



March 8, 2010

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

**RE: Support for Proposed Use of Prepayments in Construction Funding  
for Parker-Davis and Intertie.**

Dear Mr. Moe:

This is in response to the request for comments at the public meeting, held on February 17, 2010 concerning the concept of using certain “prepayment funds” as a funding mechanism for the costs of improvements to the Parker-Davis Project and Intertie Transmission Systems. Among those improvements are certain construction projects proposed by the Southwest Public Power Resource Group (SPPR Group). Tonopah Irrigation District is a customer of Arizona Power Authority, and therefore indirectly of Western, and is a participant in the SPPR Group.

This letter is to express our support for the use of prepayment funds for construction, subject to the following conditions.

Western must provide an opportunity for its customers to participate in meaningful oversight of the proposed funding process, to ensure that appropriate projects are identified, that customers have input in the process, and that the funded projects are in the best interest of current Parker-Davis Project and Intertie customers. 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. 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 Facilities<sup>1</sup>.

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<sup>1</sup> 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.

Developing such an arrangement or agreement to provide customer oversight of the use of the prepayment funds will undoubtedly take a significant amount of time. We recognize the need for to act quickly concerning the current available funds, and, therefore, we support use of current prepayment amounts based upon Western's internal prioritization.

We appreciate Western's efforts in developing this innovative and cost effective funding alternative to address the much needed improvements to the Parker-Davis Project.

We appreciate the opportunity to offer these comments and we look forward to continuing this discussion with Western.

Sincerely,

Elizabeth Story  
Administrator  
Tonopah Irrigation District