

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

AUDIT COMMITTEE

Tuesday, April 23, 2024, No Sooner Than 9:50 AM

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

Committee Members: Kathy L. Mohr-Almeida, Chairman; Anda McAfee, Vice Chairman; and Robert Arnett, Mario Herrera, Kevin Johnson, Mark Pace, Larry Rovey, and Paul 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 KATHY MOHR-ALMEIDA
 - Request for approval of the minutes for the meeting of March 14, 2024.
- 2. Review of the Results of the Annual Audit Committee Self-Assessment REUBEN JUDD
- 3. Executive Session, Pursuant to A.R.S. §38-431.03(A)(9), for Discussions or Consultations with Designated Representatives of SRP with Respect to a Confidential Cyber Security Review of SRP’s Cyber Security Strategies and Current Cyber Security Work with Government Partners..... MIKE FISH
- 4. Informational Presentation in Response to Director Miller’s Questions Regarding a Recent SRP Communication to SRP Employees JIM PRATT
- 5. Report on Current Events by the General Manager and Chief Executive Officer or Designees JIM PRATT
- 6. Future Agenda Topics.....CHAIRMAN KATHY MOHR-ALMEIDA

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 AUDIT COMMITTEE MEETING IS SCHEDULED FOR TUESDAY, MAY 21, 2024

MINUTES
AUDIT COMMITTEE

DRAFT

March 14, 2024

A meeting of the Audit 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 11:12 a.m. on Thursday, March 14, 2024, 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 K.L. Mohr-Almeida, Chairman; and R.C. Arnett, K.J. Johnson, M.V. Pace, L.D. Rovey, and P.E. Rovey.

Committee Members absent at roll call were A.G. McAfee, Vice Chairman; and M.J. Herrera.

Also present at roll call were President D. Rousseau; Vice President C.J. Dobson; Board Members J.M. White Jr. and S.H. Williams; Council Chairman T.M. Francis, Council Vice Chairman J.R. Shelton; Council Liaison M.C. Pedersen; Council Member M.L. Farmer; Mmes. I.R. Avalos, A.P. Chabrier, L.F. Hobaica, V.P. Kisicki, and C.M. Sifuentes; Messrs. J. Broadbent, A.C. Davis, J.M. Felty, J.W. Hubbard, R.T. Judd, K.J. Lee, A.J. McSheffrey, M.J. O'Connor, B.A. Olsen, J.M. Pratt, J.I. Riggs, J.C. Robertson, R.R. Taylor, and D.W. Tennis; and Luke Mecklenburg, a member of the public.

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 Audit Committee meeting at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Tuesday, March 12, 2024.

Chairman K.L. Mohr-Almeida called the meeting to order.

Consent Agenda

Chairman K.L. Mohr-Almeida requested a motion for Committee approval of the Consent Agenda, in its entirety.

On a motion duly made by Board Member R.C. Arnett and seconded by Board Member K.J. Johnson, the Committee unanimously approved and adopted the following item on the Consent Agenda:

- Minutes of the Audit Committee meeting on February 20, 2024, as presented.

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

- YES: Board Members K.L. Mohr-Almeida, Chairman; and R.C. Arnett, (6)
K.J. Johnson, M.V. Pace, L.D. Rovey, and P.E. Rovey.
- NO: None (0)
- ABSTAINED: None (0)
- ABSENT: Board Members A.G. McAfee, Vice Chairman; and M.J. Herrera (2)

Review of Paid Vouchers for Fiscal Year Quarter Ended January 31, 2024, for the District and Association

Jason I. Riggs, SRP Director and Assistant Treasurer of Treasury Operations and Compliance, presented the paid vouchers for the fiscal year quarter ending January 31, 2024.

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

Chairman K.L. Mohr-Almeida asked if the Committee would like to make a motion to go into Executive Session to review the paid vouchers exempt by law from public inspection for the fiscal year quarter ending January 31, 2024. There was no motion to go into Executive Session.

Copies of the paid vouchers report used in this presentation are on file in the Corporate Secretary’s Office and, by reference, made a part of these minutes.

Ms. A.P. Chabrier left the meeting.

Review of Purchase Orders, Contracts, and Revisions Equal to or Greater than \$1,000,000

Jaren Broadbent, SRP Director of Purchasing Services, reviewed the Report of Purchase Orders and Revisions Over \$1,000,000 issued for the period November 1, 2023 through January 31, 2024 under authority granted by the Board on September 9, 2019.

