

ENERGY OUTFITTERS, LLC

Via E-mail and USPS

November 16, 2009

Darrick Moe
Regional Manager
Western Area Power Administration
Desert Southwest Region
P. O. Box 6457
Phoenix, AZ 85005-6457

Re: City of Williams Integrated Resource Plan

Dear Mr. Moe,

As you know, Western Area Power Administration's ("Western") Integrated Resource Planning Approval Criteria require Western's customers to submit initial Integrated Resource (or Small Customer) Plans to the appropriate Regional Manager within one year after becoming a customer. Enclosed on behalf of the City of Williams ("the City"), pursuant to 10 C.F.R. § 905.13(a), is the City's initial Integrated Resource Plan. This was approved by the City's Council at a public meeting held on October 8, 2009.

If you have any questions regarding this Integrated Resource Plan, please do not hesitate to contact me.

Sincerely,

Jennifer M. Torpey
K.R. Saline & Associates, PLC

Enclosure

cc: Audrey Colletti (w/encl.)
Joe Duffy (w/encl.)



City of Williams

INTEGRATED RESOURCE PLAN

**CITY OF WILLIAMS
STATE OF ARIZONA**

November 13, 2009

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Profile Data

The City of Williams (“City” or “Williams”) is located in north central Arizona in the Kaibab National Forest. The City was established in 1881 and was incorporated in 1901. Due to its proximity to the Grand Canyon National Park, as well as Historic Route 66, tourism has been and continues to be a major source of revenue for the City. According to 2006 Census Bureau estimates, the population of the city is just over 3,100.

The City currently serves water, wastewater, and electricity and is governed by a mayor, six council members and a city manager. As of the end of fiscal year 2009, Williams served electricity to approximately 1,500 customers, with 61% of total sales going to the commercial class, 30% to residential customers, and 9% to other customers. To facilitate these sales, Williams owns a 4.2 kV distribution system which is used to deliver electric service to its customers. Williams’s electric service territory is currently limited to electric loads located within the City of Williams limits. A map of the City limits is attached as **Appendix A**.

The City’s current council members and relevant contact persons are detailed below.

- **City Council Members**

John W. Moore—Mayor
Don Dent—Vice Mayor
Andrew Hamby
Frank W. McNelly
William J. Miller
Dr. Jim Wurgler
Kevin Young

- **Contact Persons**

Dennis Wells—City Manager
City of Williams
113 S. First Street
Williams, AZ 86046-2549
Ph: (928) 635-4451
Fax: (928) 635-4495

Dennis Delaney—Engineering Consultant
K. R. Saline & Associates, PLC
160 N. Pasadena, Ste. 101
Mesa, AZ 85201-6764
Ph: (480) 610-8741
Fax: (480) 610-8796

Williams receives federal preference power and energy to serve its customers from its entitlement to Parker-Davis Project power (“Parker-Davis” power). Williams receives this Parker-Davis power and energy resource from the Western Area Power Administration (“Western”). In addition, Williams has a long term supplemental supply

arrangement with Arizona Public Service Company (“APS”). The power and energy from Western are transmitted over Western’s Parker-Davis transmission system to APS’s transmission system, which in turn delivers the power and energy to two APS-owned substations. The power and energy are distributed to City customers over facilities owned by the City.

The policies for service, rates and taxes for power provided by Williams to its customers are determined and set by its City Council. Copies of Williams’s current rate schedules are attached as **Appendix B**.

Like many others, the City and its customers are currently facing considerable financial challenges. Due to its history of reliance on surface water supplies, the City has historically suffered from drought. Since the early nineties, Williams has become more aggressive in the pursuit of self sufficiency in water production from underground sources. In order to secure a reliable source of water, Williams has been forced to invest substantial funds into the drilling and operation of deep wells. Both the initial investment in these wells and their ongoing operation have drained the City’s financial resources and necessitated the delay of other needed investments in the City’s infrastructure. Therefore, the financial benefit of the Parker-Davis resource continues to be paramount for the City.

