



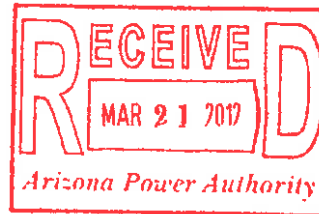
Arizona Electric Power Cooperative, Inc.

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

Via E-mail

March 20, 2012

Mr. Joseph W. Mulholland
Executive Director
Arizona Power Authority
1810 W. Adams Street
Phoenix, AZ 85007-2679



**RE: RESPONSE BY ARIZONA ELECTRIC POWER COOPERATIVE, INC. (AEPCO)
TO JUNE 8, 2011 REQUEST REGARDING THE POST-2017 HOOVER POWER
ALLOCATION PROCESS**

Dear Mr. Mulholland:

This is sent on behalf of AEPCO's All Requirements Electric Distribution Cooperative Members located in Arizona, including Duncan Valley Electric Cooperative, Inc., Duncan, Arizona, and Graham County Electric Cooperative, Inc., Pima, Arizona, who, in our view, are, or should be, entitled under federal law to an allocation of Schedule A energy from the Boulder Canyon Project Hoover Plant (BCP) in the post-2017 time period.

Our Members support a Hoover marketing process that is open, transparent and which collects all relevant data concerning use of electric resources by eligible applicants for Hoover power. Whether there is a shortage of Hoover power and energy to meet qualified and eligible demand invoking the provisions of Section 125(a) of the state statutes depends on a thorough and complete review of relevant data.

Our Members support reallocation to existing Schedule A contractors of a substantial percentage of the existing contractors' Section 125(a) contingent capacity and marketable firm energy. The reallocation should be proportionate to the existing contractors and take into consideration all relevant data concerning needs and changed circumstances proportionally upon their existing allocations of marketed annual firm energy. We support the original intent of Section 125 to assist irrigation and irrigated agriculture and note that Arizona's rural electric cooperatives serve significant agricultural loads within their service areas.

Our Members support creation of a single, one-time resource pool consisting of contingent capacity with associated megawatt hours of annual firm energy allocated to the electric cooperatives in Arizona. We firmly believe the five percent resource pool established in H.R. 470 and designated as Schedule D is inadequate to meet the needs of the many electric cooperatives and public power utilities that have been denied access to firm Hoover power for what will soon be 80 years before the post-2017 remarketing takes effect.

Mr. Joseph W. Mulholland

March 20, 2012

Page 2

Our Members support electric service contracts for a term as currently prescribed in Arizona Power Authority (APA) rules of twenty years but also support regulation changes extending the terms to not more than thirty years. Changing times and circumstances, changing demographics, changing economic conditions and changing utility dynamics argue against any longer timeframe for extension of APA contracts. In our opinion, it is reasonable to require that contractors begin fifteen years after the commencement of the new contracts to work with the APA in the creation of the next allocation to be marketed.

AEPCO Members look forward to inclusion and participation in the allocation and marketing of post-2017 BCP Hoover resources and especially to working with you, your staff, commissioners and all interested parties in what we expect will be an open, transparent and fair process.

Sincerely,

ARIZONA ELECTRIC POWER COOPERATIVE, INC.

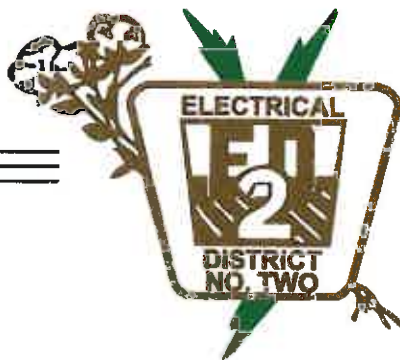


Patrick F. Ledger
Chief Executive Officer

cc: Lt. General John I. Hudson, Chairman
Stephen M. Brophy, Vice Chairman
Joe Albo, Commissioner
Dalton H. Cole, Commissioner
Richard S. Walden, Commissioner