Mr. J. Broadbent responded to questions from the Committee.

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

Messrs. J.W. Hubbard, J.I. Riggs, and D.W. Tennis left the meeting.

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

Chairman K.L. Mohr-Almeida asked the Committee if there were any future agenda topics. None were requested.

There being no further business to come before the Audit Committee, the meeting adjourned at 11:17 a.m.

Lora F. Hobaica
Assistant Corporate Secretary

An aerial photograph of a large dam and reservoir situated in a deep, rugged canyon. The canyon walls are composed of layered, reddish-brown rock formations. The reservoir is a deep blue color, and the dam is a long, curved structure across the middle of the canyon. The sky is a clear, pale blue.

Audit Committee Self-Assessment

SRP AUDIT COMMITTEE
CORPORATE AUDIT SERVICES

APRIL 23, 2024

OVERVIEW

- **AREAS ASSESSED**
- **RESULTS**
- **ACTIONS GOING FORWARD**

FY 2024 AUDIT COMMITTEE SELF-ASSESSMENT RESULTS

ASSESSMENT CONDUCTED FEBRUARY 2024 13 AREAS ASSESSED

- **Purpose:** Charter, Role, Expectations, Reporting
- **Composition:** Membership and Independence
- **Operation:** Organization, Activities, Resources, Meetings, Agendas, Relationships
- **Implementation:** Periodic Self-Assessments: Audit Committee; Internal and External Audit Performance

FY 2024 AUDIT COMMITTEE SELF-ASSESSMENT RESULTS

STRENGTHS

Role – Committee members listen empathetically, with the ability and courage to also challenge and act where necessary.

Reporting – Meaningful, timely, focused reports are provided, and are understood by all.

Organization – Overall organizational effectiveness, with coordinated basic elements such as charter, membership, and implementation.

FY 2024 AUDIT COMMITTEE SELF-ASSESSMENT RESULTS

OPPORTUNITIES

Membership – Strengthen mix of financial and other relevant topics to address a range of issues and risks.

Relationships – Foster trusting yet inquisitive relationships with management, auditors, and other advisors.

FY 2024 AUDIT COMMITTEE SELF-ASSESSMENT RESULTS

GOING FORWARD

- Next Self-Assessment – February 2025
- Continue to Attend Committee Meetings Regularly
- Make Recommendations to Improve the Audit Committee

AUDIT COMMITTEES IN 2024

As the business and risk environment continues to change, boards and audit committees must prepare for an array of challenges in 2024 – from geopolitical and economic uncertainty to technological and business model disruption.

From gen AI and cybersecurity to talent management – audit committees should keep in mind the velocity of change as they consider and carry out their 2024 agendas.

“In this volatile operating environment, demand for greater disclosure and transparency, particularly around the oversight and management of risks, will continue to intensify,” said John Rodi, leader of the Board Leadership Council at KPMG. “Closely linking risk and strategy ... will be crucial for boards to steer their companies through uncertainty in the year ahead.”

Source: On the 2024 Board Agenda, KPMG Board Leadership Center, January 2024

ASSESSMENT RESULTS – FY 2018 / 2024

Purpose:		2018	2019	2020	2022	2024	Overall Average
	Charter	4.4	3.8	4.7	4.0	4.1	4.2
	Role	4.3	3.7	4.3	3.2	4.1	3.9
	Expectations	4.3	4.2	4.3	4.0	4.0	4.2
	Reporting	4.4	4.2	4.0	4.0	4.3	4.2
Composition:							
	Membership	4.6	4.2	4.0	4.6	3.7	4.2
	Independence	4.4	3.8	4.0	3.8	4.0	4.0
Process:							
	Organization	4.4	4.2	4.0	3.8	4.4	4.2
	Resources	4.3	4.5	4.3	4.0	4.3	4.3
	Meetings	4.1	3.7	4.3	4.0	4.1	4.0
	Activities	4.3	3.8	4.0	4.3	4.1	4.1
	Meetings / Agendas	4.5	4.0	4.0	4.2	4.1	4.2
	Relationships	4.3	4.5	4.0	4.2	3.7	4.1
Implementation:							
	Assessment	4.0	4.7	4.3	4.4	4.4	4.4
Average		4.4	4.1	4.2	4.0	4.1	4.2

QUESTIONS

Mr. Pratt,

As SRP elected officials, we have been made aware that the attached letter has been posted to the internal employee portal which is accessible by all SRP employees. We ask you to remove the posting as it may influence the outcome of the election. Why weren't communications concerning the election released publicly through the official SRP media/community relations department? If we do not receive a prompt response to our request, we will share your letter and our response publicly. We hate to send this right before the holiday weekend, but this needs to be addressed immediately.

