

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

FINANCE AND BUDGET COMMITTEE

Thursday, October 24, 2024, No Sooner Than 10:05 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
 - A. Request for approval of the minutes for the meeting of September 26, 2024.
 - B. Request for approval of the Monthly Cash Statement for September 2024 (District and Association).
2. Review of the Financial Results for the Month of September 2024 JEFF WRIGHT
3. Report on Current Events by the General Manager and Chief Executive Officer and Designees JIM PRATT
4. 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 THURSDAY, NOVEMBER 21, 2024

10/17/2024

MINUTES
FINANCE AND BUDGET COMMITTEE

DRAFT

September 26, 2024

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 11:55 a.m. on Thursday, September 26, 2024, 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.

Committee Members present at roll call were M.V. Pace, Chair; K.L. Mohr-Almeida, Vice Chair; and C. Clowes, R.J. Miller, P.E. Rovey, J.M. White Jr., and L.C. Williams.

Also present were President D. Rousseau; Board Members K.J. Johnson, S.D. Kennedy, and L.D. Rovey; Council Chair J.R. Shelton; Council Liaison W.P. Schrader III; Council Members G.E. Geiger, E.L. Gorsegner, and J.W. Lines; L. Arthanari, I.R. Avalos, M.J. Burger, J.D. Coggins, J.M. Felty, J. Fry, L.F. Hobaica, K.J. Lee, G.A. Mingura, M.J. O'Connor, B.A. Olsen, S.A. Perkinson, T.B. Perry, J.M. Pratt, C.M. Sifuentes, P.L. Syrjala, R.R. Taylor, and J.A. Wright of SRP; Autumn Johnson of Tierra Strategy; Samantha Salton and Bridget Sidwell of Strata Clean Energy; and Natasha Anderson of Mission 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, September 24, 2024.

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 P.E. Rovey and seconded by Board Member J.M. White Jr, the Committee unanimously approved and adopted the following items on the Consent Agenda:

- A. Minutes of the Finance and Budget Committee meeting on of August 22, 2024, as presented.
- B. Approval of the District and Association Monthly Cash Statement for August 2024.

Corporate Secretary J.M. Felty polled the Committee Members on Board Member P.E. Rovey's 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 C. Clowes, R.J. Miller, P.E. Rovey, J.M. White Jr., and L.C. Williams	(7)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	None	(0)

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

Review of the Financial Results Through August 2024

Jeffery A. Wright, 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 August 2024. 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.A. Wright concluded by reviewing the financial summary and key financial indicators for the month of August 2024 and capital expenditures.

J.A. Wright 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.

Council Member G.E. Gieger; and Autumn Johnson of Tierra Strategy left the meeting during the presentation. K.R. Nielsen of SRP entered the meeting during the presentation.

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 to realize savings for retail customers on or before September 30, 2025.

T.B. Perry reminded the Committee that this presentation is a follow up to presentations made at the April and August Finance and Budget Committee meetings to seek Board approval for SRP to enter into one or more prepaid commodity transactions to realize savings for retail customers. They explained that a prepaid commodity transaction is a financing structure that provides SRP access to savings through lower tax-exempt interest rates. T.B. Perry said that energy based prepaids provide SRP the ability to assign current or future power purchase agreements (PPAs) to source energy for savings while also retaining operational flexibility to switch to natural gas or utilize market-based energy if needed. They said that transaction steps in progress include 1) modeling and analyzing current PPA contracts for best fit; 2) reviewing commodity supply agreements, limited assignment agreements, and payment agreements; 3)

continue discussions with potential suppliers.

T.B. Perry detailed the aspects of a PPA based prepaid transaction. They reviewed the following: an estimated annual savings example, volume of initial potential transactions forecasted from FY25 through FY53, 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 September 30, 2025, 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 selected PPAs.

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

On a motion duly made by Board L.C. Williams and seconded by Chair M.V. Pace and carried, the Committee agreed to recommend Board approval, as presented.

Corporate Secretary J.M. Felty polled the Committee Members on Board Member L.C. Williams' 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, J.M. White Jr., and L.C. Williams	(5)
NO:	Board Member R.J. Miller	(1)
ABSTAINED:	None	(0)
ABSENT:	Board Member C. Clowes	(1)

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.

Board Member C. Clowes; Council Member E.L. Gorsegner; and J. Fry, P.L. Syrjala, and J.A. Wright of SRP left the meeting during the presentation. T.B. Perry of SRP left the meeting.

Closed Session: Seven-Year Major Maintenance Parts Agreement with Power System Manufacturing (PSM)

Chair M.V. Pace called for a closed session for the Finance and Budget Committee at 12:13 p.m., pursuant to A.R.S. §30-805(B), for the Committee to consider matters relating to competitive activity, including trade secrets or privileged or confidential commercial or financial information with respect to a request for approval to execute a seven-year Major Maintenance Parts Agreement with PSM.

Samantha Salton and Bridget Sidwell of Strata Clean Energy; and Natasha Anderson of Mission Clean Energy left the meeting.

The Committee reconvened into open session at 12:21 p.m. with the following members and others present: President D. Rousseau; Board Members K.J. Johnson, S.D. Kennedy, R.J. Miller, K.L. Mohr-Almeida, M.V. Pace, L.D. Rovey, P.E. Rovey, J.M. White Jr., and L.C. Williams; Council Chair J.R. Shelton; Council Liaison W.P. Schrader III; Council Member J.W. Lines; and I.R. Avalos, M.J. Burger, J.D. Coggins, J.M. Felty, L.F. Hobaica, K.J. Lee, G.A. Mingura, K.R. Nielsen, B.A. Olsen, S.A. Perkinson, J.M. Pratt, C.M. Sifuentes, and R.R. Taylor of SRP.

