



## **ELECTRICAL DISTRICT NO. 3 OF PINAL COUNTY**

### **EXECUTIVE SUMMARY**

Electrical District No. 3 of Pinal County (“ED3” or “District”) is a political subdivision of the State of Arizona formed in 1926 as a Special District by the Pinal County Board of Supervisors. ED3 is a nonprofit utility with a seven (7) member Board of Directors and its purpose is to: a) provide affordable irrigation pumping to agricultural customers and b) to provide power at the lowest possible cost within sound business principles.

ED3 is organized with the authority, rights, and privileges to distribute electrical power and energy to all within its service area pursuant to what is now Chapter 12 of Title 48 of the Arizona Revised Statutes. ED3 is similar to Salt River Project (SRP) serving both rural and urban electric customer needs in western Pinal County.

The District originally leased the distribution system and was organized to provide electrical power and energy primarily for pumping water for irrigation. Since 1961, in addition to distributing power, ED3 has owned the transmission and distribution system located within its service area. The District’s boundaries encompass approximately 233 square miles and include the City of Maricopa and the Town of Stanfield. In 2010, the Arizona Corporation Commission (ACC) approved an agreement with Arizona Public Service (APS) that expanded the District’s service territory to 148,800 acres.

ED3 is a full service utility operating two offices in Maricopa providing service to residential, commercial, agricultural and industrial customers. In recent years, the District experienced substantial growth in the number of residential and commercial customers going from a few hundred meters in 2002 to more than 22,500 meter connections in 2010.

### **HISTORICAL BACKGROUND**

ED3 is an electrical district established in 1926 pursuant to what is now Chapter 12 of Title 48 of the Arizona Revised Statutes. ED3 was originally organized to provide electrical power and energy primarily for pumping water for irrigation to approximately 138,400 acres. Since 1961, the District has been responsible for operations, maintenance and distribution as the sole owner of its distribution system and the District currently provides electric services to residential, commercial, agricultural, and industrial users within the District.

The formation of the District was completed on January 5, 1926. The original boundaries comprised approximately 87,000 acres. The area of the District was increased in 1948, when the Board of Directors completed the steps as prescribed by law to annex certain contiguous lands, to 138,448 acres, of which approximately 112,000 acres are now irrigable.

The general area of the District’s service territory is south of the Gila River Indian Community, north of the Tohono Indian Community, east of the Pinal-Maricopa County line and west of the City of Casa Grande.

The City of Maricopa and the unincorporated areas of the Town of Stanfield are included in the District’s boundaries. In 1989, Electrical District No. 1 of Pinal County (“ED1”) and ED3 consolidated their electric operations under ED3. The Ak-Chin Indian Reservation is not part of the District; however, the District provides transmission, as well as, operations and maintenance services to the Ak-Chin Indian Reservation.

## **CONSOLIDATION AGREEMENTS**

In 1960, the District entered into an agreement with APS to purchase certain APS-owned electrical facilities located within the ED3 boundaries which were used primarily for rendering electric service for irrigation pumping within the District. Simultaneously, an agreement was entered into between ED3 and APS under which ED3 would lease back to APS the acquired properties for operation by APS as the agent for the District. The District chose to terminate the lease back agreement with APS in 2001.

In March of 2002, the District and APS entered into an agreement under which the District planned to purchase the Sexton Substation and the 69 kV line running from the Sexton Substation and the APS-owned extensions of its distribution facilities fed from the District's facilities ("Split Ends"). The values are to be determined by mutual agreement between APS and the District. In addition to these facilities within the District boundaries, APS and the District reached an agreement in 2006 to expand the District's electric service territory to serve additional Split Ends customers. This agreement would expand the District's service area to approximately 148,800 acres.

The ACC approved the sale of the "Split Ends" and the transfer of all customers within the District's service area to ED3 on May 26, 2010. This relieves inefficiencies and duplication of facilities and services leaving ED3 as the sole provider within its service territory.

