

**APA POST-2017 HOOVER ALLOCATION POLICIES  
PRELIMINARY PROPOSAL ALTERNATIVES**

**POLICY 1. Decide qualitative method of allocating post-2017 Hoover A and B (assume A.R.S. §30-125 Hoover A preferences apply) -**

**Alternative 1:**

- **Hoover A:** Allocate post-2017 Hoover A to existing A customers to the extent of their pre-2017 contract amounts: \_\_\_\_\_ 189,000 kW -and \_\_\_\_\_ 645,898,000 kwh.
- **Hoover B:** Allocate post-2017 Hoover B to existing B customers to the extent of their pre-2017 contract amounts: \_\_\_\_\_ 188,000 kW and \_\_\_\_\_ 212,000,000 kwh.
- Allocate remaining A and B capacity and energy to new entities in later Hoover D2 allocation process.

**Alternative 2:**

- **Hoover A :** Allocate all APA post-2017 Hoover A capacity and energy to existing Hoover A customers, pro rata based on pre-2017 proportionate amounts.
- **Hoover B :** Allocate all APA post-2017 Hoover B capacity and energy to existing Hoover B customers, pro rata based on pre-2017 proportionate amounts.
- **Hoover D2:** Allocate to new entities in later separate process.

**Alternative 3:**

- **Hoover A :** Allocate all post-2017 Hoover A among all qualified applicants, whether existing customers or new entities, based on: (i) existing statutory preference (ARS Sec. 30-125.A qualifications as interpreted by prior APA action), and (ii) demonstrated electrical load for previous 10 years, net of other hydro-power resources.
- **Hoover B :** Allocate all post-2017 Hoover B among all Title 45 qualified applicants, whether existing customers or new entities, without preference for type of entity or type of load, based on demonstrated electrical load for previous 10 years, net of other hydro-power resources.

**Alternative 4:** Same as Alternative 1 except, instead of pro-rata per existing contracts, give first priority to previous 10 year historical agricultural load before allocating to other types of load.

**Alternative 5:** Same as Alternative 2 except, instead of pro-rata per existing contracts, give first priority to agricultural loads.

**Alternative 6:** Same as Alternative 3 except give first priority to agricultural loads.

**POLICY 2.** Decide at what point in the Western and APA processes to allocate D2.

**Alternative 1:** Allocate D2 and remaining Hoover A and B, if any, concurrently in the same process as APA post-2017 Hoover A and B actual allocations are made, irrespective of Western D1 process timing.

**Alternative 2:** Allocate D2 and remaining Hoover A and B capacity, if any, in a wholly separate APA process after Western D1 final marketing decisions and after Hoover A and B allocations are completed.

**POLICY 3.** Decide eligibility for APA D2 of successful or partially successful Western D1 applicants.

**Alternative 1:** Western D1 applicants may also apply for APA D2, and will be considered, pro-rata, in the APA D2 allocation process with non-D1 applicants, irrespective of amount of D1 received from Western by such an applicant.

**Alternative 2:** Western D1 applicants that also apply for APA D2 will be considered, pro-rata, in the same pool as non-D1 applicants only to the extent of the amount of net capacity and energy needs that Western D1 applicants do not successfully acquire from the Western D1 process.

**Alternative 3:** Western D1 applicants will be considered in the APA D2 process, but only behind APA D2 applicants that did not apply for Western D1.

**Alternative 4 -** Defer all policy decisions about APA D2 eligibility until after

the Western D1 process is completed.

**POLICY 4. Decide what APA Hoover D2 is.**

**Alternative 1:** Designate APA Hoover D2 as a new category of capacity and energy wholly different from Post-2017 APA Hoover A, B or C. Allocate D2 under R12-14-201 as "Long-term Power" not governed by priorities of ARS Sec. 30-125, pursuant to separate qualifications as later determined by APA.

**Alternative 2:** Hoover D2 is a new category of power not created or comprehended by the State Water and Power Plan (i.e., not Hoover uprating power and not governed by Title 45); but Hoover D2 is "...electric power within {APA's} jurisdiction..." under ARS Sec. 30-124A, and is therefore necessarily governed by Title 30 in all respects.

