



Department of Energy
Western Area Power Administration
Desert Southwest Customer Service Region
P.O. Box 6457
Phoenix, AZ 85005-6457

NOV 19 2010

Dear Parker-Davis Project Customers:

On October 6, 2010, Western Area Power Administration (Western) held a meeting and presented additional information regarding the Southwest Public Power Resource Group's proposed ED5 to Palo Verde Hub Project. At the meeting, Western requested your comments regarding the proposal by October 22, 2010 and committed to informing you of our decision by November 19, 2010.

As a result of the dialog at the meeting and the supportive comments received afterwards, we were in a position to propose the project to Western's Administrator and Transmission Infrastructure Program Office (TIP). The proposal was brought before the Administrator and TIP last week and Western has decided to move forward and pursue TIP borrowing authority to finance the project.

Attached is a summary of the customers' written comments, which were very supportive of the proposal, along with the assumptions relevant to our Senior Managers' decision.

Additional information about the ED5-Palo to Verde Hub Project is available at <http://www.wapa.gov/dsw/pwrmkt/Ed5/Main.htm>.

Western will provide a project update when the results of the TIP funding application become available. We look forward to working with you on other aspects of this project and want to express our appreciation to the customers that submitted comments about this proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "Deborah K. Emler".

for

Deborah K. Emler
Assistant Regional Manager
for Power Marketing

Enclosures (2)