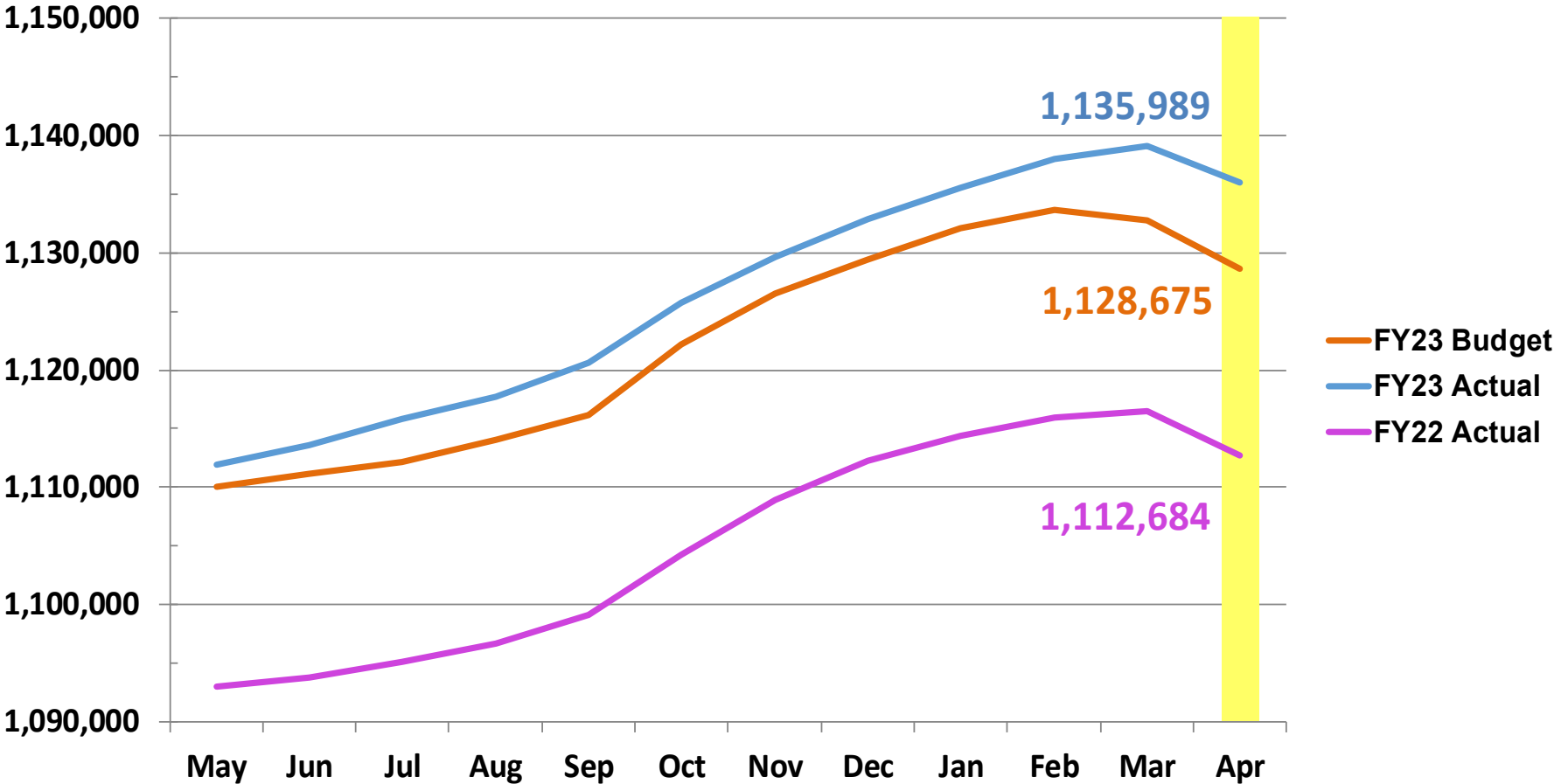
# Preliminary YTD Combined Net Revenue



# System Sales



# Customer Count



## Financial Summary – Preliminary YTD April 2023

(Thousands)	Actual	Budget	Variance
Operating Revenues	\$4,014,797	\$3,480,889	\$ 533,908
Operating Expenses			
Fuel	1,823,995	1,299,479	524,516
O&M	1,247,097	1,269,606	(22,509)
Depr & Tax	820,200	840,865	(20,665)
Total Operating Expenses	3,891,292	3,409,950	481,342
