

TONOPAH IRRIGATION DISTRICT

Presentation to Arizona Power Authority Concerning 2017 Hoover Process and District's Needs

October 24, 2012

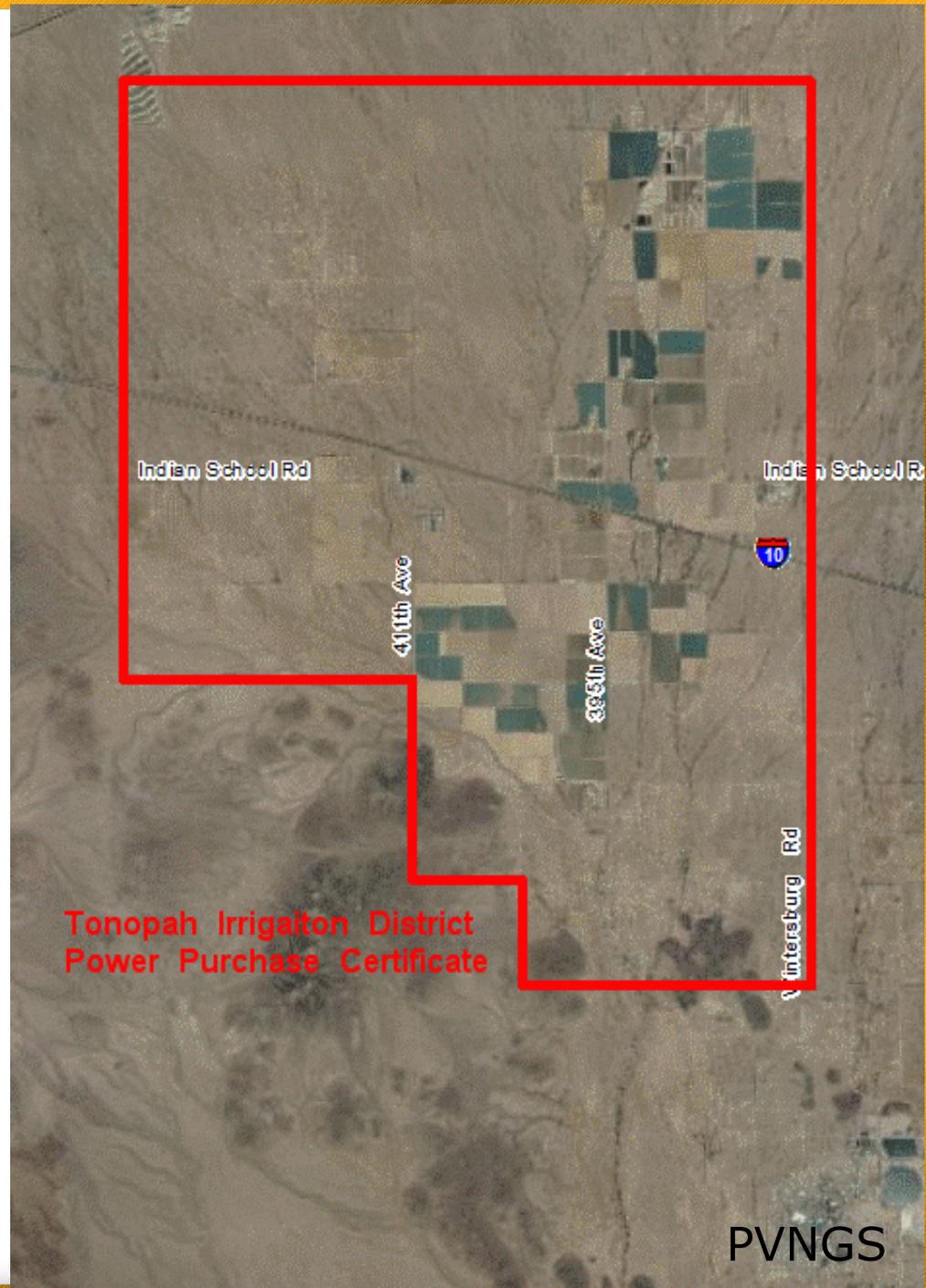
Elizabeth Story, Administrator

Location

Tonopah Irrigation District is located in Western Maricopa County between Buckeye and the Harquahala Valley and is within the Phoenix AMA.

Most of the District is within the 10 mile radius of Palo Verde Nuclear Generating Station.

District serves electric power to nearly 7,500 acres of Ag land. Crops grown in 2012 include alfalfa, barley, corn, cotton, sorghum and wheat.



History Highlights

District Formed in 1977 for the purpose for seeking an allocation of Central Arizona Project Water.

