



January 24, 2005

DSW REGIONAL OFFICE OFFICIAL FILE COPY		
Date	Initial	Code
	JAN 26	

Mr. J. Tyler Carlson  
 Regional Manager – Desert Southwest Region  
 Western Area Power Administration  
 Post Office Box 6457  
 Phoenix, Arizona 85005-6457

Re: Comments on Parker-Davis Project – Post 2008  
 Resource Pool Procedures and Supplement to Application  
 For an Allocation of Two Point Five (2.5) mw of Parker-Davis Power

Dear Mr. Carlson:

The Town of Gilbert, Arizona is a political subdivision of the State of Arizona and organized and existing under the laws and the Constitution of the State of Arizona (Title 9 of the Arizona Revised Statutes and the Constitution of Arizona). It believes it is a qualified applicant which comes under the general eligibility criteria in Paragraph II of General Eligibility Criteria set forth in the Federal Register concerning the Post 2008 marketing of the Parker-Davis Project resource pool (The Town is a Preference Customer as defined by Federal Reclamation Law). The Town is a municipal end user of electricity for its water, waste water, street lights and other municipal uses. It has no allocation of State or Federal power. It is one of the ten fastest growing communities in the United States. Affordable end uses of electricity to meet the above described functions is critical to the operation of the Town. Securing a lower cost power supply is of critical health, safety and welfare as well as financial importance to enable the Town to continue providing affordable and needed water, wastewater and municipal facility infrastructure to the rapidly growing community.

The Town and its citizens need an allocation of two point five (2.5) megawatts of Parker Davis Project power and energy to help the Town, on behalf of its citizens for their benefit, health, safety and welfare provide water, wastewater and municipal services at the lowest cost. The Town expects to file its application after coordination with its electric service provider, the Salt River Project, as a municipal customer of Salt River Project. The Town has thirty (30) municipal end use accounts which deserve to be supplied with an allocation of Parker-Davis power for the benefit of its citizens. The Town will need assistance from Western in processing its application.

The Town agrees and urges Western not to change its General Eligibility Criteria.

The Town expects to complete the requirements and arrangements for delivery of end use electric service with the Salt River Project by the required date. It asks Western to modify its criteria to allow bill crediting in the manner also permitted to Indian Tribes. With bill crediting, the Town is assured of the maximum economic benefit to each of its municipal end use accounts. The Town does not want the expense of certain transmission charges to effectively deny it the benefit of an allocation of power. Bill Crediting will allow each account to be adjusted and the benefits of a Federal Power allocation to be realized at each end use.

Those entities which already have specific allocations of Federal power under an Arizona Power Authority Hoover subcontract (which makes them beneficiaries of Hoover power and energy) are today enjoying directly the benefits of Federal Power. They should be considered by Western as entities defined as having a sub contract with Western or being a member of a parent entity that has a contract with Western. Hoover power customer sub contractors have already had Federal power benefits. The Town does not believe APA subcontractors enjoying today specific allocations of Hoover Federal Power should be allowed under the first category to have another opportunity to benefit from another allocation of Federal Power.

Likewise, entities holding a CRSP contract directly should not be in the first category unless there are some unique or special circumstances. The definition of unique and special circumstances are something that each applicant must clearly establish.

With the comments made previously, the Town generally agrees with the criteria set forth in under Paragraph III – General Allocation Criteria in the Federal Register publication.

Concerning Paragraph III, the Town believes that Western should also take into consideration known circumstances in the year 2004 and, therefore, the Town supports the provision of that paragraph that states "...Western has the right to use estimated load values should actual load data not be available. Western will review and adjust, where necessary, inaccurate estimates received during the allocation process..." This should be construed to mean that where an entity demonstrates a 2004 actual need, Western should be allowed to take this into consideration.

Concerning Paragraph IV General Contract Principles, except for the following, the Town believes those are acceptable.

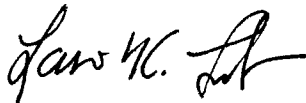
a. Payment in Advance: It should be clearly stated in the Contract that any payment in advance will be payment of the monthly power bills no more than two (2) months in advance, and will not be a blank check for Western to require additional payments.

b. General Power Contract Provisions: Concerning the GPCPs and standard provisions in the sales contracts, particularly the concept of Section 12 in the proposed Parker-Davis Contract, those provisions should be worded so that it is clear that before any contracted or allocated power is taken away or reduced that the contractor has sufficient notice, opportunity to comment and participate in a discussion, and has an opportunity to cure any defects and to exhaust any appeals before losing any power resource under contract.

General Allocation Criteria – Paragraph III(I): The Town notes that it is an all requirement customer for its municipal water, waste water and municipal facility end uses of the Salt River Project.

In conclusion, the Town requests an allocation of two point five (2.5) megawatts of Parker- Davis Power and hereby supplements its other application.

Sincerely,



Lonnie K. Frost  
Director of Public Works

Mr. J. Tyler Carlson  
January 24, 2005  
Page 3

C: George Pettit, Town Manager