

ED3



SPECIAL RELEASE

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VOTE NO ON PROPOSITION 127

Keeping customers informed and up to date on the latest news and information is a high priority to Electrical District No. 3 (ED3). Which is why ED3 is sending out this Special Release Newsletter to discuss ED3's standpoint on Proposition 127.

In summary, Proposition 127 would negatively amend the Arizona Constitution to require utility companies that produce electricity and that are regulated by the Arizona Corporation Commission (which does not include Salt River Project or other governmental utilities) to sell increasing amounts of renewable energy from specific types of renewable energy resources beginning in 2020. These renewable energy resources would be limited to solar, water, wind, geothermal, and biomass/organic matter resources. It would not include nuclear power, natural gas, coal, oil, etc. There would be annual distributed renewable energy requirements that will be set to increase annually to as high as 10% by 2030.

ED3 opposes Proposition 127.

An analysis of the proposition concludes that this California-inspired assault on the Arizona Constitution would:

1. Likely force the closure of the Palo Verde Nuclear Generating Station in Tonopah, leaving a gaping hole in Arizona's electricity supply;

2. Result in billions of dollars of unnecessary utility investment that virtually all Arizonans will have to pay for;

3. Freeze technology, ignoring future advances in electricity supply and delivery; and

4. Hit low income, fixed income and rural electric customers in the wallet, hard.

This is not California and we should not, indeed cannot, emulate California's electric consumer crushing tactics.

William Stacy, CEO and General Manager of ED3, said the Utility Company has worked hard to **not have a rate increase in eight years** and for the last three years we have had rate decreases. This is during a time when other utilities and businesses in Arizona and across the nation have continued to raise rates.

Customers may be interested to know that ED3's standard rates are on average 10% lower than those of Phoenix-based electric power provider, Arizona Public Service (APS).

ED3 began operation in 1926, to provide area farmers with electricity to irrigate their crops and is a non-profit utility currently serving an area of approximately 245,500 acres around Maricopa and Stanfield, Arizona. The District operates 12 distribution level substations, approximately

1,034 miles of 12 kV lines (621 miles of overhead and 413 miles of underground) and 77 miles of 69 kV lines. The District currently serves approximately 26,000 residential, commercial, and irrigation meter connections.

A Message from the ED3 Board of Directors:

Electrical District No. 3 Board of Directors and staff are committed to providing reliable energy to its customers. The District has achieved this goal while reducing rates by almost 10% in the last few years. The District is also proud to have one of the largest residential solar programs in the state.

However, we are concerned about Proposition 127 and the unknown consequences of its mandates. Uncertainty in reliable generation, transmission and pricing is a concern to the District in meeting the needs of our customers.

The proposition would amend the State of Arizona's constitution, without we believe, proper analysis on the effects of its mandates. We believe that this is not in the best interest for the customers of Electrical District No. 3.

The Board of Directors has elected to not support Proposition 127.

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