

ARIZONA HOUSE OF REPRESENTATIVES  
Fifty-second Legislature - Second Regular Session

## MAJORITY CAUCUS CALENDAR #28

April 20, 2016

Bill Number	Short Title	Committee	Date	Action
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**Committee on Energy, Environment and Natural Resources**

**Chairman: Franklin M. Pratt, LD8**

**Vice Chairman: Russell "Rusty" Bowers, LD25**

**Analyst: Tom Savage**

**Intern: Shirley Springer**

\*[SB 1060](#) Arizona power authority; continuation

SPONSOR: YEE, LD20

SENATE

2/8/2016

(30-0-0-0)

EENR

3/14

DPA/SE

(7-2-0-0-0)

(No: CARTER,KOPEC)

[BLUE SHEET #16](#) (concur/refuse)

[BLUE SHEET #12](#) – HB2127 small property tax balance delinquency  
(NOW: prohibition; live dog racing)

FREE CONFERENCE COMMITTEE REPORT – HB2260 foster care review board; continuation

FREE CONFERENCE COMMITTEE REPORT – SB1207 department of transportation; continuation

FREE CONFERENCE COMMITTEE REPORT – SB1220 game and fish; technical correction  
(NOW: tribal college compact; renewal)

FREE CONFERENCE COMMITTEE REPORT – SB1399 dams; affidavit; recording  
(NOW: water storage; plan report)

\*PENDING RULES COMMITTEE



# HOUSE OF REPRESENTATIVES

## SB 1060

Arizona power authority; continuation  
Prime Sponsor: Senator Yee, LD 20

DPA/SE Committee on Energy, Environment and Natural Resources

X Caucus and COW

House Engrossed

### **Summary of the Proposed Strike-Everything Amendment to SB 1060**

The proposed strike-everything amendment to SB 1060 is an emergency measure that continues the Arizona Power Authority for two years until July 1, 2018; prescribes the duration of power sales contracts; stipulates requirements for the Authority to acquire outside legal counsel; and requires the Authority to initiate a new post-2017 Hoover allocation process.

#### **PROVISIONS**

##### ***Authority Hearings and Legal Representation***

1. Instructs the Office of Administrative Hearings (OAH) to conduct hearings on appeals of proceedings, orders or actions of the Authority.
  - Current rule allows the Authority Commission to conduct administrative hearings acting as an administrative law judge (ALJ) ([A.A.C. R12-14-603](#)). Current law allows an agency head, board or commission to conduct an administrative hearing as an ALJ without the services and personnel of OAH ([A.R.S. § 41-1092.01\(F\)](#)).
2. Requires the Authority to obtain legal advice, including advice from the Attorney General, before awarding contracts or conducting rulemaking and comply with all laws in obtaining legal advice.
3. Instructs the Attorney General to serve as the legal advisor and render legal services to the Authority in all matters other than representation before a federal court or agency.
  - Current law allows the Authority to employ legal counsel for representation before a federal agency or court ([A.R.S. § 41-192.01](#)).
4. Requires the lead attorney representing the Authority to be licensed in Arizona.
5. Stipulates the requirements for acquiring legal counsel, including issuing a request for proposal, complying with all statutes and rules consistent with the Arizona Procurement Code and awarding the contract. The Authority Commission must award the contract at a public meeting.
  - The Procurement Code is codified by [A.R.S. § 41-2501](#) et seq.

##### ***Power Sales Contracts***

6. Specifies, on the effective date of this Act, long-term power sales contracts issued by the Authority are not to exceed 15 years. Contracts may be renewed for additional 5-year periods, not to exceed a total of 50 years.
7. Defines *power sales contract* and *long-term power*.

##### ***Hoover Power Allocations***

8. As session law, requires the Authority to terminate the current process to allocate post-2017 Hoover power and initiate a new allocation process that is conducted in good faith and consistent with applicable laws.
  - a. The Attorney General is instructed to oversee the new Hoover allocation process.

##### ***Continuation***

9. Continues, retroactive to July 1, 2016, the Authority for two years until July 1, 2018.
10. Maintains the current stipulations to sunset the Authority or otherwise continue past the sunset date.
11. Contains a purpose statement.
12. Contains an emergency clause.

#### **AMENDMENTS ADOPTED IN ENERGY, ENVIRONMENT AND NATURAL RESOURCES**

1. The strike-everything amendment was adopted with the following change:

- a. Removed the requirement for the Authority to terminate the current process to allocate post-2017 Hoover power and initiate a new allocation process that is conducted in good faith and consistent with applicable laws.

## **CURRENT LAW**

### ***Authority Sunset***

The Authority is scheduled to sunset on July 1, 2016 if there are no outstanding contracts with the federal government, no debts or obligations with financing the cost of the Hoover Power Plant modifications or uprating projects and if the Authority has otherwise provided for paying these debts or obligations ([A.R.S. § 41-3016.12](#)). Statute also specifies that the Authority will only remain in existence past the sunset date if any debts or obligations have not been satisfied.

The Senate Commerce and Workforce Development and House Energy, Environment and Natural Resources Committee of Reference met on August 11, 2015 and recommended that the Authority be continued for eight years.

### ***Hoover Power and Post-2017 Allocations***

Congress enacted the Hoover Power Plant Act ([Public Law 98-381](#)) in 1984 and the allocation of power produced at the dam to three categories, referred to as Schedules A, B and C.

Schedule A contractors include: Metropolitan Water District of Southern California; the cities of Los Angeles, Glendale, Pasadena, and Burbank; Southern California Edison Company; Arizona Power Authority; Colorado River Commission of Nevada; and the city of Boulder City, Nevada.

Schedule B contractors include: the cities of Glendale, Pasadena, Burbank, Anaheim, Azusa, Banning, Colton, Riverside, and Vernon, in California, as well as Arizona and Nevada.

Schedule C allocates any excess power production to California, Arizona and Nevada.

The current power contracts were signed in 1987 and will expire in 2017. The approximate percentage of power delivered to each state is: 23.4 percent to Nevada; 19 percent to Arizona; and 57.6 percent to California.

The [Hoover Dam Power Allocation Act of 2011](#) extended the Hoover power allocations for an additional 50 years (2067) and set aside 5% of electricity for new power allottees, known as Schedule D. The Authority was allocated 11.1% of the Schedule D for allocation to new allottees within the state.

The post-2017 Hoover allocation for Schedules A, B and D are posted on the Authority's [website](#) as well as the [Final Hoover Power Marketing Plan Post-2017](#).