



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 express its appreciation for the effort undertaken by WAPA in distributing this resource and thanks WAPA for the opportunity to apply on behalf of our customers. At this time we would like to comment on behalf of the City of Sierra Vista whose application was unsuccessful and asks for further consideration of some of the issues we feel are important in the interest of the fair and equitable allocation of the resource.

For the City of Sierra Vista which is served by Sulphur Springs Valley Electric Cooperative Inc. (SSVEC), WAPA's methodology assumed that existing Federal power enjoyed by SSVEC is shared indirectly with the City of Sierra Vista. By that reasoning, the City was excluded from receiving a proposed allocation of Hoover power because its indirect share of SSVEC's existing Federal power causes the City's target percentage peak load to fall below the 100 kW minimum threshold. While we are confident in the accuracy of this calculation, this logic unfairly punishes an entity whose energy goals are to minimize consumption as a buyer, while it favors an entity that encourages consumption as a seller. Your proposed allocation between SSVEC and Sierra Vista proves this out with the latter receiving zero and the former receiving the maximum allowed in this program (3,000kW). SSVEC has a constellation of different retail rates which you may assume were set in a valid rate case exercise, but which are designed to differentially treat classes of customers, namely irrigation versus commercial classes. The average price paid by Sierra Vista to SSVEC is comparable to rates charges by APS and TEP, disproving any existing indirect benefit from existing Federal power finding its way to the City. In the interest of widespread use we propose that a carve-out of 150 kW be taken from the proposed allocation to SSVEC and reallocated to the City of Sierra Vista.

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 Sierra Vista.

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.