



Utility Resource Services

February 2, 2004

Mr. Tyler Carlson
Regional Manager
Desert Southwest Area
Western Area Power Administration
P. O. Box 6457
Phoenix, Az 85005-6457

DSW REGIONAL OFFICE OFFICIAL FILE COPY		
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Re: Proposed Multi-System Transmission Rate (MSTR) Process.

Dear Mr. Carlson:

This letter is written on behalf of the Town of Fredonia (Fredonia) and the impact the above referenced matter will have on its transmission costs. Western appears to be on the verge of implementing MSTR in some form within the next few months. Regardless of the convergence method to be applied Fredonia will be paying a higher transmission rate by the year 2008 than it would if it were still paying only the Parker-Davis Project (P-DP) transmission rate.

As you are aware, Fredonia's transmission costs, when combined with transmission losses, far out weigh the P-DP generation costs. Fredonia's current cost of transmission, including losses, is \$6.75/kW month, which includes the transmission component of the P-DP rate, the CRSP transmission charge and Garkane Power Association. Western also appears to be reluctant to remove the pancaking effect of Western transmission systems other than the Intertie and CAP.

Accordingly, we would ask that Western strongly consider allowing those customers who will receive no economic or transmission intertie benefits from MSTR to stay on the P-DP transmission rate (SSTR).

We appreciate your consideration and if you have any questions regarding this matter please do not hesitate to call me.

Sincerely,

Richard L. Darnall
for Utility Resource Services, Inc.

cc: Mr Greg Honey, President
Fredonia Utility Board