

SILVERBELL IRRIGATION & DRAINAGE DISTRICT

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RECEIVED

APR 28 2014

April 24, 2014

Mr. Mike Garza
Interim Executive Director
Arizona Power Authority
1810 West Adams Street
Phoenix, AZ 85007-2697

Arizona Power Authority

Re: Response to the Arizona Power Authority's (APA) Request for Written Comments Regarding the Process for Allocating Post-2017 Hoover Power within the State of Arizona.

Dear Mr Mike Garza:

The Silverbell Irrigation and Drainage District (SIDD) submits for the APA's consideration its comments regarding the above referenced matter. SIDD is in favor of allocating the Hoover A power to the existing Hoover A Customers of the APA according to Schedule A, Spreadsheet 2A, but with some adjustments as explained herein.

SIDD is an irrigation entity and supplies 100% of its Hoover power for agriculture purposes. There are no residential, commercial or other electric loads. SIDD received an allocation of Hoover A when the APA allocated Hoover power beginning in 1987. SIDD was allocated 710 kW and 2,417,000 kWh. This allocation has never met all of SIDD's power pumping requirements.

SIDD would propose that Schedule A, Spreadsheet 2A be revised to include only 2-years of historical load and possibly 2 to 3 years of projected load. The reason for not using the 5-year average load is that 3 out of the last 5 years include loads that were not representative of actual operations due to the economic conditions that prevailed during those years. All of the APA customers incurred some level of loss of load due to the economic depression that occurred. The agriculture industry was especially affected by the down turn in the economy. Accordingly, only the last 2-years of operations reflect realistic loads. The use of projected loads would reflect how the power is going to be used over the next few years. SIDD would be willing to provide data showing irrigable acreage and crop patterns for the 2 historical years and projected for 2 to 3 years in the future. SIDD is currently planting crops on almost a year around basis which is a significant departure from several years ago and has required additional power.

We also believe that the APA has to look at other factors that have a significant effect on small irrigators as opposed to the larger districts. The primary factor is the cost of supplemental power that is needed over and above Hoover A power. Many of the larger irrigation districts are participating in generation facilities and purchasing power on the open market. The smaller irrigators are at the mercy of the local utility serving in its area. SIDD currently must pay \$18.00/kW/month for all capacity not provided by the APA. This adverse situation is putting extreme pressure for SIDD to survive in a very cost competitive market. Accordingly, we believe the APA must consider other factors in addition to the use of historical loads to determine the allocations to Hoover A Customers.

We also believe that the APA must request a rigorous support for all load data and such data is based upon a common delivery point. This rigorous examination of all parties requiring an allocation of Hoover A should include a detailed explanation of how irrigation load is being metered and include the amount of acreage that is currently being irrigated, types of crops and crop patterns as compared to when Hoover A was allocated in 1987. We are fairly certain that some of the larger irrigation districts that include electrical districts are not irrigating as much land due to the development of both residential and commercial properties in their service areas.

We would also propose that in addition to keeping Salt River's allocation as is, the APA round up to whole kW amounts for all small irrigation customers that are currently receiving 3mW or less of Hoover A. Then the remaining portion of Hoover A, after deducting SRP, would then be allocated to all existing Hoover A customers based upon the last 2 historical years. This process gives some consideration to other factors that have a significant effect on small irrigation districts ability to compete and stay in business. This allocation process assumes that all of the Hoover A customers can justify its allocation by data supplied to the APA.

We appreciate the opportunity to respond to the APA on this matter and look forward to meaningful discussions with you.

Sincerely,



Jonathon Householder
Manager
Siverbell Irrigation & Drainage District