The current projection of the City’s loads for the upcoming two-year and five-year periods does not indicate that additional resources are needed. Therefore, Williams will use its current entitlement of Parker-Davis resource with purchases of supplemental power from APS to meet its projected loads through the five-year planning period.

Williams Goals and Objectives

- Provide Reliable Electric Power at Lowest Practicable Cost, Consistent With Sound Business Principles
- Enhance Customer Financial Stability by Providing Services which Provide Long-Term Stability in Electric Power Rates

Competitive Situation

- **Contract Information**

Western Area Power Administration (Parker-Davis Contract)
Power Sale Agreement (APS)
Reciprocal Distribution Wheeling Service Agreement (APS)
Operation, Maintenance, Construction and Office Functions Agreement (APS)

- **Regulations Applicable to Williams**

Energy Planning and Management Program (EPACT '00)

Load and Resource Information

- **Historical and Five-Year Load Forecast:**

OY	kWh (at Sub)	kW	% Increase	Load Factor
2002	30,890,889	5,399		65%
2003	31,901,750	5,715	3.3%	64%
2004	32,814,280	6,260	2.9%	60%
2005	32,980,002	5,923	0.5%	64%
2006	35,477,002	6,127	7.6%	66%
2007	38,277,833	7,060	7.9%	62%
2008	39,922,853	7,477	4.3%	61%
2009	37,266,072	6,954	-6.7%	61%
Forecast				
2010	38,384,054	7,163	3%	61%
2011	39,535,576	7,377	3%	61%
2012	40,721,643	7,599	3%	61%
2013	41,943,292	7,827	3%	61%
2014	43,201,591	8,062	3%	61%

The City's historical winter and summer peak, as well as energy by season, are listed on the following page.

City of Williams		
PDP Summer/Winter Seasons		
	Winter Peak	Summer Peak
	kW	kW
2002	5,399	5,360
2003	5,715	5,283
2004	6,260	5,471
2005	5,685	5,923
2006	6,059	6,127
2007	7,060	6,943
2008	7,477	6,011
2009	6,954	6,253

	Winter Energy	Summer Energy
	kWh	kWh
2002	12,883,882	18,007,007
2003	13,621,109	18,280,640
2004	13,459,631	19,354,649
2005	13,758,627	19,221,375
2006	14,293,000	21,184,002
2007	15,928,639	22,349,194
2008	17,071,574	22,851,279
2009	16,395,994	20,870,078

See **Appendix C** for a summary of the historical monthly load information (by operating year) as well as a graphical illustration of how the City schedules its resources to cover its loads in a typical year.

- **Customer Profile Information**

The City's customers are currently divided amongst the customer classes as follows:

Commercial—12%
 Residential—86%
 Other—2%

See **Appendix C** for a graphical illustration.

Detailed below is a summary of the historical sales by customer class in the last month of each of the past three fiscal years.

Supplemental Resources

- According to the terms of its long term power supply agreement with APS, Williams purchases supplemental resources from APS as needed to satisfy its load requirements.
- Contract Term: Expires December 31, 2017

- **Demand Side Resources**

Williams is in the process of implementing several Demand Side Management (“DSM”) activities. These activities are ultimately expected to include the distribution of promotional leaflets at local gatherings, bill inserts with conservation tips, posting conservation tips on a website, and a light bulb exchange or rebate program.

Identification and Comparison of Resource Options

The identification of options for additional resources within this Integrated Resource Plan is coordinated through an examination of the costs and benefits for each resource. Due to the somewhat limited nature of the City’s financial and administrative resources, the examination of additional resources often indicates that the additional cost to the City may be prohibitive. Nevertheless, Williams will continue to look for additional opportunities for energy savings from evolving technological advances in energy efficiency and apply for grant funding when available.

Designation of Options

If additional resources are needed, the least cost option is identified from a cost benefit analysis. This information is considered by Williams’s City Council in public meetings and combined with other information to select an Action Plan for the City which conforms with the regulations and guidelines of the Energy Planning and Management Program. The selection of the City’s Action Plan also includes consideration for reliability of service, economics, rate impacts and price elasticity, environmental effects, regulatory impacts and risks, legal considerations and risks, competitive impacts, social acceptance and public considerations and any other factors which may be identified from time-to-time which may be pertinent in selecting or implementing an Action Plan.

