**NEW YORK COMMISSION ON THE FUTURE OF THE LONG ISLAND POWER AUTHORITY**

**December 15, 2022**

Co-Chairman Thomas, Co-Chairman Thiele, and Commissioners:

Good morning and thank you for the opportunity to speak today to the commission.

I am Mike Hummel, General Manager and Chief Executive Officer for Salt River Project in Phoenix, Arizona. I have been in my current position for about 5 years and with Salt River Project for almost 41 years.

Salt River Project, or SRP, is a community-based, not-for-profit organization providing affordable water and power to more than 2 million people in central Arizona.

It’s made up of two separate organizations: the “Association,” a private water corporation founded in 1903, and the “District,” an electricity provider formed as an agricultural improvement district and a political subdivision of the State of Arizona in 1937.

By providing these essential resources for more than a century, we’ve helped the Phoenix metropolitan area develop and thrive.

Our guiding principles have remained the same since our founding – to act in the best interest of the customers and communities that we serve strive to help build a better future for Arizona.

Today, SRP provides electricity to over one million meters and 800,000 acre-feet of water in the Phoenix Metro area with total operating revenues of over $3.5B. We serve a load of approximately 8000MW with a diverse generation portfolio of nuclear, coal, natural gas, solar, wind, and geothermal energy. SRP operates 7 dams in two distinct watersheds.

Today I would like to talk with the commission about how SRP is governed and how SRP makes operating decisions and how it evaluates its performance. Both are fundamental to public power and, I believe, provide the unique advantages that allow us to provide best in class service to our customers.

SRP has a unique governance structure even within public power because we are two separate legal entities. In short, we have a 14 member board of directors and a 30 member council. The board is responsible for general policy development, strategic direction, and overall guidance of the organization. The council has limited duties that include the creation and maintenance of board bylaws, approval of debt issuances, and compensation of elected officials.

The council members and 10 of the 14 board members are elected based on geographic region. The board also has 4 members elected at-large. The President and the Vice President are elected on an at-large basis.

All elected officials are elected on a “one acre – one vote” basis. This criterion originates with the initial formulation of SRP when landowners collateralized their acreage to secure the necessary financing to build the infrastructure.

The SRP voting requirements and authorities are statutory. Any changes require changes to the Arizona State Statutes and approval of the Arizona Legislature. The legislature delegates broad authority to the SRP board for the operation of the district, including rate-making authority.

The Arizona Corporation Commission, Arizona’s public utility commission, has limited authority over SRP. The ACC has oversight for new line and plant siting, limited to environmental impacts. It also has the authority to approve SRP’s overall bonding authority. Not individual issuances, but rather the total overall debt that can be issued. For the most part, all other authorities rest with our board.

The governance structure is complex, but how we make decisions and how we measure our performance is not. Like other public power organizations, our measure of performance is always whether a decision is good for our customers and our communities. We are focused on long term decisions rather than short term, quarterly performance.

The metrics we consider on behalf of our customers are customer satisfaction, affordability, long term financial health, reliability, and sustainability. The decisions we make are all considered through this balanced prism.

To provide some perspective on how SRP, one of the largest public power companies in the country, has performed against these objectives, consider the following.

SRP has been awarded the top customer satisfaction for any large utility in the West for 21 of the past 22 years.

SRP is in the lowest quartile of prices in our region and hasn’t had a base price increase for the last 5 years.

SRP enjoys the highest credit rating of any public power company in the country, with AA1 and AA+ from Moody’s and S&P, respectively.

SRP is routinely in the top decile for reliability as reported by the Institute of Electrical and Electronic Engineers annually. In 2020 SRP had the number one reliability in the country.

By 2025, SRP will provide 50% of all energy from carbon free resources and future resources additions will increase that even further with over 2000MW of solar energy and 1500MW of battery storage.

Our performance is guided by the alignment of mission from the board of directors to the field employees. As a fully vertically integrated utility, we are able drive the core values of all employees towards the goals that are important to our customers. The public power model provides that purity of mission.