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**COLORADO RIVER COMMISSION**  
OF NEVADA

October 21, 2010

Mr. Darrick Moe  
Desert Southwest Regional Manager  
Western Area Power Administration  
P.O. Box 6457  
Phoenix, AZ 85005-6457

VIA E-mail to: [dswpwrmrk@wapa.gov](mailto:dswpwrmrk@wapa.gov)

SUBJECT: SPPR Proposal to Fund Transmission Upgrades as Parker-Davis Project Activities

Dear Mr. Moe:

The Colorado River Commission of Nevada (CRC) recently attended Western's October 6, 2010 meeting where you presented a new proposal regarding the transmission request by the Southwest Public Power Resources Group (SPPR). At that meeting, Western proposed a new accounting mechanism that would isolate the repayment of the SPPR project capital and O&M expenses from the balance of the Parker-Davis Project Transmission rate process, thereby mitigating the risk to other Parker-Davis customers. Western has requested comments from the Parker-Davis customers regarding the new proposal.

The CRC had the opportunity to review the comments submitted by Mark Mitchell of the Salt River Project (SRP) and the CRC agrees with SRP that Western's new proposal appears to address those concerns that the CRC had concerning the initial SRRP proposal.

Although there are many details to be worked out, the CRC looks forward to working with Western and the other Parker-Davis customers to develop an appropriate accounting process that will accomplish the goals of Western's proposal and allow the project to move forward, while appropriately managing the risks. We thank Western for its efforts in creating this unique idea.

Sincerely,

A handwritten signature in blue ink, appearing to read "George M. Caan".

George M. Caan  
Executive Director

GMC/CNP/ja