



ARIZONA POWER POOLING ASSOCIATION

P.O. BOX 1389

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Handwritten signature to Roy Trnsley

October 31, 2003

Ms. Jean Gray
Assistant Regional Manager for Power Marketing
Western Area Power Administration
Desert Southwest Customer Service Region
P.O. Box 6457
Phoenix, Arizona 85005r-6457

Re: Amendment No. 1 - Contract No. 87-BCA-10085
Between Western and the Arizona Power Pooling Association (APPA)

Dear Jean:

You have recently received a letter from George Caan, Executive Director, Colorado River Commission (CRC) dated October 23, 2003. This letter provided comments to Western's proposed Amendment No. 1 to the Parker-Davis Firm Electric Service (FES) contracts. Included in this letter was a request to schedule a meeting for early November of the FES Customer group to further discuss and to clarify changes that are being proposed by Western to the subject contract. Also included in George's letter were proposed language changes to the proposed FES Contract Amendment.

We have received notice of the meeting scheduled on the afternoon of November 4, 2003 between the FES Customers and Western. The APPA will attend this meeting.

The APPA in general agrees and supports CRC's comments as well as the appropriate suggested new language changes and sections. The areas where we differ from the CRC are those items that are specific to the APPA Contract, i.e. matching section numbers, and Exhibit kilowatts for points of delivery, etc.

In order to address all of the individual customer bill payment processes and the potential for delays in those processes, the APPA would encourage that the contract provide as much time as possible between the billing date and payment due date. It would appear that the timing and process in any current contracts works well and a similar time frame should be used.

APPA does not support putting the details of the contract amendment in the Western “to be developed” metering and scheduling instructions (MSI). We agree with the CRC, the customers need to understand prior to, not after entering into the Contract Extension.

The APPA appreciates Western’s approach it has taken with the Parker-Davis FES Customers, by working through our concerns. The final document will be one that we can all live with.

Sincerely,

Larry D. Huff
President

cc: Charlie Reinhold
Donald W. Kimball
Mark Schwirtz
Frank McRae
FES Contractors