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E-MAILED AND MAILED

Mr. J. Tyler Carlson  
Regional Manager  
Desert Southwest Customer Service Region  
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P.O. Box 6457  
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June 1, 2005

DSW REGIONAL OFFICE OFFICIAL FILE COPY		
Date	Initial	Code
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		60000
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Re: Proposed Multi-System Transmission Rate, 70 Fed.Reg. 10398, et seq. (March 3, 2005)

Dear Mr. Carlson:

Having participated in the previous process and been assured by your hearing officer at the Public Comment Forum that this extended process incorporated prior comments, I will not attempt to repeat prior written and oral comments that I have made in this proceeding.

Suffice it to say that I have not discovered and your agency has not produced a legal rationale for combining the rates of three separate projects in a fashion that cross-subsidizes the revenue requirements of one or two of the projects with increased rates for the third. I raised in my comments last fall and again orally at the Public Comment Forum the lack of defined legal authority under Section 9(c) of the Reclamation Project Act of 1939 for this sort of rate making.

Jack Murray's letter of May 17, 2005 to your customers and interested parties addressed a different issue and did not respond to my question. I haven't seen anything definitive in the way of a legal opinion supporting this cross-subsidization proposal and I think that this issue needs to be addressed definitively before this process goes any further.

The Secretary of Energy has extended the existing rates for transmission and ancillary services until the end of March. We have time to further consider this matter. We need to reopen the dialogue and continue to work on the matter.

In Jack Murray's memo of May 17, 2005, he pointed out that "the MSTR as proposed offers customer choice and is completely voluntary." The fact that a service and its accompanying rate are "voluntary" does nothing to address their legality. All Western rates are "voluntary". If you don't want to pay the rate, you don't take the service.

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Under the circumstances, I think further dialogue with your customers is the wisest course of action. I hope you will agree. If you do agree, we will be ready, willing and able to participate and assist in the additional dialogue we think is necessary before a final decision is made on this proposal.

Thank you for the opportunity to comment on this important undertaking.

Sincerely,  
ROBERT S. LYNCH & ASSOCIATES

A handwritten signature in black ink, appearing to read 'R. Lynch', written in a cursive style.

Robert S. Lynch

RSL:psr

cc: Michael S. HacsKaylo  
IEDA Presidents/Chairmen & Managers  
City of Needles