



April 14, 2004

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GRANT R. WARD
General Manager

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

Re: Comments on Western's proposed Section 12 language for the
prototype Amendment No. 1 for the Parker-Davis Project
(Parker-Davis) Electric Service Contract Extension
(Amendment)

Dear Jean:

We appreciate the opportunity to comment on the proposed new language for Section 12 that Western has developed internally in an agency-wide consultation. Because the subject of this new language involves the possible loss or reduction in a contractor's allocation, it is imperative to us that any ambiguities be removed from this provision. In order for us to continue to consider this a firm electric service contract, we need to have a clear path in this provision that will allow us to avoid problems in the future while leaving the agency the ability to deal with problems that may crop up elsewhere.

We understand your desire to wind up this contract draft and offer the amendment to ED-3 and the other Parker-Davis firm electric service contractors. However, we believe that further dialogue with Western will improve the language and remove ambiguities that could be a problem for us in the future. We are especially concerned that these ambiguities might cause our bond counsel to treat this contract differently than it has been treated in the past.

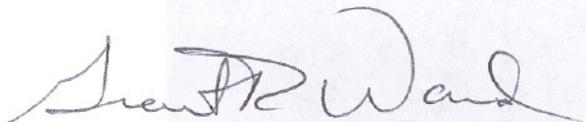
We have reviewed letters from Bob Lynch, Patricia Cooper, and George Cann to you and the questions and concerns raised by those letters. These are exactly the kinds of concerns that we have and would like the opportunity to visit with you about. We also believe that suggestions made in those letters for possible

changes to the contract language would resolve a number of our concerns.

However, I must add that I am troubled by public comments made by Western representatives that suggest if we don't like the language we don't have to sign the amendment. Where has the "old" Western gone that would negotiate in good faith and with a desire to serve its customers (the public) in a fair and equitable manner?

We hope that there will be more time allotted to your customers to hopefully resolve our differences amicably.
Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Grant R. Ward". The signature is written in dark ink and is positioned above the typed name.

Grant R. Ward
General Manager
Electrical District No. 3

cc: Mike Hacskaylo, Administrator
Tyler Carlson, Regional Manager
Bob Lynch

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