Net Financing Costs	131,855	133,888	(2,033)
Other, Net	47,559	20,872	26,687
Combined Net Revenues	\$ 39,209	\$ (42,077)	\$ 81,286

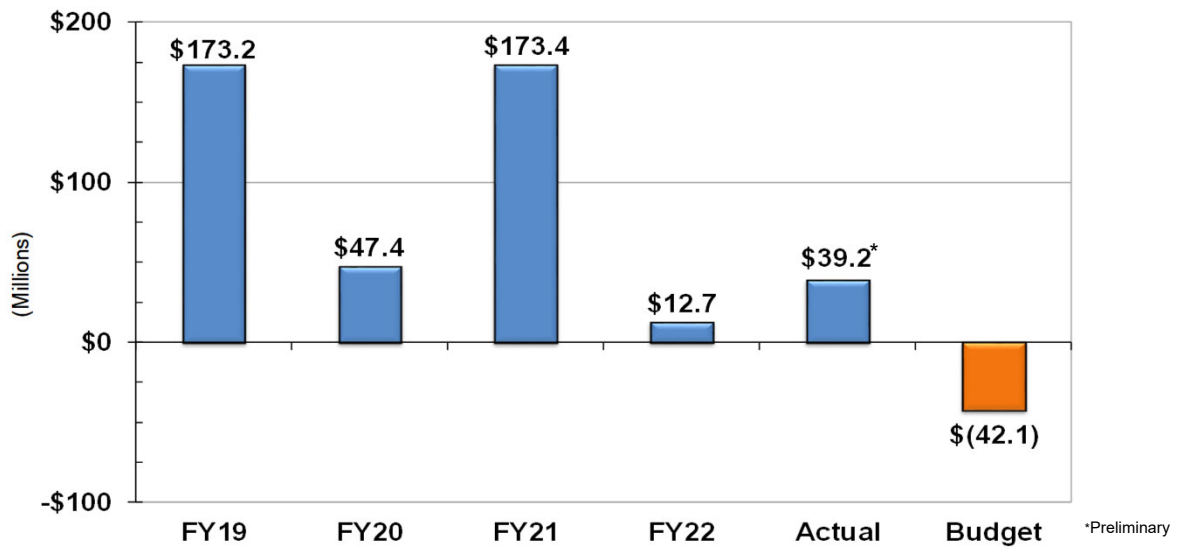


## Key Financial Indicators- Preliminary YTD April 2023

(Thousands)	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Capital Expenditures	\$ 1,298,244	\$1,469,992	\$ (171,748)
Funds Available	\$ 566,029	\$ 461,976	\$ 104,053
Debt Service Coverage	3.44	3.15	0.29