John Felty,

Could you please share this communication with all of the SRP elected officials so that they are aware of this situation as we were unaware until yesterday.

Sincerely,

Randy Miller
SRP Board of Directors, District 8

Mark Mulligan
SRP Council, District 8

Krista O'Brien
SRP Board of Directors, At-Large Seat 12

Nick Brown
SRP Board of Directors, At-Large Seat 13

Pratt: Standing up for SRP, speaking the truth
Published 3/26/2024

Team,

GM & CEO Jim Pratt

SRP is currently holding its regularly scheduled election for our publicly elected Board and Council. Terms are staggered, with half of the seats for each body up for election every other year. Election Day is April 2, and early voting is already underway.

This year's election has generated more interest from candidates and the public than previous years, and we support a robust and competitive process. Unfortunately, we are also seeing an increase in misinformation and attempts to mislead our customers and the public about SRP.

Specifically, some are attacking or sharing inaccurate information about what we're doing to meet unprecedented growth in our service territory and the goals and strategies we have developed to meet the challenges ahead. While these types of tactics may be common in politics these days, I won't allow special interest groups to confuse or mislead Arizonans about the industry-leading work our team members are doing to serve our customers and to build a strong future for this state.

While we will continue attempts to publicly address these inaccurate claims in the media and elsewhere, I also want to set the record straight with you. We should all take pride in the significant accomplishments we've made together, recognize how we've delivered for our customers, and understand the importance of our commitment to transforming the grid and protecting our watershed.

- **Truth:** Between FY23 and FY24, SRP has more than doubled the amount of solar energy in our power generation mix (from 3.6% in FY23 to 8% in FY24). Further, we expect this generation technology will make up nearly 30% of our generation mix by the end of the decade.
- **Truth:** Today, 35% of our energy mix comes from carbon-free resources and we have more than 1,500 megawatts (MW) of solar (enough to power 337,500 average-size homes) and 1,100 MW of grid-scale batteries (enough to power 247,500 average-size homes) under development.
- **Truth:** We are transforming our electric grid while maintaining our industry-leading reliability in one of the fastest-growing regions in the country. We will at least double the number of our generation resources in the next 10 years while also retiring more than 2,600 MW of coal.
- **Truth:** While other U.S. utilities are reducing or delaying sustainability goals, our Board recently approved even more ambitious goals for SRP. By 2035, we will reduce our carbon intensity by 82% compared to 2005 levels (up from our original goal of 65%); support the adoption of 1 million electric vehicles in our service territory and manage 90% of EV charging; deliver over 4 million megawatt-hours of aggregate energy savings through our energy efficiency programs; achieve a 30% reduction in generation-related water use intensity compared to 2005; and support efforts to thin 800,000 acres of overgrown Arizona forests to protect our watershed. Significantly, we will achieve net-zero carbon emissions by 2050.

- **Truth:** Our customers believe in SRP and consistently rank us as the No. 1 utility. For 22 consecutive years (and 24 times overall), we have topped the J.D. Power rankings for [customer satisfaction](#). For the past two years, our [commercial customers](#) have rated us No. 1 in the West. Customers also rated us the top utility in the nation in a recent [customer experience benchmark report](#).
- **Truth:** SRP's rates are among the lowest rates in the Southwest. In fact, our rates are nearly 30% lower on average than APS. At the same time, we consistently rank among the top 5 utilities in the nation for reliability.
- **Truth:** The election is part of the very public and transparent governance process that has enabled SRP to serve our customers and help the Valley grow and thrive for more than a century. We have a unique governance structure that continues to deliver enormous benefit to our shareholders, our customers and the entire state.

At its heart, SRP is about people — our team members, our shareholders and our customers. Our history has proven time and again that we are at our best when we work together, and I believe anything is possible when we do.

No matter the outcome of this election, we're committed to always being truthful and transparent. We will never waiver in delivering on our mission.

Thank you for making SRP a great organization. I am grateful for the opportunity to work alongside you.