ELECTRICAL DISTRICT

POST OFFICE BOX 548
COOLIDGE, ARIZONA 85128
www.ed2.com

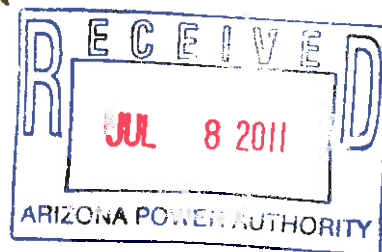


NUMBER TWO, PINAL COUNTY

PHONE: (520) 723-7741
FAX: (520) 723-5252

July 6, 2011

Mr. Joseph Mulholland
Executive Director
Arizona Power Authority
1810 W. Adams Street
Phoenix, Arizona 85007-2697



Re: Post-2017 Hoover Power Allocation Process

Dear Mr. Mulholland:

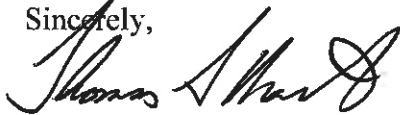
In reference to your letter of June 8, 2011, Electrical District No. 2, Pinal County (ED2) offers its comments and recommendations. With respect to Hoover A and B, we believe that they should be kept separate as they have in the past. As you know, the districts were created to provide power for irrigation pumping. The Arizona statutes acknowledge this, as they provided preference to districts in the allocation process for Hoover power. *See* A.R.S. § 30-125.A.1. To date, ED2 still has a large irrigation pumping load, such that our current Hoover and CRSP allocations do not provide sufficient energy to meet these pumping loads. Consequently, we need as much energy and capacity as possible to keep agriculture a viable economic venture in Arizona. Reducing the available energy per kilowatt of capacity by combining Hoover A and B into a single resource would be detrimental to our irrigation customers—the intended preference recipients of Hoover power.

Turning to the concept of augmenting Hoover power with other resources, ED2 recommends that the APA act in a consultative capacity to find resources that could be integrated with the Hoover resource. We don't recommend that the APA go to the next level and acquire these resources and blend them with Hoover power to create a new, perhaps larger, combined resource to accommodate additional "blended Hoover" allocations to new customers. The problem with this is it creates a "one size fits all" approach wherein some Hoover customers who may not need much additional power to meet their load requirements are nonetheless required to pay for a portion of a resource that they don't need. Conversely, other customers of the Authority, such as ED2, need additional power resources and have made arrangements to procure that power. Now that the enabling legislation to form Joint Action Agencies in Arizona is in place, the state's tax-exempt entities have the ability to jointly develop power supply options that were previously unavailable to small, individual systems.

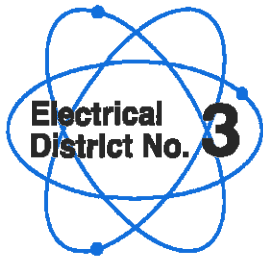
Your letter specifically mentioned integrating solar power into the Hoover resource. This may be possible if the economics are favorable, but, as with other resource development, we would prefer to do it through the JAA.

I appreciate the effort you are taking to solicit our opinions regarding the post-2017 reallocation of Hoover power. We consider it to be a resource critical to the continuation of agriculture in our area, and we are understandably quite concerned if there are any changes made to the current allocations. We already are dealing with what appears to be a long-term reduction in the amount of water available for hydroelectric power production, coupled with a long-term reduction in the amount of CAP water that will be allocated to irrigation districts. It is our hope that additional reductions to ED2's Hoover power allocation can be minimized as the Authority conducts its post-2017 reallocation process.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas S. Martin". The signature is fluid and cursive, with a large initial "T" and "M".

Thomas S. Martin
General Manager

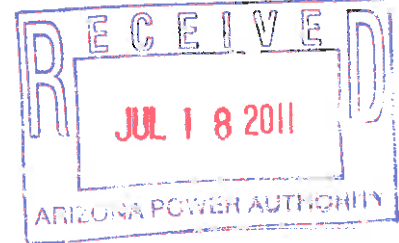


ELECTRICAL DISTRICT NO. 3 OF PINAL COUNTY

District Administration
41630 W. Louis Johnson Drive
Maricopa, AZ 85138-5402

Main (520) 424-9311 • Fax (520) 424-9065
www.ed3onlin.org

July 15, 2011



Mr. Joseph W. Mulholland, Executive Director
Arizona Power Authority
1810 W. Adams Street
Phoenix, Arizona 85007-2697

RE: POST-2017 HOOVER POWER ALLOCATION PROCESS

Dear Mr. Mulholland,

The purpose of this letter is to respond to your memo of June 8, 2011, pertaining to the above-referenced matter. I serve as General Manager of Electrical District No. 3 of Pinal County, Arizona ("ED3"). ED3 holds a percentage of the current Hoover Power allocation. This resource is critical to the current and future obligations of ED3 to deliver power to its largely agricultural based customers.