Action Plan

- **Resource Action Plan**

The time period covered by Williams's Action Plan is the five-year period from October 1, 2009 through September 30, 2014.

Williams has determined that to provide reliable electric power at the lowest practicable cost, consistent with sound business principles, the City will continue using its long-term entitlement of Parker-Davis power and supplemental purchases from APS to supply its projected long-term power requirements. These current federal and APS resources will be sufficient for the City to meet its monthly power and energy requirements through the short-term and long-term planning periods. The City is not experiencing any significant load growth and therefore does not need any new resources at this time. Williams continuously reevaluates the possible need for new resources, the availability of less costly resources and the potential for additional DSM activities. The City's Resource Action Plan enhances customer financial stability by providing services that will enhance property values and provide long-term stability in electric power rates.

Since no new resources are needed, there are no milestones to evaluate accomplishment of the Plan activities. Nevertheless, Williams will monitor any adjustments to the Plan for the long-term resource needs and will annually review its electric loads and resources for any significant changes. In the event the loads of the City are projected to materially increase above those levels represented in the Load and Resource information, other than normal deviations due to weather impacts, the City will review its forecast and evaluate the need for modifying its Integrated Resource Plan ("IRP") and notify Western accordingly. In any event, Williams will evaluate its load forecast and resource information in detail every five years and refresh its IRP, in accordance with Western's regulations.

- **Conservation Action Plan**

The City is in the early stages of the implementation of several demand-side management activities to promote and maintain energy efficiency and customer awareness for conserving electric resources.

Period: Calendar Year 2010 through 2014

Activities: Conservation Information and Public Education

- **Validation and Evaluation**

Conservation Information and Public Education

Over the five-year planning period, Williams intends to initiate and maintain several public education programs to promote energy efficiency and conservation. The programs under consideration include the placement of conservation tips on the City website, customer bill inserts containing conservation tips, distribution of promotional leaflets at local gatherings, and the creation of a light bulb exchange or rebate program. Currently, Williams anticipates that these programs will be phased in according to the following schedule:

Activity	Target Implementation Date
Placement of conservation tips on the City website	January 1, 2010
Customer bill inserts containing conservation tips	July 1, 2010
Distribution of conservation leaflets at local gatherings	January 1, 2011
Creation of a light bulb exchange or rebate program	July 1, 2011

Each of these programs is intended to educate the customers of Williams on activities they can pursue to conserve energy over both the short-term and long-term horizons. In addition, the light bulb exchange /rebate program is intended to provide a financial incentive to encourage the use of compact fluorescent bulbs. By educating its customers and promoting the conservation of energy, Williams hopes to realize energy savings, which will be beneficial on both an environmental and economic level. The ability of Williams to implement these programs depends on sufficient availability of financial and personnel resources, so the timeline above may be adjusted in response to future fluctuations in those resources.

Environmental Effects

Williams is required, to the extent practicable, to minimize adverse environmental effects of new resource acquisitions and document these efforts in the IRP. Since Williams does not foresee the acquisition of any additional resources, there are no