Jim Pratt
GM & CEO

SRP Board member responses to Jim Pratt's internal web portal posting to SRP employees. 03/29/2024

Pratt: Standing up for SRP, speaking the truth

Published 3/26/2024

Team,

GM & CEO Jim Pratt

SRP is currently holding its regularly scheduled election for our publicly elected Board and Council. Terms are staggered, with half of the seats for each body up for election every other year. Election Day is April 2, and early voting is already underway.

This year's election has generated more interest from candidates and the public than previous years, and we support a robust and competitive process. Unfortunately, we are also seeing an increase in misinformation and attempts to mislead our customers and the public about SRP.

Specifically, some are attacking or sharing inaccurate information about what we're doing to meet unprecedented growth in our service territory and the goals and strategies we have developed to meet the challenges ahead.

What specifically is the inaccurate information attacking SRP's attempts to "meet unprecedented growth"? According to the FY23 Progress Update 2035 Sustainability report that was recently published. SRP has attained 55% of their Carbon Emissions Generation reductions while not reducing the carbon mass emissions significantly. The ecological systems do not respond to carbon intensity reductions, only mass reductions matter. Using carbon intensity to establish sustainability goals is in itself misleading.

While these types of tactics may be common in politics these days, I won't allow special interest groups to confuse or mislead Arizonans about the industry-leading work our team members are doing to serve our customers and to build a strong future for this state.

This sure smells like SRP Management is directing it's employees who are Arizonan's to vote for the incumbent team SRP Management wants to be "governed" by.

While we will continue attempts to publicly address these inaccurate claims in the media and elsewhere, I also want to set the record straight with you. We should all take pride in the significant accomplishments we've made together, recognize how we've delivered for our customers, and understand the importance of our commitment to transforming the grid and protecting our watershed.

- **Truth:** Between FY23 and FY24, SRP has more than doubled the amount of solar energy in our power generation mix (from 3.6% in FY23 to 8% in FY24). Further, we expect this generation technology will make up nearly 30% of our generation mix by the end of the decade.

A few points:

- 1) *3.4% solar net generation in MWh's for all of FY23 cannot be disputed—that is what SRP disclosed in their doc to the bond investors.*
- 2) *8%? How as board members have we never been provided this information? How are members of the public supposed to know this? SRP should transparently share the full details of this on SRP's external website of how this 8% is computed. Doing so will be so much better than this [content free page](#). Be sure and list details like SRP does for the [bond document page A-3](#): listing the solar generating site name, amount of FY24 generation in MWh's and % contribution to total SRP net generation:*

TABLE 3 — Fiscal Year 2023 District Power Sources

	Capability (MW) ⁽¹⁾	% of Total	Net Production	
			Amount (MWh) ⁽²⁾	% of Total
District Generation:				
Renewables – Bonnybrooke Solar.....	52	0.57%	129,941	0.33%
Renewables – NTUA Kayenta Solar 1+2.....	60 ⁽⁶⁾	0.66%	59,684	0.15%
Renewables – Binal Central Energy Center Battery.....	10 ⁽⁶⁾	0.11%	12,710	0.04%

- 3) *How can you have FY24 data when FY24 is not over for 5 more weeks?*

- **Truth:** Today, 35% of our energy mix comes from carbon-free resources and we have more than 1,500 megawatts (MW) of solar (enough to power 337,500

average-size homes) and 1,100 MW of grid-scale batteries (enough to power 247,500 average-size homes) under development.

Again, simply publish this if it is true, with all the source and MWh contribution detail. Be sure and identify if the “generation” is not generation, but instead avoidance due to SRP Energy Efficiency programs—which is important but requires separation.

- **Truth:** We are transforming our electric grid while maintaining our industry-leading reliability in one of the fastest-growing regions in the country. We will at least double the number of our generation resources in the next 10 years while also retiring more than 2,600 MW of coal.

And yet remain the only major power utility in Arizona that will not announce a closure date for its last coal generation facility.

“But SRP and rural electric cooperatives serving the state have not set timelines for retiring their last plants.”

