

**PARKER-DAVIS PROJECT ELECTRIC SERVICE CONTRACTS**  
**REVIEW AND ADJUSTMENT OF FEDERAL POWER ALLOCATION**  
**Draft Revised September 27, 2004**

12. **Review and Adjustment of Federal Power Allocation:**

12.1 If the Administrator of Western determines that actions taken by the Contractor, after the date of execution of this Amendment, have abrogated the Contractor's status as an entity qualified for preference under Reclamation Law to purchase Federal hydropower, then the Administrator may take appropriate action, which may include termination of this Contract.

12.2 Western's Administrator also reserves the right to adjust Western's firm electric service obligations under this Contract as the Administrator deems appropriate, if the Contractor's status, as of the date of execution of this Amendment, changes in a manner that results in a change in the beneficiaries of the preference allocation, including but not limited to: (1) merging with, acquiring, or being acquired by another entity; (2) creating a new entity from an existing one; (3) joining or withdrawing from a member-based power supply entity; (4) if the Contractor is a member-based power supply entity, losing one or more members; or (5) selling, leasing, or otherwise disposing of its, or a member's, electric distribution system .

12.3 The Contractor shall give Western written notice prior to implementing any changes covered by Section 12.2. Such notice shall be provided at least 120 days in advance or as soon thereafter as the Contractor becomes aware of the proposed change. Western will respond in writing within

90 days of receipt of such notice, indicating whether the Administrator intends to take action.

12.4 If the Administrator decides to pursue a review for reasons other than in response to a notice from the Contractor, the Administrator will notify the Contractor and offer the Contractor a reasonable opportunity to provide comments and other information on the matter.

12.5 In any case in which the Administrator determines to take action because the Contractor's status will change or has changed in a manner addressed in subsections 12.1 and/or 12.2, Western will notify the Contractor in writing of the Administrator's intended action(s) and the reasons for taking the intended action(s). Implementation of the Administrator's action shall take place no earlier than 30 days from the Contractor's receipt of such notice.

12.6 If the Contractor disagrees with the Administrator's determination, the Contractor may request reconsideration from the Administrator. Requests for reconsideration to the Administrator shall be made in writing, and must be received by the Administrator within 30 days of the Contractor's receipt of the notice from the Administrator. The Administrator will provide the Contractor with written notice of Western's final decision within 30 days of receipt of the request for reconsideration, including the effective date thereof.