Samantha Salton and Bridget Sidwell of Strata Clean Energy; and Natasha Anderson of Mission Clean Energy entered 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 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 12:21 p.m.

John M. Felty
Corporate Secretary

**Statement of Cash Received and Disbursed**

September 2024

(\$000)

	<u>District</u>	<u>Association</u>	<u>Total Month</u>	<u>Year-to-Date</u>
Funds Balance Beginning of Period	\$ 804,357	\$ 489	\$ 804,846	\$ 785,829
Cash Receipts:				
Electric Revenues	525,568	---	525,568	2,071,209
Water Revenues	---	1,293	1,293	5,685
Electric Customer Deposits	4,230	---	4,230	21,354
Reimbursement on Joint Ownership Projects	9,816	---	9,816	68,322
Construction Contributions and Advances	44,072	---	44,072	192,977
Proceeds from Bond Sales	---	---	---	---
Proceeds from Other Borrowings	---	---	---	---
Transfers from Segregated Funds	---	---	---	119,222
Sales Tax Collected	35,809	---	35,809	167,491
Margin and Collateral Received - Net	29,010	---	29,010	8,064
Other Cash Receipts	<u>30,198</u>	<u>---</u>	<u>30,198</u>	<u>70,548</u>
Total Cash Receipts	<u>678,703</u>	<u>1,293</u>	<u>679,996</u>	<u>2,724,872</u>
Fund Transfers - Net	<u>(3,720)</u>	<u>3,720</u>	<u>---</u>	<u>---</u>
Cash Disbursements:				
Purchased Power and Fuel	143,465	---	143,465	602,723
Operations and Maintenance	82,413	1,606	84,019	472,777
Employee Payroll and Payroll Taxes	53,152	3,033	56,185	333,509
Purchased Inventory	30,413	---	30,413	136,635
Cash Segregated for -				
Bond Interest	19,253	---	19,253	97,499
Bond Principal	9,898	---	9,898	49,490
Other Debt - Principal Repayment	---	---	---	---
Other Debt - Interest Expense	1,096	---	1,096	7,670
Capital Expenditures	100,448	---	100,448	464,040
Advances on Joint Ownership Projects	---	---	---	---
Transfers to Segregated Funds	---	---	---	119,597
In Lieu and Ad Valorem Taxes	---	---	---	60,125
Sales Tax Remitted	43,213	---	43,213	154,486
Miscellaneous Cash Disbursements	<u>2,638</u>	<u>---</u>	<u>2,638</u>	<u>17,936</u>
Total Cash Disbursements	<u>485,989</u>	<u>4,639</u>	<u>490,628</u>	<u>2,516,487</u>
Funds Balance End of Period	<u>\$ 993,351</u>	<u>\$ 863</u>	<u>\$ 994,214</u>	<u>\$ 994,214</u>