## CNR without Fair Value Adjustments - YTD April 2023

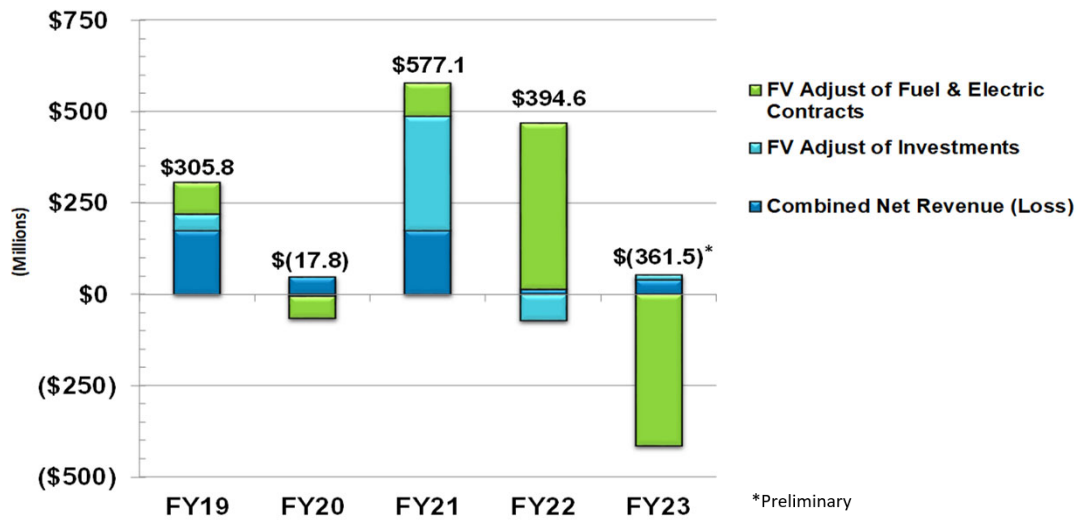


06/27/2023 Finance & Budget Committee Meeting, S. A. Perkinson

(Non-GAAP, Unaudited) 1

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## CNR with Fair Value Adjustments - YTD April 2023

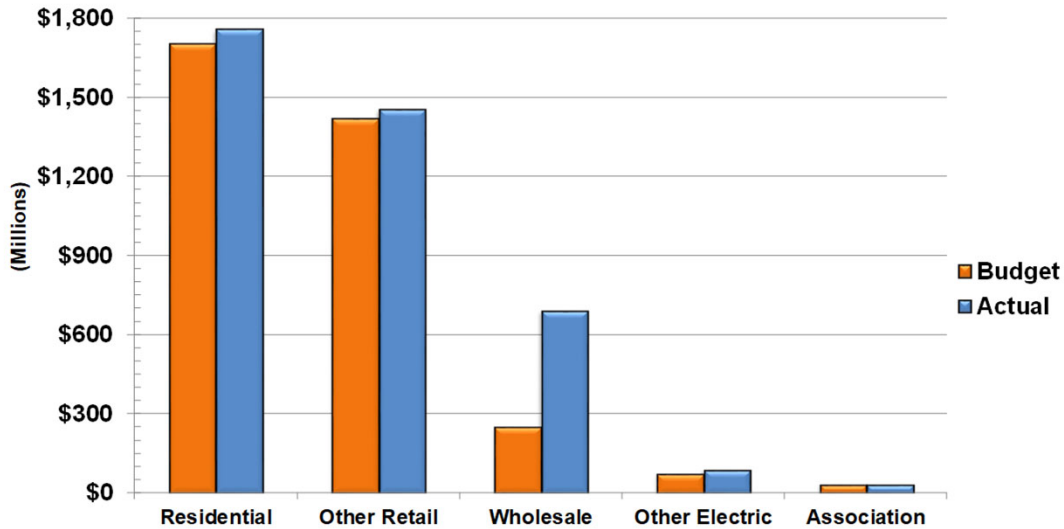


06/27/2023 Finance & Budget Committee Meeting, S. A. Perkinson

(Non-GAAP, Unaudited) 2

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### Combined Operating Revenues - Preliminary YTD April 2023

