

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

August 12, 2024

A meeting of the members of the SPPA Pool Management Committee was held on August 12, 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:

Ken Robbins—ED2	Ed Gerak – Ak-Chin
Glen Steiger – NTUA	Elena Byrd – ED2
Noel Carter – BWCDD	Derek McEachern – ED4
Brian Yerges—ED3	Ron McEachern – ED4
Brian Fickett – TOUA	Bill Van Allen – ED6
Jeff Woner—OWCD	Arnold Mejia - GRICUA
Scott Saline – AID, HVPD, TID	Ken Stock - GRICUA
Heath Brown – City of Thatcher	Donovan Neese – RID
Robert Van Hofwegen – ED8	Taylor Howerter - RID
Glen Vortherms – MWD	Jason Brimhall – City of Safford
Michael Curtis – WICK	Joe Mease - TOUA

Also present:

Dennis Delaney	Brian Hemmerle – Baker Tilly
Frank McRae	Steve Pearson
Daniel Herder	Dan Pritchard
Sheryl Sweeney	Kim Polivka
Judy Spallino	Lisa Dowden
	Ken Saline

The following Committee Members were not present:

McMullen Valley Water Conservation
ED7

The meeting was called to order at 12:04 p.m. Chairpersons Ken Robins chaired the meeting while Ms. Spallino functioned 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.

The meeting was temporarily adjourned to move to the Board Meeting so that Mr. Brian Hemmerle of Baker Tilly could present the 2022-2023 audited financial statements.

The meeting was returned to the pooling committee at 12:21PM

3.) CONSIDERATION AND POSSIBLE APPROVAL OF CONSENT AGENDA

A) MINUTES FROM PRIOR MEETING JULY 15, 2024, MEETING OF THE SPPA Pool Management Committee

B) REPORT ON POOL OPERATIONS (JULY)
C) NEW SPPA POWER POOL REPORTS (JULY)

Mr. Ken Robbins 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. Ed Gerak moved to approve the contents of the Consent Agenda as presented. Mr. Glenn Steiger 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.) ONGOING SPPA ACTIVITIES

A) Report on Pool Operation

Mr. Dennis Delaney presented the June 2024 Operations Report highlighting the following:

- Mesquite capacity increased to 583 MW on 5.1.24.
- Mesquite operated at 88.5% capacity factor; average unit cost was \$17.26/MWH.
- 26.2% (97,470/371,556) Mesquite energy was sold at an average cost of \$32.13/MWH.
- June 2024 - SoCal Gas averaged \$1.619/MMBtu

B) Power Pooling Reports

Mr. Delaney updated the Gas Hedging current positions, annual adjustments, and curtailment corrections. There were some errors in the June invoices received from Onward. Curtailments were disclosed and Mesquite has since corrected these errors. AEPSCO had some book out adjustment as well to reflect these revisions.

Largest adjustment: Mesquite \$309,754 adjustments per contract requirement of annual changes to Fixed and Variable O&M Rates

- Fixed O&M increased 1.86% from \$3.721/kW-month to \$3.790/kW-month
- Variable O&M increased 3.11% from \$2.687/MWH to \$2.764/MWH

(This is an annual “true up” adjustment that is tied to the CPI)

C) Updates on financial gas hedging.

- i. August Fixed Swap**
- ii. August Index Swap**
- iii. September Fixed Swap**

QIR is recommending an additional September 2024 Index swap.

Morgan Stanley Capital Group – Mark to Market activity summary is as follows:

	SPPAFunds to MSCG	MSCGFunds to SPPA	Interest From MSCG	
7/15/2024	\$ 1,400,000			
8/2/2024			\$ 3,524	
8/7/2024	\$ 300,000			
8/12/2024		\$ 600,000		Scheduled

It should be noted that these funds are NOT netting to the costs of the Index/Fixed products but are returned in full upon the closing/covering of the open position.

Mr. McRae inquired as to the sources of the mark to market funds. Mr. Delaney stated that the funds used to cover the maintenance margins are the initial deposits posted by the members. He also explained that the mark to market margins is the reason we now have “preliminary invoicing” as to not deplete the deposit funds.

Mr. Robert Van Hofwegen asked as to the distribution of the interest income earned. Mr. Delaney explained that at time, there is no formal distribution plan. Mr. Van Hofwegen asked that this issue be re-visited and added to the agenda for the next meeting.

Mr. Robbins affirmed that the mark to market transactions should continue until we have our credit rating increased. Mr. Delaney also noted that we will soon have an account with Macquarie and that the limits are smaller with smaller MTM triggers.

D) Risk Management Committee Report

No recent Risk Management Committee meeting. Next meeting is scheduled for August 26, 2024

E) Transmission for BOCA

- SPPA completed GITS service for 300 MW of transmission starting June 1, 2025
- SPPA anticipates GITS service to transition to standard OATT Point-to-Point service
 - Three delivery points
 - Hyden 115 kV – BAA - AEPCO
 - Pinnacle Peak 230 kV – BAAs- APS, WAPA DSW, WAPA CRSP, SRP
 - Duke 500 kV - BAAs - WAPA DSW, TEP
- Issue still to be address related to Test Energy from BOCA (January 2025).
 - Non-firm service not an option under GITS service
 - Is available under Point-to-Point service
 - Transition from GITS to Point-to-Point is tied to SRP moving to flow-based service versus contract path

6.) ANY OTHER BUSINESS THAT MAY COME BEFORE THE MEETING

No additional business was discussed.

7.) DISCUSSION OF FUTURE AGENDA ITEMS

AEPCO onsite meeting schedule and review

8.) ESTABLISHMENT OF DATE OF NEXT SPPA POOL MANAGEMENT COMMITTEE MEETING

September 9, 2024, announced as the date of the next SPPA Pool Management Committee meeting.

9.) PUBLIC COMMENT

There was no comment from the public.

10.) ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 12:37 p.m.

Respectfully submitted,

Judy Spallino
Accountant

Approved: _____

DRAFT