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January 12, 2004

Ms. Jean Gray
Assistant Regional Manager for Power Marketing
Western Area Power Administration
P.O. Box 6457
Phoenix, AZ 85005-6457

Re: Draft Amendment No. 1 (revised 12/22/03) to Contract No. 87-BCA-10103 between
Western and Salt River Project

Dear Jean:

SRP has reviewed the subject revised draft agreement and has a concern with the Transfer of Interest in Contract provision that has been added.

This provision is overly and unnecessarily broad. "...if the Contractor's status as a customer changes in some manner,..." opens the door to any unspecified type of change and thus gives the Administrator carte blanche to "adjust" Western's firm electric service obligations under this contract. This is a 20-year contract for a firm resource and must provide conditions under which certainty of that resource can be assumed by the customer.

SRP has agreed to a transfer of interest provision in Amendment No. 5 to its CRSP contract. From the customer's perspective, that provision adds the second prerequisite condition that the Contractor's obligation to supply electricity to preference entity loads changes as a result. This is a much narrower and more limiting circumstance than the broad language included in the subject draft, yet should also provide to Western the protection it needs in its Parker-Davis contracts. We request that Western use the CRSP provision in this Parker-Davis contract.

We understand Western is also considering including a new Transfer of Interest provision in new General Power Contract Provisions (GPCPs). We request Western provide an opportunity for broad customer involvement in the development of new GPCPs that can impact customers Western-wide.

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In addition, we have the following minor comments on Draft Amendment No. 1:

New 16.2, line 6 and new 15.3 line 3—"maybe" should be "may be"

Section 13 "Contingent Upon Authorization" line 4—"authorization for" should read "authorization from".

SRP has received a copy of the latest comments on this draft agreement from the Colorado River Commission (dated January 7, 2004) and agrees with and supports the concerns expressed therein by CRC.

Thanks again for the opportunity to comment.

Sincerely,

A handwritten signature in blue ink that reads "Mark S. Mitchell". The signature is written in a cursive, flowing style.

Mark S. Mitchell

Manager, Power Marketing