



# Utility Resource Services

January 9, 2004

Sent via Fax and Mailed  
602-352-2490

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

Re: Comments on Draft Amendment No. 1 to Parker-Davis Project Firm  
Electric Service Contracts.

Dear Jean:

These comments are prepared on behalf of the Town of Fredonia (Town) and, except for the comments set forth below, basically supports the language contained in the Revised Prototype dated December 21, 2003, including Mr. Jerry Lopez's, of the Colorado River Commission, editorial changes. However, we do have two major concerns with regard to the Revised Prototype.

With regard to the Draft Copy dated October 6, 2003 subparagraph 12, we agree with Western's position to remove this from the FES and continue to provide excess energy on a case by case basis. Our primary comment is with regard to subparagraph 13, Contingent Upon Authorization. It is not clear what will happen if OMB does not bless this contract extension. Is the entire re-marketing (PMI) effort scrapped if it isn't blessed or just the advancing of funds issue? If they do not bless advance funding then they have a real problem since we can assume they blessed the AOF contract. The original language of not getting funding from congress, as set forth, in the GPCP appears to us to be adequate and this language should be removed.

With regard to the Revised Prototype Draft, dated December 21, 2003, subparagraph 12, Transfer of Interest in Contract, we agree with CRC that language included in the SLCAIP should be adopted in the P-DP Draft Amendment.

Finally, we do not agree with the comment made by one customer, "Customers can agree to fund core activities and staffing with this advance, including normal escalation." This is in direct contrast to the purpose and intent of the AOF. As you are aware, this past July, the Funding Board denied funding for some of Western's cost increases. The customers should continue to be able to review and suggest to Western that they are opposed to the level of costs included in core activities that are transmission related. If the generation related "core" costs are not acceptable to the Funding Board Members, then why would the transmission related costs be acceptable?

Additionally, the terms "core activities, staffing and normal escalation " are not defined.

If you have any question regarding these comments, please call.

Sincerely,



Richard L. Darnall

*for* Town of Fredonia

cc: Mr. Greg Honey