

**SPPA
RISK MANAGEMENT COMMITTEE**

8.26.24



AGENDA

- Call to order
- Roll call
- Approval of Risk Management Committee Report(s):
 - May 6, 2024
- Discussion:
 - Financial Gas Hedging
 - SPPA – Macquarie Energy ISDA
 - Mesquite Capacity Buydown

FINANCIAL GAS HEDGING

➤ April 2024 through September 2024 – Fixed Price Swap executed March 2024

	MMBtu	FIXED PRICE (\$/MMBtu)	BIDWEEK (\$/MMBtu)	NET COST
APRIL	195,017	\$ 1.913	\$ 1.345	\$ 110,769.66
MAY	244,083	\$ 1.889	\$ 1.295	\$ 144,985.30
JUNE	245,324	\$ 2.361	\$ 1.330	\$ 252,929.04
JULY	514,115	\$ 3.305	\$ 2.565	\$ 370,445.10
AUGUST	472,389	\$ 3.952	\$ 2.890	\$ 501,677.12
SEPTEMBER	502,296	\$ 3.153	\$ 1.800	\$ 679,355.34
TOTAL	2,173,224			\$ 2,060,161.56
WTD AVG		\$ 3.020	\$ 2.067	

Net costs indicated above do not account for McMullen's "sell-back" of MMBtu's at different Fixed Prices. See Daily Report for net cost with adjusted MMBtus.

Preliminary Values

FINANCIAL GAS HEDGING

➤ April 2024 through September 2024 – Index Swap executed March 2024

	MMBtu	BIDWEEK (\$/MMBtu)	HEDGE PREMIUM (\$/MMBtu) (a)	Monthly Average (\$/MMBtu)	NET COST
APRIL	188,331	\$ 1.345	\$ 0.090	\$ 1.290	\$ 27,270.33
MAY	371,774	\$ 1.295	\$ 0.0758	\$ 1.252	\$ 44,071.49
JUNE	444,390	\$ 1.330	\$ 0.058	\$ 1.619	<\$ 102,790.30>
JULY	498,929	\$ 2.565	\$ 0.120	\$ 2.209	\$ 237,290.63
AUGUST	661,317	\$ 2.890	\$ 0.0625	\$ 1.800	\$ 762,167.84
SEPTEMBER	647,229	\$ 1.800	\$ 0.0375	\$ 1.800	\$ 24,271.10
TOTAL	2,811,970				\$ 992,281.09
WTD AVG		\$ 2.021	\$ 0.070	\$ 1.738	

(a) Average for May, June, September.

Preliminary Values

FINANCIAL GAS HEDGING

- Awaiting QIR for October 2024 through ~~November 2024~~ **March 2025**
- Morgan Stanley Capital Group (MSCG) “Mark to Market” activity summary

Transfers Dates	SPPA Funds to MSCG	MSCG Funds to SPPA	Interest From MSCG
7/15/2024	\$1,400,000		
8/2/2024			\$ 3,524
8/7/2024	\$ 300,000		
8/12/2024		\$300,000	

- To date management of “Mark to Market” procedures have been manageable.
- Preliminary Invoice for September Fix Swap and August Index Swap will be sent to members by Friday on this week. Values on above slides maybe updated before the preliminary invoice are finalized.
- ISDA with Macquarie Energy is finalized

September 2024 Fixed Swap Preliminary Invoice

SPPA Participants	Requested Volumes	Preliminary Invoice	Actual Invoice	Reconciliation Amount
	(MMBtu)			
Aguila Irrigation District	12,384	\$ 16,749.36		
Buckeye Water Conservation & Drainage District	3,157	\$ 4,269.84		
City of Williams	12,470	\$ 16,865.68		
Electrical District No. 2 of Pinal County, Arizona	106,897	\$ 144,578.19		
Electrical District No. 6 of Pinal County, Arizona	1,500	\$ 2,028.75		
Electrical District No. 7 of Maricopa County, Arizona	1,747	\$ 2,362.82		
Electrical District No. 8 of Maricopa County, Arizona	177,669	\$ 240,297.32		
Gila River Indian Community Utility Authority	50,225	\$ 67,929.31		
Harquahala Valley Power District	30,713	\$ 41,539.33		
Maricopa County Municipal Water Conservation District	3,666	\$ 4,958.27		
McMullen Valley Water Conservation & Drainage District	54,008	\$ 58,759.63		
Ocotillo Water Conservation District	2,201	\$ 2,976.85		
Roosevelt Irrigation District	4,114	\$ 5,564.19		
Tonopah Irrigation District	16,661	\$ 22,534.00		
Town of Thatcher	1,848	\$ 2,499.42		
Town of Wickenburg	4,339	\$ 5,868.50		
Tohono O'Odham Utility Authority	18,697	\$ 25,287.69		
Total Index SWAP	502,296	\$ 665,069.15	\$ -	\$ -

	Fixed Cost Swap	Bid Week	Costs / (Savings)
SPPA Fixed Price	\$ 3.1525	\$ 1.8000	\$ 1.353
McMullen Sell Back	\$ 3.1571	\$ 1.8000	\$ 1.357

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August 2024 Index Swap Preliminary Invoice

SPPA Participants	Requested Volumes (MMBtu)	Preliminary Invoice	Actual Invoice	Reconciliation Amount
Aguila Irrigation District	21,893	\$ 25,231.68		
Buckeye Water Conservation & Drainage District	6,633	\$ 7,644.53		
City of Williams	22,136	\$ 25,511.74		
Electrical District No. 2 of Pinal County, Arizona	151,866	\$ 175,025.57		
Electrical District No. 6 of Pinal County, Arizona	1,200	\$ 1,383.00		
Electrical District No. 7 of Maricopa County, Arizona	5,655	\$ 6,517.39		
Electrical District No. 8 of Maricopa County, Arizona	199,481	\$ 229,901.85		
Gila River Indian Community Utility Authority	56,813	\$ 65,476.98		
Harquahala Valley Power District	45,596	\$ 52,549.39		
Maricopa County Municipal Water Conservation District No.	5,616	\$ 6,472.44		
McMullen Valley Water Conservation & Drainage District	68,191	\$ 78,590.13		
Ocotillo Water Conservation District	3,055	\$ 3,520.89		
Roosevelt Irrigation District	4,994	\$ 5,755.59		
Tonopah Irrigation District	23,321	\$ 26,877.45		
Town of Thatcher	16,347	\$ 18,839.92		
Town of Wickenburg	10,183	\$ 11,735.91		
Tohono O'Ohdam Utility Authority	18,337	\$ 21,133.39		
Total Index SWAP	661,317	\$ 762,167.84	\$ -	

Bid Week plus Index Swap Premium (\$/MMBtu)	\$ 2.953	\$ 2.685
Estimated Average SoCal Price (\$/MMBtu)	\$ 1.800	\$ 2.250
Estimated Cost of Index Swap (\$/MMBtu)	\$ 1.153	\$ 0.435

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