

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

February 10, 2025

A meeting of the Board of Directors of the Southwest Public Power Agency, Inc. ("SPPA") was held on February 10, 2025, 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:

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

Also present:

Frank McRae	Dennis Delaney
Judy Spallino	Daniel Pritchard
Kim Polivka	Kent Simer
Daniel Herder	Ken Saline
Sheryl Sweeney	

The following SPPA Member(s) were not present:

Electrical District No. 7 of Maricopa

The meeting was called to order at 12:00 p.m. Mr. Ken Robbins chaired the meeting while Ms. Kim Polivka functioned as secretary.

ROLL CALL

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

3.) Consideration and approval of Consent Agenda (Possible Action Item)

- a. Minutes from prior meetings of the SPPA Pool Management Committee.
 - o December 9, 2024, Pooling Minutes
- b. Report on Pool Operation
- c. Power Pooling Reports

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

Upon discussion, Mr. Glen Steiger moved to approve the contents of the Consent Agenda as presented. Mr. Robert Van Hofwegen 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 Activities

- a. Report on Pool Operation
- b. Power Pooling Report.

Dec 2024 Operations Report

- Mesquite operated at 83.3% capacity factor; average unit cost was \$26.13/MWH
- 62.8% (227,089/361,369) Mesquite energy was sold at an average cost of \$34.90/MWH
- Dec 2024 - SoCal Gas averaged \$2.739
- AEPCO July invoice a large adjustment (credit) tied to WAPA EIM
 - o Discussions with AEPCO are ongoing and December values are allocated correctly
- Adjustments (June 2024) (Revision for April 2023 to April 2024) - \$807,002.09

- c. Updates on financial gas hedging.
 - o Current Position Summary
 - o Mark to Market Summary

Mr. Dennis Delaney going over annual average gas prices, financial gas hedging

- Current positions for February 2025 Index Swap,
- QIR is recommending October 2024 through March 2025 Fixed and Index Swaps.
- March Additional Index Swap – January 13, 2025
- Recommendation was to reduce from 23 contracts to 19 contracts

ACES recommends that SPPA purchase up to a total of 19 index swaps for March 2025, which is 25% of the expected native load natural gas exposure. This includes the 13 index swaps already purchased to cover SPPA’s fixed-price exposure, with an additional 6 contracts remaining for purchase to meet guidance. This recommendation follows guidance provided in the August 2024 quarterly QIR Report, which evaluated March fixed-price swaps and index swaps. Natural gas prices have increased since that

report due to the recent winter weather event; however, the price for the March 2025 natural gas contract has since decreased. Additionally, this recommendation takes into consideration historical volatility experienced in March 2022 and March 2023 when natural gas settled at \$4.37/MMBtu and \$5.33/MMBtu, respectively. For these reasons, along with those reported in the August 2024 Quarterly QIR Report, ACES recommends that SPPA hedge with index swaps for March 2025 for intramonth coverage at 25% of the expected native load natural gas exposure.

- Current positions (i) April 2025 through September 2025 Requests
 - Prices from the QIR are indicative.
 - Inclined to continue monitoring prices:
 - Suggesting SPPA does not authorize an increase, at this time.
 - Revisit at March RMC and March Board Meeting.
 - Not accepting a proposed change that removes the price cap and replaces with “at market” as proposed by ACES.
- c. Transmission for BOCA
- 300 MW of Firm Point-to-Point service has been secured.
 - The agreement for Short-Term and Non-Firm Point-to-Point Transmission Service was finalized.
 - Will be used to deliver test energy, schedule to start later this month.
 - The SRP Security Deposit in the amount of \$881,250 was paid on January 21, 2025.
 - A copy of the documents is posted on Pooling Committee February 10, 2025, calendar “SRP Transmission Docs.pdf”.
- d. Energy Accounting Software Update
- Progress continues, we are on version 6
 - Each version is a refinement of the process and verification of the code and outputs
 - The latest copy of the “Entity-Relationship-Diagram” (ERD) is posted on pooling committee February 10, 2025, calendar.
 - ERDs are used in database design to visually represent the structure of a system, showing how entities (such as objects, or concepts) relate to one another.
 - Still focused on energy accounting and expect additional versions
 - Still focused on one month (July 2024)
 - The Preliminary Invoice process is completed and is currently used to develop preliminary invoices.
- e. Maintenance outage/Capacity Buyback
- Date 2/25 through 3/10 – 14 Days
 - Onward offered \$150/MW-Day (\$451,500)
 - The suggested Market for late February and early March is different from November.
 - Recall November price \$293.33/MW-Day (\$882,923)
 - SPPA proposed to split the difference \$221.67/MW-Day (\$451,500)
 - Onward received Board Approval for the \$451,500 on February 5, 2025.

- Recommend moving forward with the \$221.67/MW-Day

Mr. Dennis Delaney reported that the announcement on BrightNight new power purchase agreement with Cordelia Power and Arizona Public Service (APS, NYSE, PNW), the largest electric utility in Arizona.

- Risk Management Committee

Date: March 3, 2025 @ 2:00 pm

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

March 10, 2025, announced as the date of the next SPPA Pool Management Committee meeting.

There was no comment from the public.

ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 12:23 p.m.

Respectfully submitted,

Kim Polivka
Admin/Accountant Assist

Approved: _____