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

## DISTRICT COUNCIL

**Tuesday, October 3, 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 ..... CHAIRMAN TYLER FRANCIS

2. Request for Approval of the Minutes for the Meeting of September 12, 2023 ..... CHAIRMAN TYLER FRANCIS

3. Council Committee Chairs and Liaisons Reports ... CHAIRMAN TYLER FRANCIS

4. Update on Upcoming Proposed Revenue Bond Sale ..... BRIAN KOCH and JASON RIGGS

   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.

5. 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

6. Reservoir Report / Weather Report ..... TIM SKARUPA

7. President's Report ..... PRESIDENT DAVID ROUSSEAU

8. Future Agenda Topics ..... CHAIRMAN TYLER FRANCIS

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

The Council 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 COUNCIL MEETING IS SCHEDULED FOR TUESDAY, NOVEMBER 7, 2023**

09/26/2023

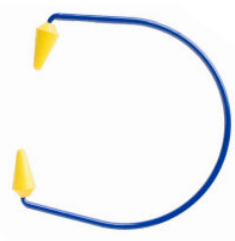
# SAFETY MINUTE: HEARING LOSS PREVENTION
# SRP COUNCIL

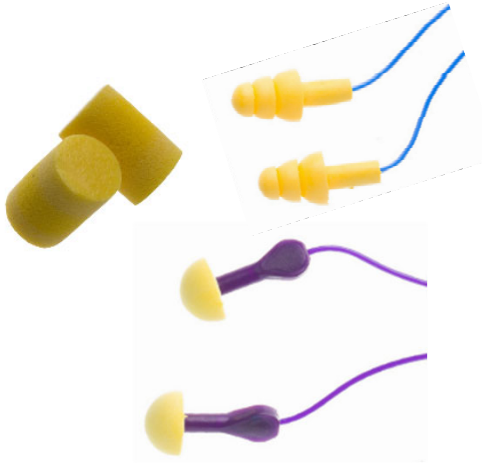
SARA MCCOY
DIRECTOR, RISK MANAGEMENT
OCTOBER 3, 2023

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**

| Soft | Moderate | Loud | Very Loud | Painful |
|---|---|---|---|---|
| 30 dB Whisper | 50 dB Floor Fan | 70 dB Traffic | 90 dB Power Tools | 130 dB Ambulance |
| 40 dB Quiet Library | 60 dB Conversation | 80 dB Alarm Clock | 110 dB Sporting Events | 140 dB Guns |
| | | | 120 dB Concerts | 140 dB Fireworks |

# 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 Council'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 COUNCILS** this 3rd day of October 2023.

# SRP remains dearly of Vice President John Hoopes

SRP Vice President John R. Hoopes died Sept. 16 after a short battle with pancreatic cancer.

Hoopes was 59 in 1994, when president, serving from 1974 until his leaving office. Before that he was vice president, he served as SRP Board Chairman from 1967 through 2006, attributed to the organization.

Hoopes's Mesquite Grove home in Cave Creek — and SRP — had deeply ingrained in his family.

He was a fourth-generation Arizonan, a rancher and a rancher whose great-grandfather served on the first elected SRP Council. His father, Ira Hoopes, was president of the Salt River Valley Water Users' Association, the Council from 1948 through 1970. Hoopes' parents were also longtime Mesquite Grove residents, and his mother, Ruth, was a longtime SRP employee.

In March 2011, he spoke at Theodore Roosevelt Dam centennial celebration, saying, "This dam symbolizes the power of community effort — coming with a shared purpose for the benefit of future generations. ... I have lived with my family and my ancestors for 100 years in the Salt River Valley, and, for my descendants, it is time to stand for the land that I have lived with and grew up on."

Hoopes' service at SRP was marked by his commitment to the community, as well as his commitment to customer service and conservation of the Salt River Valley and its underlying aquifer and aquifer. This included a statewide 2000 conservation plan, the Salt River Project Agricultural Improvement and Power District, and the Phoenix Water Services Department, which Hoopes helped form in the 1970s.

Other highlights during his years as vice president included the Colorado Watershed Restoration Agreement, the formation of the Customer Utility Board, the Salt River Project Sports Medicine Training Room and scholarship program, and the Salt River Project Arts Council, which he helped form and was president of SRP's Employee Recreation Association.

Hoopes is survived by his wife, Nancy, four children and his grandchildren.

## REMEMBERING JOHN

*"John embodied SRP's commitment and connection to the communities we serve. With the body's century-long ties to the Valley, he appreciated not only the history of SRP and its role in building and growing Arizona and SRP groups in the community, to come. His contributions were countless, and he will be deeply missed."*

Jim Pratt
President

*"John cared deeply about SRP's mission and bettering the enterprise, the Valley and Arizona. He was a leader, a rancher and an Arizona home. I am grateful for the opportunity to have served with John in helping to lead SRP during this critical time in our history. He was a trusted adviser and friend to many of us, and we are better for having known him."*

David Rousseau
President

# Work hard, vacation harder: Employees share their 2022 vacation getaways

From enjoying a luxury cruise to hiking the Appalachian Trail, SRP employees spent their time off in 2022 doing what they love. Here's a look at how they coasted through all of them (now, but don't worry — you can see all your vacation's vacation photos at myhome).

## YOUR TIE TO 2035

How your work helps SRP achieve its long-term goals

SRP's **2035 Corporate Goals** focuses on building a customer-focused, sustainable, reliable and affordable water and energy to our communities and customers. Employee Ryan Lee, who's been with SRP for 10 years, shares how his work helps the organization achieve its strategic planning.

**Lee Crane** is a Lineman I. In his spare time, he enjoys hiking and camping with his family and friends. He's been with SRP for 10 years and SRP Security is very important, signed. "Other companies don't have security like we have. We have security officers everywhere, and they're very helpful. We're a very safe place to work, and I appreciate that. I feel safe at work, and I appreciate that."

Lee's work helps SRP achieve its long-term goals because he's never a stranger to customers and communities he serves. Lee's work also helps SRP be a sustainable, reliable and affordable provider because he's helping keep the power on and helping people in the community who need it most.

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## This Week's Top 5 To Do's

- **The Rock is the Rock what's new** is now available on the Employee Recreation Association (ERA) page. Check out the latest and greatest ERA offerings and discounts on the ERA page in **myhome**!
- **Special accounts for recreational vehicles and pontoons** — SRP Employee Recreation Association (ERA) offers special accounts for Memorial Day, Labor Day and Independence Day. Contact Appreciation Apparel at 602-236-2672 or appreciationapparel@srp.com for more information.
- **Employee Wellness Program** — Check out the Employee Wellness Program and Benefits by visiting myhome/wellness or MyW Flash Wire.
- **Employee Wellness and Health and SRP's Fitness Challenge** are now available on the Employee Wellness and Health page. Get moving and stay healthy! Participate in the Fitness Challenge, and remember, the sooner you start, the more you can do! Contact Employee Wellness and Health at 602-236-2672 or the Fitness Challenge Coordinator Paul Shapiro, Program Director for the Human Energy Assistance Fund, at 602-236-2672 or paul.shapiro@srp.com for more information. Check out the Employee Wellness and Health page on myhome and click on the Fitness Challenge link.
- **Arizona Science Center Hoop Dreams SRP!** — Tickets are available for the Arizona Science Center Hoop Dreams SRP! Tickets are available for the Arizona Science Center Hoop Dreams SRP! Tickets are available for the Arizona Science Center Hoop Dreams SRP!

MINUTES OF COUNCIL
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

**DRAFT**

September 12, 2023

A meeting of the Council of the Salt River Project Agricultural Improvement and Power District (the District) convened at 9:30 a.m. on Tuesday, September 12, 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.

Council Chairman T.M. Francis 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 COUNCIL MEETING

> A meeting of the Council of the Salt River Project Agricultural Improvement and Power District (the District) is hereby called to convene at 9:30 a.m. on Tuesday, September 12, 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/ Tyler Francis
> Council Chairman

Council Member D.B. Lamoreaux offered the invocation. Corporate Secretary J.M. Felty led the Council in the Pledge of Allegiance.

Council Members present at roll call were Council Chairman T.M. Francis; Council Vice Chairman J.R. Shelton; and J.R. Augustine, M.B. Brooks, M.L. Farmer, A.A. Freeman, G.E. Geiger, A.S. Hatley, A.M. Herrera, D.B. Lamoreaux, M.A. Lewis, J.W. Lines, J.L. Miller, M.R. Mulligan, T.S. Naylor, M.C. Pedersen, M.G. Rakow, W.P. Schrader III, R.W. Swier, H. Tjaarda Jr., P.A. Van Hofwegen, and M.A. Warren.

Council Members absent at roll call were R.S. Kolb, C.M. Leatherwood, B.E. Paceley, I.M. Rakow, W.P. Schrader Jr., W.W. Sheely, and N.J. Vanderwey.

Also present were President D. Rousseau; District Vice President C.J. Dobson; Council

Member M.A. Freeman of the Association; Board Liaison M.J. Herrera; Mmes. I.R. Avalos, A.J. Fitzpatrick, L.F. Hobaica, K.M. Libby, L.A. Meyers, and D.D. Olaya; Messrs. P.R. Bachman, J.D. Coggins, T. Cooper, D.L. Cox, A.C. Davis, J.M. Felty, K.J. Lee, A.J. McSheffrey, R. Navarro, M.J. O'Connor, B.A. Olsen, J.M. Pratt, and R.R. Taylor; and George Hammond of University of Arizona (UArizona).

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 Council of the District meeting 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, Denny L. Cox, SRP Manager of Safety Services, 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.

Mr. D.L. Cox left the meeting.

Approval of Minutes

On a motion duly made by Council Vice Chairman J.R. Shelton, seconded by Council Member J.L. Miller and carried, the Council approved the minutes for the meeting of August 8, 2023, as presented.

Corporate Secretary J.M. Felty polled the Council Members on Council Vice Chairman J.R. Shelton's motion to approve the minutes for the meeting of August 8, 2023. The vote was recorded as follows:

| | | |
|---|---|---|
| YES: | 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, D.B. Lamoreaux, M.A. Lewis, J.W. Lines, J.L. Miller, M.R. Mulligan, T.S. Naylor, M.C. Pedersen, M.G. Rakow, W.P. Schrader III, R.W. Swier, H. Tjaarda Jr., P.A. Van Hofwegen, and M.A. Warren | (22) |
| NO: | None | (0) |
| ABSTAINED: | None | (0) |
| ABSENT: | Council Members R.S. Kolb, C.M. Leatherwood, B.E. Paceley, I.M. Rakow, W.P. Schrader Jr., W.W. Sheely, and N.J. Vanderwey | (7) |

Council Committee Chairs and Liaisons Reports

Council Chairman T.M. Francis asked for reports from the Council Committee Chairs and Liaisons to the Standing Board Committees. Council Member G.E. Geiger reported on discussions held at the Water Committee. Council Member M.B. Brooks discussed an upcoming By-Laws Committee meeting to be scheduled. Council Member M.L. Farmer reported on discussions held at the Compensation Committee. Council Member P.A. Van Hofwegen reported on discussions held at the Finance and Budget Committee.

Council Member R.S. Kolb entered the meeting during the reports.

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 Council.

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.J. Fitzpatrick and D.D. Olaya left the meeting. Council Member I.M. Rakow; and Mr. P.B. Sigl entered the meeting during the presentation.

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 Council.

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. K.M. Libby; Messrs. P.R. Bachman, T. Cooper, and P.B. Sigl; and George Hammond of UArizona left the meeting.

Executive Session: SRP v. ACC

Council Chairman T.M. Francis requested a motion to enter into executive session of the District Council, 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 Council Member P.A. Van Hofwegen, seconded by Council Member M.G. Rakow and carried, the District Council convened into executive session at 11:00 a.m.

