



City of Mesa Energy Resources  
Department  
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Thursday, July 2, 2015

**To: Chairman Brophy  
Commissioner Aldo  
Commissioner Cole  
Commissioner Jones  
Commissioner Walden**

Mr. Chairman and Commissioners,

First and foremost, The City of Mesa (Mesa) thanks the Commission for its effort in this challenging allocation process. Mesa recognizes the inherent difficulty in allocating Hoover Power in a manner that best reflects the intentions of the legislation of yesterday and the realities of today. Mesa supports the proposed allocations in the form that was distributed by the Arizona Power Authority.

Mesa submits the following responses to the comments given by the applicants and parties involved at the public comment meeting on July 1, 2015.

- **Regarding the separate proposed allocations to Mesa Energy Resources and Mesa Water Resources.**

These two separate allocations are both practically sound. Furthermore, the allocation to an electric distribution utility and a customer (who has electrical facilities) already has precedent in the pre-2017 allocations of Hoover Power.

Many of the entities who received an allocation of pre-2017 Hoover Power are full-requirements utility customers of other entities who also received pre-2017 Hoover Power. For instance, the Roosevelt Water Conservation District (RWCD) is a full requirements customer of Salt River Project (SRP) for all power that is not covered through its receipt of CRSP and Hoover power. Even though SRP receives Hoover Power, RWCD (SRP's customer who has electrical facilities) is able to directly receive Hoover Power too. Other Hoover customers are in a similar position to RWCD and Mesa supports the allocation to RWCD and these other allocations.

Even aside from the proposed allocation to Mesa Energy Resources and Mesa Water Resources, this principle appears to have been carried forward into the proposed allocation in the case of other proposed allottees. The City of Tempe, The City of Glendale, The City of Phoenix and The City of Chandler all have facilities that are full-requirements customers of Salt River Project (Mesa cannot verify the facilities submitted in these applications, which Mesa does not have access to). Simply put, many of the entities in the proposed allocation are doing the same thing in that the entities themselves are receiving an allocation of Hoover Power AND their utility is receiving an allocation of Hoover Power.

Therefore, both Mesa Energy Resources and Mesa Water Resources are eligible entities to receive Hoover Power who each serve different purposes in rendering the greatest public service from Hoover. Mesa Energy Resources is the utility for Mesa Water Resources<sup>1</sup> and Mesa Water Resources pays Mesa Energy Resources in full for every kWh that it uses under the applicable utility tariff. Mesa Water Resources will reduce its receipt of its utility's supply mixture and instead receive a portion of Hoover Power.

Furthermore, arguments about whether an allocation to Mesa will set a precedent for "every town as well as their water utilities to request allocations 50 years from now" are irrelevant and immaterial. The context of any allocation of Federal Hydropower in 20-50 years will be determinative of the process, just as it has been for the current allocation. The circumstances and public policies that will be used to allocate the Hoover resource 20-50 years from now may be functionally and fundamentally dissimilar from the process as we know it today. The electric utility resource industry and Arizona land uses are constantly evolving.

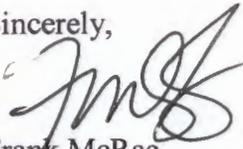
The proposed allocations to Mesa Energy Resources and Mesa Water Resources are consistent with the 2011 Hoover Power Allocation Act's intent of rendering the greatest public service.

- **Regarding the capacity and energy of any proposed allottees who do not end up ultimately contracting for and receiving that allocation.**

If, for any reason, any proposed allottees do not end up ultimately contracting for their proposed allocation, Mesa suggests that their allocation should then be allocated to the Central Arizona Project. Mesa recognizes the importance of the Central Arizona Project to Arizona and so Mesa proposes that any allocation that, for any reason, cannot be used should go to the CAP. Although there may be certain difficulties in attempting to return power from other Schedules to the CAP's Schedule B allocation, these difficulties can be overcome.

Thank you for the opportunity to provide comments and we look forward to the opportunity to contract for this wonderful and dynamic resource to bring more renewable power to the citizens of the third largest city in Arizona.

Sincerely,



Frank McRae  
Energy Resources Department Director  
City of Mesa, Arizona

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<sup>1</sup>The facilities that were included in the Mesa Water Resources Hoover Power Application were those pumping facilities within Mesa Energy Resources' electric service territory. Mesa Water Resources also operates an extensive system of water treatment, pumping, reclamation, distribution and collection plants and facilities which receive utility power from SRP (similar to other Cities which received allocations) which were not included in the Mesa Water Resources application. The allocation of Hoover power will benefit all of the 100,000+ water and wastewater utility customers served by Mesa Water Resources, while reducing the burdens of administering and delivering the Hoover power and energy.