

STATE OF ARIZONA
MILITARY DEPARTMENT

(letterhead)

1 June 1949

Arizona Corporation Commission
Arizona State Building
Phoenix, Arizona

Gentlemen:

Under date of 15 February 1949 the Governor accepted on behalf of the State of Arizona, the Fort Huachuca Military Reservation situated in Cochise County, Arizona.

Subsequent to the signing of the acceptance, a deed to Fort Huachuca, Arizona was transmitted to the Governor. The deed transferred Fort Huachuca, Arizona, to the State of Arizona for use of the National Guard of Arizona and the Fish and Game Commission of Arizona. The terms of the deed conveyed to the State of Arizona all contracts, leases, permits and licenses held by the United States of America to the State of Arizona. Such contracts, leases, permits and ~~licenses~~ have been accepted by the State of Arizona pending the issuance of new licenses, contracts, permits and leases.

Among the licenses, leases, permits and contracts are: (1) Issued to the Citizens Utilities Company for the operation of the power plant and facilities at Fort Huachuca, and (2) Tucson Gas, Electric Light and Power Company for the furnishing of power to Fort Huachuca and vicinity. All contracts, leases, permits and licenses contain a 30-day cancellation clause.

The Citizens Utilities Company have notified this Headquarters of the National Guard of Arizona, a Department of the State of Arizona, that it will terminate its lease for the operation of the power plant and facilities at Fort Huachuca effective 29 June 1949. Although the Citizens Utilities Company operate the power plant and facilities at Fort Huachuca they do not furnish power direct to Fort Huachuca. The power produced at Fort Huachuca, Arizona, is supplied to the Tucson Gas, Electric Light and Power Company and is received back into Fort Huachuca from the Tucson Gas, Electric Light and Power Company because Fort Huachuca lies in what is termed the Tucson Pool.

Under the provisions of Chapter 67, Arizona Code Annotated 1939, the National Guard of Arizona are permitted to receive certain income from Fort Huachuca which includes the operation of the power plant, grazing fees, rentals, etc. The income so received must be used for the operation and maintenance of Fort Huachuca. Chapter 67 stipulates the number of employees, the type of employment they shall be engaged in, the amount of salary they shall be paid, and in addition stipulates the amount of income received that can be spent for salaries, maintenance and operation. There is no provision in Chapter 67 for the operation of the power plant and prohibits the expenditure of State appropriated monies.