Corporate Secretary J.M. Felty polled the Council Members on Council Member P.A. Van Hofwegen 's motion to enter into executive session. The vote was recorded as follows:

| | | |
|---|---|---|
| YES: | 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, D.B. Lamoreaux, M.A. Lewis, J.W. Lines, J.L. Miller, M.R. Mulligan, T.S. Naylor, M.C. Pedersen, I.M. Rakow, M.G. Rakow, W.P. Schrader III, R.W. Swier, H. Tjaarda Jr., P.A. Van Hofwegen, and M.A. Warren | (24) |
| NO: | None | (0) |
| ABSTAINED: | None | (0) |
| ABSENT: | Council Members C.M. Leatherwood, B.E. Paceley, W.P. Schrader Jr., W.W. Sheely, and N.J. Vanderwey | (5) |

The Council convened into open session at 11:16 a.m. with the following Members and others present: President D. Rousseau; District Vice President C.J. Dobson; Council Chairman T.M. Francis; Council Vice Chairman J.R. Shelton; 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, D.B. Lamoreaux, M.A. Lewis, J.W. Lines, J.L. Miller,

M.R. Mulligan, T.S. Naylor, M.C. Pedersen, I.M. Rakow, M.G. Rakow, W.P. Schrader III, R.W. Swier, H. Tjaarda Jr., P.A. Van Hofwegen, and M.A. Warren; Council Member M.A. Freeman of the Association; Board Liaison M.J. Herrera; Mmes. I.R. Avalos, L.F. Hobaica, and L.A. Meyers; and Messrs. J.D. Coggins, A.C. Davis, J.M. Felty, K.J. Lee, A.J. McSheffrey, R. Navarro, M.J. O'Connor, B.A. Olsen, J.M. Pratt.

Mr. P.B. Sigl 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. Patrick B. Sigl, SRP Principal Managing Attorney, provided an update on the following agreements approved by the Board on September 11, 2023: the Temporary Standpipe Well Agreement between EPCOR and SRP and the Amended and Restated Agreement for upstream exchange of Central Arizona Project water and other matters between EPCOR and SRP. Michael J. O'Connor, SRP Associate General Manager and Chief Legal Executive, provided an update on Jennings, Strouss & Salmon closing and the transfer of SRP legal documents in their files.

Council Chairman T.M. Francis; Council Members M.B. Brooks, A.A. Freeman, A.S. Hatley, A.M. Herrera, M.A. Lewis, W.P. Schrader III, R.W. Swier; Council Member M.A. Freeman of the Association; and Board Liaison M.J. Herrera left the meeting during the report.

Council Vice Chairman J.R. Shelton assumed the chair.

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 housing 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 planned 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 modification 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.

President's Report

There was no report by President D. Rousseau.

Future Agenda Topics

Council Vice Chairman J.R. Shelton asked the Council if there were any future agenda topics. None were requested.

There being no further business to come before the Council, the meeting was adjourned at 12:26 p.m.

John M. Felty
Corporate Secretary

# Revenue Bond Sale:

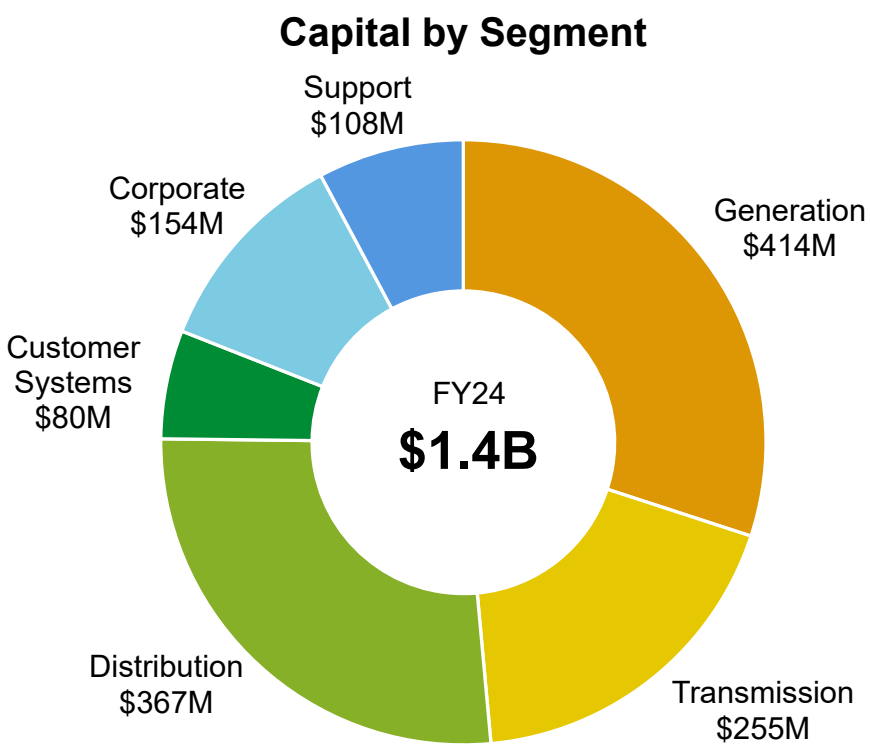
## SRP 2023 Series B

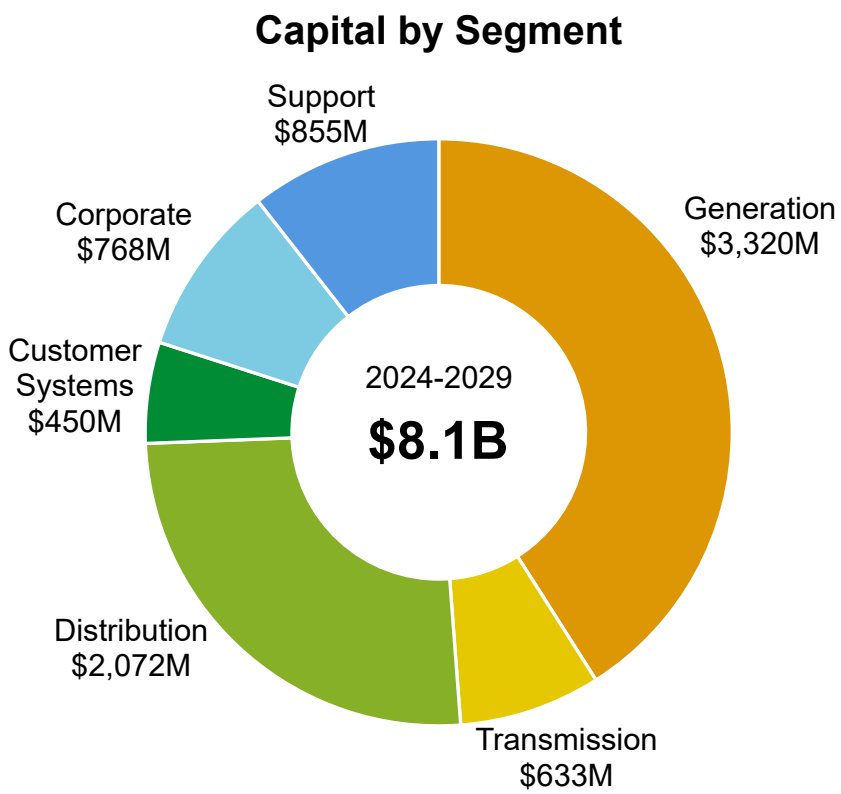
SRP Council Meeting

Brian J. Koch & Jason I. Riggs

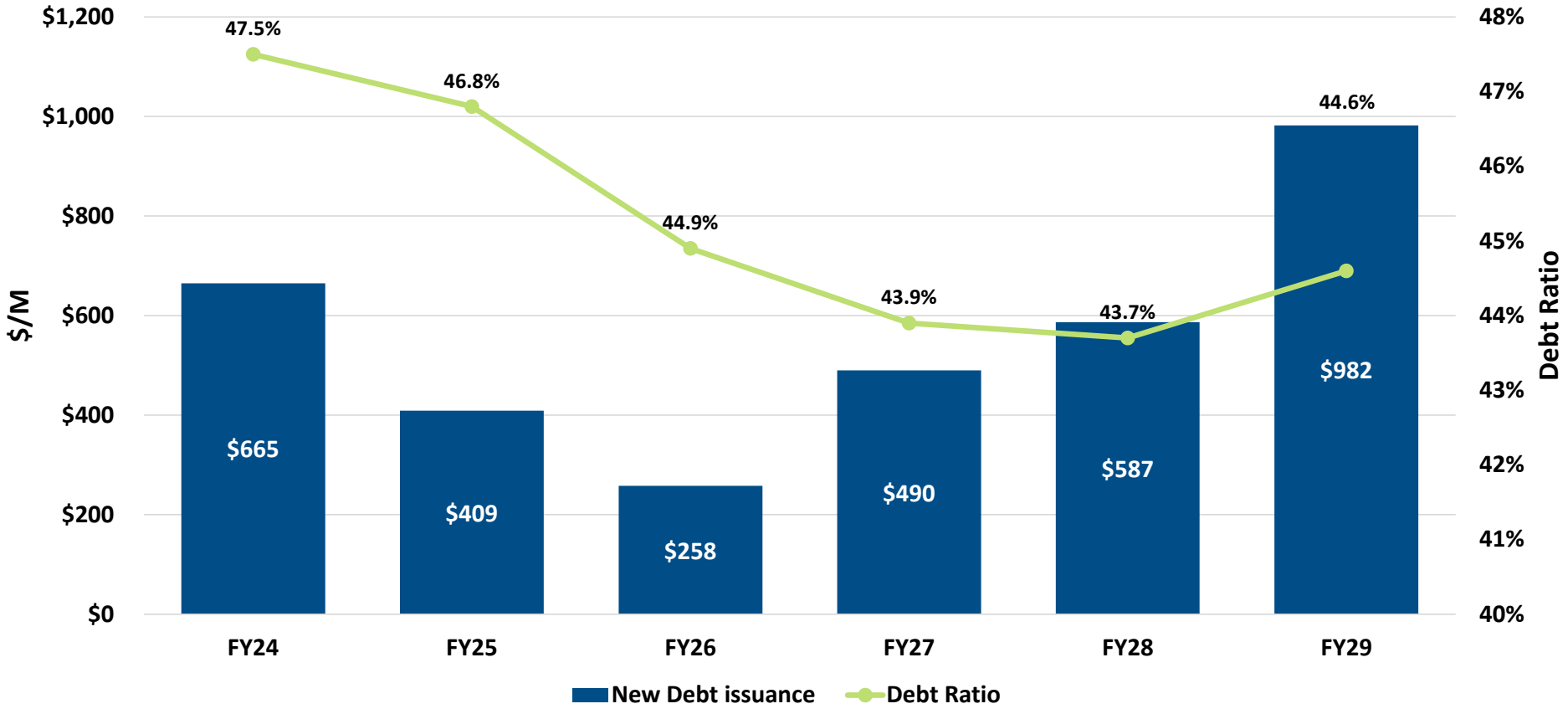
October 3, 2023

# Projected Capital Spend by Segment: FY24 and FP24



# 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 | |
| | Update B&C + Parameters Approval Vote |
| Finalize POS, Investor Presentation and Other Financing Documents | |
| Predetermined Pricing Day | Target Pricing Day/Week |
| Special B&C Meeting to Review and Approve Final Pricing (Next Day) | Bond Purchase Agreement signed after pricing within parameters (Same Day) |
| Bond Purchase Agreement Signed <u>if Vote Passes</u> (Next Day) | Bonds Released to Investors* (Same Day) |
| Bonds Released to Investors* (Next Day) | Update B&C on Bond Sale Results |

