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REQUEST FOR INFORMATION

DATE: May 4, 2012

RE: **PRELIMINARY DEVELOPMENT OF INFORMATION**

- Post-2017 Hoover Allocation Process by the Arizona Power Authority.
- Development of Parameters for Allocating Hoover Power in 2017.
- Suggestions from Current Customers and Interested Parties.
- Responses Requested by June 15, 2012.

TO: All Parties Interested in the Post-2017 Allocation of Hoover Power

FROM: Joseph W. Mulholland, Executive Director

NOTE: *This is not an official notice to receive applications for the purchase of Hoover power. Section R12-14-201 of the Administrative Code of the Arizona Power Authority provides for the Arizona Power Authority to provide a preliminary proposal for the allocation and marketing of available long-term Hoover power. This memorandum is not an official notice and should not be construed as such.*

PURPOSE: To solicit information and suggestions from all interested parties regarding methodology, data, and parameters that may be used by the Arizona Power Authority to allocate the Hoover power to applicants. The goal of this memorandum is to initiate thought and consideration regarding the basis for allocating Hoover power in 2017 and to solicit ideas from interested parties on how the Hoover power should be allocated.

Section R12-14-202 Paragraph A of the Administrative Code sets forth some of the information which the Power Authority is required to obtain from applicants in allocating the Hoover Power in 2017. That portion of the Administrative Code is duplicated below:

R12-14-202. Application for Purchase of Electric Service

- A.** A Qualified Entity that desires to purchase Long-term Power shall file a written application for electric service with the Authority. The application shall include the following:
 1. The Entity’s proposed use of Long-term Power;

2. The Point or Points of Delivery where the Entity will receive electric service;
3. The annual energy requirements stated in kilowatt-hours, for each Point of Delivery;
4. The maximum capacity requirement stated in kilowatts, for each Point of Delivery during a continuous 12-month period; and
5. A statement of the Entity's kilowatt and kilowatt-hour sales or usage during each of the 24 months immediately preceding the date of the application, divided into reference classifications such as residential, commercial, irrigation pumping, industrial, public use, or other classification used by the Entity or recognized in the electric utility industry.

The Power Authority will comply with this Code requirement and, at the appropriate time in the future, request the information described above in R12-14-201. However, at this time, the Authority is requesting preliminary information that will be used in developing future data requests which will form the basis for power allocation alternatives that may be considered.

The Power Authority requests that the parties interested in receiving an allocation of Hoover power in 2017 supply the following information by June 15, 2012:

1. The rate classifications under which you, the interested party, sell power and energy to your consumers. For example, if your organization sells electric power and energy pursuant to a rate classification identified as agricultural power, please list that classification along with the definition and requirements that are necessary for a consumer to qualify to purchase power and energy under that rate schedule. Similarly, please provide the other rate schedules and the qualifications under which you, the interested party, sell power to consumers. Also, please provide the terms and conditions under which you supply service to greenbelts, water treatment plants, golf courses or other municipal loads. If you, the interested party, have no such rate schedules, please state this in your response.
2. Please provide your suggestions with regard to how the Power Authority should allocate Hoover power in 2017. More specifically, should the Hoover power be allocated to applicants subject to applicable law based on: a) total energy requirements of the interested party, b) the number of irrigation wells served by the interested party, c) total kilowatt-hours sold under the agricultural rate of the interested party, d) number of customers in specified rate classes, e) actual data or modifications to the allocations used in the 1987 "Red Book" process, or f) other methods or concepts that may be fair and reasonable basis in allocating the Hoover power.

The Data Request information sent to potential applicants in 1984, the last time the Authority allocated the Hoover power, is attached.

Thank you for your assistance in this matter. We look forward to working with all interested parties as we make our way through this process.