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December 10, 2012



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

Re: Request for Proposal

Dear Joe:

I have collected the following comments from several folks¹ regarding the draft Request for Proposal to assist the APA Commission in the allocation and marketing of Hoover post-2017.

1. In general, the draft is very thorough and we are supportive of the concept.
2. Under the "Arizona Power Authority" section, third paragraph, it states that most customers will find it necessary to enter into supplemental power contracts with the control area operators where the customer load resides. It probably would be more accurate to simply end the sentence after "contracts."
3. In Task 1)2.d., the Consultant is asked to identify and summarize New Qualified Entities eligible for Hoover D in the Boulder Canyon Marketing Area. This may be too broad and could unnecessarily increase the cost of the study. If this requirement stays in the RFP, it should be clear that we only need the 50,000 foot review, not something more.
4. In Task 2)1.a., the Consultant is asked to identify legal and regulatory statutes used by Arizona for the remarketing of Hoover Power. It would probably be more appropriate to refer to legal and regulatory "criteria" or "principles," instead of "statutes." The RFP also should make clear that the Consultant will need to retain independent legal counsel as part of the Consultant's "team."
5. The Consultant should be explicitly directed to consider current allocations to existing A and B customers as a default methodology to compare with other options. The existing allocations should serve as a benchmark, so that alternatives can be compared and contrasted using the parameters in the RFP.

¹ Ken Saline, Dennis Delaney, R. D. Justice, Glen Vortherms, Jim Sweeney, Ed Gerak, Donovan Neese and Jeff Woner.

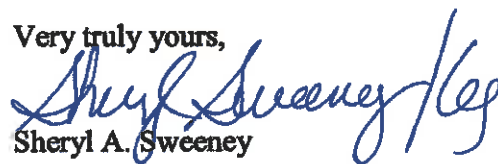
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& APPLEWHITE
Attorneys

6. We understand Task 4 (Sensitivity Analyses) to mean that APA's existing customers (and others) will have opportunities to interact with the Consultant, make suggestions, and ask that the Customer Proposal (i.e., renewal of A and B in proportion to current allocations) be evaluated. That is very important to us. Thank you for including it.

7. In the "Objective" section, it states that results of the study will be used as a basis for negotiations with potential customers. Does this mean that APA plans to try to reach a negotiated Final Marketing Plan?

Very truly yours,



Sheryl A. Sweeney

c: Dalton Cole
John Hudson
Steve Brophy
Dick Walden
Joe Albo
Ken Saline
Dennis Delaney
Jeff Woner
Glen Vortherms
Ed Gerak
Donovan Neese
Jim Sweeney
Jim Wales
Bill Van Allen
R. D. Justice
Jay Moyes
Bob Lynch
(all via email)