*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 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| **Par Amount** | **True Interest Cost** | **Final Maturity** | **Redemption Price** | **Underwriter's Compensation** |
| • **Not to exceed "$"**<br>• Represents the amount of principal to be paid at maturity<br>• Referred to as "face amount" of a security | • **Not to exceed "%"**<br>• Overall rate of interest to be paid over the life of the bonds | • **Not greater than "40 years"**<br>• Final maturity of the entire bond series cannot exceed 40 years | • **Not to exceed "%"**<br>• Price at which securities will be redeemed, if called<br>• Generally, at or above Par<br>• Stated as % of principal amount called | • **Not to exceed "$1.50 per $1,000 of bonds issued"**<br>• Compensation to Underwriters for services rendered<br>• 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 |
|---|---|
| ***September*** *Board & Council* | *Initial Update/Info – Aidan* |
| **October** Board & Council (regular meeting) | Informational Update on Bond Sale |
| **Oct/Nov** Board & Council (special meeting) | **Parameters Approval** |
| **November/December** | Execute Bond Sale/Sign BPA |
| **December** Board & **January** Council | Review Bond Sale |

# Bond Sale Team

Lead Bank: Morgan Stanley

Syndicate: J.P.Morgan, BofA SECURITIES, TD, Goldman Sachs

Advisor: pfm

Bond Counsel: CSG law

Tax Counsel: NIXON PEABODY

# Council Report

## Council Meeting

## October 3, 2023

# Current Events

Jim Pratt

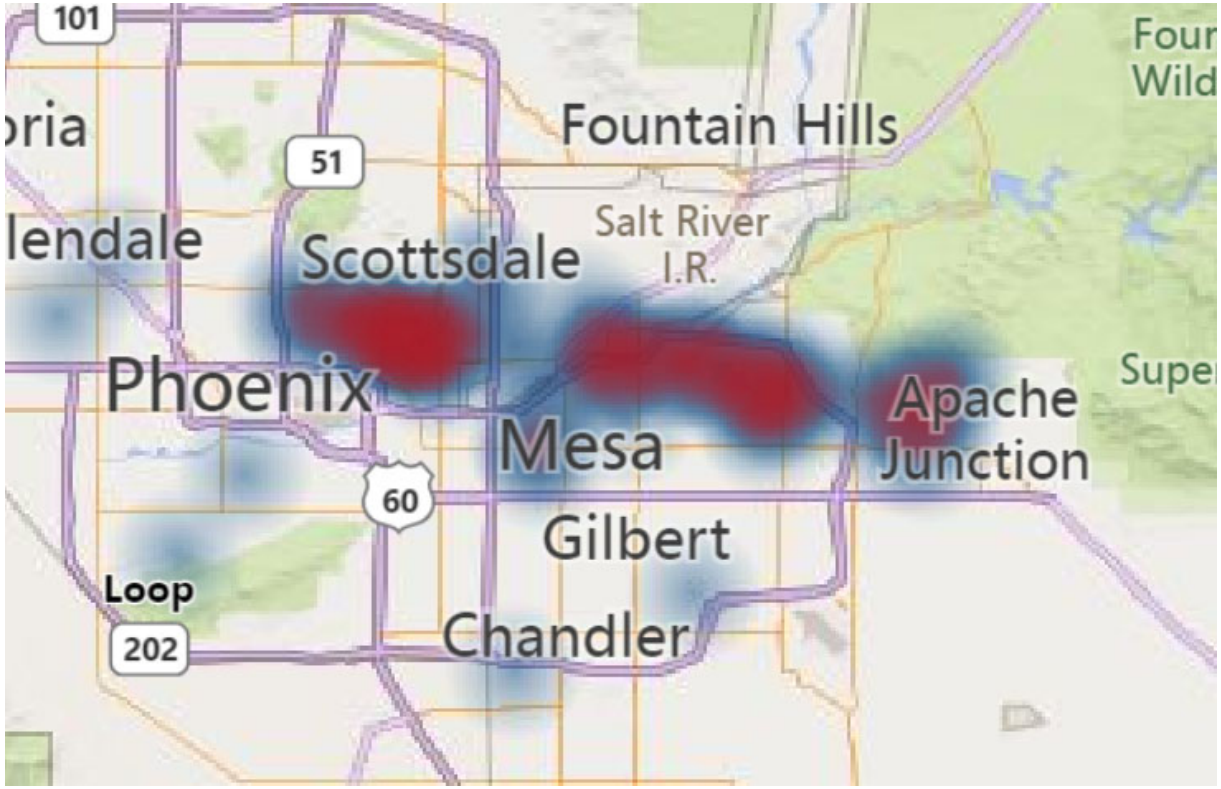
# Power System Update

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 12th Monsoon causing 43,000 customer outages

# September 12th Monsoon Storm



# September 12th Monsoon Storm cont'd

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

| Schedule Status | On Schedule |
|---|---|
| Planned Date | January 31, 2025 |
| Current Forecast | January 31, 2025 |

| Budget Status | Over Budget |
|---|---|
| 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

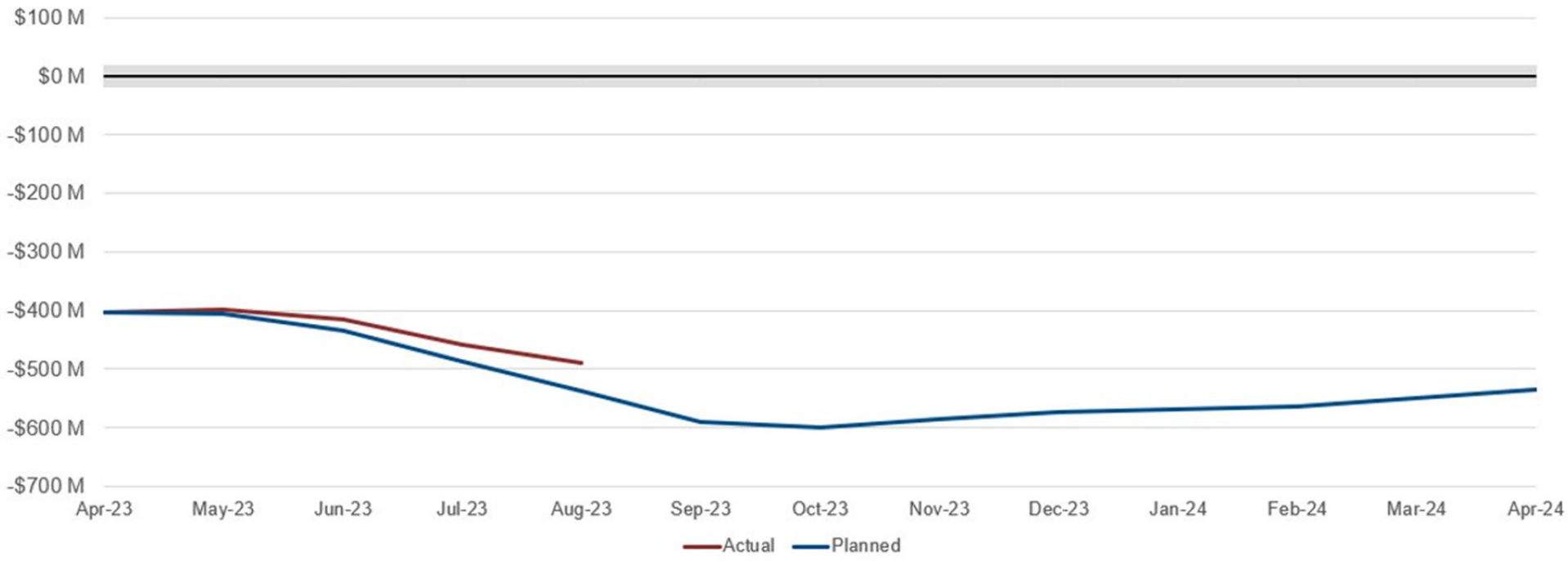
Aidan McSheffrey

# Combined Net Revenues

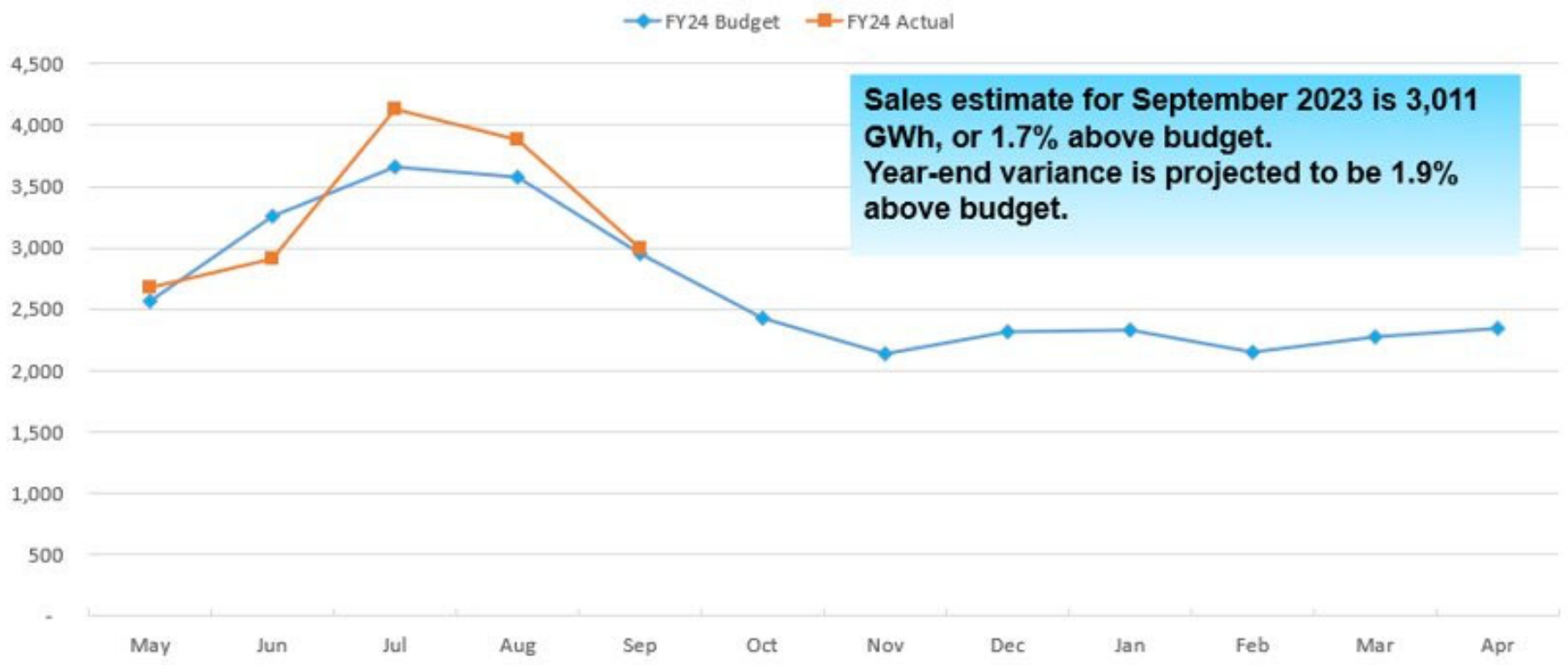
# Financial Summary
# August 2023

| $ Millions | Actual | Budget | Variance | % of Budget |
|---|---|---|---|---|
| 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

**Wholesale Net Revenue**

- Budget $12.1M
- Estimate $8.8M

Primary Drivers:

