



January 29, 2015

Mike Gazda, Executive Director
mike@powerauthority.org

Re: Comments on APA Timeline for Formal Process to Allocate Post-2017 Hoover Power and Formation of New Special Districts

Dear Mr. Gazda:

These comments are submitted on behalf of Electrical Districts No. 2, 3, 4 & 5 of Pinal County (“Pinal Districts”). Prior comments submitted to the Commission have described the Pinal Districts in detail and will not be repeated here.

The purpose of these comments is to respond to the Commission’s request set forth in Attachment 1 for Agenda Item H.I at the Commission’s January 20, 2015 regular meeting (“Attachment 1”). The first issue presented was with respect to the timeline for the Formal Process, and an “Option 1” and “Option 2” were described in the materials presented at the January 20 meeting. Certain oral comments made at the meeting suggested a possible hybrid of Options 1 and 2, and the Pinal Districts might support such an option once it is presented in writing. Without the benefit of a full description of the “Hybrid Option”, the Pinal Districts endorse Option 1 primarily for the requirement that full applications are filed before a Preliminary Proposal is made by the Commission. This seems to be the most rational approach for developing a complete and comprehensive Preliminary Proposal. It would also seem to allow for more meaningful Public Information and Public Comment conferences. The Pinal Districts have submitted considerable data to the Commission to date under the Informal Process, and the final application forms should require comprehensive data from all applicants, whether or not they have chosen to participate in the Informal Process.

The second issue presented in Attachment 1 requests comment on the formation of new special districts and whether or not the statutory formation of such districts should be fully completed by the time Post-2017 Hoover Power applications are submitted on behalf of such

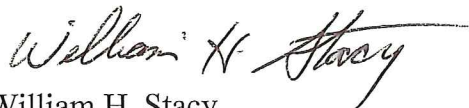
districts. Paul Orme, representing several of the undersigned Pinal Districts, presented oral comments on this issue at the January 20 meeting which are fully endorsed herein. The Pinal Districts believe new special districts must be fully formed at the time Post-2017 Hoover Power applications are submitted. To allow applications from “potential” special districts could lead to an inefficient and possibly useless initial allocation by the Commission if such “potential” districts never receive a resolution and order of formation from the pertinent County Board of Supervisors. Generally, once a petition for formation of a new special district is filed, a public hearing must be held before the County Board of Supervisors where the statutory thresholds are determined by the board and, if met, an organizational election of the eligible voters in the proposed district is held. Landowners may request to be excluded from the proposed district or challenge the need for another local taxing authority. All final orders of the board of supervisors may be appealed to the Superior Court. Consequently, the process of successful formation of special districts is not certain and can take a great deal of time if challenged along the way. Speculation on a successful formation process of a new special district should not be adequate to support an application for a resource as important and limited as Post-2017 Hoover Power.

The undersigned Pinal Districts appreciate the opportunity to submit these comments.

Sincerely,



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General Manager, ED2



William H. Stacy
General Manger, ED3



Ron McEachern
General Manger, ED4 & ED5

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