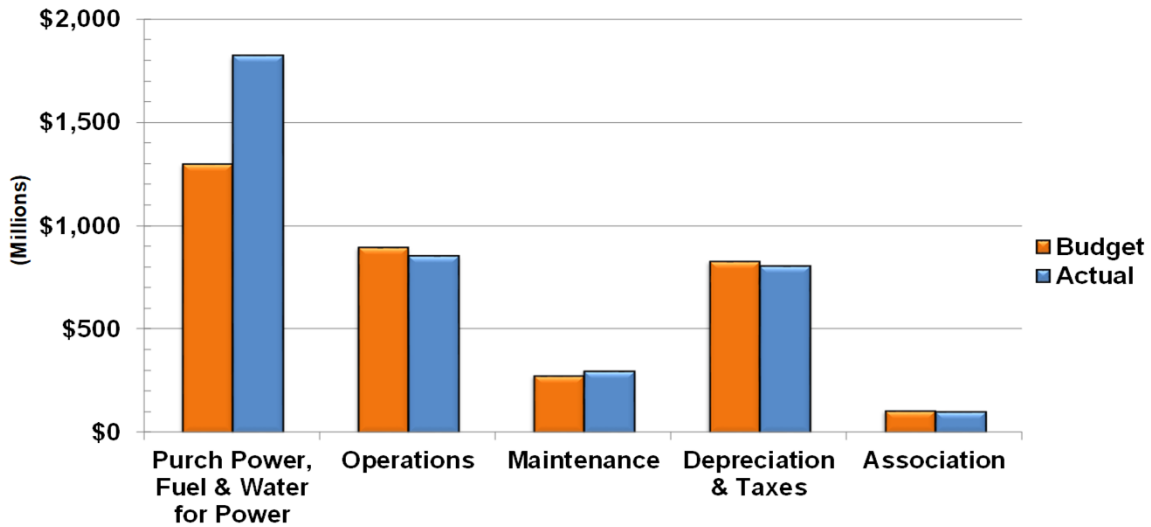


06/27/2023 Finance & Budget Committee Meeting, S. A. Perkinson

(Non-GAAP, Unaudited) 3

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### Combined Expenses - Preliminary YTD April 2023

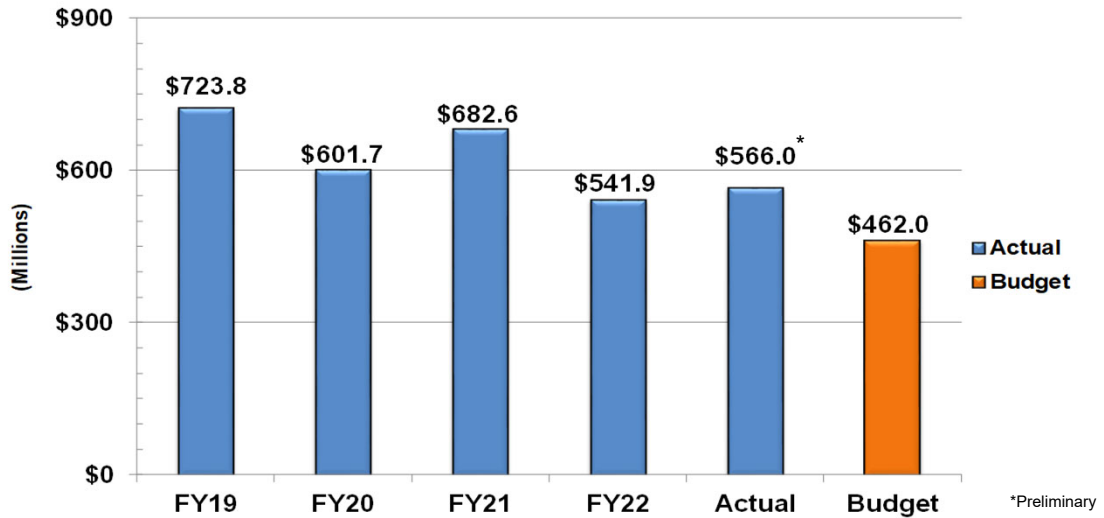


06/27/2023 Finance & Budget Committee Meeting, S. A. Perkinson

(Non-GAAP, Unaudited) 4

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## Funds Available - YTD April 2023