**Alternative 3:** APA Hoover D2 is not a new category of power but, instead, is simply a label assigned by the Federal legislation that segregated a specific quantity of Hoover A and B power for priority allocation exclusively to new entities; therefore, APA D2 capacity and energy will be allocated under Title 30 and Title 45 in the same proportions as Arizona Hoover A and B capacity and energy bear to their sums, respectively.

**POLICY 5. Decide the term of post-2017 APA contracts.**

**Alternative 1:** 30 years.

**Alternative 2:** 50 years.

**POLICY 6. Decide whether the concept of recapture is of any use.**

**Alternative 1:** Recapture is not necessary because of other APA-approved programs and mechanisms for temporary redistributions to ensure all Hoover power is optimally utilized by the contractors.

**Alternative 2:** Recapture, pro-rata, APA Hoover A, B and D2 used for non-agricultural purposes, as and when APA customers currently receiving temporary CAP agricultural water loose such water, and reallocate such APA Hoover A, B and D2 from non-

agricultural loads/contractors to former CAP agricultural water users based on replacement pumping load.

**POLICY 7: Decide whether to impose limitations on the percentage of power allocable to customers that are non tax-exempt entities.**

**Alternative 1:** Limit the amount of Hoover A, B and D2 power allocable to non tax-exempt entities to comply with U.S. tax code requirements governing the issuance of tax-free bonds (25%).

**Alternative 2:** No limitation on non tax-exempt entities.

**POLICY 8: Decide if, in analyzing historical load for allocation of APA Hoover A and B to existing customers, 'normalized load' data should be used for customers presently using CAP water and/or effluent temporarily "in-lieu" of pumping load.**

**Alternative 1:** If relevant to final allocation quantity decisions, use "normalized load" data to adjust actual use basis to normalized pumping loads for those existing Hoover A and B customers that have made use of temporary supplies of water in-lieu of pumping pursuant to an Integrated Resource Plan.

**Alternative 2:** Use only actual historical load data .

**POLICY 9: Allocate Hoover C.**

**Alternative 1:** Allocate in a separate proceeding.

**Alternative 2:** Renew existing allocations to existing Hoover C customers.

**Alternative 3:** Allocate in same proceeding, but modify current allocations based on relevant factual parameters accompanying high water flows and resulting C energy.

**POLICY 10: Define and Specify Types of Uses of Hoover A Power under R12-14-201 J and Determine Extent of Requirements for Specificity.**

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**SCHEDULE: Determine schedule for APA decision making for post-2017 APA Hoover.**

**Alternative 1: Schedule post-2017 Hoover process as follows:**

- Announce, not later than September 30, 2012, that a supply of Long-term Power consisting of APA Hoover A and Hoover B is available (R12-14-201A).
- Release a preliminary proposal consisting of the Preliminary Proposal Alternatives for the allocation and marketing of available Long-term Power, and schedule a public comment Conference within 60 days (R12-14-201B).
- By the December, 2012 regular APA meeting, adopt a final proposal (consisting of the selected alternatives under Policies 1-9the qualitative policies) to govern treatment of the later-received applications and the ensuing quantitative marketing and allocation.
- Adopt, under the same process, qualitative principals for allocating and marketing D2 without announcing that a supply of Long-term Power consisting of Hoover D2 is available. [or, see other alternatives for D2 timing, under Policy 2 above]
- Announce, not later than 60 days after completion of the Western D1 process, that a supply of Long-term Power consisting of Hoover D2 is available (R12-14-201A).
- Determine APA Hoover D2 quantitative allocations pursuant to R12-14-201 thereafter.

**Alternative 2:** Same as Alternative 1, except allocate APA D2 at the same time and in the same process as Hoover A and B (irrespective of Western D1 process timing).

**Alternative 3:** Allocate all post-2017 Hoover (A, B, C, D2) after Western D1 process is complete, pursuant to R12-14-201, determining qualitative policies and quantitative allocations at that time.