

July 29, 2014



Mr. Michael Gazda  
Interim Acting General Manager  
Arizona Power Authority  
1810 West Adams Street  
Phoenix, Arizona 85007-2697

Re: Comments on Issue Papers

Dear Michael,

The Metropolitan Domestic Water Improvement District (District) appreciates the opportunity by the Arizona Power Authority (APA) to provide comments on the above mentioned Issue Papers. Our comments are as follows:

Section I – Length of Contracts, the District supports a long contract period. However, the contract should include a provision for early termination for contractors who are financially unable to meet their payment obligations. The Central Arizona Project (CAP) has provided projections to its stakeholders on the possibility of Lake Mead water levels dropping below 1,000 feet if the Lower Basin States cannot find ways to stabilize Lake Mead water levels. CAP has noted from Bureau of Reclamation presentations that Lake Mead with water levels below 1,000 feet would cause operational difficulties at Hoover Dam to generate power and would take 10 to 15 years to return to normal operations.

Section IV – Attributing Schedule D Power to Schedules A and B, the District does not support splitting the D-2 pool into two subcategories. The new pool should be open to new allottees and not based on the preferences used in allocating Schedule A and B. The District is concerned the division into the two subcategories does not meet the objective of the D-2 pool being allocated throughout the state and equitably among new users.

Section IX – Reimbursement, the District believes D-1 contractors should not have to pay for APA's post 2017 allocation process, if the D-1 subcontractors are not receiving a post-2017 allocation for A, B, and D-2 power. The District does not object to paying reimbursement on past uprating costs if the costs can be quantified and equitably shared among the post-2017 allottees. The District would recommend prior to contracting that APA develop a proposal for review and comment.

Section XII – Power Purchase Certificates for Existing Customers, the District assumes this is not a requirement for D-1 allottees.

Section XIII – Application Review and Opportunity to Cure, suggest using alternative language than “pre-approval process” which implies the allocation decision has been made prior to the actual application due date. The District would prefer the application be pre-approved prior to submittal to avoid the need to correct deficiencies. The Issue Paper states that APA could still determine a deficiency could exist even after pre-approval of the application. The District believes if APA gives a pre-application approval and the applicant submits the same application to APA by the submittal deadline that a decision later by APA of the application being deficient defeats the pre-application approval process. The District does not believe entities that rely on third parties for data cannot meet the seven day deadline.

#### Section XV – Data Submission and Standardization

- A. Where Load is Measured, the District does not own and operate the transmission system that it receives power from, thus requiring the applicant to adjust load measured at the applicants distribution metering point to the high side of the transmission delivery point chosen is not feasible because the District does not possess that knowledge and data. APA should provide applicants with a concise methodology to complete such a task with the data that an applicant has from the distribution metering point.
- B. Definition of “Agriculture” for Determining Agricultural Load, APA should for Schedule A only allocate loads that are directly attributable to agricultural and irrigation purposes and not include Municipal and Industrial load or increase load over that which existed in 1985. Otherwise, the priority preferences by APA’s consultant for “Districts” and incorporated cities or towns and cooperatives should be levelized (equal priority) instead of priority cited in the Draft Plan.

Please feel free to call me at (520) 575-8100, if you have questions on these comments.

Sincerely,



Michael W. Block

Water Resources Manager