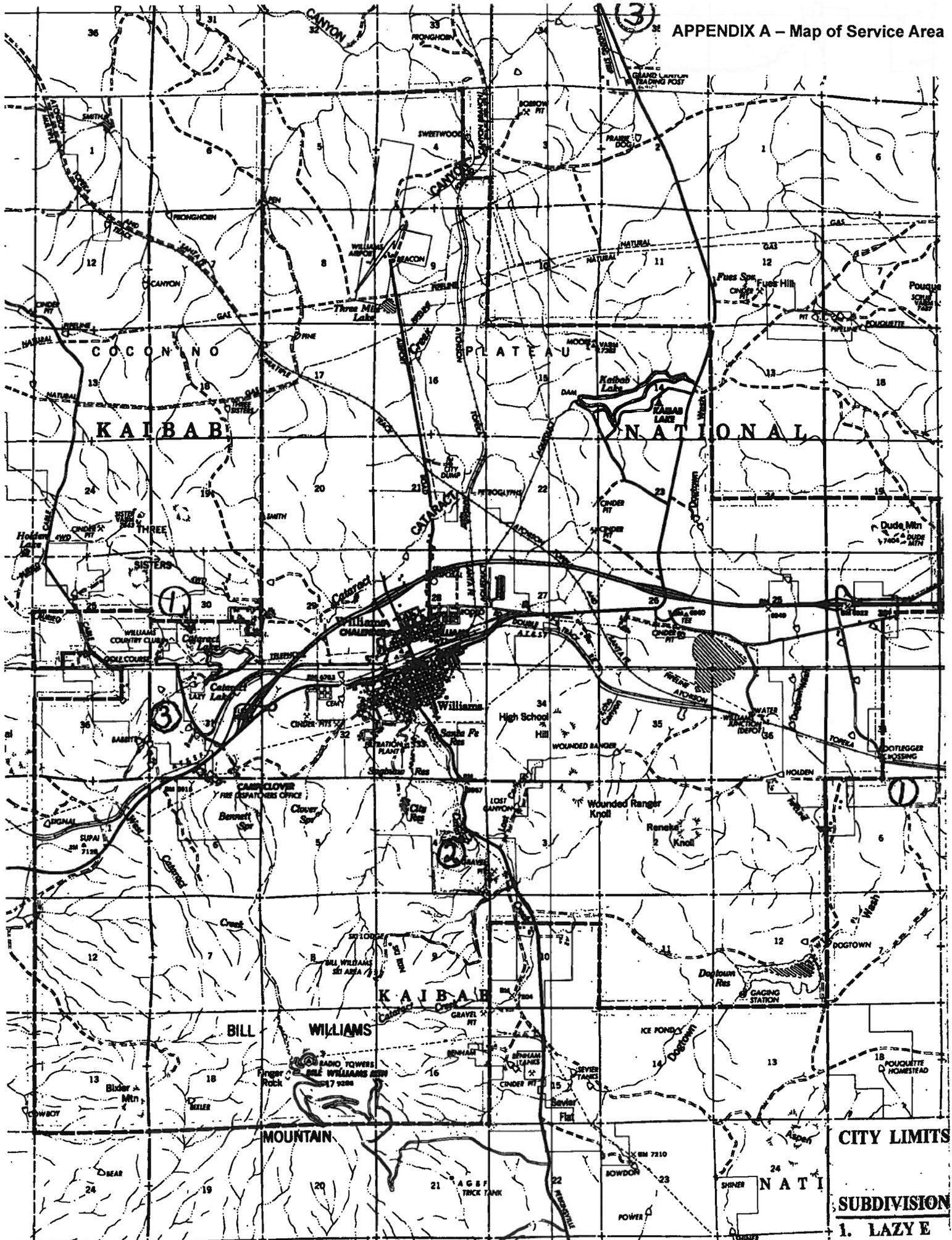
adverse environmental effects caused by new resource acquisition. Under the City's current resource plan, it now utilizes hydro resources to meet a portion of its electric loads. Such purchases are environmentally beneficial since they enable the City to cut down on its steam generation purchases from APS. In addition, to the extent the City sponsors conservation education activities with its customers, the conservation of energy is the fundamental achievement, which is environmentally beneficial and economically sound.

Public Participation

Williams has held one public meeting to discuss the development of its IRP.

Prior to the meeting, the City published notice in advance of the meeting, giving the time and place of the meeting and specifying that the City would be considering a draft IRP at the meeting. The notice was posted in accordance with statutory open meeting law requirements. The notice stated that the draft IRP would be available to the public in advance of the meeting and that public comment on the draft IRP would be accepted at the meeting. A copy of the notice is attached as **Appendix D**.

At the meeting, the draft IRP was presented to the City Council. After discussion and the opportunity for public comment, the Council authorized the preparation of a final IRP, with such revisions as the Council deemed appropriate.



