

# Energy Resources




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Fiscal Year 2026/27

The Energy Resources Department exists to **sustainably procure and deliver natural gas and electric power** through a safe and reliable infrastructure with predictable, affordable prices **aligning with Mesa's priority of quality development and a thriving community**

-  WHY WE EXIST
-  OUTCOMES-base of kpis
-  HOW WE ALIGN TO THE PRIORITIES

## **Stabilize and reduce supply costs**

### **Meet customer needs**

- Ensuring reliability of Natural Gas and Electric service
- Staffing

### **Provide opportunities for staff within department**

- Succession Planning
- Cross Training

### **Resiliency**

## **Efforts to Reduce Electric Resources Costs**

### **Reverse Auction**

- Mesa capped cost per MWh; counterparties underbid each other
- November 2025

### **Parker-Davis Voluntary Reduction Program**

- Option to receive payments instead of hydropower if financially beneficial
- Began July 2025

### **Increase counterparties with which Mesa is enabled to trade power**

- Increase competition to potentially reduce power costs

### **Reduced Market Exposure**

- Implement staggered (rolling) expiration dates for electric purchase contracts to minimize exposure to market volatility

## Efforts to Reduce Natural Gas Resources Costs

### Prepay Program

- Participate in purchasing opportunities available exclusively to municipally owned gas distribution system
- Achieve a savings of \$0.10 per dekatherm on 4,500 Dth per day, beginning May 2026

### Fixed-Price Natural Gas Contracts

- Lock in fixed pricing for approximately 70% of annual natural gas usage, ensuring stable and predictable costs

### Reduced Market Exposure

- Implement staggered (rolling) expiration dates for natural gas purchase contracts to minimize exposure to market volatility