Received a CAP allocation in 1983, began deliveries in 1986.

Received an Allocation of Hoover in the 1987 process and began deliveries pursuant to contracts with APS that also provided for any additional power needed to meet our customers' needs.

Cost of CAP became unaffordable. By 1991 almost no CAP used.

Groundwater Savings Facility began 1992. Delivers "in lieu" water.

Arizona Water Settlements Act of 2004

Relinquished the long term CAP allocation

Received

debt relief

affordable, limited, declining supply ending 12-31-2030

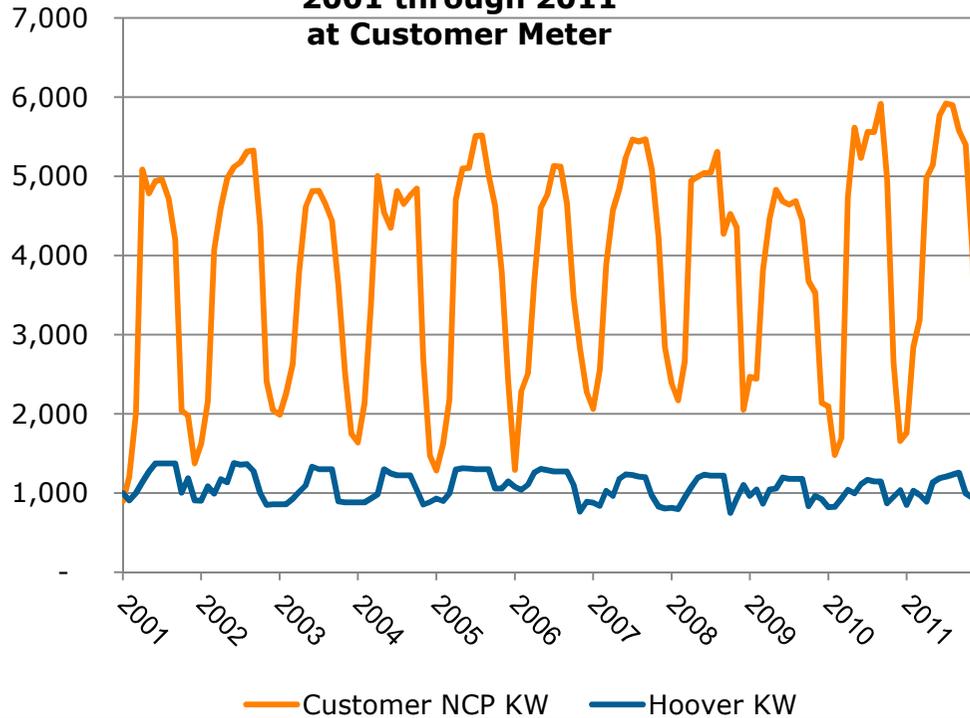
Hoover "A" is Tonopah's only preference resource.

Dramatically less than our needs.

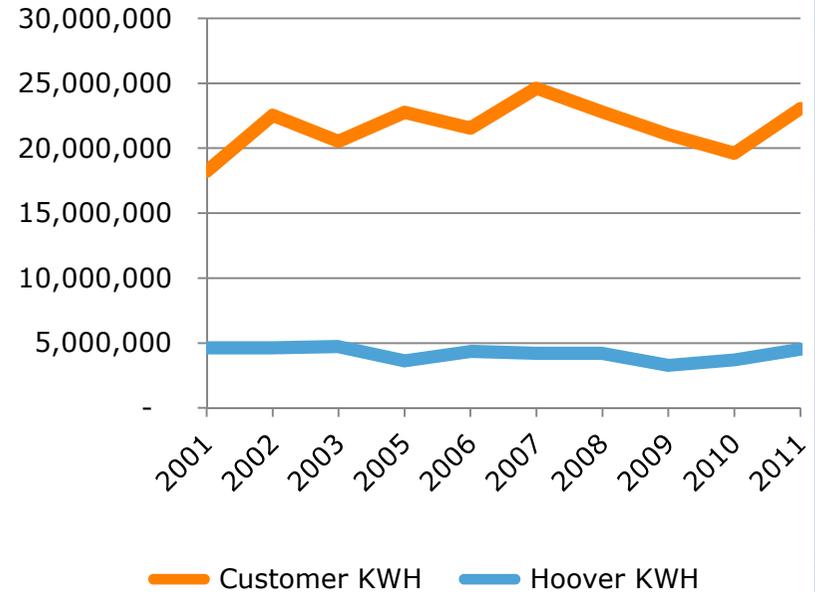
APS provides "as needed" power.

Banking, Supplemental, Hoover Exchange appreciated.

