



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

March 8, 2010

Mr. Darrick Moe, Regional Manager
Western Area Power Administration
Desert Southwest Region
615 South 43rd Avenue
PO Box 6457
Phoenix, AZ 85005-6457

RE: Letter of Support for Proposed Use of Prepayments in Construction Funding

Dear Mr. Moe:

In the public meeting, held on February 17, 2010, Western Area Power Administration (Western) introduced the concept of using certain “prepayment funds” as a potential funding mechanism for the costs of improvements to the Parker-Davis Project and Intertie Transmission Systems, including certain construction projects proposed by the Southwest Public Power Resource Group (SPPR Group). As a customer of Western, and as a participant in the SPPR Group, Mohave Electric Cooperative, Inc. (Mohave) conditionally supports the use of prepayment funds, subject to the following condition[s].

As was discussed by several parties at the open meeting, Western must provide an opportunity for its customers for binding oversight of the proposed funding process using prepayments, to ensure that projects are properly identified, that customers have input in the process, that the funded projects are in the best interest of Project customers, and that Western will seek appropriations for projects not approved by the customers for the use of prepayment funds for construction. One model for such customer input would be to adopt the salient provisions of oversight that were included in the Advancement of Funds Contract (AOF) for the Parker-Davis Project Generation Facilities¹. Specifically, Parker-Davis Project and Intertie customers should have line-item approval over the proposed construction items in their respective budgets (Parker-Davis Project or Intertie) that would use the prepayment funds; and, without customer approval, the prepayment funds would be sent to Treasury.

Mohave does not support the use of funds from one project to another. We believe that in the event that project prepayments are not adequate for the approved construction

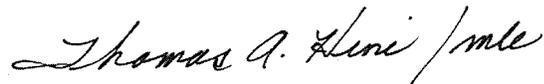
¹ The Advancement of Funds Contract for Parker-Davis Project Generation Facilities among the United States Department of the Interior Bureau of Reclamation (Contract No. 8-CU-30-P1148) and the United States Department of Energy Western Area Power Administration (Contract No. 98-DSR-10870) and Certain Parker-Davis Project Firm Electric Service Contractors.



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work plan within a project, there are alternatives such as the APA funding, an organization similar to the Western States Power Corporation, or the Western States Power Corporation. We thank Western for efforts in developing another innovative and cost effective funding alternative to address the needs of the Parker-Davis Project. The customers are committed to work and support Western's efforts to address reliability concerns, improve service through strategic interconnections and to meet the expanding resource requirements of customers. We appreciate the opportunity to offer comments and we look forward to continuing this discussion with Western.

Sincerely,

A handwritten signature in cursive script that reads "Thomas A. Hine /mle". The signature is written in black ink and is positioned to the right of the typed name.

Thomas A. Hine