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ARIZONA POWER AUTHORITY

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November 30, 2004

Mr. J. Tyler Carlson, Regional Manager
Western Area Power Administration
P. O. Box 6457
Phoenix, AZ 85005

Subject: Proposed Changes to Western's
General Power Contract Provisions

Dear Tyler:

By letters dated April 22, 2004 and June 18, 2004, the Arizona Power Authority has gone on record opposing certain sections of the General Power Contract Provisions. The purpose of this letter is to reiterate our opposition to the section which pertains to the review and adjustment of federal power allocations. Specifically, we oppose the language that allows the administrator of Western in his or her sole discretion and at his or her sole option to terminate a contract between Western and a customer if the customer's actions cause it to lose status as a preference customer.

The Power Authority also opposes the proposal in the proposed Parker-Davis contracts which requires advance funding on behalf of the customers.

Thank you for allowing us to make these comments.

Sincerely yours,

Joseph W. Mulholland
Executive Director