**Tonopah Irrigation District
Monthly Kilowatts
2001 through 2011
at Customer Meter**



**Tonopah Irrigation District
Annual Kilowatt Hours
2001 through 2011
at Customer Meter**



Hoover Allocation at APS's Buckeye Substation:

**1.49 MW
5,093 MWH**

Power Use

39 Meters – 100% agriculture related load.

Calendar 2011 KWH delivered to:

Irrigation Pumping	66.8%
Dairies	32.8%
Bean Processing Plant	0.4%

**5 year average annual non-coincident peak demand
and total energy use at meters:**

**5.5 MW
22,000 MWH**

2012 will be significantly higher than average.

Future CAP Impacts

Tonopah and other CAP Ag users currently share a 400,000 AF "Ag Pool" which declines over time and ends 12-31-2030.

2017-2023	300,000 AF
2024-2030	225,000 AF
2031 -	zero

Most Groundwater Savings Facilities, including Tonopah's, are supplied with physical CAP water that comes from CAP's "Excess Water" supply.

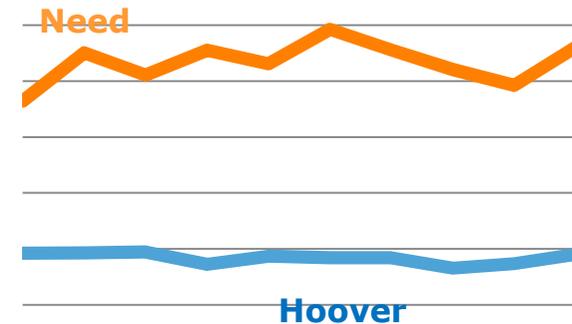
Excess water amounts are falling. Orders now exceed supply.

We think it reasonable to use "normalized loads" that consider the loss of CAP, Ag Pool and In Lieu, when considering allocations. These amounts of CAP water will be replaced by pumping groundwater.

What should we ask for? How should we decide?

- Current Hoover– insufficient for needs.
- APS contracts – charges increasing.
- CAP availability – rapidly declining.
- Alternate Power sources – expensive.
- Ag Economy – needs affordable water.

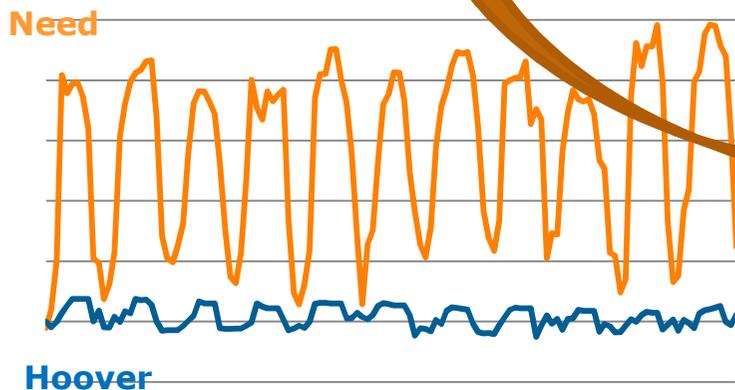
Annual Kilowatt Hours



Hoover – lowest cost.

We would like to have enough Hoover to serve our entire “normalized” load.

Monthly Kilowatts



Unrealistic !

What will we ask for?

How should APA Allocate?

The Authority should adopt the “Customer Proposal” which would allocate all APA 2017 “A” and “B” to current customers in proportion to their current allocations and would allocate “D” to new entrants, all for a term of 50 years.

The “A” and “B” allocation decision should be made as soon as possible in favor of the Customer Proposal.

Fair and Reasonable – Reasons include:

- Mirrors method used by Western in recent allocations**
- Current customers paid the capital costs of the Dam**
- Customers were instrumental in passage of 2011 Act**
- New entrant provisions imply intent of Congress**
- Same result as California and Nevada**

The allocation of “A” and “B” should be done in advance of “D”

“Sound Bite” Answers to APA Questions

1. What resources would you seek?

We plan to seek a 50 year renewal of our current proportion of all Hoover “A” allocated to APA in the 2011 Act.

2. What do you plan to do with the Hoover power allocated to your system?

We will continue to serve Ag load with the power.

3. How much Hoover would you require?

We will accept our current proportion of 2017 Hoover “A” provided all other current customers are treated the same.

4. How much federal power do you currently receive?

Hoover “A” is our only preference resource.

5. How do you think the Hoover power should be allocated?

We firmly support the Customer Proposal that would give current customers their current proportion of all 2017 Hoover “A” and “B”. Hoover “D” would be allocated to new entrants. All contracts would be for a 50 year term.