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March 10, 2010

Mr. Darrick Moe, Regional Manager
Desert SW Region
Western Area Power Administration
PO Box 6457
Phoenix, AZ 85005-6457

Subject: Parker-Davis Project Prepayment Funding Option

Dear Mr. Moe,

Thank you for the opportunity to comment on your proposal to internally finance capital improvements in the Desert Southwest Region presented February 17, 2010.

This methodology appears to be the lowest cost solution to begin funding your much needed transmission improvements. The Arizona Power Authority (APA) fully supports DSW's use of this methodology and values your request for customer input and support.

One advantage to your approach is that there is already a means for customer input through the Joint Planning Agreement (JPA) process. APA has a history of participation in the JPA process and has been pleased with the direction that DSW has taken to solicit and respond appropriately to customer comments.

We look forward to working with you in any way possible to help facilitate and support the rebuild of the DSW aging infrastructure. A reliable transmission system in the Desert Southwest Region benefits all of Arizona.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Gazda', is written over a horizontal line.

Michael Gazda
Deputy Director