<https://www.azcentral.com/story/money/business/energy/2023/02/19/when-will-arizona-utilities-no-longer-rely-on-coal/69904569007/>

- **Truth:** While other U.S. utilities are reducing or delaying sustainability goals, our Board recently approved even more ambitious goals for SRP. By 2035, we will reduce our carbon intensity by 82% compared to 2005 levels (up from our original goal of 65%); support the adoption of 1 million electric vehicles in our service territory and manage 90% of EV charging; deliver over 4 million megawatt-hours of aggregate energy savings through our energy efficiency programs; achieve a 30% reduction in generation-related water use intensity compared to 2005; and support efforts to thin 800,000 acres of overgrown Arizona forests to protect our watershed. Significantly, we will achieve net-zero carbon emissions by 2050.

Why does SRP refuse to set a 2035 carbon mass goal?

And is SRP’s 82% carbon intensity goal which allows increased carbon mass ejections really leading when other western utilities are much more aggressive:

- Xcel Energy has committed to an 80% carbon reduction by 2030
- PNM, the largest electricity provider in New Mexico, has committed to 80% emissions reductions by 2030

- PacifiCorp, which serves customers in six western states, projects it will reduce emissions 78% by 2030
- **Truth:** Our customers believe in SRP and consistently rank us as the No. 1 utility. For 22 consecutive years (and 24 times overall), we have topped the J.D. Power rankings for [customer satisfaction](#). For the past two years, our [commercial customers](#) have rated us No. 1 in the West. Customers also rated us the top utility in the nation in a recent [customer experience benchmark report](#).

Please share SRP's FY22, FY23, and FY24 YTD total disbursements to J.D. Power which might then be compared to other western electric utilities.

- **Truth:** SRP's rates are among the lowest rates in the Southwest. In fact, our rates are nearly 30% lower on average than APS. At the same time, we consistently rank among the top 5 utilities in the nation for reliability.

APS, is a very low bar to compare with SRP being a public utility that does not have to pay taxes (pays only ~4% in lieu of taxes), and does not answer to shareholders with quarterly profits and is expected to pay much less. SRP's reliability is great, commensurate with a geographic region not facing the challenges of other utilities: many more trees, more frequent and higher wind speeds, tornadoes, floods, hurricanes, earthquakes, etc.

- **Truth:** The election is part of the very public and transparent governance process that has enabled SRP to serve our customers and help the Valley grow and thrive for more than a century. We have a unique governance structure that continues to deliver enormous benefit to our shareholders, our customers and the entire state.

It is unique alright--the voting is far from democratic, basically a poster child for voter suppression.

At its heart, SRP is about people — our team members, our shareholders and our customers. Our history has proven time and again that we are at our best when we work together, and I believe anything is possible when we do.

No matter the outcome of this election, we're committed to always being truthful and transparent.

Yes, a whole lot more transparency is needed.

We will never waiver in delivering on our mission.

Thank you for making SRP a great organization. I am grateful for the opportunity to work alongside you.

Jim Pratt
GM & CEO

Sincerely,

Randy Miller
SRP Board of Directors, District 8

Mark Mulligan
SRP Council, District 8

Krista O'Brien
SRP Board of Directors, At-Large Seat 12

Nick Brown
SRP Board of Directors, At-Large Seat 13

Kathy Mohr-Almeida
SRP Board of Directors, At-Large Seat 14

Randy,

Let me start with ensuring you that the letter to employees is in no way meant to influence any election issues. This was not an election related communication. Our leadership team and I have gone to great lengths to ensure that has not happened. I have had many employee discussions lately and based on the questions received in those various interactions, I felt it was important to ensure our employees know what the facts are and recognize they are doing an amazing job. Our employees make SRP one of the very best utilities in the entire country and it is for the benefit of the customers.

I can also assure you that in every single discussion I have with employees where they ask about the election process, I send them to Secretary's Office site for information and I always tell them to vote exactly how they want. I never exert any influence on them. I can also convey to you that I have never heard so many employees asking questions about our election process. The level of engagement is off the charts compared to any previous process. I speculate that most of this is due to all the media coverage. I think it is a good thing for them to become more involved. They are not just employees, but many are also customers that are eligible to vote.

I fully support your right to share your opinions but there is nothing I stated that is not factually accurate.

Thank You

Jim Pratt
General Manager & CEO
SRP | Mail Station PAB236
P.O. Box 52025, Phoenix, AZ 85072-2025

Confidentiality Notice

This message and any accompanying attachments may contain confidential and/or privileged information. The message and attachments should be read and retained by intended recipients only. If you received this message in error, please notify the sender immediately and delete the message and any attachments.