- Below budget wholesale margins
  - Lower than budgeted electricity prices

# Customer Update

Rudy Navarro

# Summer 2023 Heat Moratorium

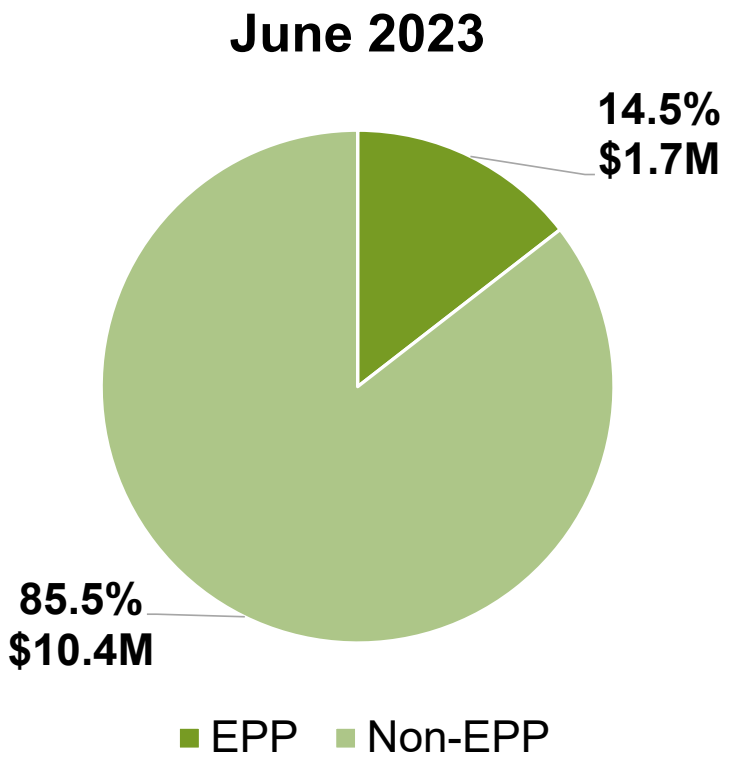
- SRP's practice has been to suspend disconnects for non-payment during heat advisory events as declared by the National Weather Service
- There were 55 days the temperature exceeded 110 F
- Started the moratorium on June 30th and ended on September 20th
- Our continuing goal is to work with our customers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

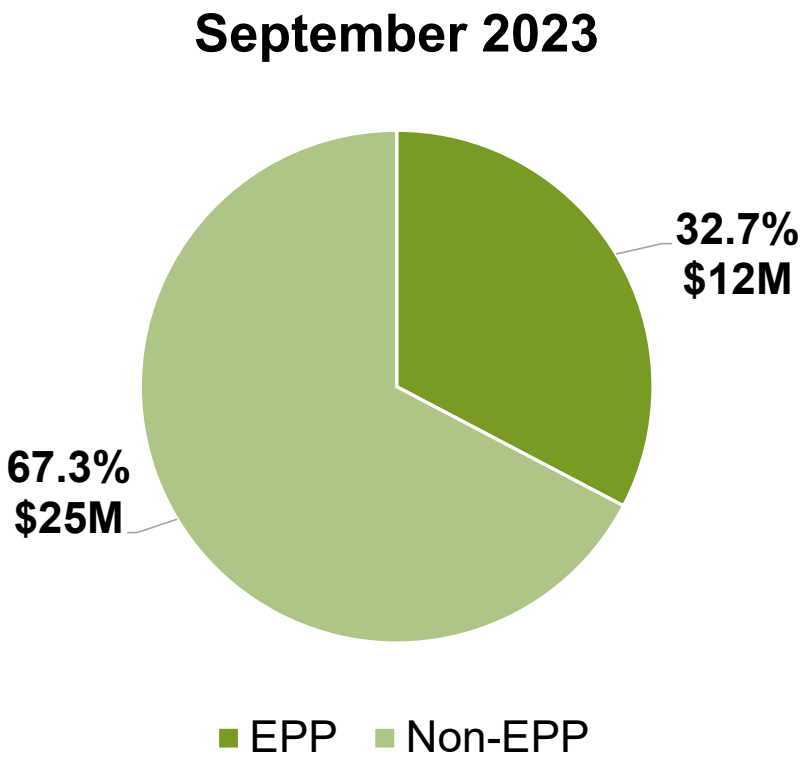
# Summer 2023 Heat Moratorium

## Overall Statistics

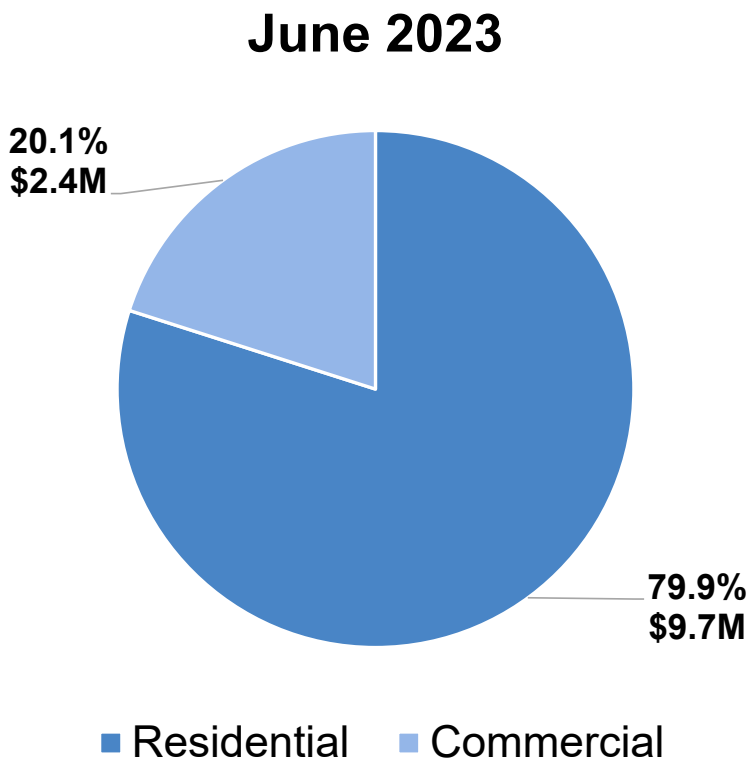
- **$37M** Total Debt
  - Started at $12M
- **42,110** M-Power Customers *Eligible* for Self-Disconnect
  - Staggered Response
  - 31,278 M-Power Customers Self-Disconnected
- **6,550** Credit Customers *Eligible* for Disconnect
  - All placed on payment arrangements

