Arizona G&T Cooperatives
Touchstone Energy® Cooperatives

May 31, 2016

Sent Via Email

Ms. Lynn Jeka
CRSP Manager
Western Area Power Administration
150 East Social Hall Avenue, Suite 300
Salt Lake City, UT 84111-1580
Email: SLIPPost2024@wapa.gov

Re: Proposed 2025 Marketing Plan- Salt Lake City Area Integrated Projects

Dear Ms. Jeka:

On behalf of Arizona Electric Power Cooperative, Inc. (AEPCO), I am offering comments on the Salt Lake City Area Integrated Projects 2025 General Power Marketing Criteria published in the Federal Register on December 16, 2015. We thank the Western Area Power Administration (WAPA) for the opportunity to offer comments on the proposed marketing criteria.

At the outset, we thank WAPA for the thoughtful consideration of comments received to date and clarifications that have been offered. In particular, we note that WAPA has clarified priority consideration for entities satisfying the marketing criteria. In particular, WAPA has noted on its web page that cooperatives will be given the same priority consideration as municipal applicants. We ask that this clarification be included in the record that WAPA will develop for the marketing plan and allocation process.

In addition, over the course of recent weeks, WAPA has also determined that projected power availability will not support the two percent reserve pool that was suggested in the Federal Register notice in December. We support this conclusion as we have witnessed a diminution in the resources available from the Colorado River Storage Projects (CRSP) in recent years. We also ask that the finding supporting this conclusion be included as part of the administrative record.

AEPCO agrees with the comments prepared by the Colorado River Energy Distributors Association (CREDA) and urges WAPA to adopt the recommendations set forth in the letter submitted by CREDA in response to the proposed marketing plan. In particular, we agree with CREDA's recommendation regarding the twenty year suggested "re-opener."

Arizona Electric Power Cooperative, Inc. • Sierra Southwest Cooperative Services, Inc.
P.O. Box 670 • 1000 S. Highway 80 • Benson, Arizona 85602 • (520) 586-3631 Phone • www.azgt.coop

We do not support the concept of re-opening the contract, particularly in light of recent contracting trends by WAPA to issue forty-year contracts. Indeed, the current contract provides sufficient flexibility for the customers to address system changes that would otherwise suggest the need for a "re-opener."[1]

Along these lines, we support efforts to maintain the status quo for the current allocations and associated contract terms. WAPA should rely upon the current contract template, including the General Power Contract Provisions (GPCP) to support the framework for the power supply agreements. We do not support the introduction of "creditworthiness" provisions for entities that have a demonstrated history of paying WAPA for CRSP power in a timely manner. A similar principle has been adopted in part for the contracts for the Boulder Canyon Project and this precedent should be carried forward with the CRSP contracts.

We also note that other CRSP customers have encouraged WAPA to continue the Customer Displacement Power and WAPA Replacement Power at the Customer's option. In addition, WAPA has been encouraged to sell unused firm transmission on a non-firm basis when that capacity is not used for the delivery of Customer allocations or Customer Displacement Power (CDP)/Western Replacement Power (WRP) use. We agree with these suggestions and encourage including these concepts in the final marketing policy.

As a final recommendation, we encourage WAPA to move forward with the development of the final marketing policy and associated contracts with appropriate diligence and expedience. While the current contracts will not expire until September 30, 2024, there has been no explanation in the development of the administrative record that would dictate a slower pace for completion of the remarketing process.

We thank you for your consideration of our comments and welcome any questions you may have.

Sincerely,

Patrick F. Ledger
Executive VP and Chief Executive Officer

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[1] There may be opportunities to improve upon this process including improved collaboration with customers in the event the Contracted Rate of Delivery must change.