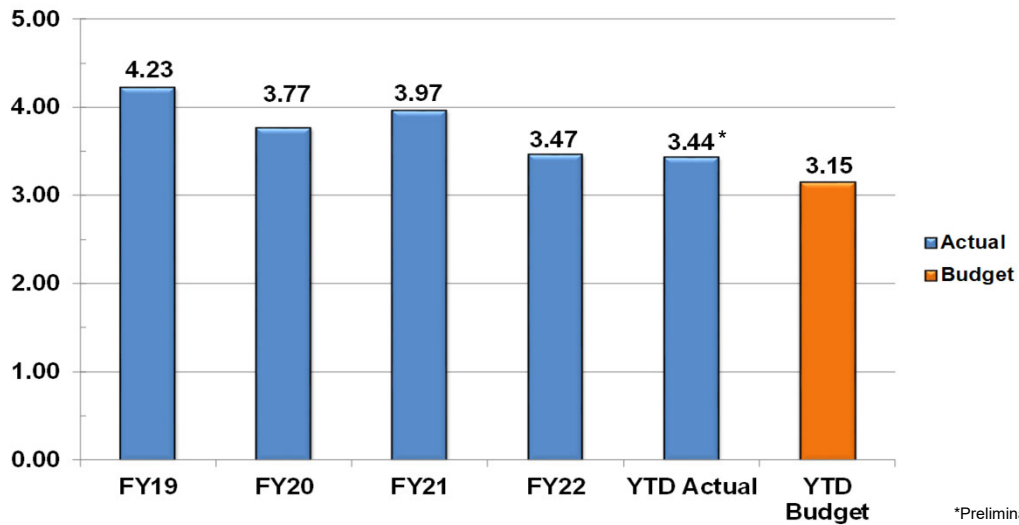
06/27/2023 Finance & Budget Committee Meeting, S. A. Perkinson

\*Preliminary

(Non-GAAP, Unaudited) 5

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## Debt Service Coverage - YTD April 2023



Note: Debt Service Coverage Ratio on Total Debt

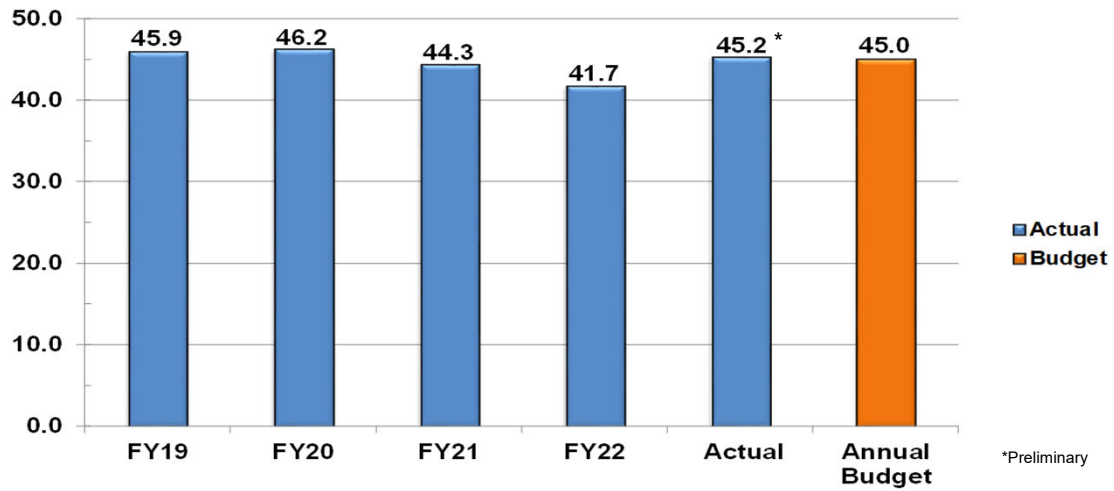
06/27/2023 Finance & Budget Committee Meeting, S. A. Perkinson

\*Preliminary

(Non-GAAP, Unaudited) 6

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## Debt Ratio - YTD April 2023



