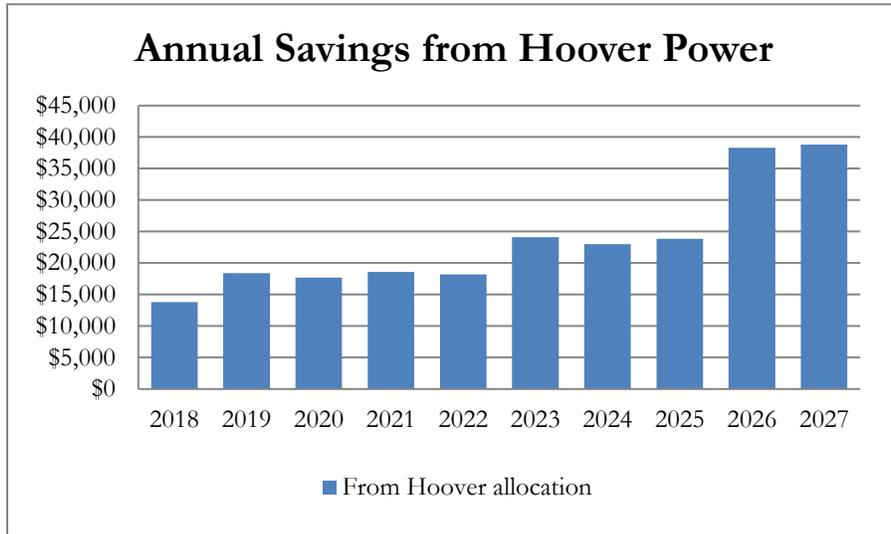


Estimated Savings

Hoover Energy Power Allocation

In the first year of the Arizona Power Authority (APA) contract, 2018, which is financially the worst year of the program, an estimated savings of \$13,825 will result from the use of Flagstaff's Hoover power allocation. Subsequent years will yield higher savings net of expenses as fees charged by the Arizona Power Authority (APA) decline for the purchase of Hoover power under Flagstaff's contract with the APA. Following are projections through 2027.



Cumulative Savings

Year	Annual Estimated Savings	Cumulative Estimated Savings
2018	\$13,825	\$13,825
2019	\$18,412	\$32,237
2020	\$17,695	\$49,933
2021	\$18,612	\$68,544
2022	\$18,209	\$86,753
2023	\$24,130	\$110,883
2024	\$23,016	\$133,899
2025	\$23,834	\$157,733
2026	\$38,304	\$196,037
2027	\$38,806	\$234,843

While the Hoover allocation of energy to Flagstaff is a constant amount each year, the profitability estimates vary by year due to projections of costs and hydrology conditions at Lake Mead fluctuating over the next decade. These important determinants of Flagstaff's profit are provided by the APA and the Bureau of Reclamation which operates the Hoover dam.