

EXHIBIT 1 EDA 3

RED ROCK IRRIGATION DISTRICT  
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RECEIVED

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Arizona Power Authority

March 2, 2015

Mr. Michael Gazda  
Interim Acting Executive Director  
Arizona Power Authority  
1810 West Adams Street  
Phoenix, AZ 85007

Re: Comments on Policy and Other Matters for March 3, 2015

Dear Mr. Gazda:

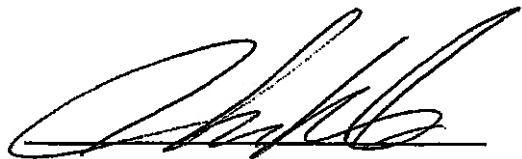
Our organization is an irrigation district being formed. The State Land Commissioner has to approve the organization. Presently a State Land Commissioner has not been appointed therefore holding up the formation of district. Constitution and statutory laws for the primary purpose of furnishing irrigation water for Commercial agricultural purposes. The district would apply for §30--125 and schedule D-2 contractor for one plus mw and intends to apply for Schedule A Hoover under §30-125 for continued use primarily for greater consumer and district need for electricity for providing irrigation water for commercial irrigated agriculture. The Authority should also confirm that implementation of any of the practices voted upon by the Commission today comply with applicable Arizona Administration Procedure Act requirements. Red Rock Irrigation District will apply for Schedule D-2 power as is appropriate too. We comment as follows on the February 17, 2015 APA request for comment:

1. **Joint applications:** Only one Qualified Entity should be a party to an application.
2. **Formation of new districts:** An entity fully formed by the date of execution of The power sales contract should be eligible to participate in the allocation process and to receive an allocation.
3. **Financial Considerations:** No letter of Credit or comparable Information should be required as a condition of the offer of a contract. Track record of payment by existing customers should be reviewed.
4. **Schedule C Power:** No Comment

5. **Length of Contract term:** 25-30 years for the reason agricultural needs may change and the allocations may require changing to meet the primary purpose of the law.
6. **Modification or Termination Clause:** Keep the current clause: Yes, the APA should be able to adjust to changed circumstances which may occur such as with CAP water allocations, and also required by state law for contract over 20 years in length.
7. **Minimum Allocation Requirement:** Yes. The allocation should accommodate small business applicants in process.
8. **Transmission Arrangements:** No
9. **Power Purchase Certificates:** The applicant must apply for a new certificate under oath describing its irrigated agricultural loads, classes and categories of electric service and its physical boundaries. Certificates required to be re-issues by law, and Authority should also verify operations under certificates to assure compliance with law.
10. **Treatment of Existing Customers:** There should be a description by the Applicant of the treatment of its different classes of customers and the Electric rates applicable to each. By applicable statute or regulations, there is no such thing as an "existing customer".
11. **Reimbursement:** The APA Should amortize its costs of post 2017 Hoover marketing over the life of the contract with each customer. Current customers have paid for power under their current contracts and should not be reimbursed for any costs of power upon any new contract. If a current customer does not receive an allocation, it should not receive any reimbursement. The current cost of power is the current cost of power.
12. **Excess Federal Resource Test:** The APA should take into account in determining what is sufficient Hoover allocation to any applicant the amount of federal resource it has under contract and all of the conditions under which it is delivered. Sufficiently in the award of the Hoover allocation is the sole discretion of the APA. Required by authority regulations.
13. **Red Book:** Authority should consider each element in 1985 Red Book separately and decide whether it is applicable/useful in 2015.
14. **Definition of a District:** The definition of the "district" under Title 30 and §30-125 (A) should be limited to the types of the districts such as irrigation and electrical and agricultural improvement districts providing irrigation water to commercial irrigated agriculture at the time of the enactment of the original language in Title 30.
15. **Eligibility for Schedule B Power:** Should be based upon load data, and net of other federal resources.

**16. Eligibility for D-2 Power:** The Hoover power allocation Act of 2011 defines who is a “new allottee” and those parties should be free to apply for D-2 power, and any other Hoover power category.

**17. Allocation of d-2 Power Under State law:** The Authority should interpret the Federal Hoover law as congressional creation of a new Hoover resource to be marketed by the APA under Title 45. The testimony of APA and others the congressional notes indicate this new resource was to be marketed to a class of new qualifying entity.

A handwritten signature in black ink, appearing to read 'John Kai, Jr.', written in a cursive style.

John Kai, Jr.