

Arizona Power Authority

1810 W. Adams St.
Phoenix, AZ 85007
(602) 368-4265
www.powerauthority.org



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Philip C. Bashaw - Commissioner
Dalton H. Cole - Commissioner
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Staff
Ed Gerak - Executive Director
Heather J. Cole - Exec Secretary

July 1, 2020

Ms. Tracey A. LeBeau, Regional Manager
Western Area Power Administration
Desert Southwest Region
Post Office Box 6457
Phoenix, Arizona 85005-6457

RE: 2021 Boulder Canyon Project (BCP) Base Charge and Electric Service Rates

Dear Ms. LeBeau:

In these turbulent and uncertain times, the Arizona Power Authority is writing to thank Western Area Power Administration (WAPA) and the Bureau of Reclamation (Bureau) for their efforts to decrease the BCP base charge and electric service rates for fiscal year 2021. In the face of a triple threat to utilities in Arizona (reduced demand, economic recession and increased delinquencies) due to the pandemic, it is imperative that we all seek ways to control costs and reduce rates.

We applaud the efforts by the Bureau to reprogram projects to avoid a rate increase in 2020, as well as the steps taken to mitigate revenue losses due to the COVID-19 effects on tourism in next year's budget. We appreciate the discovery of the costs previously borne by Hoover customers to support Parker/Davis Dams. We also appreciate the reductions by WAPA, especially the elimination of the contingency fund.

The APA does have multiple concerns though, including the future impact of dump site mitigation costs, and the yet to be delivered legal justification for customers bearing the costs of remediation. Pension retirement benefits continue to be an unresolved issue, as well as the fear of continued tourism impacts. The APA and its customers are willing and able to help in finding non-reimbursable federal funding solutions to these issues.

Hoover continues to play a significant role in the Southwest, even if that role has changed with the influx of renewables. While formerly the low cost option for most APA customers, market dynamics have made the capacity and regulation, ramping and reserves to mitigate renewable intermittency valuable today. Therefore, we continue to request that maintenance schedules be adjusted to minimize capacity downtime in the summer.

Regards,

A handwritten signature in blue ink that reads "Ed Gerak". The signature is fluid and cursive.

Ed Gerak, Executive Director
Arizona Power Authority

cc: Len Schilling, Area Manager – Bureau of Reclamation