ED3's Hoover allocations will become even more important post 2017. As you may know, ED3's largest customer is the Maricopa-Stanfield Irrigation and Drainage District ("MSIDD") which delivers Arizona's Central Arizona Project ("CAP") agricultural water to farmers in Pinal County. However, the entitlement of irrigation districts to CAP water will be reduced over time. The first such reduction occurs in 2017 as twenty five percent (25%) of the agricultural CAP Excess Water Pool is eliminated. The next twenty five percent (25%) reduction of this Pool occurs in 2024. The Pool is eliminated altogether at the end of 2030. The result of these Pool reductions is that Pinal County irrigation districts will need to rely even more on hydropower allocations to pump groundwater to meet the future needs of their customers after 2017.

ED3 has approximately 130,000 acres in its service area and a very minor portion, approximately 5,000 acres, has converted away from agricultural lands. ED3 now also serves the City of Maricopa. Additionally, MSIDD, which overlaps much of ED3's service territory, has nearly as many acres in agricultural production as it ever has; therefore, its reliance on Hoover Power from ED3 will continue to remain as important as ever. Consequently, the Hoover Power needs will actually increase post 2017 for ED3 to serve its customers and future allocations of Hoover must take this into consideration.

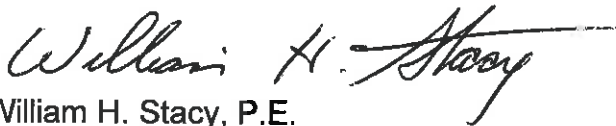
Mr. Joseph W. Mulholland, Executive Director
Arizona Power Authority
July 15, 2011
Page 2

Your June 8 memo makes no reference to the States' preference law for power allocation. As you know, A.R.S. § 30-125 A.1 provides a preference to "Districts" such as ED3. We certainly expect the Authority to be governed by this statutory mandate in its allocation decision for Post-2017 Hoover Power.

In regard to your fourth paragraph of your letter, "Should the Power Authority enter into contracts to buy additional power and energy to supplement Hoover and make this supplemental resource available for all applicants in 2017?" As long as the additional power and energy does not directly impact Hoover Power and was at a low market price, ED3 would be in favor of additional power supplies from the APA.

ED3 looks forward to working with you and the Commission on this critical issue. Please feel free to contact me at (520) 424-0420 should you have additional questions regarding this letter and ED3's concerns.

Sincerely,

A handwritten signature in black ink that reads "William H. Stacy". The signature is written in a cursive style with a long horizontal flourish extending to the right.

William H. Stacy, P.E.
General Manager

WHS/nam

ELECTRICAL DISTRICT NO. 4

**Pinal County
P. O. Box 605
Eloy, AZ 85131**

**BOARD OF DIRECTORS
MARK HAMILTON, CHAIRMAN
CHARLES BUSH
THOMAS W. ISOM
JAMES F. SHEDD
WILLIAM WARREN**

ELECTRICAL DISTRICT NO. 5

**Pinal County
P. O. Box 576
Eloy, AZ 85131**

**BOARD OF DIRECTORS
DANIEL F. SHEDD, CHAIRMAN
DON ENGLAND JR.
VINCENT LAPAGLIA
DAVE STEVENSON
WILLIAM WOEHLCKE**



RON MCEACHERN, GENERAL MANAGER

July 26, 2011

Mr. Joseph W. Mulholland, Executive Director
Arizona Power Authority
1810 W. Adams Street
Phoenix, Arizona 85007-2697

Re: Post-2017 Hoover Power Allocation Process

Dear Mr. Mulholland,

The purpose of this letter is to respond to your memo of June 8, 2011 pertaining to the above referenced matter. I serve as General Manager to Electrical District Nos. 4 and 5 of Pinal County, Arizona ("District"). Combined, the Districts hold a significant percentage of the current Hoover A Power allocation. This resource is critical to the current and future obligations of the District to deliver power to their largely agricultural based customers.

