

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF
SOUTHWEST PUBLIC POWER AGENCY, INC.**

June 10, 2024

A meeting of the Board of Directors of the Southwest Public Power Agency, Inc. ("SPPA") was held on June 1, 2024, at the offices of Clark Hill, located at 3200 North Central Avenue, Suite 1600, Phoenix, Arizona 85012.

The following Board Members or Member alternates were present:

Jason Moyes – AID, HVPD, and TID
Ken Robbins—ED2
Brian Yerges—ED3
Ron McEachern – ED4
Bill Van Allen—ED6
Glen Vortherms - MWD
Ken Stock - GRICUA
Noel Carter - BID
Jim Downing – MVWCDD
Jeff Woner—OWCD

Taylor Howerter—RID
Brian Fickett – TOUA
Robert Van Hofwegen - ED8
Michael Curtis – Town of Wickenburg
Joe Mease - TOUA
Donovan Neese - RID
R.D. Justice – ED7
Jason Brimhall – City of Safford
Heath Brown – City of Thatcher

Also present:

Dennis Delaney
Frank McRae
Daniel Herder
Sheryl Sweeney
Judy Spallino

Jerri Tso
Scott Saline
Kim Polivka
Lisa Dowden
Ken Saline

The following SPPA Member(s) were not present:

Ak-Chin Energy Services

Navajo Tribal Utility Authority

The meeting was called to order at 12:40 p.m. Vice President Downing chaired the meeting while Ms. Spallino acted as secretary.

ROLL CALL

Mr. McRae called the roll of the Members to ensure there was a quorum present. Quorum being established, the business of the meeting proceeded.

3.) CONSIDERATION AND POSSIBLE APPROVAL OF CONSENT AGENDA

A) MINUTES FROM MAY 13, 2024, MEETING OF THE SPPA BOARD OF DIRECTORS

B) RATIFICATION OF APPROVAL ITEMS, IF ANY, FROM THE SPPA POOL MANAGEMENT COMMITTEE

Mr. Downing presented the Consent Agenda for the Board's review and possible approval. All items listed on the Consent Agenda may be enacted by a single motion unless a Board Member requests otherwise. There were no approval items from the SPPA Pool Management Committee included in the Consent Agenda.

Upon discussion, Mr. Robert Van Hofwegen moved to approve the contents of the Consent Agenda as presented. Mr. Jeff Woner seconded the motion. Upon the taking of a voice vote, the motion was unanimously carried.

4.) ITEM(S) REMOVED FROM CONSENT AGENDA (POSSIBLE ACTION ITEM)

No items were removed from the Consent Agenda.

5.) FINANCIAL MATTERS (APPROVAL ITEM)

A. FINANCIAL UPDATE & TREASURER'S REPORT INCLUDING DISBURSEMENTS (POSSIBLE ACTION ITEM)

B. STATUS OF 2022 AUDIT

C. STATUS AND SCHEDULE OF 2023 AUDIT

D. S&P GLOBAL RATINGS "STANDARD SURVEILLANCE REVIEW" OF SOUTHWEST PUBLIC POWER AGENCY. REVIEW S&P REPORT. (POSSIBLE ACTION ITEM)

Ms. Spallino presented a series of financial reports for the Board's review, including copies of SPPA's balance sheet and profit and loss statement, as well as recent disbursements. The financial statement presented covered the months of April and March 2024. All financial information presented is unaudited.

A motion to approve the disbursements was made by Mr. Robert VanHofwegen and seconded by Mr. Yerges. Upon the taking of a voice vote, the motion was unanimously carried.

Mr. VanHofwegen inquired as to why the profit and loss statements shows a "negative" amount in the Market Sales as well as in the expense accounts of "Economy Purchases" and Energy Resold." Ms. Spallino explained that SPPA records these transactions per the invoice received from the vendor and then mirrors that invoice in creating and reporting the invoices to the members. She did explain that the auditors do reclass those accounts to their proper GAAP classifications in the audited financial statements and offered to do the same going forward. Mr. VanHofwegen asked that this change be made for the next fiscal year so as not to make any significant changes midyear. Mr. McRae suggested that a parallel reporting system be put into place going forward. This gives the members time to adjust and get familiar with a new format.

