



September 18, 2014

Mr. Ronald E. Moulton, Acting Regional Manager
Desert Southwest Customer Service Region
Western Area Power Administration
P.O. Box 6457
Phoenix, AZ 85005-6457

RE: BCP Post-2017 Resource Pool Proposed Allocation

Mr. Moulton,

Current Insight would like to thank WAPA for its recent efforts in making the proposed allocations of BCP Post-2017 power. We recognize the complex nature of the work involved in analyzing applicants' applications and appreciate the opportunity to apply on behalf of our customers. At this time Current Insight would like to comment on behalf of the City of Maricopa and ask that our remarks be taken under further consideration by WAPA.

For the City of Maricopa which is served by Electrical District #3 (ED3), WAPA's methodology assumed that existing Federal power enjoyed by ED3 is shared indirectly with the City. Maricopa was excluded from receiving a proposed allocation of Hoover power because ED3's existing Federal power exceeds the available target for that system and therefore the City's indirect share of existing Federal power exceeds the available target. Maricopa is served by ED3 but has not benefited from ED3's historic allocation of Federal hydro power.

The general manager of ED3, Mr. William Stacey, stated on the record at the September 16, 2014 Arizona Power Authority (APA) meeting that the Federal allocation of ED3 Hoover power has always been used exclusively for agriculture. This was in response to a direct question from the APA Chairman, Stephen Brophy, to all district managers as to whether it would be possible to separate their agricultural loads from total load historically. The published electrical service rates for ED3 indicate that for Agricultural Irrigation pumping service (Rate No. 05-D), a two-step pricing scheme is used, where the first step reflects the customer's allocated hydro power used at 2.259 cents per kWh followed by second step price for energy above their hydro allocation at 5.346 cents per kWh. These lower rates are only available to "irrigation motors operated by the Maricopa Stanfield Irrigation & Drainage District for the exclusive use of pumping water for the purpose of irrigating farm fields or to fill canals which are ultimately used to irrigate fields." (p 10 of published tariffs for ED3 accessed 9/17/2014). This clearly defines how ED3 sequesters its Federal hydro power allocation from benefiting non-agricultural customers such as the City of Maricopa.



When determining a proposed allocation for the City of Maricopa, we suggest that Western consider the mission of the ED3 Board of Directors, public statements by its general manager, and published irrigation rates. An appropriate mechanism for determining a proposed allocation would treat the City of Maricopa as a separate island from ED3, as you have done for other similar sized cities that happen to be in APS territory. By applying the available target WAPA is using for other applicants to Maricopa's peak load, the proposed allocation should be 254 kW.

Finally, in reviewing the proposed allocations, we note that there are 9 proposed allottees whose host utility is the Salt River Project (SRP). The sum of their allocations is 11,978 kW. SRP itself receives 214,000 kW of capacity from Hoover, CRSP, and Parker Davis projects under various contracts. Although the 214,000 kW has been taken into account in your process, these resources are supplemented by 450,000 kW from the Navajo generating station in Page AZ which was funded and developed as a Federal project. The "Exchange Agreement" (contract #14-06-400-2468) with the US Bureau of Reclamation gives 533,000 kW of CRSP Glen Canyon dam capacity to SRP. The very origins of SRP are rooted in Federal funding used to construct a series of dams on the Salt River with a capacity of 270,000 kW. Western should include these indirect benefits of existing Federal power when determining proposed allocations in SRP territory IF it uses such logic for the City of Maricopa.

Thank you for the opportunity to comment on the proposed allocation. We respectfully ask that Western take these comments into consideration when making the final allocation decisions.

Sincerely,

Kelly Urbine, President
Current Insight, Inc.