



Arizona Electric Power Cooperative, Inc.

P.O. Box 670 • Benson, Arizona 85602-0670 • Phone 520-586-3631

January 29, 2010

Mr. Darrick Moe
Desert Southwest Regional Manager
Western Area Power Administration
Post Office Box 6457
Phoenix, Arizona 85005-6457

and

Via Facsimile: 602-605-2490

and

Via Email: post2017bcp@wapa.gov

Re: Comments On The Boulder Canyon Project (BCP) Post – 2017 Application of The
Energy Planning and Management Program Power Marketing Initiative

Dear Mr. Moe:

Arizona Electric Power Cooperative, Inc. (AEPCO) is a generation cooperative organized under the laws of the State of Arizona. AEPCO provides wholesale power to its six (6) electric distribution cooperative members, of which five (5) members reside within Arizona and one (1) member resides within California. AEPCO currently receives small allocations of federal hydro-power from the Western Area Power Administration's Salt Lake City Integrated Resource Project and its Parker-Davis Project. The following are AEPCO's comments concerning the Boulder Canyon Project Post 2017 Power Marketing Initiative

The proposed Resource Pool is too small. Its size is not comparable to that of Resource Pools of other hydro projects that have been re-marketed in recent years, which were established at 6 to 8%. In addition, the BCP has increased its capacity in recent years and we believe the BCP Resource Pool should be established at a level that is proportionate to the increased capacity, to spread the increased capacity of the BCP among more preference entities.

In addition, AEPCO recognizes that the BCP resource's available energy is diminished somewhat because of recent drier conditions. However, the capacity of the BCP is extremely valuable to the preference entities that commit to the use of renewables resources in that its capability can be used to smooth the daily patterns of wind and sun and other features of renewable energy resources. The BCP resource characteristics of high capacity and modest energy can best be optimized in conjunction with implementation of renewable energy projects and integration of those projects into an electrical operating system. Hence those preference entities that participate in renewable generating projects should have a higher eligibility priority in the BCP Resource Pool.

Obviously, AEPCO supports that the requirements established in the BCP marketing criteria for the new resource pool should not exclude electric generation and distribution cooperatives from being eligible to receive an allocation of the capacity and energy from the BCP Resource Pool. The cooperatives were historically among those preference entities first to commit to federal hydro repayment obligations.

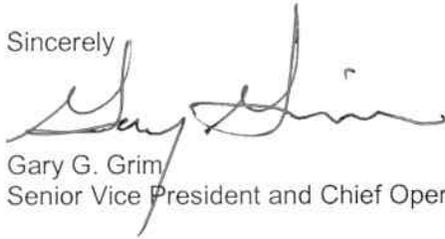
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In keeping with the Federal Preference Laws, allocations to the Arizona Power Authority should be conditioned by a contractual requirement that APA resell only to those eligible under Federal Preference Laws.

A longer contract term is preferable, with a minimum term that would match up with the life of renewables, which is likely 30 years. This would enable allottees that use renewables to realize a two-fold reduction of greenhouse gases.

Allocations from the new resource pool to new Arizona customers should have proportionately equal and equitable access to the same capacity factors and energy as existing Arizona allottees would receive from the remarketed allocations.

Sincerely



Gary G. Grim
Senior Vice President and Chief Operating Officer

cc Delegation

- Rep. Doris Goodale (R) Dist. 3, Kingman
- Rep. Nancy McClain (R) Dist. 3, Bullhead City
- Sen. Ron Gould (R) Dist. 3, Lake Havasu City
- Rep. Jack Brown, (D) Dist. 5, St. Johns
- Rep. William Konopnicki (R) Dist. 5, Safford
- Sen. Sylvia Allen (R) Dist. 5, Snowflake
- Rep. Patricia Fleming (D) Dist. 25, Sierra Vista
- Rep. David Stevens (R) Dist. 25, Sierra Vista
- Sen. Manuel Alvarez (D) Dist. 25, Elfrida
- Rep. Frank Antenori (R) Dist. 30, Tucson
- Rep. David Gowan (R) Dist. 30, Sierra Vista
- Sen. Jonathan Paton (R) Dist. 30, Tucson