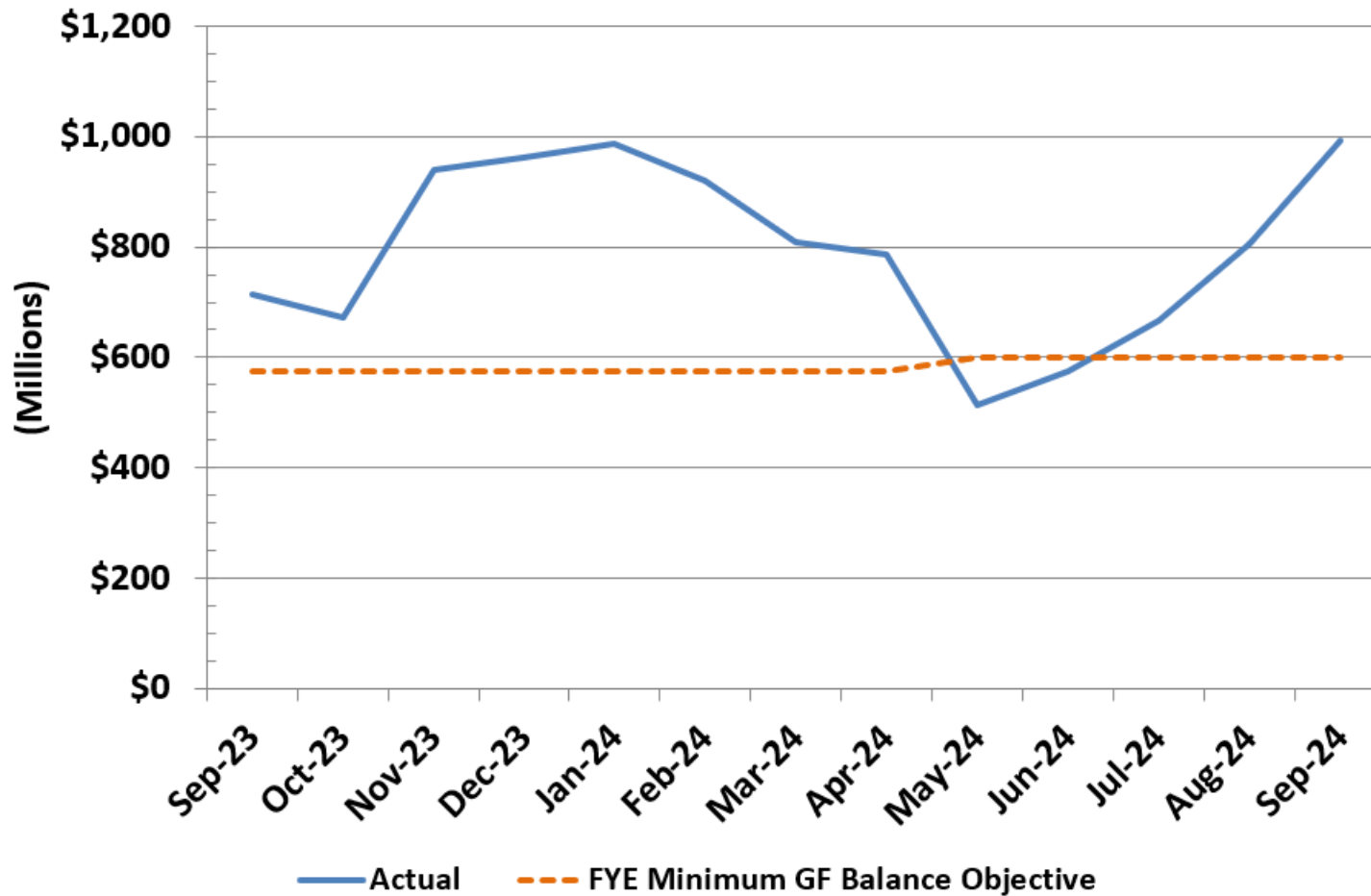
**Cash Position****September 2024**

Composition of Funds Balance	(\$000)		
	<u>District</u>	<u>Association</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 660,546	\$ 863	\$ 661,409
Other Temporary Investments	134,020	---	134,020
Other Non-Current Investments	<u>198,785</u>	<u>---</u>	<u>198,785</u>
General Fund	<u>993,351</u>	<u>863</u>	<u>994,214</u>
Segregated Funds			
Electric System Debt Reserve Fund	80,612	---	80,612
Debt Service Fund	150,211	---	150,211
Rate Stabilization Fund	---	---	---
Nuclear Decommissioning Fund	702,030	---	702,030
Post-Retirement Benefits Fund	1,330,070	---	1,330,070
Construction Fund	15	---	15
RHCP Fund	12,863	---	12,863
HHCP Fund	9,086	---	9,086
SPRHCP Fund	3,700	---	3,700
Four Corners Mine Reclamation Trust	15,693	---	15,693
Other Special Funds	<u>9,189</u>	<u>---</u>	<u>9,189</u>
Total Segregated Funds	<u>\$ 2,313,469</u>	<u>\$ ---</u>	<u>\$ 2,313,469</u>