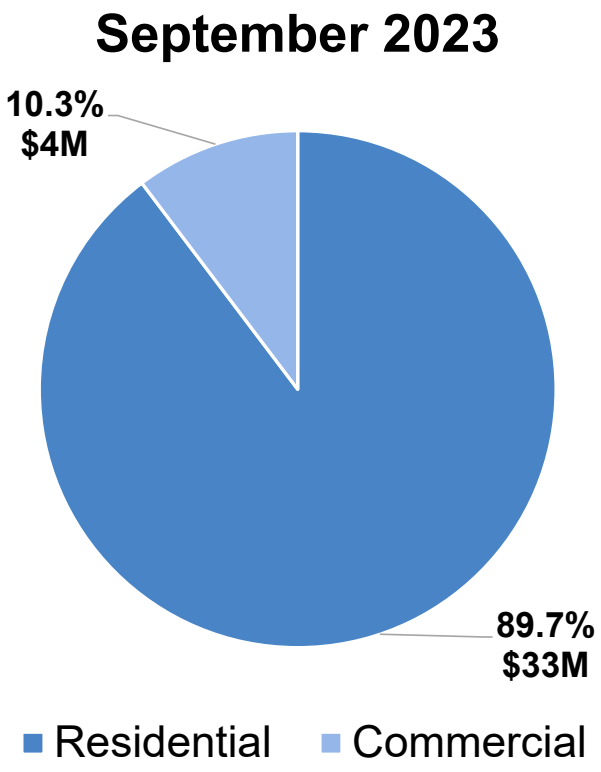
# Debt Segment Comparison



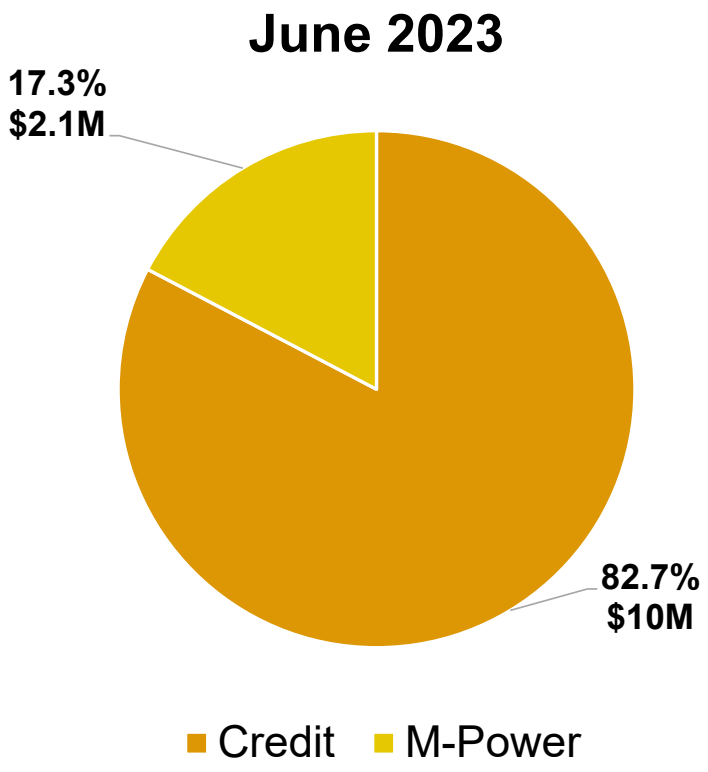



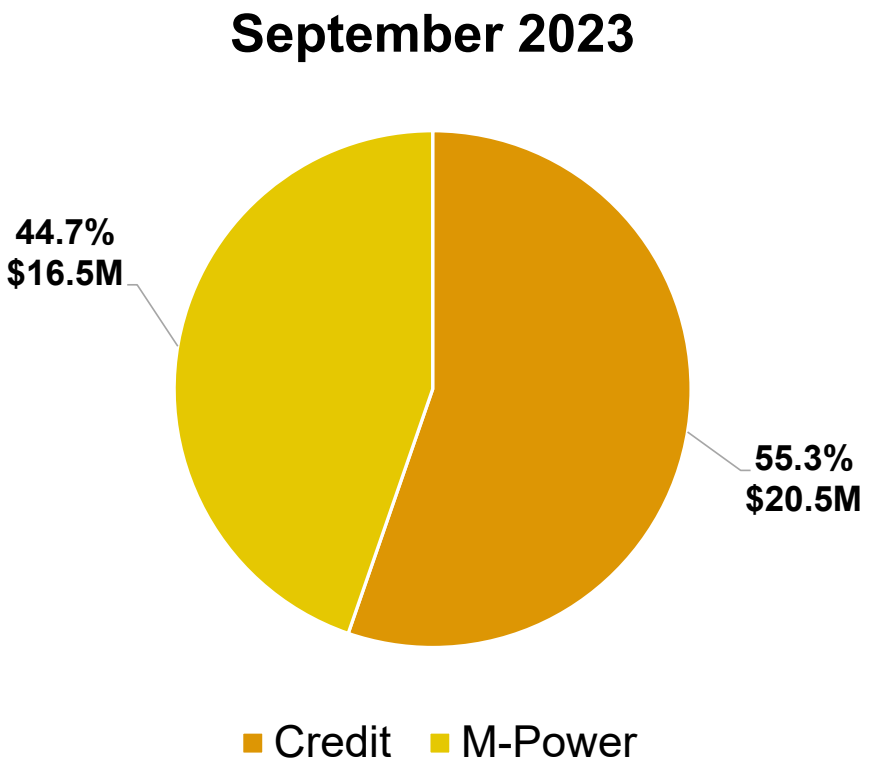
# Debt Segment Comparison



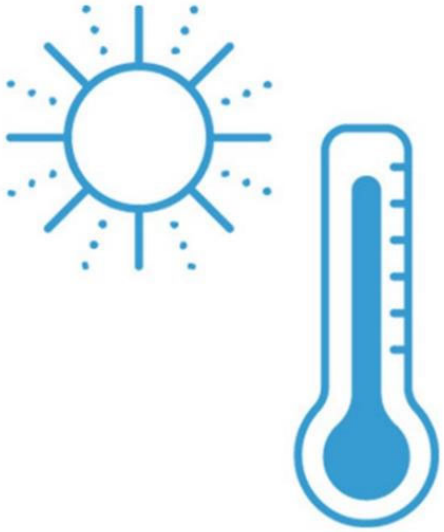
# Debt Segment Comparison



# 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

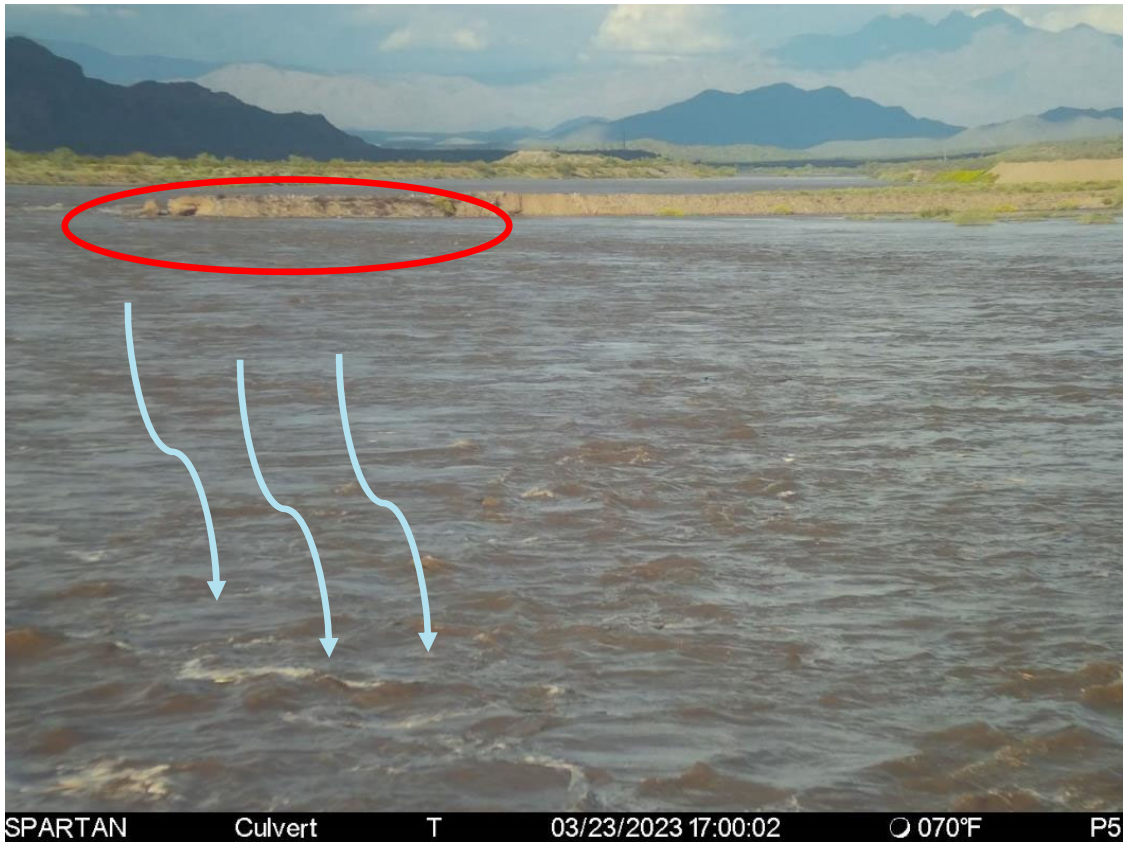
Leslie Meyers

# GRUSP Update – Potential Delivery Channel Improvements

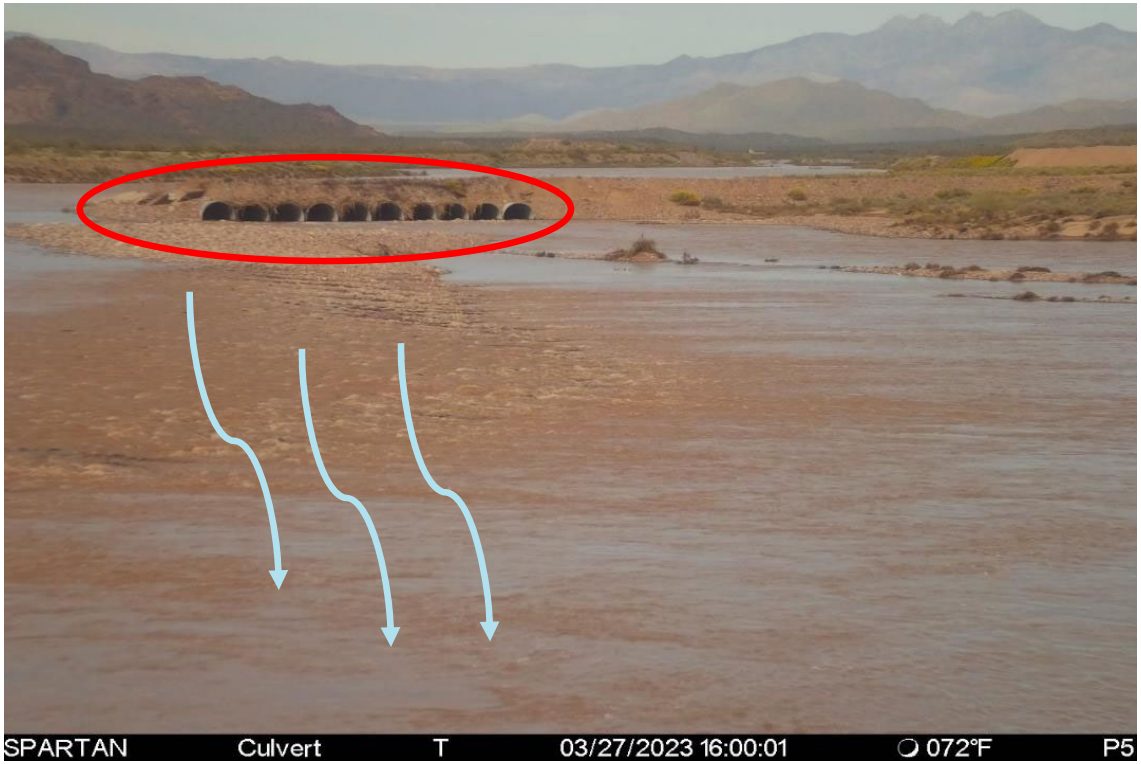
## March 23rd , 2023

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

# March 23rd,2023
# 34,000 cfs



# March 27th ,2023
# 6,000 cfs



# 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% |

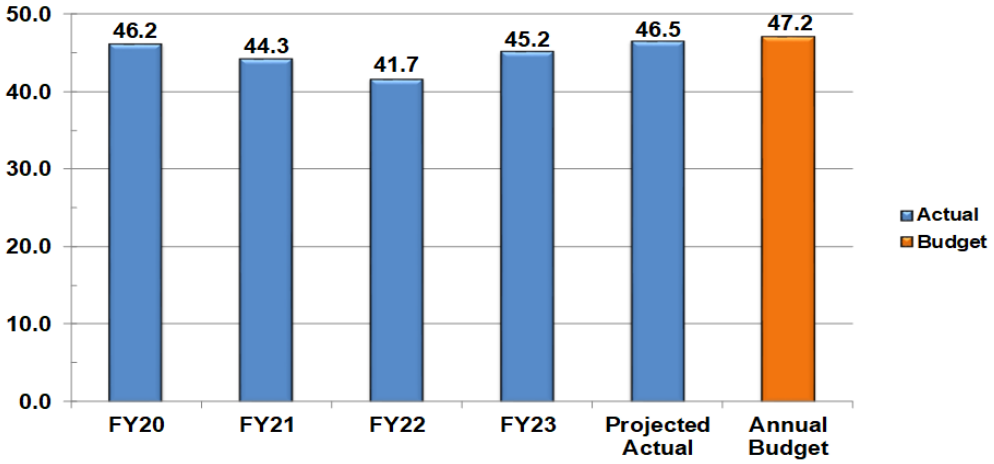
(Non-GAAP, Unaudited)

# Financial Summary
# August 2023

| $ Millions | Actual | Budget | Variance | % of Budget |
|---|---|---|---|---|
| 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% |

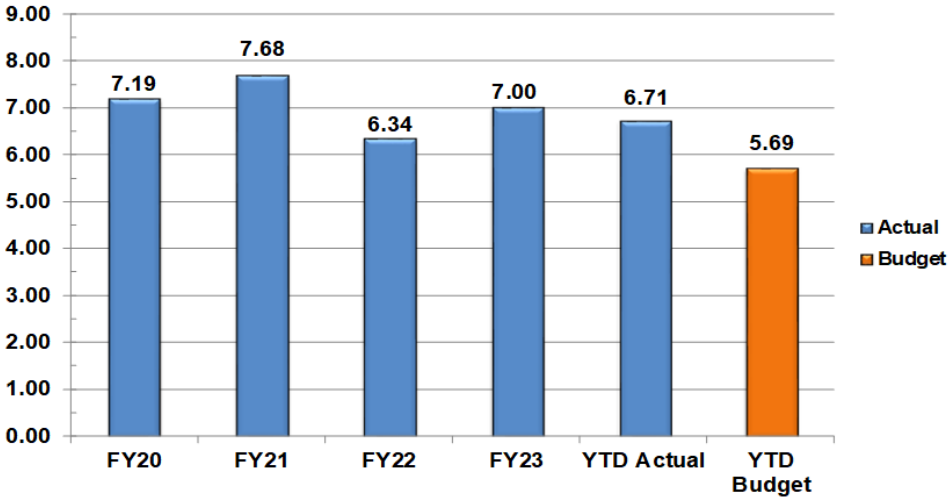
(Non-GAAP, Unaudited)

# Debt Ratio
# August 2023




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

# Debt Service Coverage Ratio
# August 2023



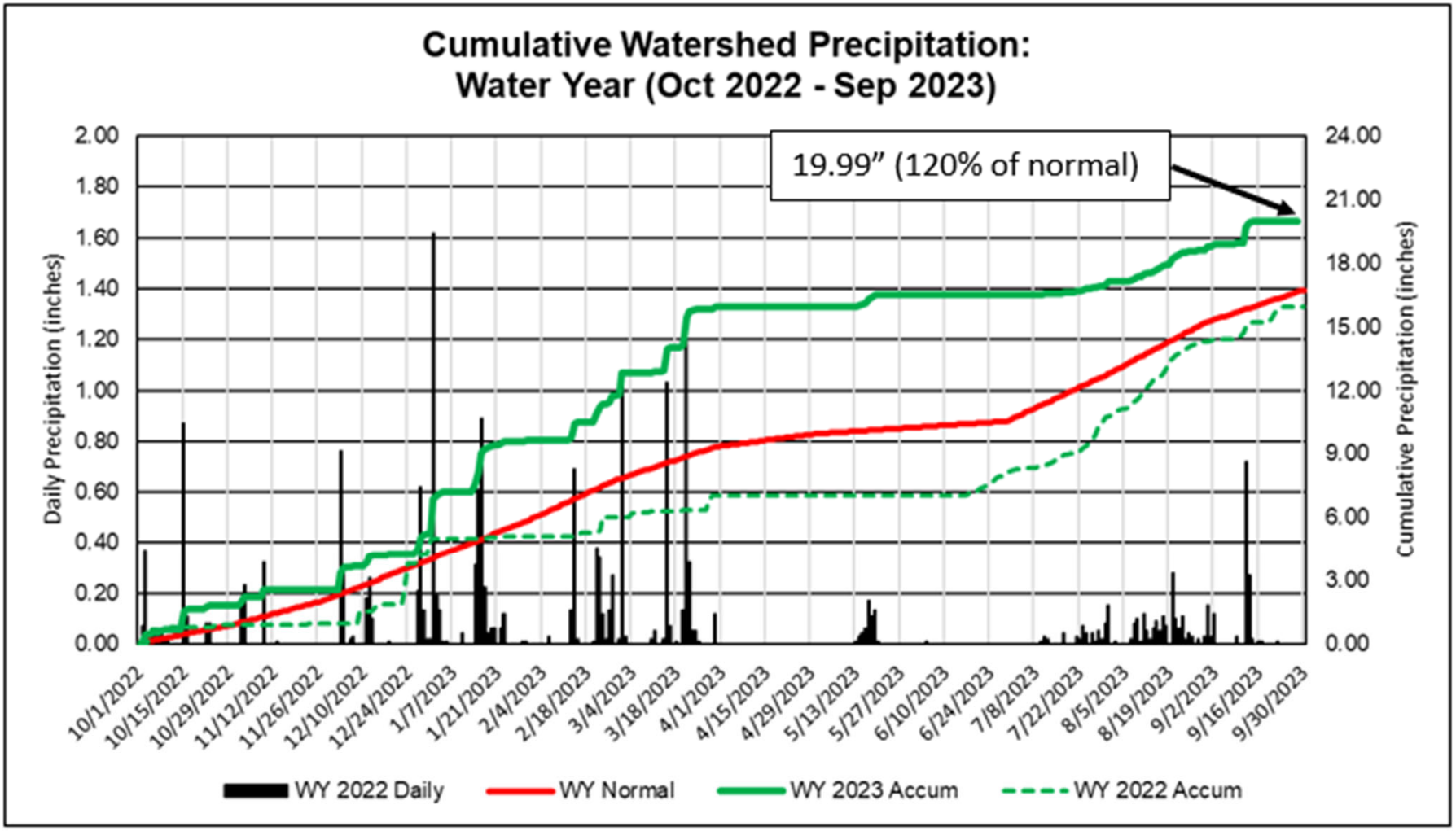

Note: Debt Service Coverage Ratio on Total Debt
(Non-GAAP, Unaudited)