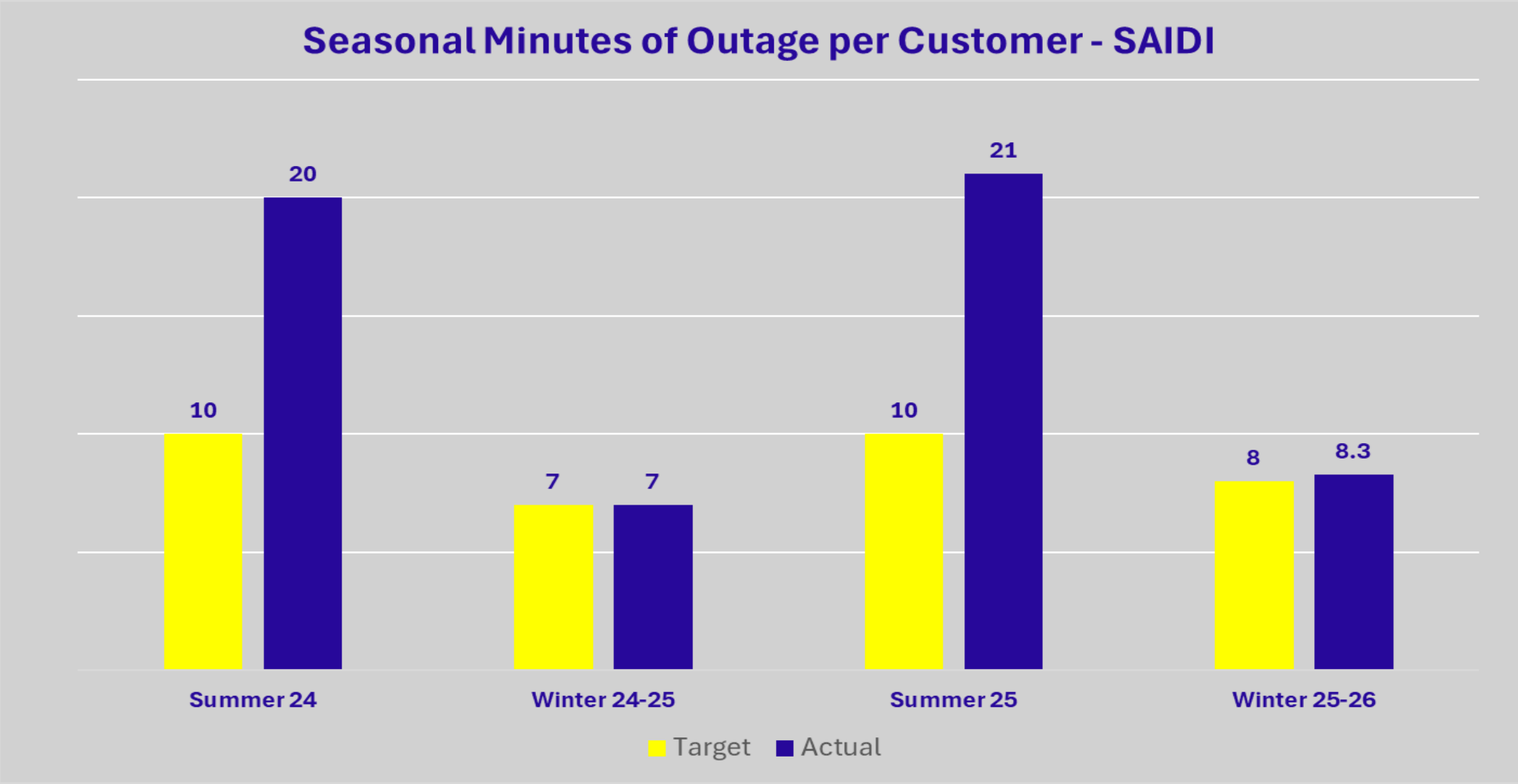
## Utility Awards

### Natural Gas

- APGA SOAR Award – Silver Level Designation, 2025-2027

### Electric

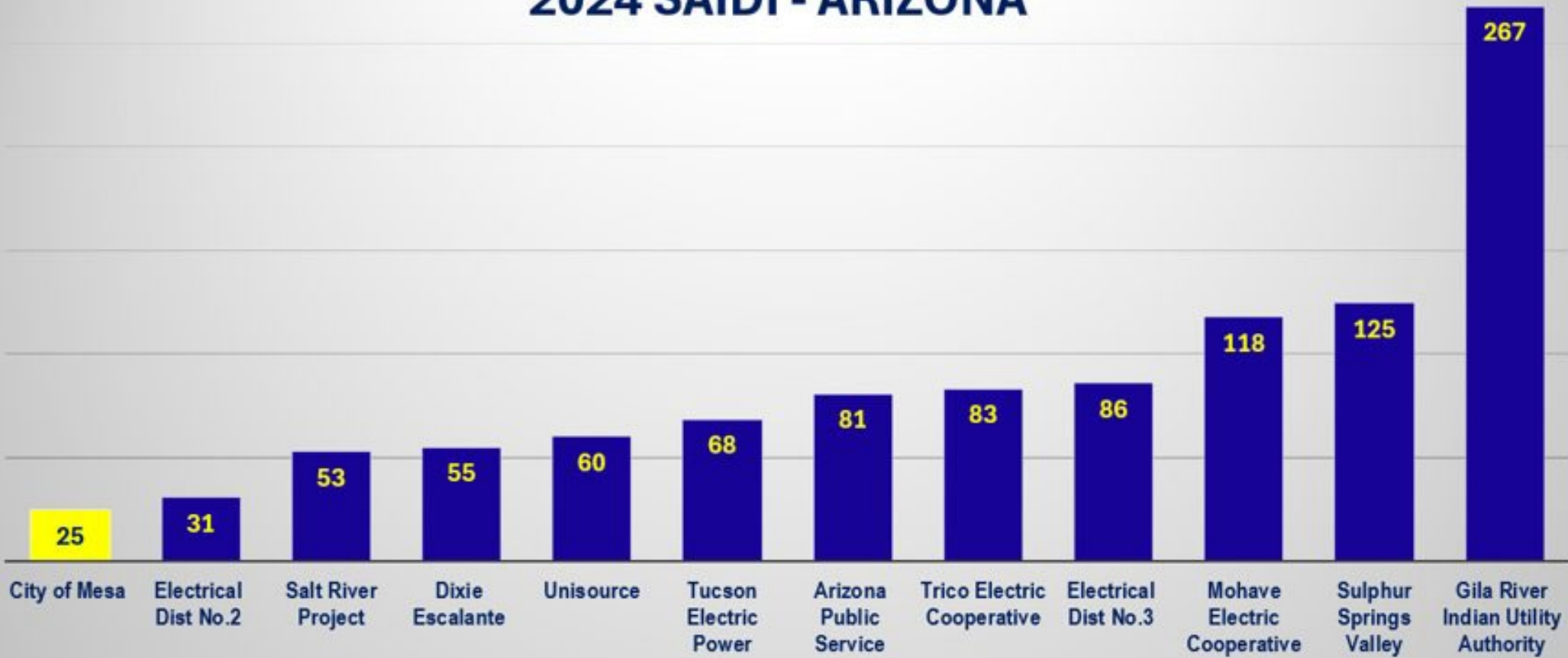
- APPA RP3 Designation. Platinum Member 2026-2029
- 2025 Certificate of Excellence in Reliability
- APPA Safety Award – Diamond 2025



