



Utility Resource Services

May 6, 2004

Sent Via Fax 602-352-2490

Ms. Penny Casey
Resource Manager
for Power Marketing
Western Area Power Administration
Desert Southwest Region
P. O. Box 6457
Phoenix, Az 85005-6457

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Date	
	MAY 7 2004
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Re: Early Implementation of Post-2008 Parker-Davis Project Allocations to Small Rounded-up Customers.

Dear Ms. Casey:

This letter is written on behalf of the Town of Fredonia (Town) in regards to the above referenced matter. The Town is certainly not opposed to the receipt of the additional capacity and energy prior to 2008. As we understand the analyses that have been performed by Western the additional capacity is not a problem. The problem is whether, or not, there will be additional energy available. This really is not a problem for the Town as it is a member of Western's RMS Pool. The exchange of capacity and energy between seasons is also not a problem as the Town's peak demand and need for energy comes during the winter months, not the summer months, making it rather easy to exchange.

However, if this early implementation causes undue hardship on the other non-rounded up customers then the Town has no problem waiting until 2008. Additionally, the analyses performed by Western have not included the additional costs the small rounded-up customers would have to pay as the result of the Advancement of Funds Agreement provisions because of changes in allocations. This cost, at first glance, appears to be rather minor, but does have to be considered.

If Western decides to go forward with this request for early implementation we would recommend it enter into separate agreements under Section VII of the existing marketing plan.

We appreciate all the hard work and analyses that Western has performed regarding this matter and the opportunity to respond.

Sincerely,

Richard L. Darnall
Utility Resource Services, Inc.