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Ms. Jean Gray, Manager
Power Systems Resource
Western Area Power Administration
Budget & Analysis Office
615 S. 43rd Avenue
Phoenix, AZ 85009

SUBJECT: March 31, 2004 Version of Proposed Section 12,
Western's Amendment No. 1 to the Parker-Davis
Project Service Contract Extension

Dear Jean:

Several people have spoken to the staff of the Authority regarding the Section 12 language referenced above. We at the Authority have reviewed the language and we are opposed to it. Our primary concern is that the proposed language allows Western unilaterally to reduce the Contractor's allocation of power that is established pursuant to the contract between the Contractor and Western. This provision should not be included in these contracts because it sets a dangerous precedent that might someday be suggested for inclusion in the Hoover power contracts. There is no need for Section 12 language, and we strongly suggest that it be dropped from further consideration.

Best personal regards,

Joseph W. Mulholland
Executive Director

cc: Mr. J. Tyler Carlson