The Districts' Hoover allocations become even more important post 2017. As you may know, the largest customer of the Districts is the overlapping irrigation district which delivers Central Arizona Project ("CAP") agricultural water to farmers in the ED4 and ED5 service areas. However, the entitlement of this irrigation district to CAP water will be reduced over time. The first such reduction occurs in 2017 as twenty five percent (25%) of the agricultural CAP Excess Water Pool is eliminated. The next 25% reduction of this Pool occurs in 2024. The Pool is eliminated altogether at the end of 2030. The result of these reductions is that the Districts will need to rely even more on their hydropower allocations to pump groundwater to meet the future needs of their irrigation district customers after 2017. Additionally, through the SPPR process, the Districts have acquired access to supplemental power supplies which, along with their current hydro allocations, should meet their foreseeable future needs.

The Districts support the position of ED2 on the concept of augmenting Hoover Power with other resources and integrating solar power as set forth in Tom Martin's letter of July 6, 2011 to you.

Your June 8 memo makes no reference to the States' preference law for power allocation. As you know, A.R.S. §30-125A.1 provides a preference to "Districts" such as ED Nos. 4 and 5 of Pinal County. We certainly expect the Authority to be governed by this statutory mandate in its allocation decision for Post-2017 Hoover Power.

The Districts look forward to working with you and the Commission on this critical issue. Please feel free to contact me should you have additional questions regarding this letter.

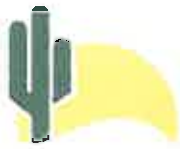
Sincerely,




Ron McEachern
General Manager

Electrical District No. 4 of Pinal County
Electrical District No. 5 of Pinal County

cc: Paul R. Orme, General Counsel



Grand Canyon State Electric Cooperative Association, Inc.

Your Touchstone Energy Cooperatives 



March 16, 2012

Mr. Joseph W. Mulholland
Executive Director
Arizona Power Authority
1810 W. Adams Street
Phoenix, AZ 85007-2679

Re: Response to Your June 8, 2011 Request Regarding the Post-2017 Hoover Power Allocation Process and Offered in Advance of the March 27, 2012 Interested Parties Meeting

Dear Mr. Mulholland:

The Grand Canyon State Electric Cooperative Association (GCSECA) is a regional trade association organized under Arizona law whose members include rural electric distribution cooperatives, generation and transmission cooperatives and several public power utilities. I am writing on behalf of the Arizona rural electric distribution and generation cooperatives that are members of GCSECA and are recognized as entities entitled to preference under federal statutes concerning the marketing of federal power. These entities are: Mohave Electric Cooperative, Bullhead City, AZ; Trico Electric Cooperative, Marana, AZ; Arizona Electric Power Cooperative, Benson, AZ; Sulphur Springs Valley Electric Cooperative, Willcox, AZ; Duncan Valley Electric Cooperative, Duncan, AZ; Graham County Electric Cooperative, Pima, AZ; and Navopache Electric Cooperative, Lakeside, AZ.

Our members believe electric cooperatives in Arizona are, or should be, entitled under federal law to an allocation of Schedule A energy from the Boulder Canyon Project Hoover Plant ("BCP") in the post-2017 time period.

Our members support a Hoover marketing process that is open, transparent and which collects all relevant data concerning use of electric resources by eligible applicants for Hoover power. Whether there is a shortage of Hoover power and energy to meet qualified and eligible demand invoking the provisions of Section 125 (a) of the state statutes depends on a thorough and complete review of relevant data.

Our members support reallocation to existing Schedule A contractors of a substantial percentage of the existing contractors' Section 125 (a) contingent capacity and marketable firm energy. The reallocation should be proportionate to the existing contractors and take into consideration all relevant data concerning needs and changed circumstances proportionally upon their existing allocations of marketed annual firm energy. We support the original intent of Section 125 to assist irrigation and irrigated agriculture and note that Arizona's rural electric cooperatives serve significant agricultural loads within their service areas.

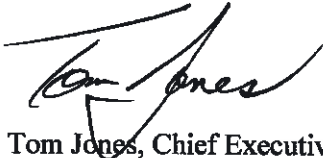
Our members support creation of a single, one-time resource pool consisting of contingent capacity with associated megawatt hours of annual firm energy allocated to the electric cooperatives in Arizona. We firmly believe the five (5) percent resource pool established in H.R. 470 and designated as Schedule D is inadequate to meet the needs of the many electric cooperatives and public power utilities that have been denied access to firm Hoover power for what will soon be 80 years before the post-2017 remarketing takes effect.

