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Date: 1/28/04 9:18AM
Subject: Small Contractor Flexibility

Jean,

We would like to request that Western evaluate the attached draft language which is intended to allow Contractor's to move to Exhibit A-1 (PDP Contract Amendment) prior to October 1, 2008. The language is being submitted on behalf of Wickenburg and Thatcher but potentially could be applicable to Fredonia, Yuma Irrigation District and Fort Mohave. I have attempted to discuss this language/flexibility with as many of the existing FES Contractors as I could reach to seek their support for this flexibility and while I did not ask them for a formal commitment to support the language every representative I talked with appeared to be supportive.

In any event, the flexibility would greatly help Wickenburg and Thatcher (and I'm assuming YID, FMIT and Fredonia) in scheduling the resources while having a minimal impact upon Western operations or the remaining unaffected Contractors. Please call me if you have any questions.

Thanks Dennis

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2.6 Western desires to implement the provisions of this Amendment upon execution by Parties, except that modification of the current Contract Rate of Delivery (CROD), as set forth in Exhibit A-1 will not become effective until October 1, 2008, as provided in Section [9][10] of this Amendment, or upon the start of a Federal Fiscal Year, as provided in subsection 15.2 of this Amendment.

15.2 Contractor's current Exhibit A, Monthly Delivery Obligations, shall remain in effect, and may be revised from time to time, through September 30, 2008, provided that a Contractor whose allocation is being rounded up to whole megawatts may, upon 120-days' written notice to Western, elect to replace its Exhibit A with Exhibit A-1, such replacement to be effective at the beginning of any Federal Fiscal Year prior to October 1, 2008.

15.3 The Exhibit A-1, Monthly Delivery Obligations, attached hereto, shall become effective on October 1, 2008 or upon the start of a Federal Fiscal Year as provided in Subsection 15.2, and shall remain in effect, and may be revised from time to time, through September 30, 2028.

15.4 On or after October 1, 2008 or upon the start of a Federal Fiscal Year as provided in Subsection 15.2, all references to Exhibit A shall be deemed to refer to Exhibit A-1.

14.2 Exhibit A-1 shall become effective October 1, 2008 or upon the start of a Federal Fiscal Year as provided in Subsection 15.2.