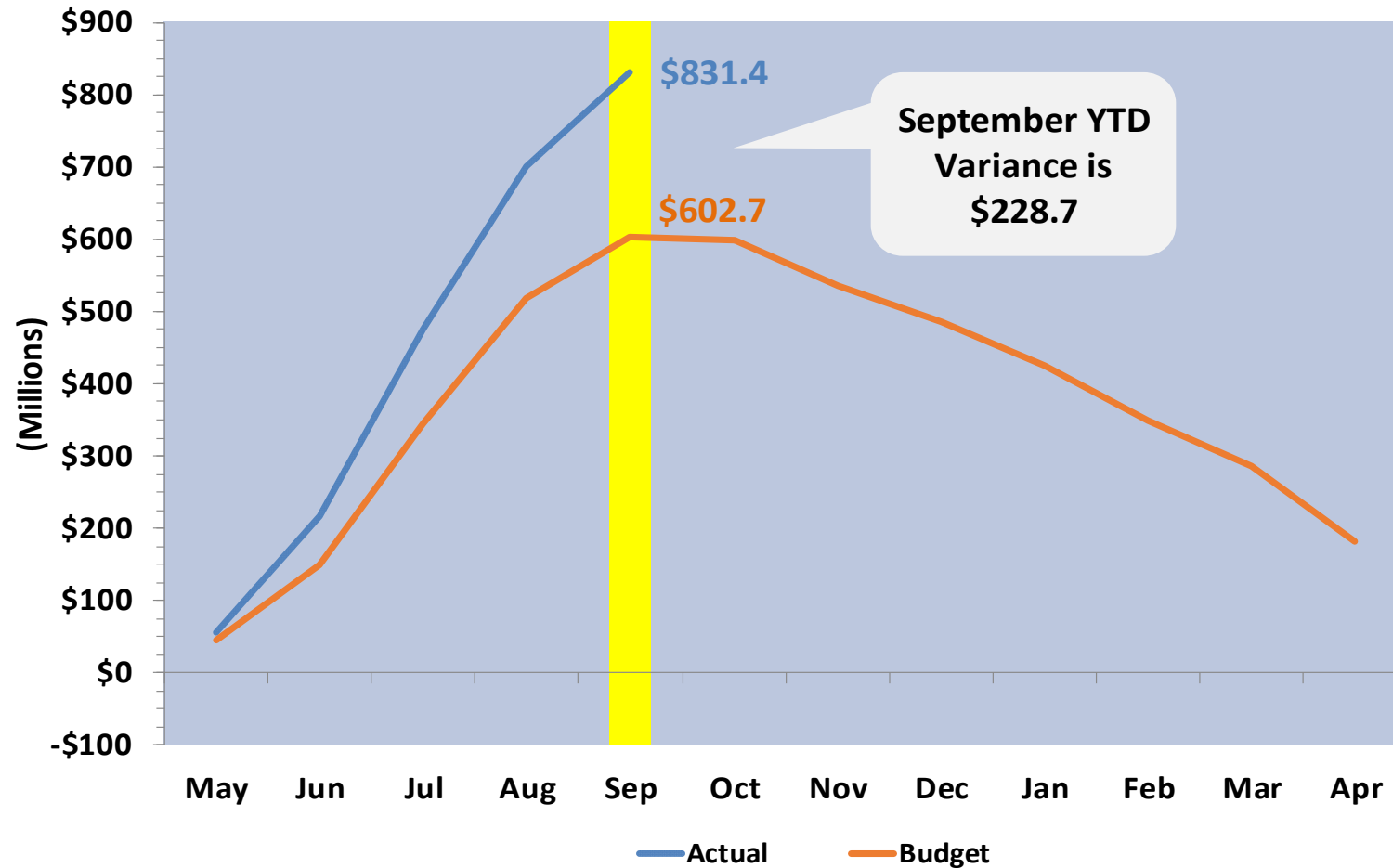
Monthly Financial Report September 2024

Finance & Budget Committee Meeting
Jeffrey A. Wright | October 24, 2024

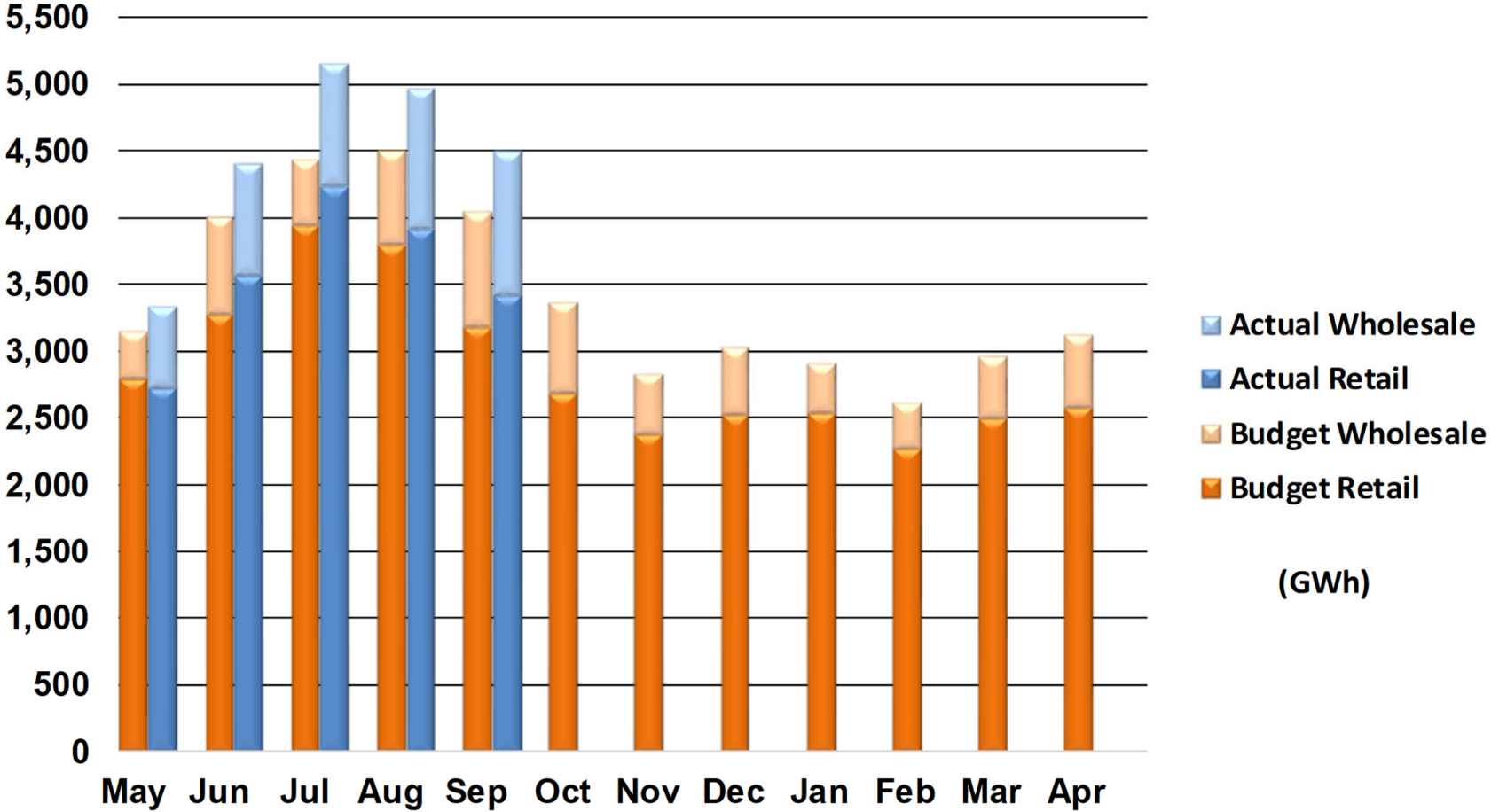
General Fund Balance



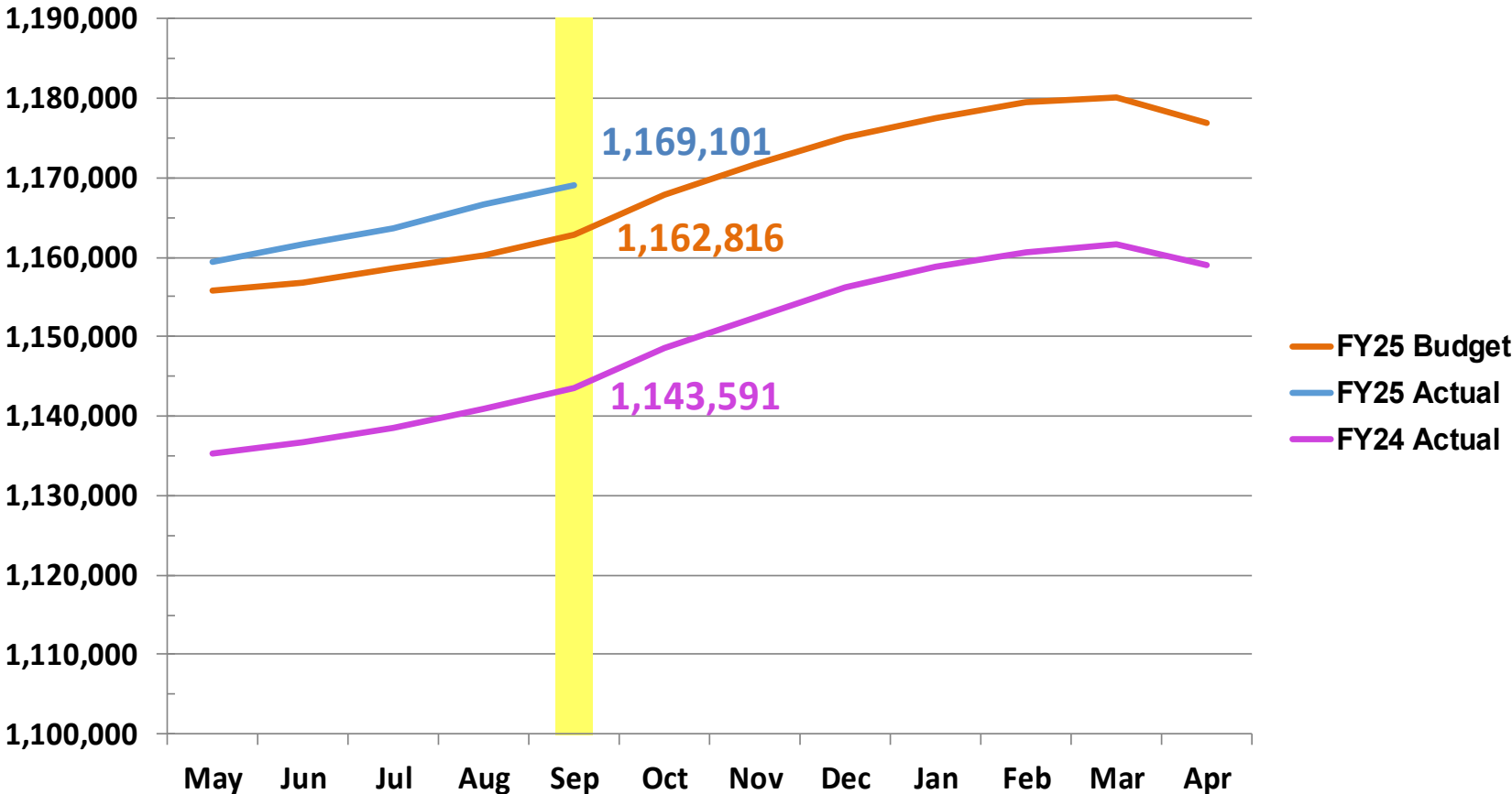
YTD Combined Net Revenue



System Sales



Customer Accounts



Financial Summary - September 2024

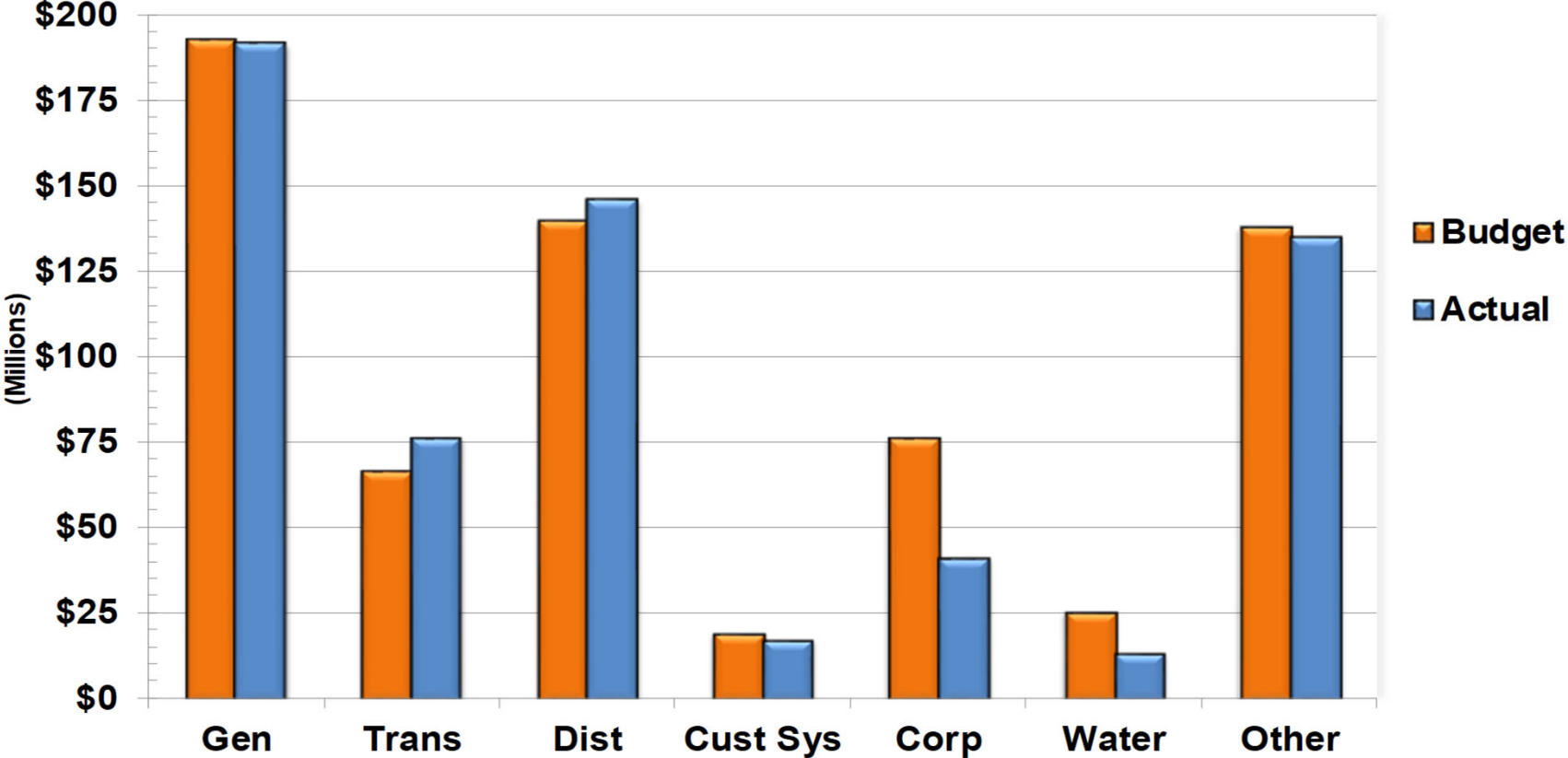
(Thousands)	Actual	Budget	Variance
Operating Revenues	\$ 467,617	\$ 423,323	\$ 44,294
Operating Expenses			
Fuel	152,770	148,444	4,326
O&M	109,483	114,862	(5,379)
Depr & Tax	66,701	68,195	(1,494)
Total Operating Expenses	328,954	331,501	(2,547)
Net Financing Costs	14,552	14,780	(228)
Other, Net	7,428	7,708	(280)
Combined Net Revenues	\$ 131,539	\$ 84,750	\$ 46,789