Our members support electric service contracts for a term as currently prescribed in Arizona Power Authority (APA) rules of twenty (20) years but also support regulation changes extending the terms to not more than thirty (30) years. Changing times and circumstances, changing demographics, changing economic conditions and changing utility dynamics argue against any longer timeframe for extension of APA contracts. In our opinion, it is reasonable to require that contractors begin fifteen (15) years after the commencement of the new contracts to work with the APA in the creation of the next allocation to be marketed.

Mr. Mulholland, Arizona's electric cooperatives look forward to inclusion and participation in the allocation and marketing of post-2017 BCP Hoover resources and especially to working with you, your staff, commissioners and all interested parties in what we expect will be an open, transparent and fair process.

Sincerely,

GRAND CANYON STATE ELECTRIC COOPERATIVE ASSOCIATION

A handwritten signature in black ink, appearing to read "Tom Jones", written over a faint rectangular box.

Tom Jones, Chief Executive Officer

cc: Lt. General John I. Hudson, Chairman
Stephen M. Brophy, Vice Chairman
Joe Albo, Commissioner
Dalton H. Cole, Commissioner
Richard S. Walden, Commissioner

**IRRIGATION & ELECTRICAL DISTRICTS
ASSOCIATION OF ARIZONA**

R.D. JUSTICE
PRESIDENT

ELSTON GRUBAUGH
VICE-PRESIDENT

SUITE 140
340 E. PALM LANE
PHOENIX, ARIZONA 85004-4603
(602) 254-5908
Fax (602) 257-9542
E-mail: rslynch@rslynchaty.com

WILLIAM H. STACY
SECRETARY-TREASURER

ROBERT S. LYNCH
COUNSEL AND
ASSISTANT SECRETARY-TREASURER

E-MAILED ONLY

July 6, 2011



Mr. Joseph W. Mulholland
Executive Director
Arizona Power Authority
1810 W. Adams Street
Phoenix, Arizona 85007-2697

Re: Post-2017 Hoover Power Allocation Process; Your Memo of June 8, 2011

Dear Joe:

I don't know what response you have had yet to your memo. However, it has engendered considerable discussion. As a result, I was asked to send you some thoughts that have arisen during these discussions.

Timing: We checked and the last APA Hoover marketing process was initiated with a Public Information Forum on September 14, 1984. Contracts were available for execution on October 1, 1985. The rest of the paperwork dragged on for another year but the main administrative process was completed in 13 months. That time frame and the time requirements of your rules (A.A.C.R. 12-14-201) seem to indicate that the formal process will be carried out rather promptly.

Rulemaking: While we have slightly over 6 years to accomplish this task, beginning a discussion of this subject with you seems prudent. There have been changes to Arizona's Administrative Procedure Act and other changes in Arizona law since 1984 that could impact the upcoming process. The Authority may need to consider adjustments to its current rules. Some of this adjustment may depend on whether Congress passes the Hoover Bill (H.R. 470; S. 519).

The rules applicable to power purchase certificates may also need reviewing and, here again, the nature of that review may depend on whether Congress acts.

We realize that the Authority's rules were last amended only 8 years ago (March 15, 2003). But much has happened in those 8 years, which leads us to suggest that process and possible rulemaking, because of the time rulemaking takes if you conclude it is necessary, should be the first order of business.

Moving Forward: Fortunately, we have a mechanism available to the Authority for having candid, informative discussions: the Common Interest Group. The Authority's foresight in establishing this group is evident. Attorneys for the Authority, its customers and other interested parties who have executed, or who are willing to execute, the Common Interest Agreement can address these issues and provide valuable assistance to the Authority.

SERVING ARIZONA SINCE 1962

Mr. Joseph W. Mulholland
July 6, 2011
Page 2

We hope you will agree that convening the Common Interest group is a proper first step in preparing the Authority to initiate and complete the Post-2017 Hoover Power Allocation Process.

Thank you for the opportunity to comment on this process and thank you for stirring us to begin focusing on this vital resource.

