

Buckeye Water Conservation & Drainage District

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October 26, 2004

VIA FACSIMILE and Mail
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J. Tyler Carlson
Regional Manager
Western Area Power Administration
Desert Southwest Region
P. O. Box 6457
Phoenix, AZ 85005-6457

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Dear Mr. Carlson:

This letter is intended to respond to the letter of September 27, 2004 from the Assistant Regional Manager for Power Marketing, Desert Southwest Customer Service Region, Western Area Power Administration, stating that if no further comments were received, Parker-Davis Project Firm Electric Service Contract Extension Amendments would be offered in executable form within 30 days. The Assistant Regional Manager's letter further stated that previous customer comments to Western indicated that a dialogue between Western and its Parker-Davis Customers has resulted in workable language for Section 12, the section dealing with Western's unilateral right to determine whether to terminate a customer's contract or adjust its allocation of Parker-Davis power based upon certain unspecified events and determinations.

We have stated our deep concerns with the positions espoused by the Assistant Regional Manager for Power Marketing to you and to Western's Administrator in correspondence dated (August 6, 2004) and September 14, 2004 and in the meeting with you and Western's Administrator October 18, 2004. While we are not a Parker-Davis contractor, we reiterate our concerns here and our opposition to the positions espoused by Western in proceeding to confront Parker-Davis customers with executable Parker-Davis contract extensions because we believe such positions could become precedent for us in future negotiations with Western.

In a letter dated October 27, 2004, Electrical District No. 3 and various other Parker-Davis contractors have set forth the following positions:

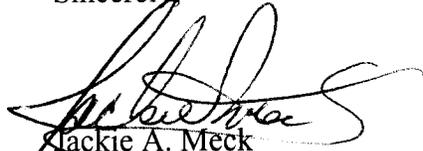
- Western should abandon its proposal to force customers to agree to Western having the unilateral right to terminate the power contracts and adjust the power allocation.

- Western's advance funding provisions for existing power customers should remain voluntary.
- The legal underpinnings for the proposed Section 12 are substantially in doubt as demonstrated by Bob Lynch's letter to Jean Gray this week.

We adopt these positions and the rationale for them set forth in the comments of Electrical District No. 3.

We appreciate this opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "Jackie A. Meck", written over a horizontal line.

Jackie A. Meck
General Manager

cc: Mr. Michael HacsKaylo, Administrator
Western Area Power Administration