Key Financial Indicators - YTD September 2024

(Thousands)	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Funds Available	\$ 1,020,608	\$794,464	\$226,144
Debt Service Coverage	8.16	6.65	1.51
Debt Ratio*	46.9	47.4	(0.5)
Capital Expenditures	\$ 621,426	\$658,835	\$ (37,409)

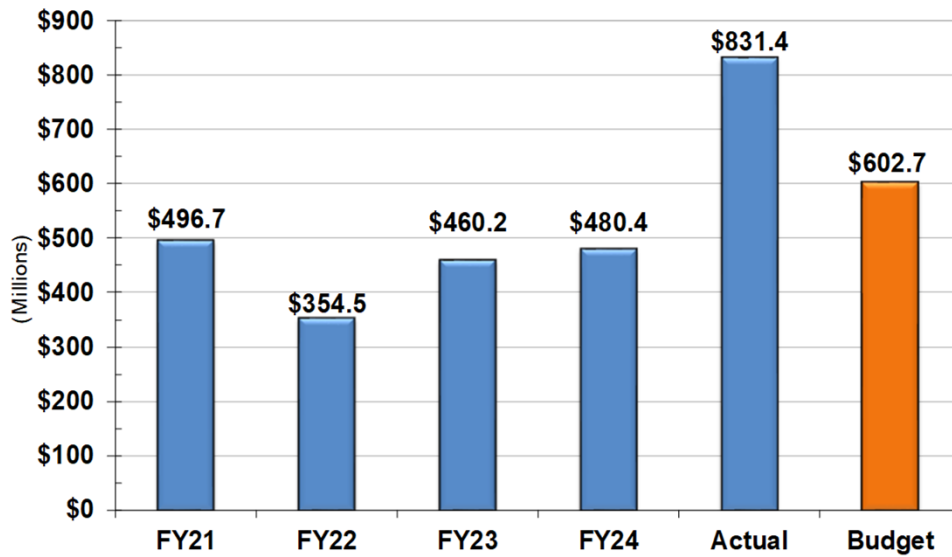
***Debt Ratio represents Projected Actual compared to Annual Budget**