Sincerely,

/s/

Robert S. Lynch
Counsel and Assistant Secretary/Treasurer

RSL:psr

cc: Arizona Power Authority Commissioners
IEDA Members



P.O. Box 1045, Bullhead City, AZ 86430



Mr. Joseph Mulholland
Executive Director
Arizona Power Authority
1810 W. Adams Street
Phoenix, AZ 85007-2679

Re: Response to Your June 8, 2011 Request Regarding the Post-2017 Hoover Power Allocation Process and Offered in Advance of the March 27, 2012 Interested Parties Meeting

Dear Mr. Mulholland:

Mohave Electric Cooperative, Inc. (MEC) is a distribution cooperative serving approximately 39,500 members, in the communities of Bullhead City, Fort Mohave, Mohave Valley, Golden Shores, Wikieup, Hackberry and Peach Springs, providing service over some 1,445 miles of energized line, with an electrical service area of nearly 1,300 square miles across three counties. In addition to Residential accounts, Mohave Electric serves 11 Federal installations and 18 Department of Interior accounts, 39 Fort Mohave Tribe accounts, 6 Havasu National Wildlife accounts, 600 Hualapai Tribe accounts (or about 1200 Native American persons) 180 Bullhead City, Arizona municipal accounts, 7 community college accounts, 11 mining accounts and 33 farm accounts. For more than six decades, Mohave Electric has been providing electrical service to members with the highest possible service at the lowest possible costs.

MEC believes that electric cooperatives in Arizona are, or should be, entitled under federal law to an allocation of Schedule A energy from the Boulder Canyon Project Hoover Plant ("BCP") in the post-2017 time period.

MEC support's a Hoover marketing process that is open, transparent and which collects all relevant data concerning use of electric resources by eligible applicants for Hoover power. Whether there is a shortage of Hoover power and energy to meet qualified and eligible demand invoking the provisions of Section 125 (a) of the state statutes depends on a thorough and complete review of relevant data.

We support reallocation to existing Schedule A contractors of a substantial percentage of the existing contractors' Section 125 (a) contingent capacity and marketable firm energy. The reallocation should be proportionate to the existing contractors and take into consideration all relevant data concerning needs and changed circumstances proportionally upon their existing allocations of marketed annual firm energy. We support the original intent of Section 125 to assist irrigation and irrigated agriculture and



Joseph L. Mulholland
March 19, 2012
Page 2

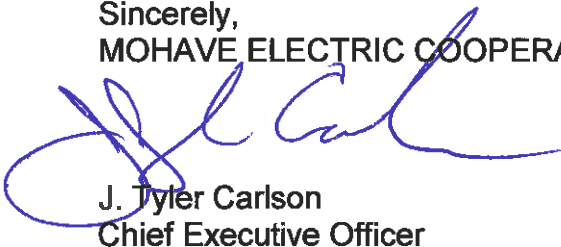
note that Arizona's rural electric cooperatives serve significant agricultural loads within their service areas.

MEC support's creation of a single, one-time resource pool consisting of contingent capacity with associated megawatt hours of annual firm energy allocated to the electric cooperatives in Arizona. We firmly believe the five (5) percent resource pool established in H.R. 470 and designated as Schedule D is inadequate to meet the needs of the many electric cooperatives and public power utilities that have been denied access to firm Hoover power for what will soon be 80 years before the post-2017 remarketing takes effect.

Our members support electric service contracts for a term as currently prescribed in Arizona Power Authority (APA) rules of twenty (20) years but also support regulation changes extending the terms to not more than thirty (30) years. Changing times and circumstances, changing demographics, changing economic conditions and changing utility dynamics argue against any longer timeframe for extension of APA contracts. In our opinion, it is reasonable to require that contractors begin fifteen (15) years after the commencement of the new contracts to work with the APA in the creation of the next allocation to be marketed.

Mr. Mulholland, MEC looks forward to working with you, your staff, commissioners and all interested parties in the allocation and marketing of post-2017 BCP Hoover resources in what we expect will be an open, transparent and fair process.

Sincerely,
MOHAVE ELECTRIC COOPERATIVE, INC.



