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RESOLUTION 15-17

POLICY ON BILL CREDITING ARRANGEMENTS

WHEREAS, the Arizona Power Authority Commission (Authority) finds that:

- A. On July 17, 2015, the Authority approved the “Final Hoover Power Marketing Plan Post-2017.” As part of the contracting process, each Purchaser must provide evidence that a transmission system is available to ensure delivery of post-2017 Hoover power. Ariz. Admin. Code (A.A.C.) § R12-14-301(A)-(B). The Authority must also approve in writing any agreement for the transmission or wheeling of post-2017 Hoover power. *Id.* § R12-14-403.
- B. The Commission must decide whether it will accept a bill crediting arrangement as a method of demonstrating delivery capability for purposes of A.A.C. section R12-14-301.

Now, therefore, be it RESOLVED that:

- 1. As a method of demonstrating capability to deliver post-2017 Hoover power, a recipient of a post-2017 Hoover power allocation (hereinafter referred to as an “allottee”) may use a bill crediting arrangement. The arrangement must be implemented through an agreement between an allottee and a load-serving entity, which must be approved by the Authority. The Authority shall not unreasonably withhold approval of any agreement.
- 2. Authority staff will be available to consult with an allottee as it discusses and negotiates an agreement with a load-serving entity. The Authority will not pre-approve any specific agreement between an allottee and a load-serving entity. Once negotiated and completed, a proposed agreement between an allottee and a load-serving entity will be presented to the Authority for its approval. The agreement should address and incorporate the following general principles and procedures: (1) the allottee will execute a Power Sales Contract with the Authority and will make payments directly to the Authority for its Hoover power; (2) the load-serving entity will take delivery of the allocated Hoover power on behalf of the allottee at the designated point of delivery; and (3) the agreement must include a documented process whereby the Authority is able to verify and validate that the allottee is receiving the benefit of its allocation through a bill credit.

3. The Authority will not be a party to the bill crediting agreement.
4. As appropriate, the Authority will use its best efforts to coordinate with the Western Area Power Administration (Western) and obtain Western's written concurrence that a bill crediting agreement does not constitute a resale of federal power in violation of Western's General Power Contract Provisions.

UNANIMOUSLY ADOPTED by the Arizona Power Authority Commission on this 15th day of September, 2015.

Chairman Stephen Brophy

ATTEST:

Acting Executive Secretary