Capital Expenditures - YTD September 2024





CNR without Fair Value Adjustments - YTD September 2024

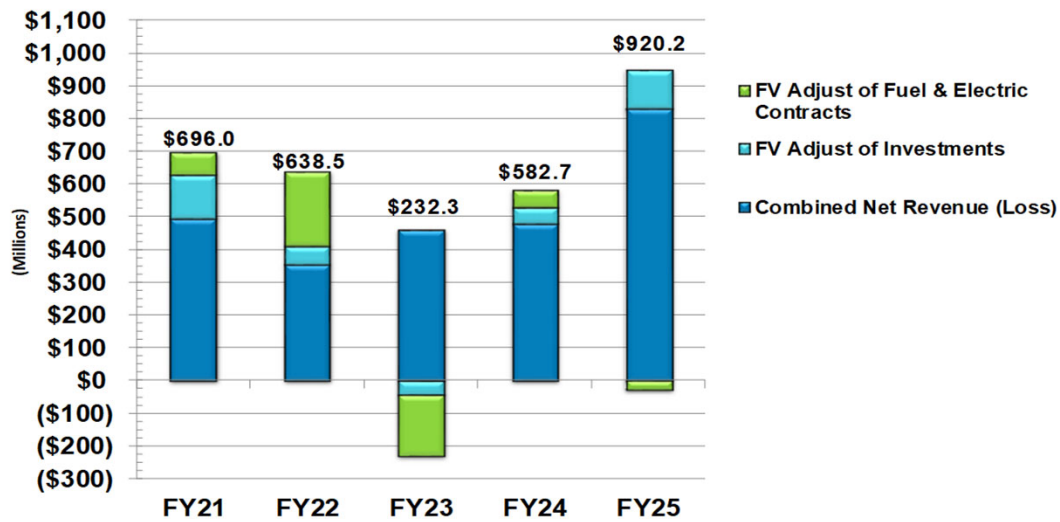


10/24/2024 Finance & Budget Committee Meeting, J.A. Wright

(Non-GAAP, Unaudited) 1

1

CNR with Fair Value Adjustments - YTD September 2024

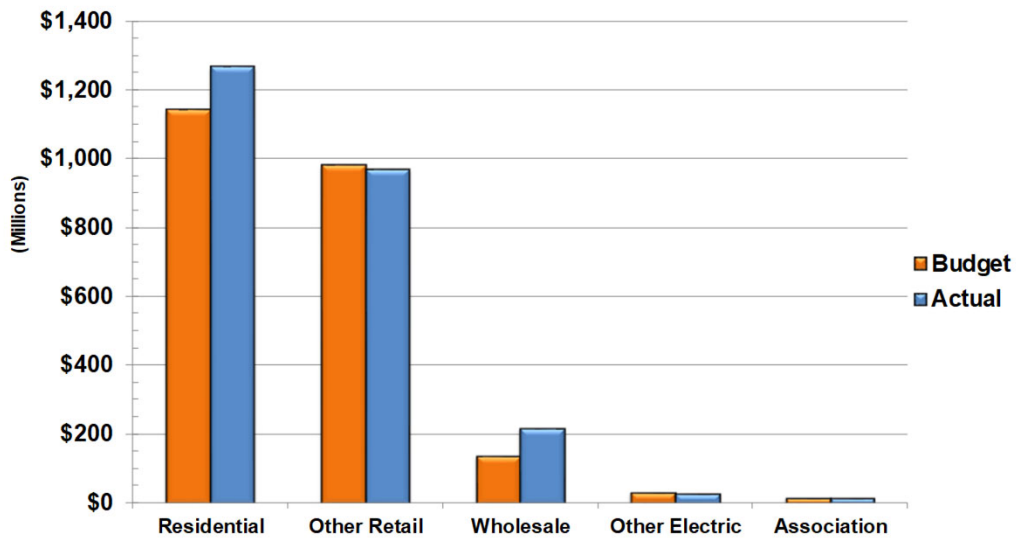


10/24/2024 Finance & Budget Committee Meeting, J.A. Wright

(Non-GAAP, Unaudited) 2

2

Combined Operating Revenues - YTD September 2024

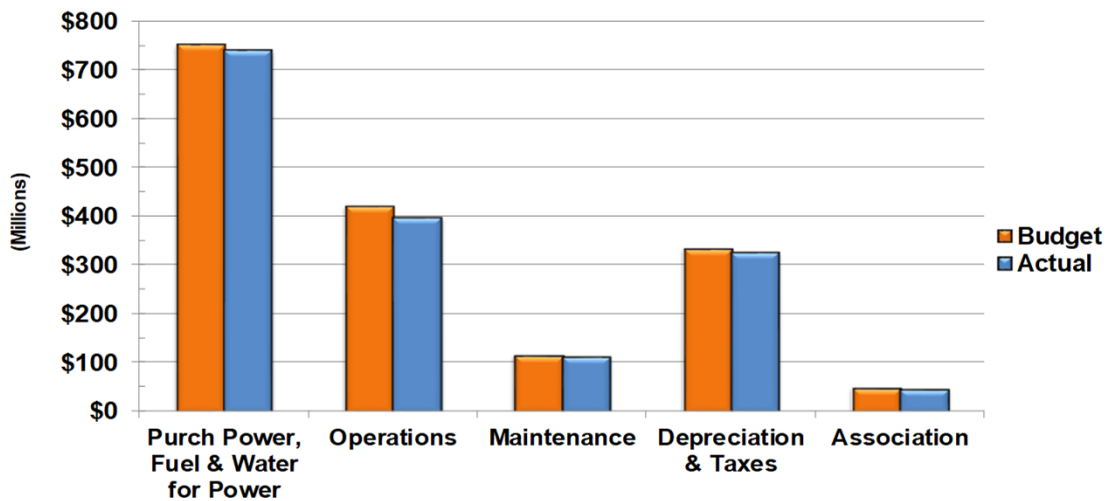


10/24/2024 Finance & Budget Committee Meeting, J.A. Wright

(Non-GAAP, Unaudited) 3

3

Combined Expenses - YTD September 2024

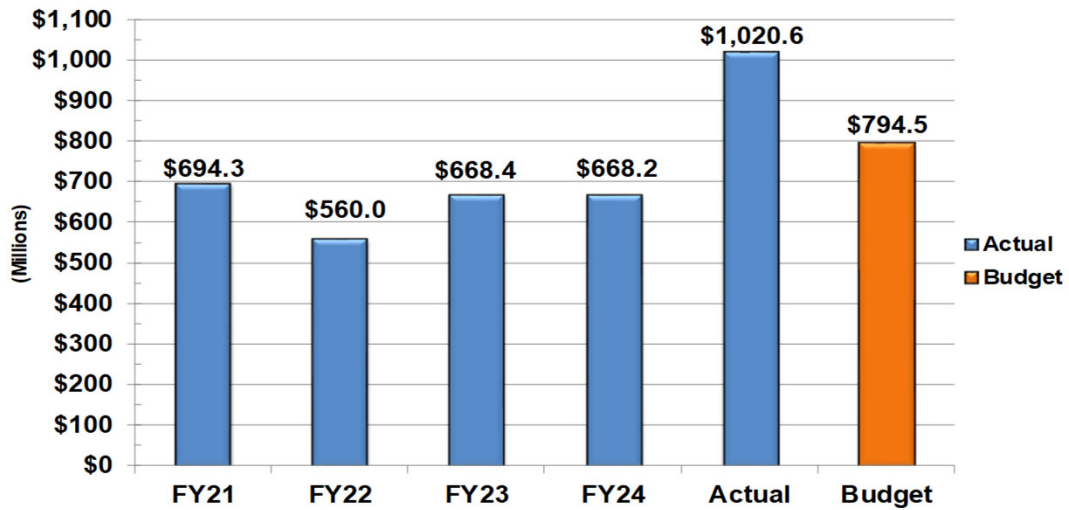


10/24/2024 Finance & Budget Committee Meeting, J.A. Wright