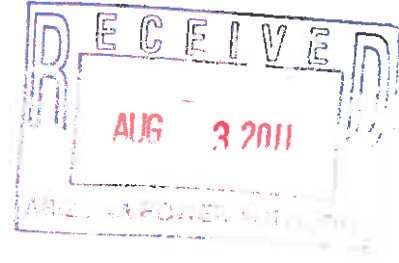
J. Tyler Carlson
Chief Executive Officer

cc: Lt. General John I. Hudson, Chairman
Stephen M. Brophy, Vice Chairman
Joe Albo, Commissioner
Dalton H. Cole, Commissioner
Richard S. Walden, Commissioner



Sheryl A. Sweeney
Direct Line: 602-440-4824
Direct Fax: 602-257-6924
Email: ssweeney@rcalaw.com

August 2, 2011



Mr. Joseph Mulholland
Executive Director
Arizona Power Authority
1810 West Adams Street
Phoenix, Arizona 85007

Re: Post-2017 Hoover Allocation Process

Dear Joe:

By memorandum dated June 8, 2011, you requested input and ideas on the Authority's allocation of Hoover power for the Post-2017 era. As you and I have discussed, I had not responded because we are not sure what our position is regarding many of the issues you raised. Nevertheless, I did not want you to think we were ignoring you.

Speaking for my clients (ED6, ED7, MWD, BWCDD, RID) and, with their permission, TID, ED8, Aguila, Harquahala and McMullen, at this point, our primary focus is on getting the federal legislation passed. It will be easier to think about the Authority process once we know what we are dealing with.

After the federal legislation passes (fingers crossed), we will be interested in sitting down with you and other interested parties to brainstorm. In the meantime, we will continue to think about this and bat ideas around internally.

Thanks for your patience.


Very truly yours,

Sheryl A. Sweeney

c: R. D. Justice Jim Downing
Jim Sweeney Beth Story
Stan Ashby Jay Moyes
Donovan Neese Dennis Delaney
Ed Gerak Ken Saline
Jeff Woner
Bill Van Allen
Jim Wales



**Sulphur Springs Valley
Electric Cooperative, Inc.**

A Touchstone Energy Cooperative 

350 North Haskell Avenue
Willcox, AZ 85643-1718
Telephone (520) 384-2221



March 16, 2012

Mr. Joseph W. Mulholland
Executive Director
Arizona Power Authority
1810 W. Adams Street
Phoenix, AZ 85007-2679

Re: Response to Your June 8, 2011 Request Regarding the Post-2017 Hoover Power Allocation Process and Offered in Advance of the March 27, 2012 Interested Parties Meeting

Dear Mr. Mulholland:

Sulphur Springs Valley Electric Cooperative (SSVEC) is a rural electric distribution cooperative located in Cochise County. SSVEC also serves portions of Graham, Pima and Santa Cruz counties. Our service area is approximately 6,400 square miles, which is larger than three states. We have approximately 53,000 electric meters and we serve over 39,000 members. We deliver electricity for irrigated agriculture to approximately 783 irrigation accounts and sold 159,433,045 kWh to our member irrigators in 2011 which represents 19% of our kWh sold. Cochise County farmed over 824,000 acres in 2007.

SSVEC and our members believe SSVEC and other Arizona electric cooperatives are, or should be, entitled under federal law to an allocation of Schedule A energy from the Boulder Canyon Project Hoover Plant ("BCP") in the post-2017 time period.

SSVEC and our members support a Hoover marketing process that is open, transparent and which collects all relevant data concerning use of electric resources by eligible applicants for Hoover power. Whether there is a shortage of Hoover power and energy to meet qualified and eligible demand invoking the provisions of Section 125 (a) of the state statutes depends on a thorough and complete review of relevant data.

SSVEC and our members support reallocation to existing Schedule A contractors of a substantial percentage of the existing contractors' Section 125 (a) contingent capacity and marketable firm energy. The reallocation should be proportionate to the existing contractors and take into consideration all relevant data concerning needs and changed circumstances proportionally upon their existing allocations of marketed annual firm energy. We support the original intent of Section 125 to assist irrigation and irrigated

agriculture and note that Arizona's rural electric cooperatives serve significant agricultural loads within their service areas.

