

DRAFT
APA POST-2017 HOOVER ALLOCATION ALTERNATIVES

POLICY 1. Decide method of allocating post-2017 Hoover A, B and D

Alternatives: The table below outlines alternatives for allocating Hoover A & B based on two variables; 1) types of customers (existing, new), and 2) allocation parameters (contract capacity, agricultural load, total load).

**Possible Methods for Allocating Post 2017 Hoover A, B and D
Power and Energy**

Classes		Alt 1	Alt 2	Alt 3	Alt 4	Alt 5	Alt 6
A	Allocation Basis	Current Contract Capacity	10 Years of Load	10 Years AG Load	10 Years AG Load	10 Years of Load	Formula
	Customers	Existing	Existing & New	Existing	Existing & New	Existing	Existing & New
B	Allocation Basis	Current Contract Capacity	10 Years of Load	10 Years AG Load	10 Years AG Load	10 Years of Load	Formula
	Customers	Existing	Existing & New	Existing	Existing & New	Existing	Existing & New
D	Allocation Basis	X	10 Years of Load	X	10 Years AG Load	X	Formula
	Customers	X	New	X	New	X	New
SRP							
CAP							

Notes:

1. CAP and SRP set in different class because of their size.
2. Formula for allocation basis = 25% based on Current Contract + 50% based on 10 years of agricultural load + 25% based on 10 years total load. Other formulas/percentages may be considered.
3. In determining the allocations to be made pursuant to any of the above alternatives, the commission shall consider other sources of power available to the prospective allottees from the federal government and the ability of the allottees to effectively use the power to be allocated.
4. If all the Hoover power cannot be allocated pursuant to any of the above alternatives, the unallocated portion will be allocated to new or existing customers in the same class to the extent feasible.

POLICY 2: Identify potential subclasses of uses of Hoover A Power under R12-14-201.J and determine realistically achievable parameters for allocation purposes.

POLICY 3. Decide eligibility of applicants for APA D2 power.

Alternative 1: APA considers all applications for D-2 power except those from current existing Hoover A & B customers. Applicants that apply for APA D2 power are considered only to the extent of their needs, net of other federal power resources they receive or will receive.

Alternative 2: APA considers any application for D2 power under its existing statutes and regulations, subject to a qualitative principle that Hoover A and B customers, and Western D1 customers (including wholly and partially successful applicants for Western D1) will not be considered for APA D2.

Alternative 3: Western D1 applicants will be considered in the APA D2 process, but after, secondarily to 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. Should APA Hoover D2 be allocated pursuant to and subject to Title 30 and Title 45 (and the restrictions therein) in the same proportion that Hoover A and B are to their sum.

Alternative 1: Recognize APA Hoover D2 as a new Federal 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 power and not subject to the State Water and Power Plan (i.e., Hoover uprating power and governed by Title 45); but pursuant to separate qualifications as determined by the APA commission at a later date.

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.

POLICY 5. Decide at what point in the Western and APA processes that APA allocates D2.

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

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

Alternative 3: APA D2 allocations made after the Western D1 process is completed.

POLICY 6. Decide the term of post-2017 APA contracts with its customers.

Alternative 1: 20 years.

Alternative 2: 30 years.

Alternative 3: 50 years.

POLICY 7. Decide whether the concept of recapture should be included in post 2017 contracts between APA and its customers.

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

Alternative 2: APA should maintain a recapture provision in its contracts with its customers to protect from Hoover being used in a manner inconsistent with federal laws, state laws or commission policy thereby exposing potential loss and protecting this valuable state resource.

POLICY 8. 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 9: 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 water..

Alternative 1: Use "normalized load" data for allocation purposes 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 "normalized load" data for allocation purposes for those existing Hoover A and B customers that will lose CAWCD excess water in the future.

Alternative 3: Use only actual historical load data.

POLICY 10: Allocate Hoover C.

Alternative 1: Allocate in a separate proceeding.

Alternative 2: Allocate to Hoover B customers.

Alternative 3: Allocate in the same proceeding, and allocate "C" energy based on Hoover 2017 legislation, which takes into account a portion of the "C" energy that must be associated with "D" power.

Alternative 4: Allocate to Hoover B customers in proportion to 2017 energy allocation.

POLICY 11: Any additional proposal suggested by the public.

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 March 31, 2013, 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, 2013 regular APA meeting, adopt a final proposal (consisting of the selected alternatives under Policies 1-10 (*above*) the 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.