City of Williams			
Electric System Rates			
Authority: Effective 1992			
	Summer Rate	Winter Rate	
Residential			
Customer Charge	7.50	7.50	
First 400 KWH	0.087400	0.087600	(All KWH)
Next 400 KWH	0.120900		
Additional KWH	0.140600		
Water Pumping			
Customer Charge	15.00	15.00	
Per KW	1.86	1.86	
First 240 KWH	0.110100	0.110100	
Next 275 KWH	0.075600	0.075600	
All Additional KWH	0.062500	0.062500	
General Service (Non Metered)			
Customer Charge	12.50	12.50	
All KWH	0.118100	0.106600	
General Services (Demand Metered)			
Customer Charge	15.00	15.00	
KW in Excess of 5	1.94	1.76	
First 2,500 KWH	0.118100	0.106600	
Next 42,000 KWH	0.081600	0.073500	
All Additional KWH	0.052200	0.046900	
Miscellaneous Charges			
1.5% late charge per month on delinquent accounts.			
\$ 15.00 Door Hanger Charge.			
Underground temporary Service Charge \$ 569.00 plus tax			
Overhead temporary Service Charge \$ 436.00.plus tax			
\$ 25.00 Connection Fee plus tax			

CITY OF WILLIAMS

Demand @ substation- kW

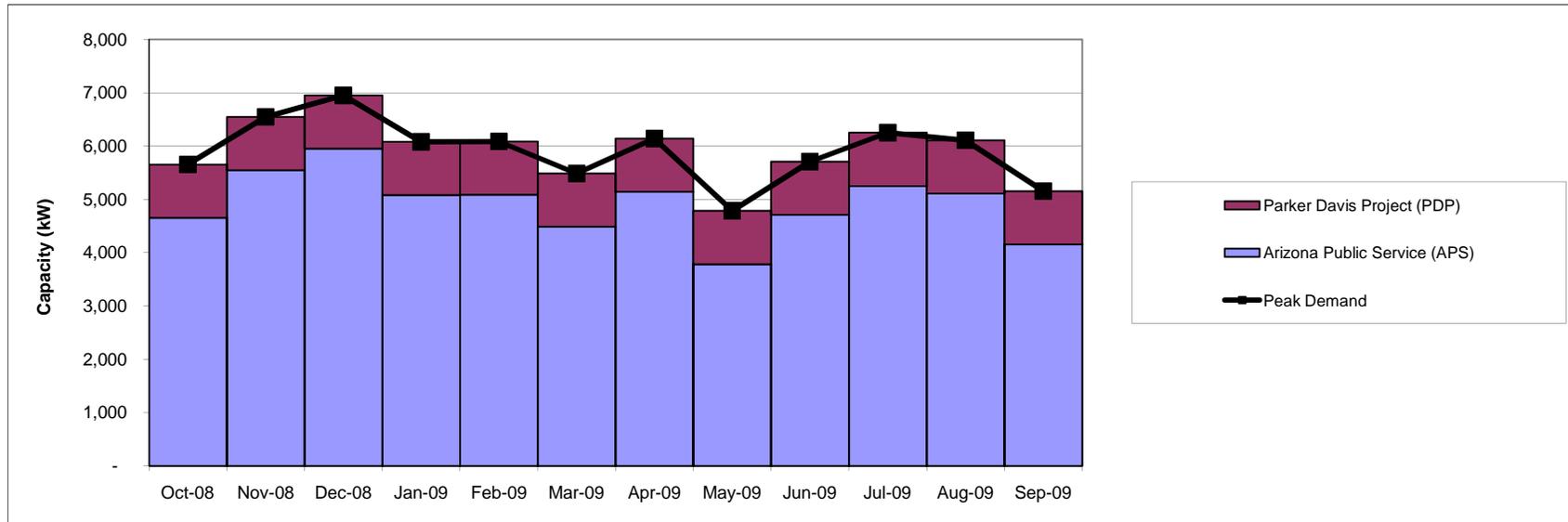
Year	October	November	December	January	February	March	April	May	June	July	August	September	Max
2002	4,264	5,376	5,399	5,346	5,207	5,188	4,536	4,687	5,192	5,360	4,957	4,542	5,399
2003	4,830	5,040	5,715	4,862	5,146	5,152	4,972	4,690	5,050	5,283	4,971	4,513	5,715
2004	4,436	5,106	6,260	5,148	4,967	4,828	5,286	4,635	5,312	5,427	5,471	5,035	6,260
2005	5,378	5,323	5,685	5,434	4,787	5,056	5,354	4,704	5,168	5,923	4,934	4,958	5,923
2006	4,886	5,558	6,059	5,160	5,434	5,864	5,133	5,274	6,127	5,718	5,414	5,100	6,127
2007	5,032	7,060	6,774	6,367	5,758	5,556	5,493	5,342	6,531	6,943	6,038	5,706	7,060
2008	5,788	6,476	7,477	6,462	6,048	5,687	5,616	6,011	5,991	5,893	5,800	5,144	7,477
2009	5,657	6,550	6,954	6,082	6,089	5,488	6,143	4,787	5,709	6,253	6,111	5,157	6,954

