



Utility Resource Services

Mr. Ronald E. Moulton
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 Western Area Power Administration
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Re: Written Comments Regarding the Post-2017 Hoover Power Marketing Proposals.

Dear Mr. Moulton:

The comments included herein are on behalf of the Town of Fredonia, Arizona (Town). The Town has submitted a request for a direct allocation of Post-2017 Hoover Power, Schedule D, but was not included in the Western Area Power Administration's (WAPA) Proposed Allocation process because it's current hydro power resource exceeds 6.8% of its peak load. We believe the basis for not allocating any of the Post-2017 Hoover Power to the Town and other small operating utilities is arbitrary and discriminatory.

WAPA stated in its Public Information Forum that "direct and Indirect benefits" would be the basis for allocating the Post-2017 Schedule D power. However, WAPA has not defined what the term "benefits" means. They simply set a bench mark of 6.8% and if an existing utility had a peak load of 2 mW or 1,000 mW it didn't matter what the benefit would be or whether the entity getting the allocation was a winter peaking utility or a summer peaking utility. The benefits of having some diversity in the scheduling of Hoover Power was not even addressed in any way. WAPA only looked at each of the applicants peak load and how much existing hydro power they were receiving. An allocation of 1 mW to a small utility is a significant resource that will greatly benefit the applicant. The allocation of 3 mW to a large utility with almost a 1,000 mW load, but has less than 6.8% of its total load being hydro, doesn't in any way shape of form derive the same benefit. Taking this allocation methodology to the extreme, the Salt River Project could qualify for an allocation of Hoover Schedule D because its total hydro allocation is less than 6.8% of its peak load. We realize that SRP was excluded, but WAPA has not stated why a utility with a 1,000 mW peak load or a 6,726 mW peak load is any different or doesn't derive the same benefit from receiving a Hoover Power allocation.

Additionally, WAPA has not stated the basis for having a ceiling of 3.0 mW. Why couldn't the ceiling have been 2 mW and allocate more capacity to smaller utilities that can "benefit" from an allocation of between 100 kW or 1 mW? Accordingly, the Town believes it was discriminated against simply because its total peak demand, of 2.5 mW and occurs in the winter months, was met by a hydro resource that is greater than 6.8% of its peak demand and not whether the Hoover Schedule D would greatly "benefit" the Town as it struggles to find additional resources.

The Town is unlike any other entity located within the Boulder Canyon marketing area which includes the new allottees. The Town is located in an extremely remote portion of Arizona and the ability of the Town to purchase power and get the resource to its load center is extremely difficult, if not impossible. The Town pays almost twice as much for the transmission of its Parker-Davis Project Power than it does for the cost of generating the power. The Town pays three (3) transmission rates, or is pancaked, to get its P-DP power to its load center. Since the Town has gone to great lengths and expense, to establish transmission paths to get power to its load, it only makes sense that the greatest "benefit" that WAPA could conclude is the allocation of some of the Post-2107 Hoover Power to entities, such as, the Town. An allocation to the Town is of much greater "benefit" than an entity with a 1,000 mW load getting an allocation of 3 mW simply because they fell under the 6.8% benchmark. We doubt that the receipt of Hoover Schedule D power will have little, if any, impact on their overall cost of power, while any allocation will substantially "benefit" the Town's cost of power.

In conclusion, the Town believes that the 3 mW ceiling was arbitrarily determined and a 2 mW ceiling is just as meaningful and the resulting additional capacity that becomes available be allocated to those small entities that can "benefit" the most from an allocation of Hoover D Power.

The Town appreciates the opportunity to comment on the Proposed Allocations of the Boulder Canyon Project Post-2017 Marketing Plan.

Respectfully submitted,



Richard Darnall
Utility Resource Services, Inc.
For the Town of Fredonia

cc: Town Clerk, Town of Fredonia