

June 1, 2005

Mr. J. Tyler Carlson
Regional Manager
Desert Southwest Customer Service Region
Western Area Power Administration
P.O. Box 6457
Phoenix, AZ 85005-6457

Re: Proposed Multi-System Transmission Rate

Dear Mr. Carlson,

The Western Area Power Administration ("Western") extended its public process on the development of a proposed Multi-System Transmission Rate ("MSTR") by federal register notice dated March 3, 2005. The following comments are made on behalf of our clients¹ who will be impacted by the proposed MSTR. We appreciate Western's efforts and support the continued dialog Western has facilitated regarding the MSTR and look forward to continued discussions.

In our September 20, 2004 comments, we requested additional consultation between Western and Western's contractors. Western provided that additional consultation and revised the MSTR proposal away from a mandatory "phased-in" approach to a "customer choice" approach. We are very supportive of Western efforts and believe the customer choice model provides opportunities that warrant additional discussions, considerations and detailed modeling.

We once again request that Western reopen the consultation between Western and Western's customers to continue efforts on developing a customer choice model which can be supported by the majority of Western contractors. It is our belief that the model, as

¹ These comments are submitted on behalf of Aguila Irrigation District, Buckeye Water Conservation & Drainage District, Chandler Heights Citrus Irrigation District, City of Safford, Electrical Districts No. 3 of Pinal County, Electrical District No. 4 of Pinal County, Electrical District No. 5 of Pinal County, Electrical District No. 5 of Maricopa County, Electrical District No. 6 of Pinal County, Electrical District No. 7 of Maricopa County, Electrical District No. 8 of Maricopa County, Harquahala Valley Power District, McMullen Valley Water Conservation & Drainage District, Maricopa County Municipal Water Conservation District No.1, Ocotillo Water Conservation District, Queen Creek Irrigation District, Roosevelt Irrigation District, San Carlos Irrigation Project, San Tan Irrigation District, Tonopah Irrigation District, the Town of Thatcher, and the Town of Wickenburg.

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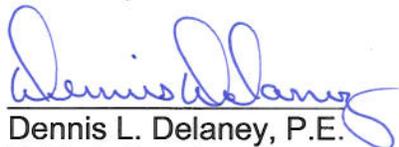
currently proposed and understood, will fail to gain significant support from Western customers.

While we are supportive of the customer choice concept we believe the model requires additional clarification and formalized procedures before we can formally support the customer choice proposal. The following concerns need clarification before we can support the customer choice MSTR proposal:

- The customer choice model lacks a formalized procedure for adjusting and setting the MSTR transmission rate. We do not believe Western's market review of competing projects is adequate justification or authority for setting the MSTR rate and subjects the contractors who choose to utilize the MSTR to unmanageable risks. We received Western's May 17, 2005 letter regarding this subject and appreciate Western's response; however, we still believe Western's review of competing transmission services is not adequate justification for setting transmission rates.
- Many customer representatives questioned rate impacts upon the individual projects and voiced concerns regarding potential cross subsidies and/or lost revenues. Their issues cannot be overlooked or brushed aside. Western needs to develop a sound business approach that justifies the MSTR and protects Western's existing transmission customers.

We ask Western to once again reopen the consultation process and to continue the public process.

Sincerely,



Dennis L. Delaney, P.E.
K. R. Saline & Associates, PLC

cc: Client Representatives