Mr. McRae shared the status of the 2022 audit. He confirmed that the 2022 audit was completed but noted that many of the deficiencies that were pointed out in the 2021 audit still exist for the reporting period of 2022. However, the auditors commented that the level of corporation and timeliness of information requested was much improved over previous years.

Ms. Spallino shared the status of the 2023 audit. The auditors of Baker Tilly have received most all the information that was requested except for the information required to be compiled for compliance with GASB 53. This information should be completed by the end of this week. It is estimated that the final audited report be available sometime in mid-July 2024.

Executive Session, pursuant to A.R.S. § 38-431.03 (A) (2) and (3) for discussion or consultation with the attorneys of SPPA for legal advice, and for the consideration of records exempt by law from public inspection, regarding S&P Global Ratings review.

Executive session was motioned by Mr. Jason Moyes and seconded by Mr. Robert VanHofwegen, upon taking of a voice vote, the motion unanimously carried.

The Executive Session was adjourned at 1:23PM.

6.) LEGAL/REGULATORY MATTERS:

A. FERC & ACC PROCEESING & FILINGS

I. FERC ORDERS 1920 AND 1977

Ms. Lisa Dowden gave a presentation regarding the FERC order 1920 and 1977. Summary of the 1920 order is as follows:

“All Jurisdictional utilities (not just those in RTOs) and non-jurisdictional utilities with Safe Harbor OATTs must file tariff provisions reflecting their principles for Long Term Regional Transmission Planning and Cost Allocation for Long Term Regional Transmission Facilities”

Relevant to SPPA and its members is WestConnect that includes APS. The members of WestConnect will have ten months from the effective date of the rule to develop the rules, procedure and methodology for a long-term regional transmission plan with a 20-year planning horizon, to be updated at five-year intervals.

The specifications and cost planning were also discussed. SPPA Entities and vendors that would be affected by this order would be APS and WAPA. SRP and AEPCO are questionable.

Order 1977 gives the commission authority to issue permits to construct or modify electric transmission facilities in a national corridor if a state has denied a siting application. Applications can apply to FERC for eminent domain. Mr. Robbins asked how this would apply to the various Indian reservations. Ms. Downen explained that FERC cannot force non-US entities to comply.

7.) ONGOING ACTIVITIES

A. UPDATES ON FINANCIAL GAS HEDGING

B. STATUS REPORT ON ENERGY SUPPLY/RESOURCE ACQUISITIONS

C. AEPCO – APACHE II& PINAL CO SOLAR/BESS.

D. BOX CANYON SOLAR PROJECT

Mr. Delany reported that there is nothing new to report on the energy supply/resource acquisitions.

Mr. McRae updated the board on the federal grants that were awarded to AEPCO. The members should be ready to write letters of support for the project. PPA timeline is for mid-July.

Apache II construction is scheduled to begin August 2024.

Box Canyon Solar Project has a fully executed deposit account control agreement. Parties to this agreement are Bightnight/BOCA, SPPA and BMO.

Prior to presenting the board with an update on Box Canyon, Mr. Daniel Herder reminded all those present that the information provided by Box Canyon is marked confidential, and of members’ open meeting and public record requirements. The information was posted on the members site and presented in the meeting.

ANY OTHER BUSINESS THAT MAY COME BEFORE THE MEETING

No other business was discussed.

DISCUSSION OF FUTURE AGENDA ITEMS

No future agenda items were discussed.

ESTABLISHMENT OF DATE OF NEXT SPPA MEETING

The next SPPA meeting will be held August 12, 2024

PUBLIC COMMENT

There was no comment from the public.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:37 p.m.

Respectfully submitted,

Approved: _____

Judy Spallino
Accountant

Attachment(s): List of approved disbursements
2024 Financial Statements

DRAFT