# Outage Duration - SAIDI



## 2024 SAIDI - ARIZONA



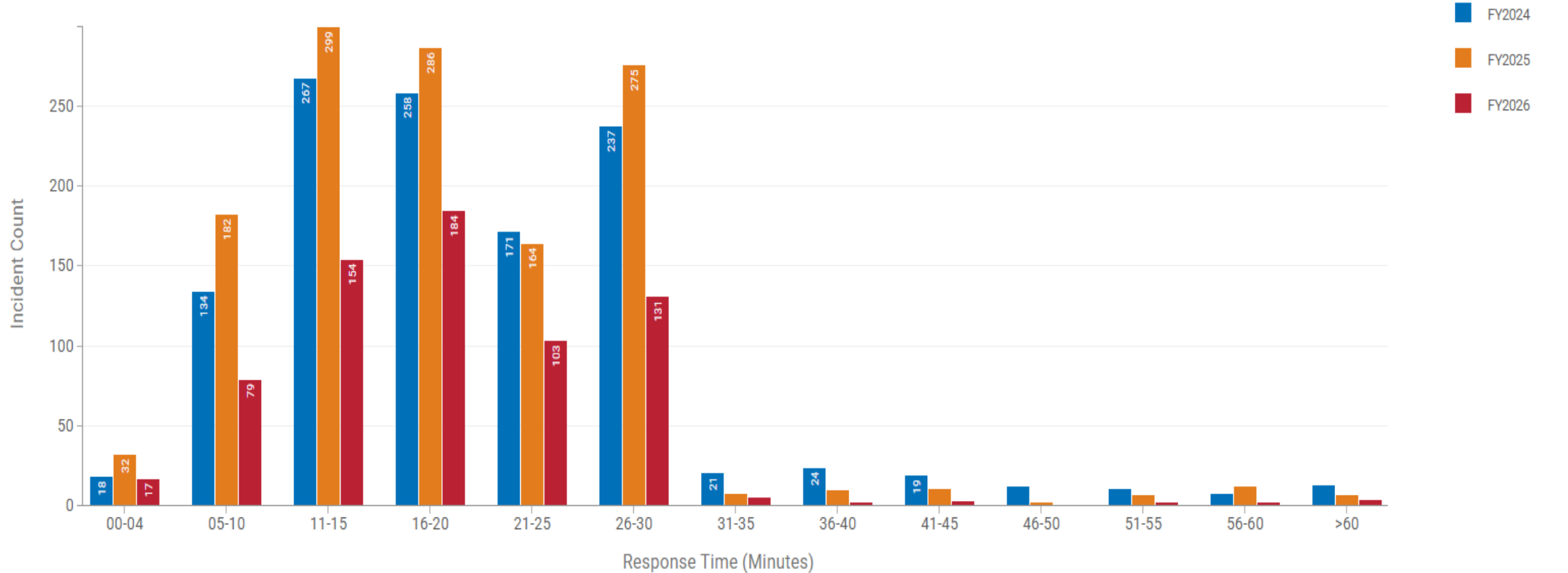
Source: U.S. Energy Information Administration (2025)

# Gas Emergency Response Time - Mesa



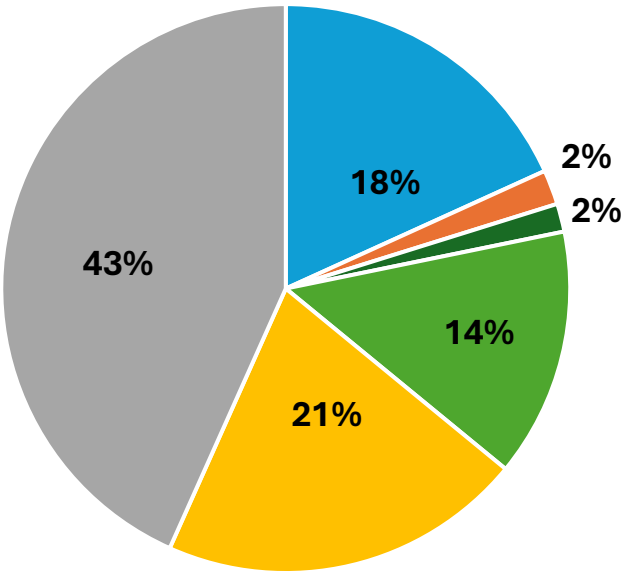
### Gas Emergency Response Grouped by Time Segment - Mesa, last 3 fiscal years to date

Incident response times (in minutes) grouped into time segment bins over a specified period of time. Target time is <=30 minutes