SSVEC and our members support creation of a single, one-time resource pool consisting of contingent capacity with associated megawatt hours of annual firm energy allocated to the electric cooperatives in Arizona. We firmly believe the five (5) percent resource pool established in H.R. 470 and designated as Schedule D is inadequate to meet the needs of the many electric cooperatives and public power utilities that have been denied access to firm Hoover power for what will soon be 80 years before the post-2017 remarketing takes effect.

SSVEC and our members support electric service contracts for a term as currently prescribed in Arizona Power Authority (APA) rules of twenty (20) years but also support regulation changes extending the terms to not more than thirty (30) years. Changing times and circumstances, changing demographics, changing economic conditions and changing utility dynamics argue against any longer timeframe for extension of APA contracts. In our opinion, it is reasonable to require that contractors begin fifteen (15) years after the commencement of the new contracts to work with the APA in the creation of the next allocation to be marketed.

Mr. Mulholland, SSVEC looks forward to working with you, your staff, commissioners and all interested parties on behalf of our members in the allocation and marketing of post-2017 BCP Hoover resources in what we expect will be an open, transparent and fair process.

Respectfully,



Creden W. Huber
Chief Executive Officer
Sulphur Springs Valley Electric Cooperative, Inc.

cc: Lt. General John I. Hudson, Chairman
Stephen M. Brophy, Vice Chairman
Joe Albo, Commissioner
Dalton H. Cole, Commissioner
Richard S. Walden, Commissioner



March 16, 2012



Joseph W. Mulholland
Executive Director
Arizona Power Authority
1810 W. Adams Street
Phoenix, Arizona 85007-2679

Re: Response to Your June 8, 2011 Request Regarding the Post-2017 Hoover Power Allocation Process and Offered in Advance of the March 27, 2012 Interested Parties Meeting

Dear Mr. Mulholland,

Trico Electric Cooperative, Inc. is a non-profit electric distribution cooperative, formed in 1945. It serves more than 38,000 customers/members in northwest Tucson, Marana, Corona de Tucson, Sahuarita, Green Valley, Three Points, Arivaca and Sasabe.

Trico believes electric cooperatives in Arizona are, or should be, entitled under federal law to an allocation of Schedule A energy from the Boulder Canyon Project Hoover Plant ("BCP") in the post-2017 time period.

Trico supports a Hoover marketing process that is open, transparent and which collects all relevant data concerning use of electric resources by eligible applicants for Hoover power. Whether there is a shortage of Hoover power and energy to meet qualified and eligible demand invoking the provisions of Section 125 (a) of the state statutes depends on a thorough and complete review of relevant data.

Trico supports reallocation to existing Schedule A contractors of substantial percentage of the existing contractors' Section 125 (a) contingent capacity and marketable firm energy. The reallocation should be proportionate to the existing contractors and take into consideration all relevant data concerning needs and changed circumstances proportionally upon their existing allocations of marketed annual firm energy. We support the original intent of Section 125 to assist irrigation and irrigated agriculture and note that Arizona's rural electric cooperatives serve significant agricultural loads within their service areas.

J. Mulholland
March 16, 2012
Page Two

Trico supports creation of a single, one-time resource pool consisting of contingent capacity with associated megawatt hours of annual firm energy allocated to the electric cooperatives in Arizona. We firmly believe the five percent resource pool established in H.R. 470 and designated as Schedule D is inadequate to meet the needs of the many electric cooperatives and public power utilities that have been denied access to firm Hoover power for what will soon be 80 years before the post-2017 remarketing takes effect.

Trico supports electric service contracts for a term as currently prescribed in Arizona Power Authority (APA) rules of twenty years but also supports regulation changes extending the terms to not more than thirty years. Changing times and circumstances, changing demographics, changing economic conditions and changing utility dynamics argue against any longer timeframe for extension of APA contracts. In our opinion, it is reasonable to require that contractors begin fifteen years after commencement of the new contracts to work with the APA in the creation of the next allocation to be marketed.

Trico looks forward to inclusion and participation in the allocation and marketing of post-2017 BCP Hoover resources and especially to working with you, your staff, commissioners and all interested parties in what we expect will be an open, transparent and fair process.

Sincerely,



Vincent Nitido
CEO/General Manager

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c: Lt. General John I. Hudson, Chairman
Stephen M. Brophy, Vice Chairman
Joe Albo, Commissioner
Dalton H. Cole, Commissioner
Richard S. Walden, Commissioner