



Department of Energy
Western Area Power Administration
Desert Southwest Customer Service Region
P.O. Box 6457
Phoenix, AZ 85005-6457

MAR 12 2013

Mr. Robert S. Lynch, Counsel and Assistant Secretary/Treasurer
Irrigation & Electrical Districts Association of Arizona
340 E. Palm Lane, Suite 140
Phoenix, Arizona 85006

Re: Pacific Northwest-Pacific Southwest Intertie Project Propose Rate Order No. WAPA-157, 77
Fed. Reg. 34381, et seq. (June 11, 2012)

Dear Mr. Lynch:

Thank you for your letter dated January 29, 2013, regarding the referenced rate adjustment process for the Pacific Northwest-Pacific Southwest Intertie Project (Intertie) transmission service. We appreciate the many comments we've received and strive to be transparent in all of our communication and actions and to answer questions clearly. I hope this letter provides additional clarity for you.

The existing transmission service rates for the Intertie were set to expire on September 30, 2012. On June 11, 2012, Western initiated a formal process to adjust the existing rates through publication of Rate Order No. WAPA-157 and proposed a rate increase of approximately 29%. Western held a Public Information Forum on June 28, 2012 and a Public Comment Forum on July 10, 2012. The end of the comment period was announced as September 10, 2012.

On September 5, 2012, Western published a notice in the Federal Register, under Rate Order No. WAPA-159, extending the existing rates for 12 months until September 30, 2013, or until superseded by new rates. Western extended the existing rates for two primary reasons:

- To allow Western more time to complete the rate adjustment process.
- To ensure customers had adequate time to review and respond to the proposed rates and provide Western with sufficient time to evaluate comments and make an informed decision on the rates.

The extension did not convey that a rate increase was not necessary. As stated, the purpose of the rate extension was to ensure the existing rates remained in place while the rate adjustment process was finalized.

Therefore, as soon as Western completes its review and analysis of the public comments on the record, we anticipate issuing a decision on the proposed rates. No additional public information or comment forums will be held.

Thank you for your comments and expressed concerns regarding this important rate adjustment proceeding.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian E. Young". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Brian E. Young
Assistant Regional Manager
for Power Marketing