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STEPHEN H. BROPHY
PRESIDENT

May 15, 2009

Senator John Nelson
Chairman
Senate Natural Resources, Infrastructure and
Public Debt Committee
Arizona State Senate
1700 W. Washington, Room 305
Phoenix, Arizona 85007

By Email

Re: Information Regarding
Nomination of Stephen M. Brophy to
Arizona Power Authority

Dear Senator Nelson:

I have been advised that your committee has asked for further information from me regarding the business entities in which I own interests which purchase power from customers of the Arizona Power Authority (APA), and this is written in response to that request.

I am involved in two farming entities, Santa Lucia Farms (SLF) and Agua Fria Packing (AFP). I own directly 16.7% of SLF and 25% of AFP. My wife and our daughters (who are of legal age) own an additional 33.3% of SLF.

SLF purchases electrical power from Electrical District 7 (ED7) to operate its irrigation pumps. AFP purchases electrical power from McMullen Valley Irrigation and Drainage District (MMV) to operate its irrigation pumps. Both ED7 and MMV have boards of directors that set the prices and conditions of service for its electrical power sales. To the best of my knowledge the customers of ED7 and MMV, respectively, are sold power on the same terms and conditions – meaning the districts have different terms and conditions but customers within districts are treated the same. I do not serve, and have never served, on the board of directors of either ED7 or MMV.

APA has long term power contracts with 30 different entities, including Salt River Project, Wickenburg, Safford, Thatcher, ED7, MMV and others. These contracts were negotiated in 1987 and expire in 2017. APA's largest customers are the Central Arizona Water Conservation District (CAWCD) and Salt River Project, which together purchase more than 52% of APA's power. All of APA's 30 customers pay the same rate.

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Of the total power managed and contracted by APA (377 megawatts), ED7 receives about 2.8% and MMV about 2.4%. ED7 and MMV also purchase power from other suppliers including APS and, I believe, SRP.

In 2008 about 52% of ED7's total power purchases came from APA. About 14% of MMV's power purchases came from APA. Power usage by farming entities varies from year to year, but in terms of absolute capacity to purchase power, of the two farming entities in which I have a financial interest, SLF constitutes about 21% of the meters of ED7 and AFP constitutes about 3% of the meters of MWD.

I hope this letter is responsive to your Committee's questions and I will do my best to supplement it with any other information that is available to me if you deem it necessary.

Very truly yours,



Stephen M. Brophy

SMB:gm
cc: Linda Stiles