



Department of Energy
Western Area Power Administration
Desert Southwest Customer Service Region
P.O. Box 6457
Phoenix, AZ 85005-6457

MAR 31 2004

Dear Parker-Davis Project Electric Service Customers:

The Western Area Power Administration (Western) advised by letter dated February 20, 2004, that the proposed language in Section 12 of Western's prototype Amendment No. 1 for the Parker-Davis Project (Parker-Davis) Electric Service Contract extension (Amendment) would have Western-wide impact. As a result, coordination and collaboration was needed with the Power Marketing Managers from all Western regions and the Corporate Services Office. Western has completed our internal coordination process.

Several comments were received from the Parker-Davis Customers regarding the proposed Section 12 language. Western has carefully reviewed and considered these comments and the many discussions we have had in recent months. These considerations, together with experiences and concerns raised by other Western regions and our Corporate Services Office, formed the basis of the final Section 12 language regarding "Review and Adjustment of Federal Power Allocation" (originally titled "Transfer of Interest"). This language is enclosed and will also be posted to the Desert Southwest Region (DSWR) website at <http://www.wapa.gov/dsw/pwrmkt/Paddad.htm>.

Western's response to Customer comments received after January 16, 2004, will also be posted to the DSWR website.

Western will take comments on the Section 12 language until April 14, 2004. Please feel free to contact me at 602-352-2555 for questions or discussion. All other Parker-Davis Amendment issues have been resolved. Soon after April 14, 2004, Western will mail executable amendments for your signature.

Western very much appreciates your comments and the attention you have given to this matter. Thank you for your patience and input throughout our deliberations.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jean Gray".

Jean Gray
Assistant Regional Manager
for Power Marketing

Enclosure