Embracing Our Shared Future: Stability, Safety, Service

Arizona Generation and Transmission Cooperatives annual meeting
Oct. 8, 2021

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Administrator and CEO
Next (first) steps

• Keep focus on core mission
  – **Stability**: leveraging our firm foundations
  – Focus on rates, operations, culture

• Support each other
  – **Safety**: staying and keeping each other safe
  – HP/JC, Inclusivity, collaboration, patience

• Organizational resilience
  – **Service**: focusing on customers and communities; finding opportunities
  – Innovation
Stability: Navigating through historic conditions

- Securing and operating the grid amidst extreme weather and drought.
- Drought and PPW working group exploring potential approaches
- Focus on rate and grid stability.
- Firm organizational foundation + WAPA learning culture = setting us up for success.
Purchase Power and Wheeling

• Source of funds to purchase power when hydropower cannot meet contractual power commitments.
• Use varies each year based on multiple factors.
• Receipts can be used for reserves up to amount specified by Congress in budget process.
• Constrained due to budget process decisions, high PPW costs and other reasons.
• Exploring short- and long-term alternatives.
PPW funding in proposed Infrastructure Act

• $500 million reimbursable funding for PPW expenses.
• Figure chosen based on denied authority for $400M in PPW over past four fiscal years’ budget requests and to cover $100M costs incurred during February polar vortex.
• Use limited to current PPW funding authorized by annual appropriations.
• Not vehicle for drought recovery.
Safety: Leadership throughout the organization

- COVID-19 response and recovery
- Human Performance Improvement & Just Culture program
- Leverage Leadership Development
Leadership updates

• Selection process ongoing for:
  – Chief Strategy Officer
  – TIP Manager

• Search beginning for DSW Regional Manager
  – Acting managers in the interim
  – Currently Jack Murray
COVID update

- No date or timeline for re-entry.
- Vaccines required for staff (Federal and contractor).
- Visitors will need to attest status before entering facility.
- Mission-essential travel only.
- Evaluating re-entry and post-pandemic workplace.
Service: Shifting challenges into opportunities

• Connecting with customers and stakeholders is more important than ever.
• Historic times: finding opportunities to be innovative, inclusive and solution-oriented.
• WAPA leadership – listening, removing hurdles, asking how can we help?
• Moving past re-entry: how do we gather better?
DC updates

• Active discussions continuing with Administration, Congress, DOE & DOI leadership.

• TIP Federal Register notice.

• No mention of selling PMAs or moving to market-based rates.
Markets remain a focus

• DSW selects CAISO EIM
  – Expected transition in 2023

• SPP RTO-West evaluation
  – Expansion terms and conditions approved by SPP Board
  – Negotiating federal terms of participation
  – How to allocate costs for DC ties
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