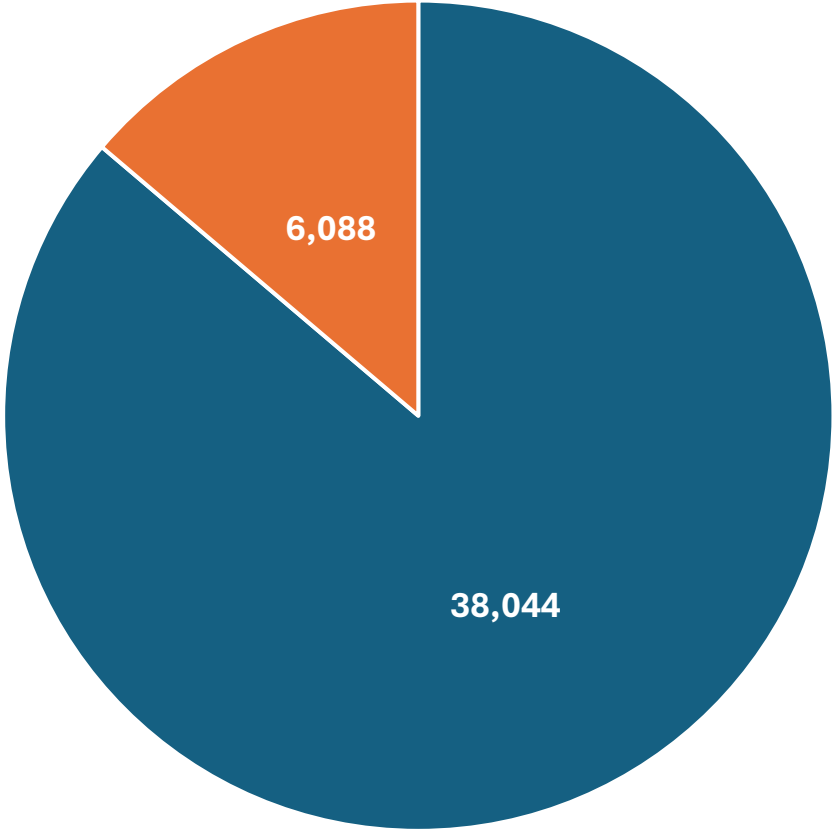


# Resiliency

**Percentage Renewable / Traditional Power Fiscal Year 27-28**



**Transportation CNG Used by Mesa (December 2025 to March 2026)**



■ Clean Energy supplied RNG (MMBTU) ■ Mesa Produced RNG (MMBTU)

- Hydropower (up to 15 MW)
- Customer Solar (2.2 MW)
- Utility Scale Solar (25 MW)
- City Solar (3.62 MW)
- SRP Renewables (16 MW)
- Traditional Power (mixed fuels, various MW)

# Department Financial Summary



<b>Core Business Process Energy Resources</b>	<b>FY 24/25 Year End Actuals</b>	<b>FY 25/26 Revised Budget</b>	<b>FY 25/26 Year End Estimate</b>	<b>FY 26/27 Proposed Budget</b>
<b>Expenditures</b>				
Electric Operations and Maintenance	\$6.4	\$7.1	\$6.7	\$7.4
Gas Operations and Maintenance	\$14.4	\$16.0	\$15.8	\$16.3
<b>Expenditures Total:</b>	<b>\$20.8</b>	<b>\$23.1</b>	<b>\$22.5</b>	<b>\$23.7</b>
<b>Energy Supply</b>				
Planning and Acquisition of Electric Energy Supplies	\$31.3	\$25.2	\$25.2	\$23.3
Planning and Acquisition of Natural Gas Supplies	\$14.3	\$17.8	\$11.7	\$16.1
<b>Total</b>	<b>\$66.4</b>	<b>\$66.1</b>	<b>\$59.4</b>	<b>\$63.1</b>

## **Total Reductions: \$263,353**

### **Reduction in Temp Services - Administrative**

- Eliminate college intern program - \$50,000
- Reduce utility locating temps - \$113,353

### **Reduction in Overtime Hours – Service**

- Electric Transmission & Distribution Maintenance - \$40,000

### **New Revenue - Administrative**

- Increase retained revenue for developer deposits from 8% to 10% - \$60,000

# FY 26/27 Budget Reduction Summary



<b>Reduction</b>	<b>Additional Income</b>	<b>Reduction Amount</b>	<b>Total</b>	<b>Fund</b>
Reduction in Temp Services	N/A	\$163,353	\$163,353	Utility
Reduction in Overtime Hours	N/A	\$40,000	\$40,000	Utility
Increase in Developer Cash Contributions	\$60,000	N/A	\$60,000	Utility
<b>Total</b>	<b>\$60,000</b>	<b>\$203,353</b>	<b>\$263,353</b>	



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