Energy @ substation- kWh

Year	October	November	December	January	February	March	April	May	June	July	August	September	Total
2002	2,307,726	2,436,584	2,688,631	2,812,102	2,638,840	2,767,252	2,407,070	2,503,151	2,688,788	2,859,543	2,695,273	2,085,929	30,890,889
2003	2,554,284	2,690,199	3,086,901	2,726,422	2,563,304	2,676,096	2,519,075	2,510,879	2,472,671	2,901,860	2,732,201	2,467,857	31,901,750
2004	2,536,804	2,657,551	2,986,350	2,770,684	2,508,242	2,640,254	2,582,735	2,586,499	2,821,426	3,064,791	2,883,335	2,775,609	32,814,280
2005	2,748,217	2,716,806	3,025,478	2,814,946	2,453,180	2,695,338	2,586,936	2,612,345	2,730,916	3,147,700	2,835,839	2,612,301	32,980,002
2006	2,725,225	2,767,791	3,170,959	2,902,581	2,726,444	3,192,737	2,779,166	2,977,573	3,281,868	3,267,334	2,962,529	2,722,795	35,477,002
2007	2,733,535	2,987,532	3,702,735	3,572,551	2,932,286	2,945,994	2,916,989	3,029,947	3,208,351	3,704,055	3,473,673	3,070,185	38,277,833
2008	3,164,267	3,196,291	3,955,948	3,662,928	3,092,140	3,105,684	3,034,507	3,031,356	3,179,979	3,372,366	3,238,746	3,888,641	39,922,853
2009	3,094,157	3,214,235	3,776,902	3,491,646	2,819,054	2,968,027	2,807,299	2,682,255	2,820,154	3,459,666	3,253,287	2,879,390	37,266,072

