

P.O. Box 52025
Phoenix, AZ 85072-2025



September 4, 2012

Mr. John I. Hudson
Chairman
Arizona Power Authority
1810 W. Adams Street
Phoenix, Arizona 85007-2697



Re: Vice-Chairman Stephen Brophy

Dear Mr. Hudson,

As you know, the Salt River Project Agricultural Improvement and Power District (SRP) has been a longstanding APA customer and a participant in the *APA Process for Allocating Hoover Post 2017 Power*. Recently, SRP received a notice issued in association with a Special Meeting and Executive Session of the Arizona Power Authority Commission on September 6, 2012. Of particular interest to SRP, is the agenda item regarding "*Vice-Chairman Brophy's status (concerning Conflict of Interest)*". Although we are not familiar with the specific details of these allegations, SRP would like to express our sincere support and appreciation for the outstanding leadership and direction provided to the Arizona Power Authority (APA) by Vice-Chairman Stephen Brophy since being appointed to the APA Commission by Governor Brewer in April 2009.

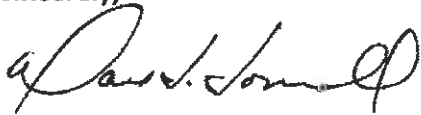
From our observation, Commissioner Brophy has proven himself to be an outstanding contributor to the APA. Commissioner Brophy has been fair and objective in the execution of duties related to the APA's business. He has shown a willingness to listen to APA customers and take appropriate and balanced action in support of their interests and the interests of the State of Arizona. With his support, significant federal legislation was successfully passed, ensuring the continuation of an allocation of capacity and energy from the Boulder Canyon Project (i.e., Hoover Dam) for the States of Arizona, California and Nevada beyond 2017. Now that the allocation process is about to begin to distribute this federally allocated capacity and energy within the State of Arizona, Vice-Chairman Brophy has once again demonstrated unparalleled leadership and direction in developing his *Proposal for Establishing Qualitative Principles for the APA Process for Allocating Hoover Post 2017 Power*, dated May 31, 2012; a proposal that has substantial support from the current APA customer base.

The APA Process for Allocating Hoover Post 2017 is a significant project that will require collaboration among the various stakeholders and such is very important to SRP and the State of Arizona.

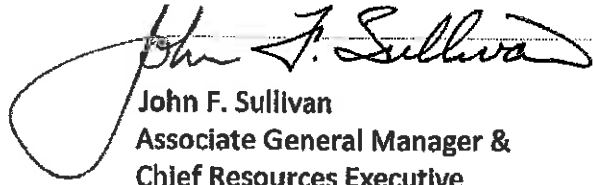
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We look forward to working with the APA Commission and staff to finalize the post-2017 allocation process for Hoover power within the State of Arizona.

Sincerely,



Mark B. Bonsall
General Manager &
Chief Executive Officer



John F. Sullivan
Associate General Manager &
Chief Resources Executive

cc: Governor Jan Brewer
Eileen Klein, Chief of Staff
Steve Pierce, President of Senate
Andy Tobin, Speaker of the House
APA Commissioners:
Joe A. Albo
Stephen M. Brophy
Dalton H. Cole
Richard S. Walden
Joseph W. Muitholland