

Attachment 2 for Agenda Item H.2

APA Proposal for Addressing Policy Issues in Post-2017 Hoover Power Allocation Process

Summary and Request for Comments

For the past several months, the technical and legal consultants (Consultants) for the Arizona Power Authority (Authority) have engaged in a process of public review and discussion of various technical, legal, and policy issues related to the Post-2017 Hoover Allocation Process, (Preliminary Process). During the Preliminary Process, interested parties expressed their desire to direct comments to the Commission on some of the more significant legal and policy issues affecting the allocation. The October 17, 2014 Timeline for the Preliminary Process explained that the Authority could schedule a time for interested parties to present comments on policy issues at the monthly meeting on January 20, 2015, or convene another session around the same time for this purpose. The Authority did not confirm this intention or date. The Authority now proposes a procedure for addressing policy issues prior to the declaration that a supply of Long-term Power is available and the start of the regulatory process set forth in section R12-14-201 of the Arizona Administrative Code (A.A.C.) (hereinafter "Formal Process").

The Consultants are in the process of taking comments on the Revised Draft Plan and Draft Alternatives and completing a final draft document for the Authority's consideration to be posted in mid-February of 2015. When the Formal Process begins, the Authority must present a "preliminary proposal for the allocation and marketing of Long-term Power" (Preliminary Proposal), covering the technical, legal, and policy issues that have been analyzed during the Preliminary Process. See A.A.C. § R12-14-201(A), (B). To determine the substance of the Preliminary Proposal, at least with regard to some of the policy issues, the Commission proposes the following:

The Authority will take comments on the policy issues identified in the Final Draft Plan (to be released mid-February 2015) at a special meeting scheduled for **March 3, 2015**. The notice for the special meeting will list the specific policy issues to be discussed. Written comments may be submitted for the Commission's consideration until **February 25, 2015**. At that special meeting, the Commission will also hear oral comments, and then make a determination with respect to the policies that will be included in the Preliminary Proposal. Necessarily, this position will be *preliminary*, and interested parties may continue to comment on the policy issues as the Authority proceeds with the Formal Process.

At the January 20, 2015 Commission meeting, the Commission will accept comments on this proposal, including whether this is an appropriate procedure or whether the Commission should proceed in another manner to address policy issues; and the proposed dates for the special meeting and written comment deadline. At the January 20, 2015 Commission meeting, the Commission may take action on this item.