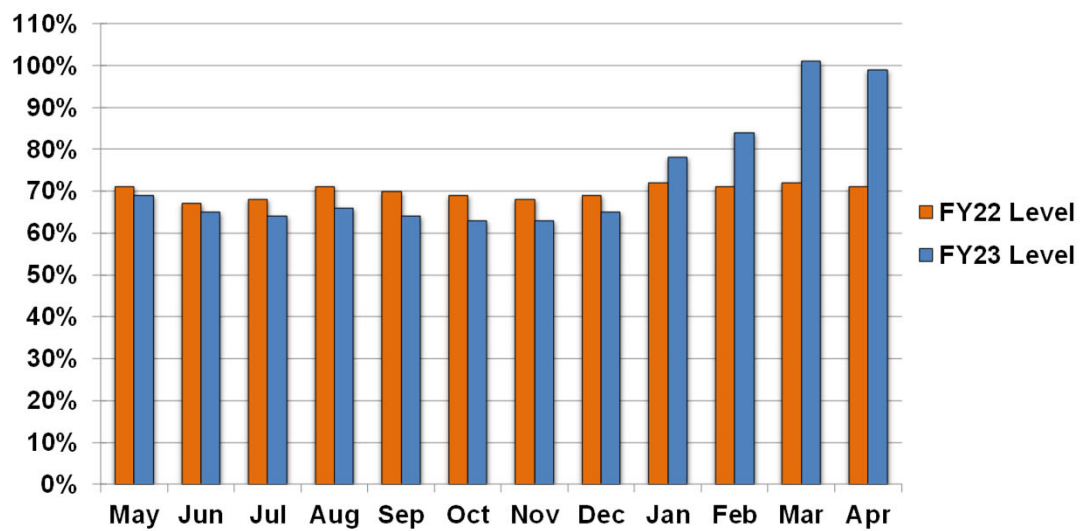
Note: Prior Years and Budget are Fiscal Year-End Ratios

06/27/2023 Finance & Budget Committee Meeting, S. A. Perkinson

(Non-GAAP, Unaudited) 7

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## Water Storage Levels

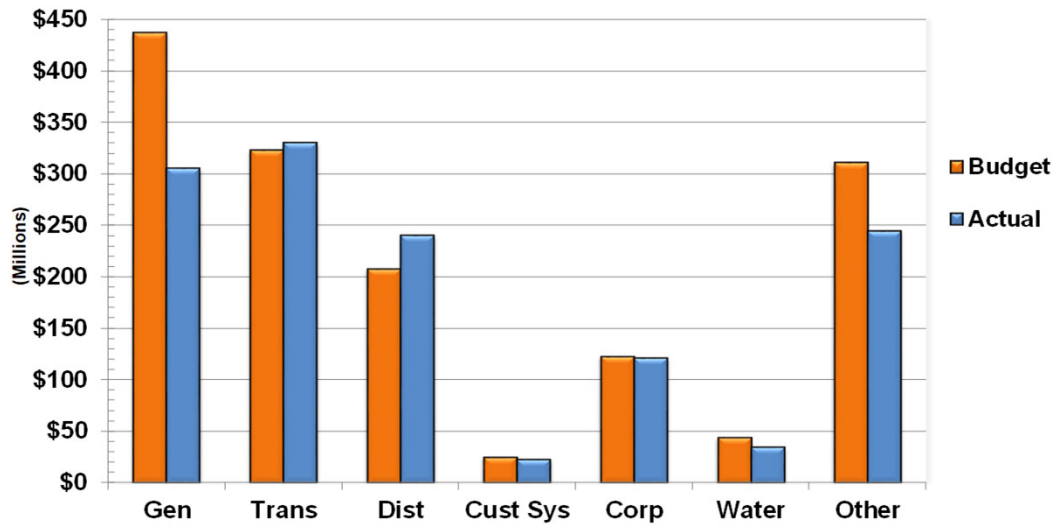


06/27/2023 Finance & Budget Committee Meeting, S. A. Perkinson

(Non-GAAP, Unaudited) 8

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## Capital Expenditures - Preliminary YTD April 2023



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