# Water Supply and Weather Report

## October Council Meeting

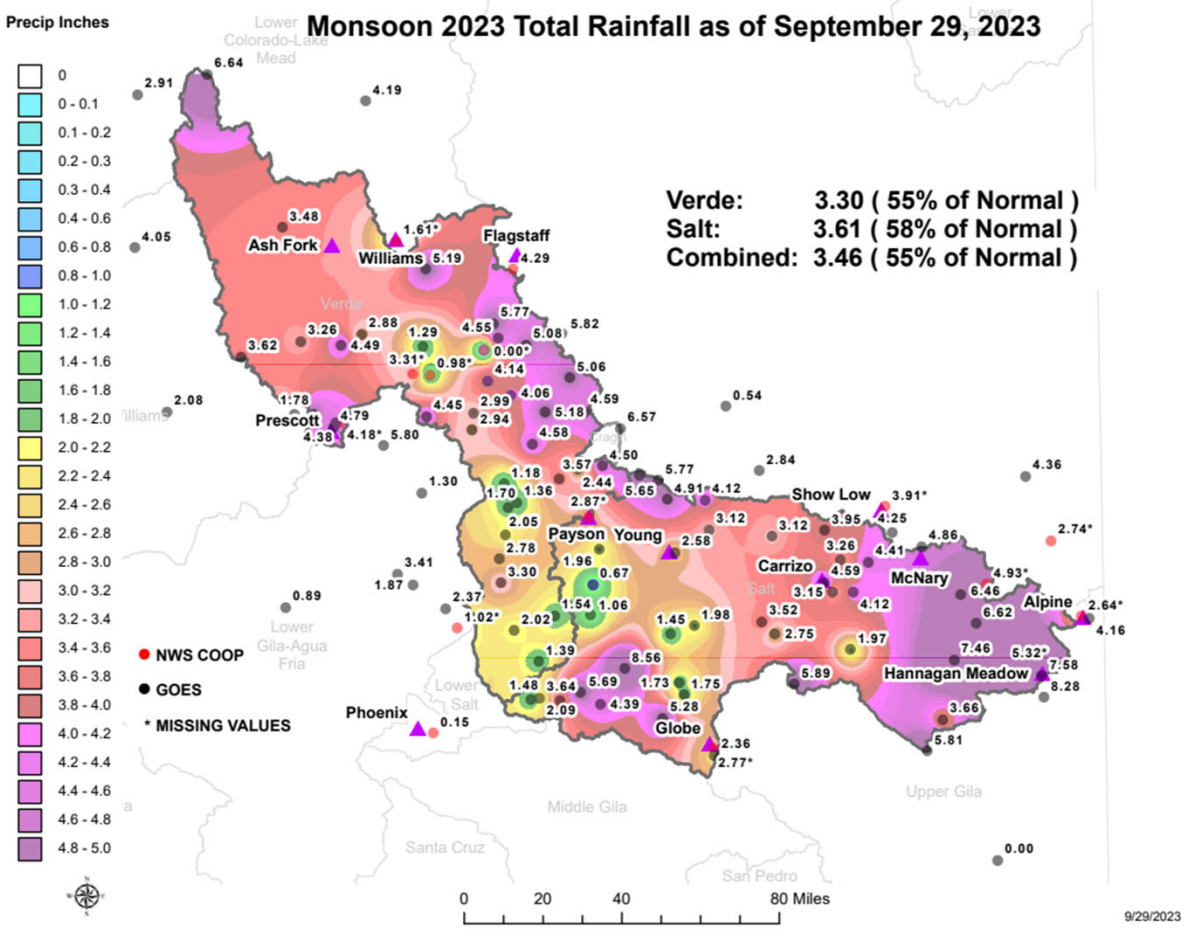
## October 3, 2023

**Tim Skarupa**




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

# Monsoon 2023 Rainfall to Date



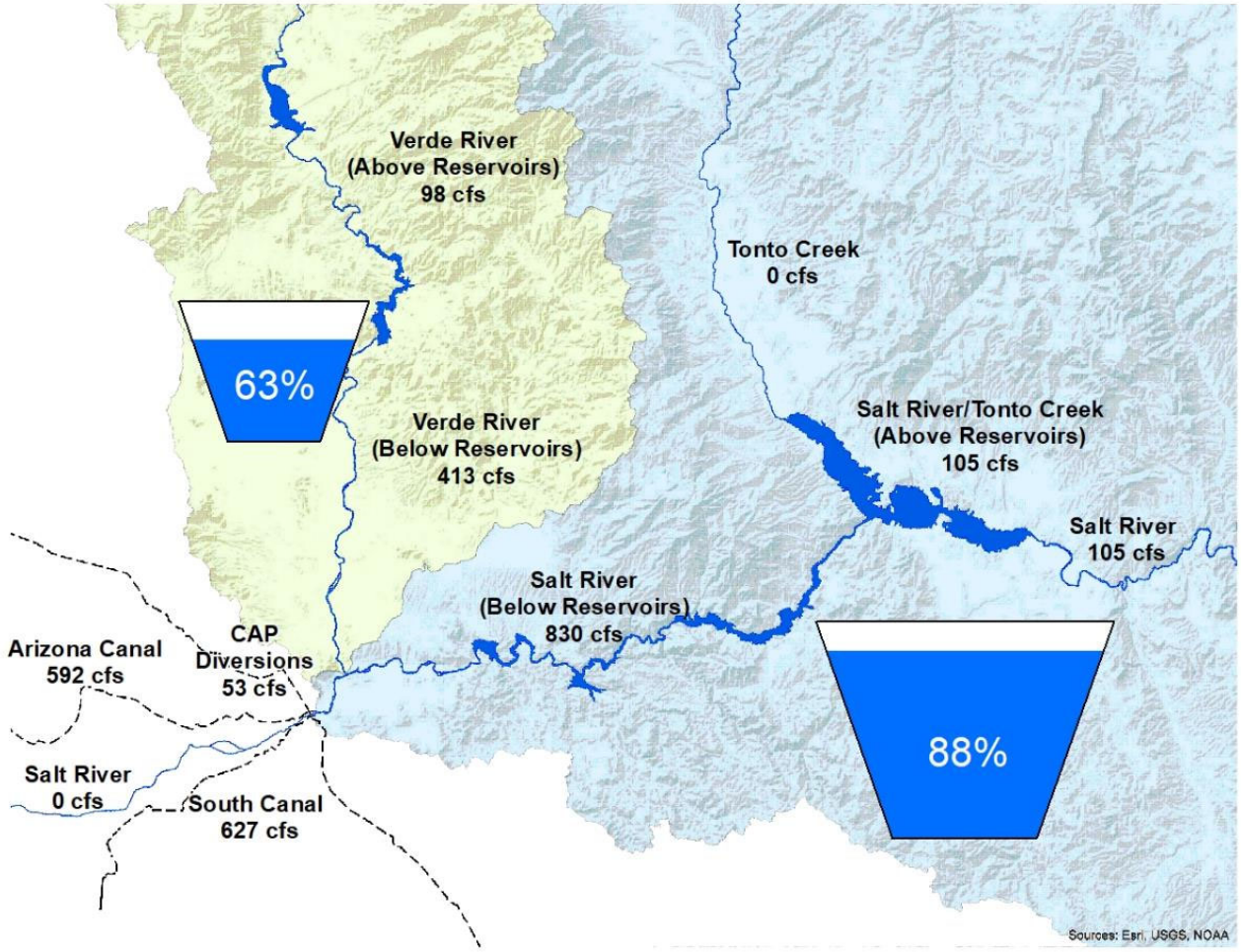

**Second Driest on Record (Driest = 2020 at 1.97”)**

# SRP Reservoir System Status

## September 28, 2023

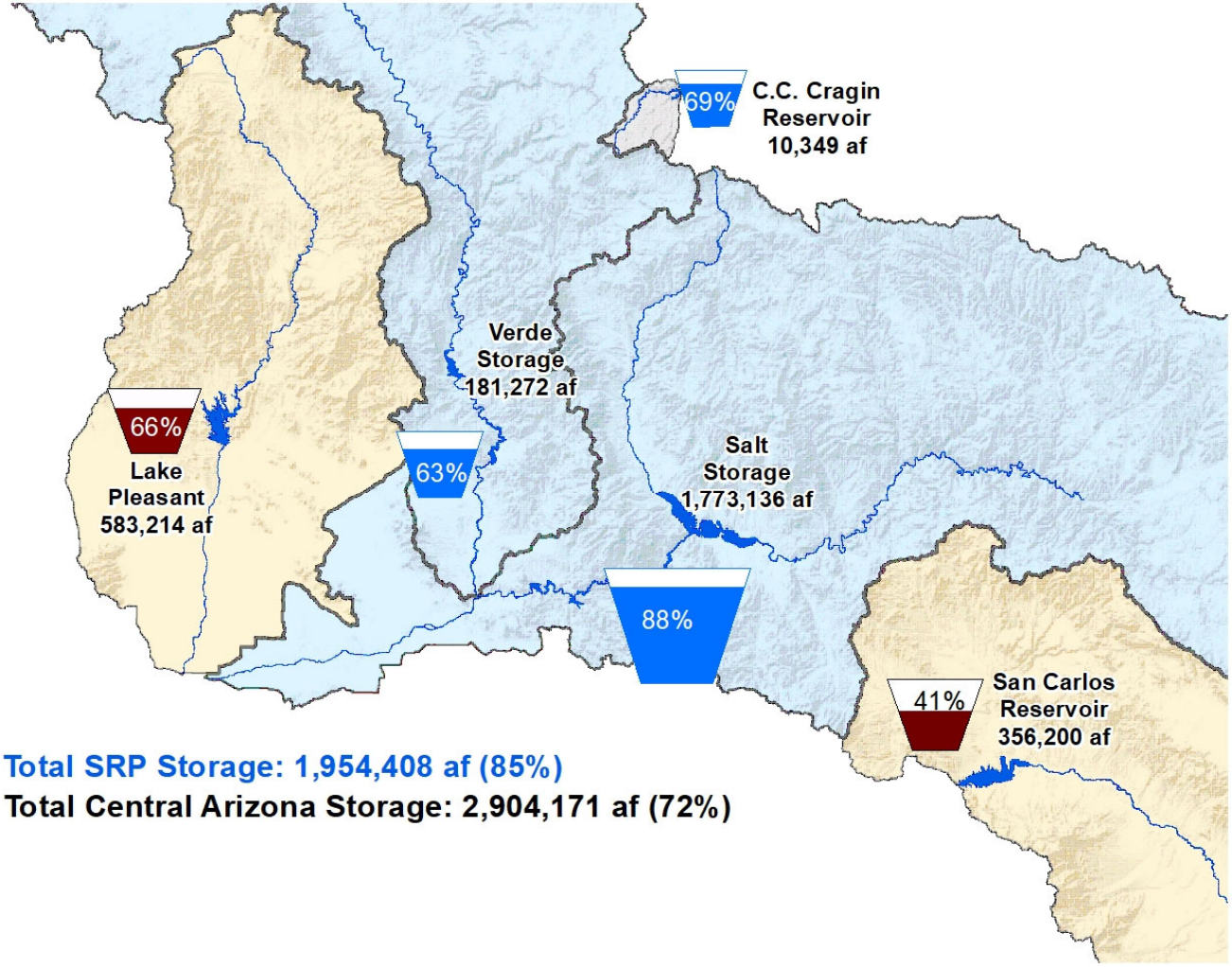
### *Current Storage:*

| | |
|---|---|
| **Salt** | **1,773,136 AF** |
| **Verde** | **181,272 AF** |
| **Total** | **1,954,408 AF** |



