

**MINUTES OF THE MEETING OF THE MEMBERS OF THE
SPPA POOL MANAGEMENT COMMITTEE**

September 9, 2024

A meeting of the members of the SPPA Pool Management Committee was held on September 9, 2024, at the offices of Clark Hill, located at 3200 North Central Avenue, Suite 1600, Phoenix, Arizona 85012.

The following Committee Members or Member alternates were present:

Glen Steiger – NTUA	Derek McEachern – ED4
Noel Carter - BWCDD	Ron McEachern – ED4
Brian Yerges—ED3	Bill Van Allen—ED6
Brian Fickett – TOUA	RD Justice – ED7
Jason Moyes – AID, HVPD, and TID	Arnold Mejia – GRICUA
Heath Brown – Town of Thatcher	Ken Stock - GRICUA
Robert Van Hofwegen - ED8	Donovan Neese - RID
Glen Vortherms—MWD	Taylor Howerter—RID
Michael Curtis – Town of Wickenburg	Joe Mease - TOUA
Ed Gerak – Ak-Chin	

Also present:

Dennis Delaney	Scott Saline
Frank McRae	Kim Polivka
Daniel Herder	Sheryl Sweeney
Judy Spallino	
Dan Pritchard	

The following Committee Members were not present:

Electrical District No. 2 of Pinal County
City of Safford
Ocotillo Water Conservation District

The meeting was called to order at 12:00 p.m. Mr. Noel Carter chaired the meeting while Ms. Polivka acted as secretary.

ROLL CALL

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

CONSIDERATION AND POSSIBLE APPROVAL OF CONSENT AGENDA

**A) PRESENTATION OF MINUTES FROM August 12th, 2024, MEETING
OF THE SPPA POOL MANAGEMENT COMMITTEE**

B) REPORT ON POOL OPERATIONS

C) NEW SPPA POWER POOL REPORTS

Mr. Carter presented the Consent Agenda for the Committee’s review and possible approval. All items listed on the Consent Agenda may be enacted by a single motion unless a Committee Member requests otherwise.

Upon discussion, Mr. Brian Fickett moved to approve the contents of the Consent Agenda as presented. Mr. Glen Steiger seconded the motion. Upon the taking of a voice vote, the motion was unanimously carried.

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

No items were removed from the Consent Agenda.

5.) ONGOING SPPA ACTIVITIES

A) Report on Pool Operation

Mr. Delaney reported on July operations.

July 2024 Operations Report

- Mesquite capacity increased to 583 MW on 5.1.24.
- Mesquite operated at 93.9% capacity factor; average unit cost was \$21.75/MWH.
- 22.8% (92,707/407,380) Mesquite energy was sold at an average cost of \$58.78/MWH.
- July 2024 - SoCal Gas averaged \$2.209/MMBtu.
- June 2024 Mesquite was revised but additional revisions are needed, Onward and SPPA have agreed upon the revisions.
- AEP CO July invoice a large adjustment (credit) tied to WAPA EIM

Mr. Delaney further explained the AEP CO adjustment. The adjustment is in the amount of \$807K and tied to twelve months of EMI and WAPA credits. He currently does not have the information to properly allocate the credits to the participants. There will be a future revision of these credits.

B) No power pooling information was provided.

C) Updates on financial gas hedging.

- September Fixed Swap
- September Index Swap

Current positions (i) September Fixed Swap, (ii) September Index Swap

- SPPA has schedule payments for the August Index Swap and the September Fixed Swap
- Morgan Stanley Capital Group (MSCG) currently holds \$1.4M and we expect an interest payment (August 2024 \$6,647.73) and a return of the majority of the Mark-to-Market funds this week.

August 29, 2024, QIR – Title should be Q4 2024 and Q1 2025

- QIR is recommending October 2024 through March 2025 Fixed and Index Swaps
- Total Notional Value of Fixed and Index Swap ~ 13 million`
- Total Notional Value of Fixed and Index Swap ~ 9 million
- Concern is Mark-to-Market exposure. The following assist to mitigate the effects of exposure:
 1. Macquarie ISDA - \$1,000,000 unsecured credit
 2. SPPA Gas Hedging Deposits
 3. May need to prebill future months

Mr. Robert VanHofwegen asked if the figures provided were based on 100% participation. Mr. Delaney displayed historical data listing all the members that participate in the program. Mr. VanHofwegen also asked if SPPA hedged last October 2023 and March 2024.

Mr. McRae responded that the program began in November of 2023, and it was that and a point in time we want to look back and learn the lessons from the first-year hedging and we were only doing one month at a time. He noted that loads were down in October 2023. The Mesquite business is mostly sales. Gas prices are a lot less volatile in October. He also noted that currently, in September (and a large part of August) prices are below \$2.00. Despite these lower prices, the percent difference, from low to high and average, are large, despite the small values, so there is still a lot of volatility in the market. Members may accept or reject recommendation from ACES.

B) Risk Management Committee Report

August 2024 meeting

- Reviewed Financial Hedge Update
- ISDA with Macquarie Finalized. Unsecured credit of \$1M. Triggered by \$10K market to market movement over \$100K.
- SRP BA negotiations are ongoing.
- Mesquite – 2 planned outages – presented to board that SPPA may sell back some capacity (300 MW)
 - Fall Outage - November 12th through November 19th.
 - Spring Outage - February 25th through March **10th**.

C) Transmission for BOCA

The board was informed that SPPA would be requesting non-firm transmission for BOCA test energy pursuant to existing plans. No formal action was required on any of these items, and none was taken.

ANY OTHER BUSINESS THAT MAY COME BEFORE THE MEETING

No additional business was discussed.

DISCUSSION OF FUTURE AGENDA ITEMS

No discussion of future agenda items.

ESTABLISHMENT OF DATE OF NEXT SPPA POOL MANAGEMENT COMMITTEE MEETING

October 14, 2024, announced as the date of the next SPPA Pool Management Committee meeting.

Due to the Veteran’s Day Holiday on November 11th the Board of Directors meeting will be re-scheduled for November 4, 2024.

PUBLIC COMMENT

There was no comment from the public.

ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 12:15 p.m.

Respectfully submitted,

Kim Polivka
Admin/Accountant Assist

Approved: _____