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February 12, 2004

Ms. Jean Gray
Assistant Regional Manager for Power Marketing
Western Area Power Administration
Desert Southwest Customer Service Region
P.O. Box 6457
Phoenix, AZ 85005-6457

Re: Comments on Prototype Revision 2 of Amendment No. 1 to the Parker-Davis Project
firm electric service contracts

Dear Ms. Gray:

As you are aware, we are General Counsel to Imperial Irrigation District, which has a firm electric service contract with Western for energy generated by the Parker-Davis Project (“PDP”).

In connection with Prototype Revision 2, dated January 16, 2004 (“PR2”) we have attended the scoping meetings which you have conducted. We share the concerns expressed by other firm electric service contractors regarding section 12 of the proposed contract amendment which addresses events which could trigger disentanglement and remarketing of PDP allocations.

We view the comments submitted by George Caan of the Colorado River Commission on February 9, 2004, as appropriate and we join the Colorado River Commission and other PDP stakeholders in urging your favorable consideration of the suggested revision to section 12, which appears on pages 2 and 3 of Mr. Caan’s comments.

While it is unlikely that organizational changes within Imperial Irrigation District would trigger the remarketing of its PDP allocation in any of the scenarios described in the various iterations of section 12, we are concerned that any opportunities for multiple interpretations of the triggering language would place at risk the integrity of all contract entitlements. I am certain you will agree that this possibility is unacceptable. The language proposed by Mr Caan eliminates the taint of vagueness from this new provision.

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We urge your favorable consideration of the version of section 12 proposed in Mr. Caan's latest comment. Although it is not part of the CRSP contingent of PDP contractors, IID's preference would be the contractual language previously approved by Western and accepted by the CRSP group. If utilization of the CRSP language is unacceptable (as you have previously indicated) we urge Western's approval of the version set out in Mr. Caan's letter.

Thank you for your favorable consideration in connection with this request and for your past courtesies.

Very truly yours,

HORTON, KNOX, CARTER & FOOTE

A handwritten signature in black ink, appearing to read "Orlando B. Foote", written in a cursive style.

Orlando B. Foote

OBF:jl

cc: Tyler Carlson (via e-mail)
Tony Montoya (via e-mail)
PDP - FES Contractors (via e-mail)