(Non-GAAP, Unaudited) 4

4

Funds Available - YTD September 2024

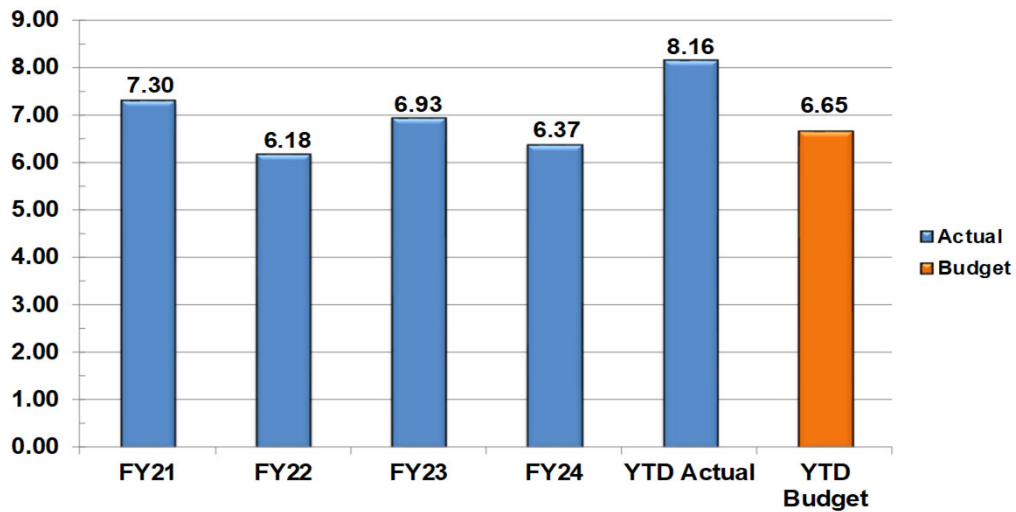


10/24/2024 Finance & Budget Committee Meeting, J.A. Wright

(Non-GAAP, Unaudited) 5

5

Debt Service Coverage - YTD September 2024



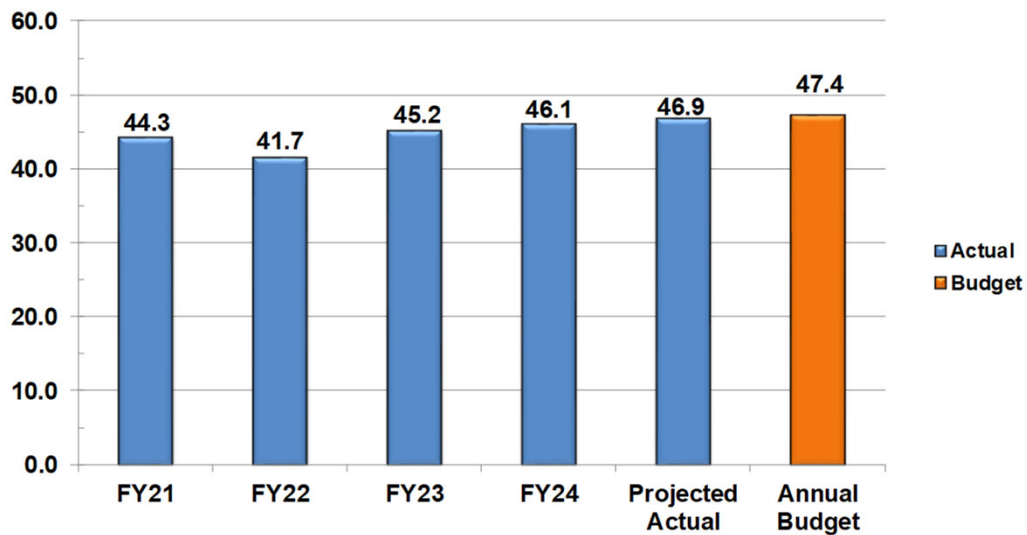
Note: Debt Service Coverage Ratio on Total Debt

10/24/2024 Finance & Budget Committee Meeting, J.A. Wright

(Non-GAAP, Unaudited) 6

6

Debt Ratio - YTD September 2024



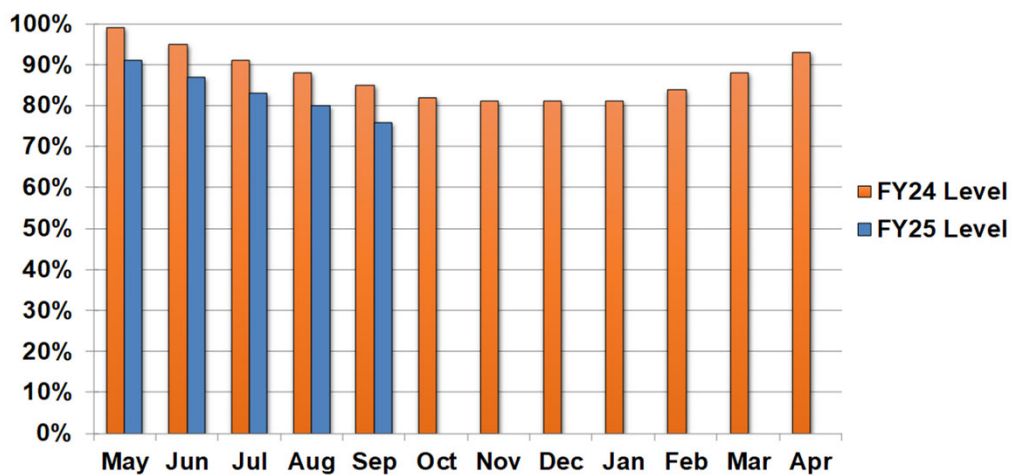
Note: Prior Years and Budget are Fiscal Year-End Ratios

10/24/2024 Finance & Budget Committee Meeting, J.A. Wright

(Non-GAAP, Unaudited) 7

7

Water Storage Levels



10/24/2024 Finance & Budget Committee Meeting, J.A. Wright

(Non-GAAP, Unaudited) 8

8