CITY OF WILLIAMS

SCHEDULED RESOURCES TO COVER TYPICAL PEAK DEMAND



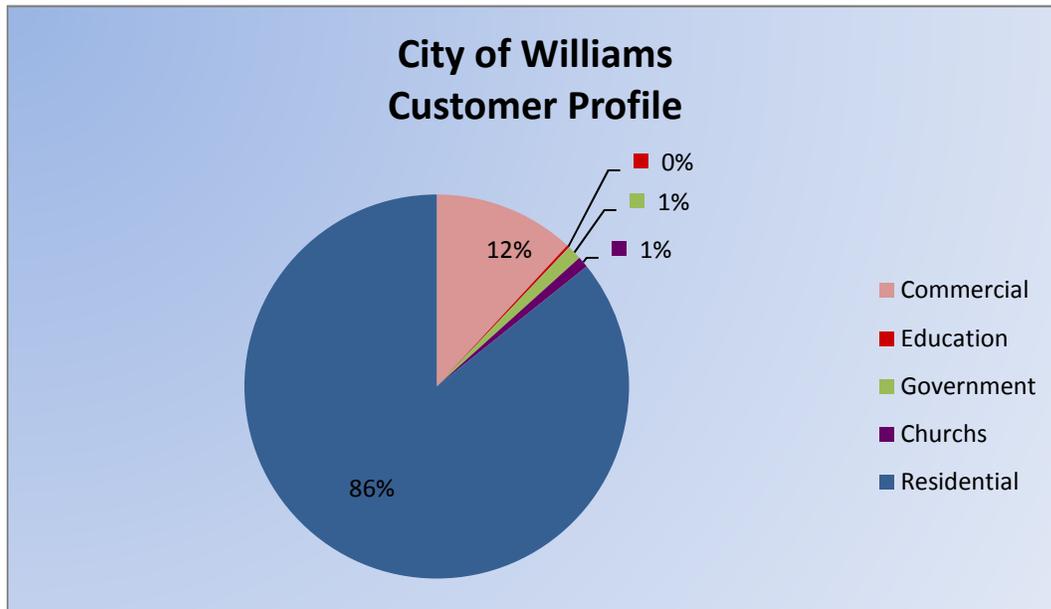
Resources

	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09
Arizona Public Service (APS)	4,657	5,550	5,954	5,082	5,089	4,488	5,143	3,787	4,709	5,253	5,111	4,157
Parker Davis Project (PDP)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Peak Demand	5,657	6,550	6,954	6,082	6,089	5,488	6,143	4,787	5,709	6,253	6,111	5,157

CITY OF WILLIAMS

2009 Customer Profile

Customer Type	# of Customers
Commercial	175
Education	3
Government	18
Churchs	14
Residential	1263
Total	1473

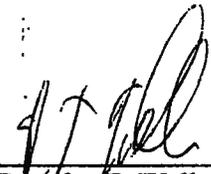


City of Williams, Arizona Notice of Public Hearing

The City of Williams will be holding a council meeting at 7:00 p.m. On September 11, 2009 at 113 S. 1st Street, Williams, Arizona. At that council meeting the City will review and approve its Integrated Resource Plan. This Integrated Resource Plan, which is required by the Western Area Power Administration, details the City's power resource plan for the next five years. The final Integrated Resource Plan will be available to the public prior to the meeting. Written comments regarding the Integrated Resource Plan will be accepted anytime prior to or at the meeting. Public comments will also be accepted at this time. Please contact Joe Duffy, Assistant City Manager at (928) 635-4451 for more information.

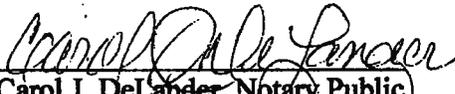
Affidavit of Publication

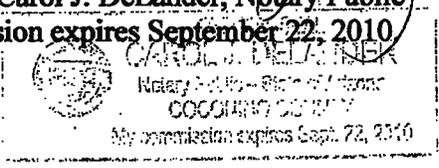
I, Douglas F. Wells, Publisher of the WILLIAMS-GRAND CANYON NEWS, a newspaper of general circulation published at Williams, Coconino County, Arizona, do solemnly swear that a copy of this notice, as per clipping attached, was published weekly in the regular and entire issue of said paper and not in any supplement thereof, two (2) consecutive weeks, commencing with issue dated September 16, 2009 and ending with issue dated September 23, 2009.



Douglas F. Wells, Publisher

Subscribed and sworn to before me this 23rd day of September 2009.



Carol J. DeLander, Notary Public
My commission expires September 22, 2010


City of Williams, Arizona
Notice of Public Hearing
The City of Williams will be holding a council meeting at 7:00 p.m. on September 24, 2009 at 113 S. 1st Street, Williams, Arizona. At that council meeting the City will review and approve its Integrated Resource Plan. This Integrated Resource Plan, which is required by the Western Area Power Administration, details the City's power resource plan for the next five years. The final Integrated Resource Plan will be available to the public prior to the meeting. Written comments regarding the Integrated Resource Plan will be accepted anytime prior to or at the meeting. Public comments will also be accepted at this time. Please contact Joe Duffy, Assistant City Manager at (928) 635-4451 for more information.
9/16, 9/23/2009
mmmm