## **RECENT EXPANSION**

Between 2002 through 2008, significant population growth within the District's territory brought many changes. The City of Maricopa incorporated and saw a population growth from about 1,000 to approximately 42,000. The District's meter count went from a few hundred to over 18,500 in that same time period. During this major growth period, ED3 doubled its substations, added a 69 kV sub-transmission loop, and several hundred miles of both underground and overhead distribution lines to provide the infrastructure to support the area's growth and add reliability to the District's transmission system. The District enhanced its Customer Service Department during this time of expansion by adding staff, online services, and a range of billing and payment choices.

To finance this expansion, the District was able to issue tax exempt bonds. Through its relationship with Bank of America, a 2006 series of bonds were issued for over \$85 million and a 2007 series for \$30 million. With these funds, the District's electric system grew from \$18 million to about \$140 million. These bonds were issued through a Private Placement and will be retendered for a public offering in late 2011 and mid-2012. These investments well supported the major commercial, retail, and residential development, and provides ample capacity for continuing growth.

## **MANAGEMENT**

The District is governed by a seven (7) member Board of Directors. The Board members are elected from the landowners in the District for three (3) year terms. The Board establishes the policies for management and oversees the business affairs of the District, while the General Manager of the District has management responsibilities for the District. The General Manager directs a full-service utility with a staff of approximately 43, including field operations, engineering, customer service, finance, and administrative personnel.

The District's current Board of Directors is detailed below:

Dan Thelander, Chairman (Division 3)  
Bryan Hartman, Vice Chairman (Division 4)  
Kelly Anderson, Secretary (Division 2)  
Pat Talla, Treasurer (Division 5)  
Larry Hart, Director (Division 1)  
David A. Stueve, Director (Division 7)  
James P. Whitehurst, Director (Division 6)

**ELECTRIC SYSTEM FACILITIES**

The District owns and operates 441 miles of overhead 12 kV distribution lines and 377 miles of underground 12 kV distribution lines, and 71 miles of 69 kV lines. The District also owns and operates ten (10) 69 to 12 kV substations and also owns the Maricopa Receiving Substation.

The District has the follow offices:

**Customer Service Center**

19756 N. John Wayne Blvd., Suite 101  
Maricopa, AZ 85139  
(520) 424-9021

**District Administration Office**

41630 W. Louis Johnson Drive  
Maricopa, AZ 85138-5402  
(520) 424-9311

**POWER SUPPLY RESOURCES**

The District purchases power from the Arizona Power Authority (Hoover Power), Western Area Power Authority (WAPA - Salt Lake City Area Integrated Projects "SLCA / IP" and Parker Davis Power), and APS. In addition, the District is a participant in the Hoover Power Resource Exchange Program and a party to an Integrated Resource Scheduling Agreement which permits the District and other similarly situated utilities to integrate and exchange Hoover, SLCA / IP, and Parker Davis power resources.

The District anticipates that current federal resources under contract and continuation of the Integrated Resource Scheduling procedures and Hoover Resource Exchange Program will be sufficient for the District to meet a portion of its monthly power and energy requirements. However, a larger portion of the District's requirements must be met through Supplemental Power Agreements with other entities such as APS, Western and the Arizona Power Authority.

Detailed below are the District's current contractual commitments followed by a projection of its projected loads and resources:

**Arizona Power Authority (Hoover Power) at Maricopa Substation**

Hoover A Capacity & Energy  
15,290 kW (Maximum with Hoover Firming Capacity)  
52,261,000 kWh (Contract Annual Entitlement)  
Expires September 30, 2017

**SLCA / IP Capacity and Energy at Maricopa Substation**

Summer Season 8,631 kW  
Winter Season 2,880 kW

<b>Fiscal Year</b>	<b>Winter Season Energy (kWh)</b>	<b>Summer Season Energy (kWh)</b>
FY 2007	4,717,164	14,029,854
FY 2008 – 2024	4,814,245	14,318,595

Expires September 30, 2024

**Parker Davis Capacity and Energy at Test Track Substation (Renewed)**

Summer Season 5,164 kW 17,769,324 kWh  
Winter Season 4,203 kW 7,157,709 kWh  
Expires September 30, 2028

**Arizona Public Service - Total Block**

408,224 MWH per year  
Plus Volume Imbalance Adjustment (VIA)

March 1, 2008 to February 28, 2013