# Central Arizona Reservoir Status

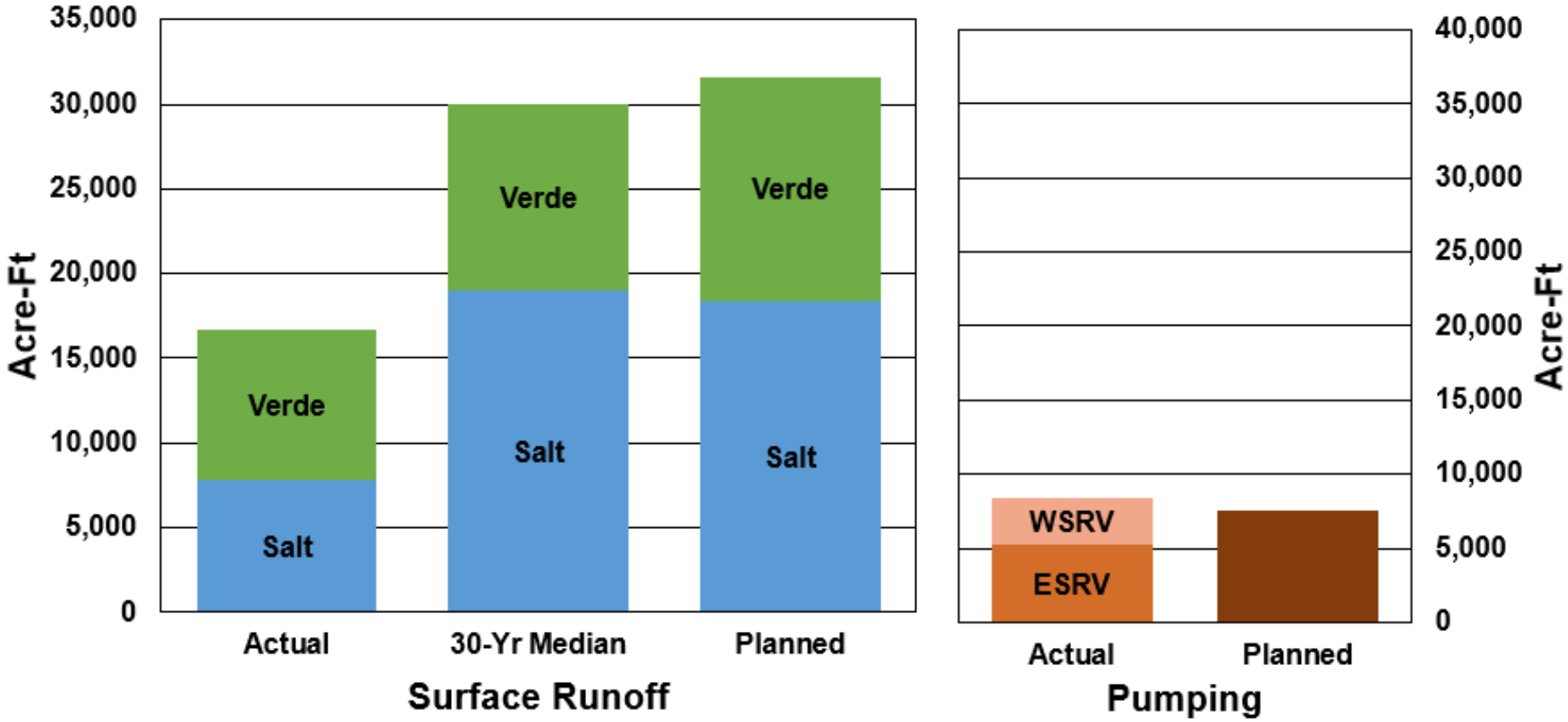
# September 28, 2023



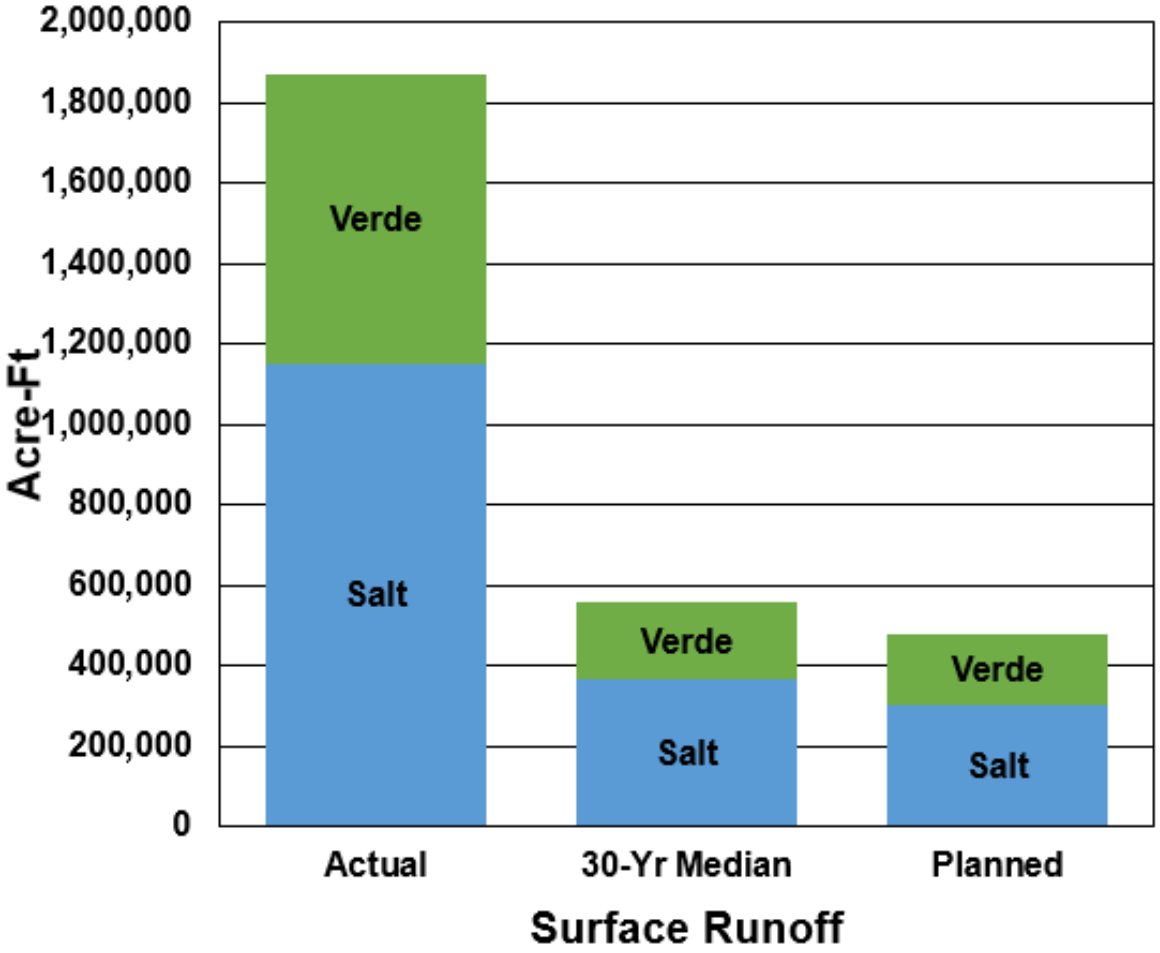

**Total SRP Storage: 1,954,408 af (85%)**

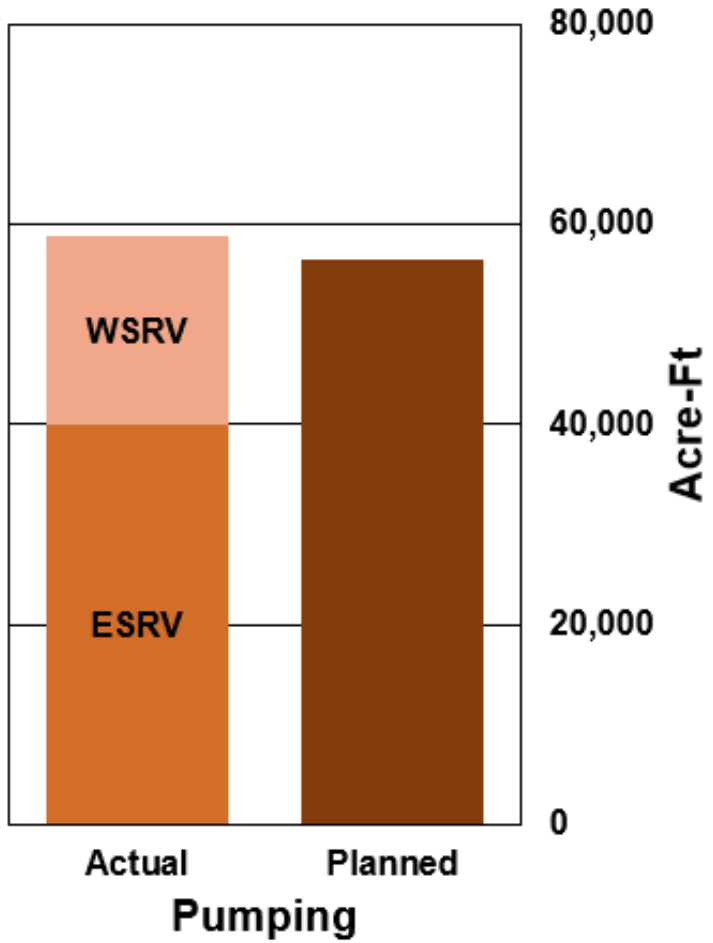
**Total Central Arizona Storage: 2,904,171 af (72%)**

