



P.O. Box 1045, Bullhead City, AZ 86430

November 6, 2002

Mr. J. Tyler Carlson, Regional Manager
Western Area Power Administration
Desert Southwest Region
Post Office Box 6457
Phoenix, Arizona 85005-6457

Re: Parker-Davis Reallocation - Renewal to Mohave Electric/AEPCO and Existing Small and Intermediate Sized Customers - Including Cooperatives

Dear Mr. Carlson:

The Mohave Electric Cooperative Inc. ("Cooperative") is an Arizona 30,000 member Not for Profit Rural Electric Cooperative Corporation and a recognized preference customer under Federal law. By virtue of its membership in and relationship with the Arizona Electric Power Cooperative, Inc. ("AEPCO") it has been a Parker-Davis Power (PD-P) allottee since the 1970s.

Renewal of its Parker-Davis allocation is critical to the continued economic well-being of its members. Mohave is located in one of the most hostile arid desert climates in the United States. Availability of PD-P Federal hydropower is critical to the health and well-being of the members. During five months of the year some days the temperatures can exceed 123 degrees. Affordable electricity is essential. Twenty year contracts are essential.

The Cooperative believes there is a way to reallocate Parker-Davis, but not diminish the allocations of existing customers of small and intermediate size, like Mesa, Thatcher, Wickenburg and Fredonia and the Distribution Cooperatives represented by AEPCO. Western needs to think "outside the box" as these historic 20 year contracts expire in order to not disadvantage historic customers who need continued receipt of Parker Davis power for economic viability as consumer owned utilities and at the same time benefit new entities.

Conditioned on AEPCO receiving a renewal of the PD-P allocation with appropriate recognition that the AEPCO allocation is as an agent of its distribution members and not as AEPCO (similar to the way Western historically defined the allocations of the Arizona Power Pooling Association reflecting the rights of its membership). Mohave can support the complete reallocation of Parker-Davis. On the condition of equitable reallocation recognizing the need to renew the AEPCO/cooperative allocations, Mohave can oppose implementation of the PMI and the EPAM, and can oppose using the proposed 6% percent withdrawal pool (a 6% withdrawal for such a pool hurts small entities like Electrical District No. 3, Pinal County and Wickenburg, Thatcher, Fredonia and Mohave Electric). Small and intermediate sized distribution entities and entities like the cooperatives have come to regard the allocation of PD-P as an integral part of the resource base and necessary for continued economic viability. The economic integrity of small, intermediated sized and cooperative distribution entities should not be harmed by withdrawal of 6% so long as there are other ways to meet the needs using historical and legal analysis.

The Cooperative believes there can be an expanded resource pool created without withdrawal, and that existing small and intermediate sized and Cooperative customers of can be kept whole. Mohave challenges Western to do an equitable reallocation.

Mr. J. Tyler Carlson, Area Manager

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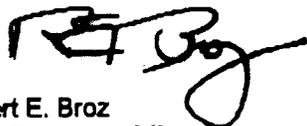
Mohave notes the 2004 CRSP allocations recognized the agency relationship between a G & T cooperative and the distribution cooperative. This was evidenced in the Plains Electric Cooperative merger with Tri-State Electric Cooperative when Western recognized an allocation of seven (7) megawatt to Navopache under a twenty (20) year contract as a distribution cooperative whose load had been severed from Plains/Tri-State. Mohave's contract relationship with AEPCO expires in 2020 and the AEPCO renewed PD-P allocation needs to clearly reflect the transfer rights of Mohave in 2020, if the agency expires or is terminated.

The Cooperative supports the creation of a larger preference utility customer pool for new entities. Full investigation should be made of the IID allocation and the Colorado River Commission (CRC) allocations to determine what is sound policy to be implemented today by Western. Based on historical and legal documents and analysis, Mohave believes a larger PD-P pool can be created by Western to meet the needs of new customers and of old customers without reducing allocations to the small, intermediate sized and cooperative PD-P historic users. There should be no reduction of the allocation to smaller and intermediate sized preference utility entities or to the Arizona Electric Power Cooperative ("AEPCO").

Mohave requests a renewed allocation of Parker-Davis resource to AEPCO as the Mohave agent. Western should reallocate PD-P to an expanded customer base in such a way as to not cause a loss to the current small or intermediate sized PD-P customers, including the Cooperatives.

Respectfully,

MOHAVE ELECTRIC COOPERATIVE, INC.



Robert E. Broz
Chief Executive Officer