# September 2023



# Year to Date 2023



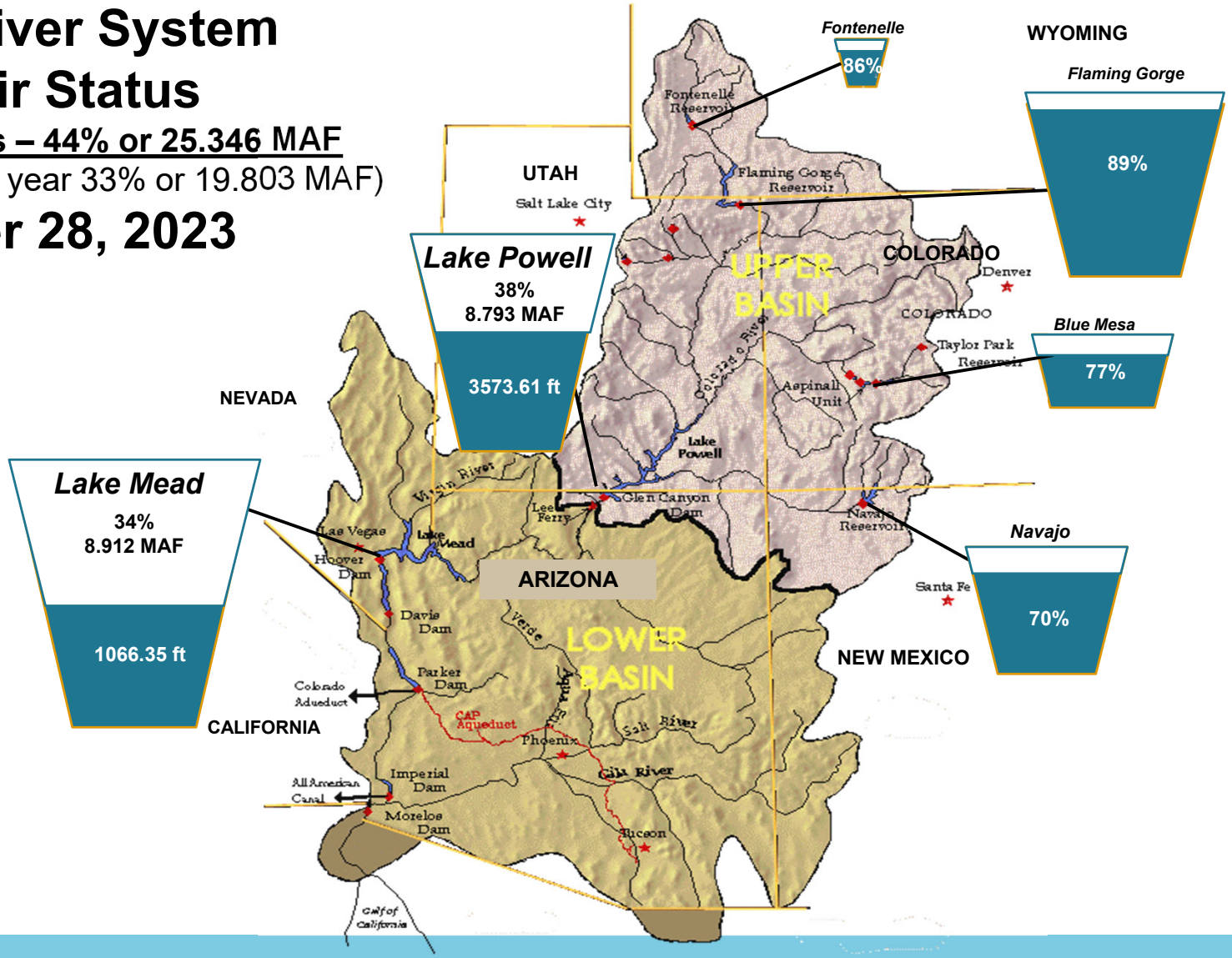



# Colorado River System Reservoir Status

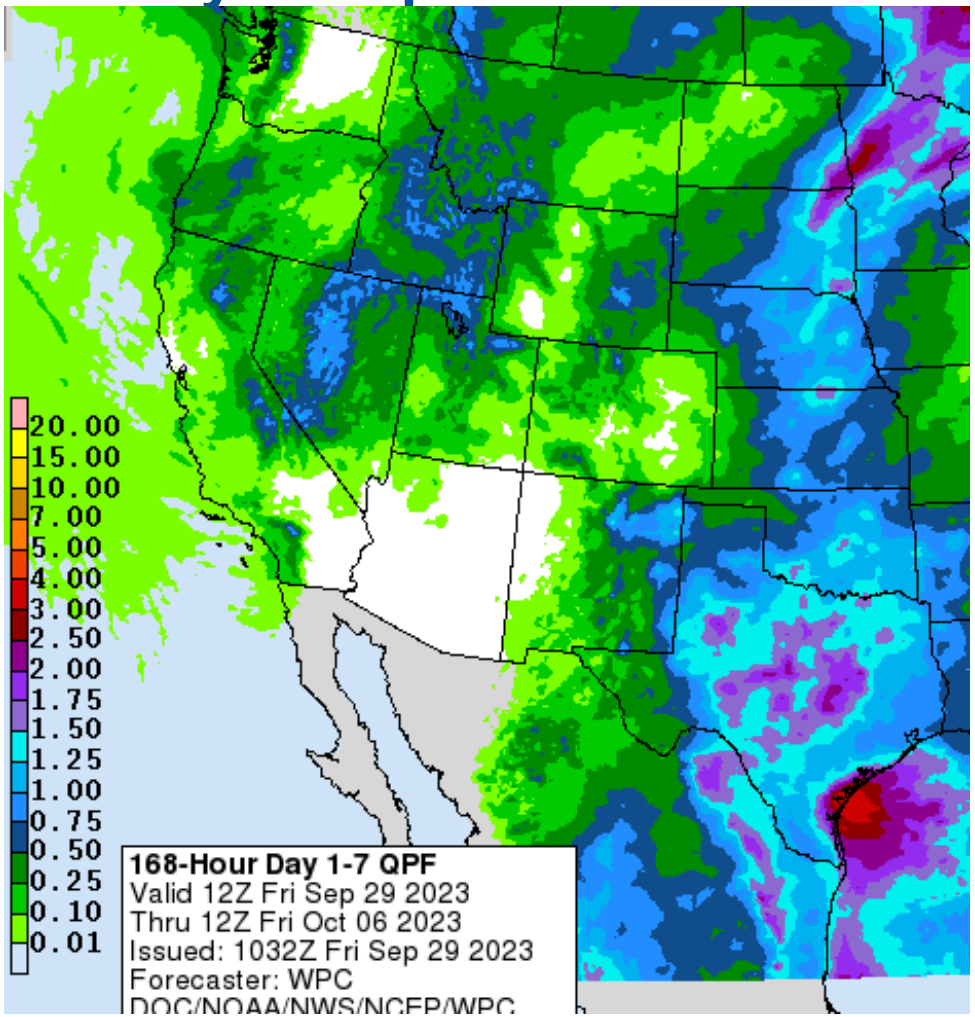
**Total System Contents – 44% or 25.346 MAF**

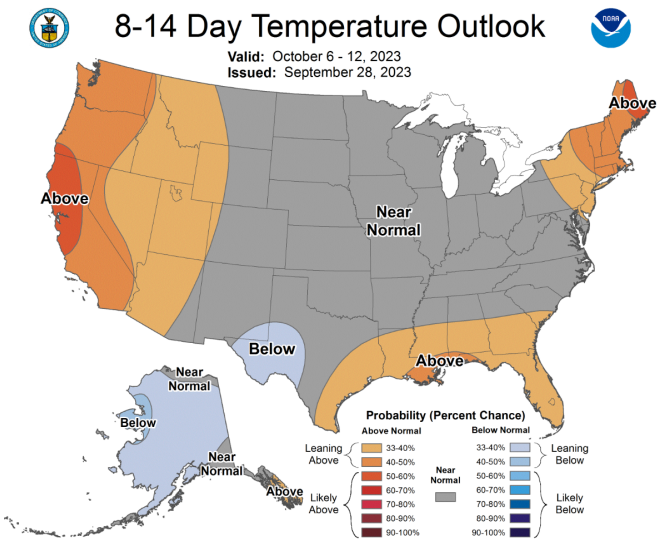
(Total system contents last year 33% or 19.803 MAF)

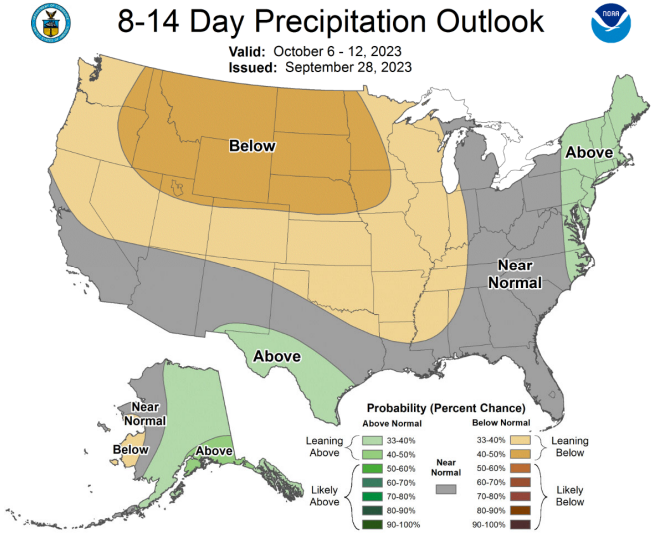
## September 28, 2023



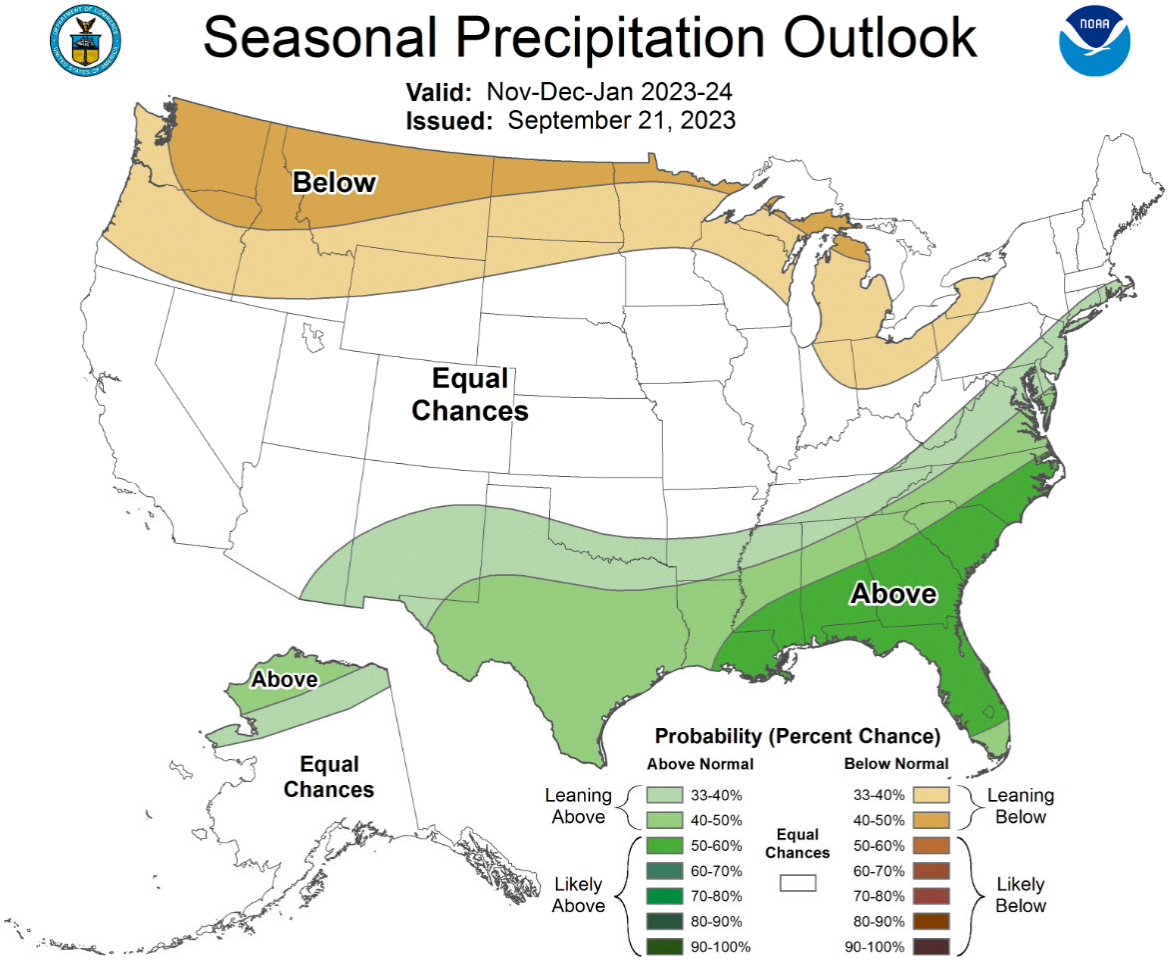
# 7-day Precipitation Forecast



# Nov. 2023 – Jan. 2024 Seasonal Outlook



# thank you!