



Arizona Electric Power Cooperative, Inc.

3525 N. US Highway 191 S. • Cochise, AZ 85606 • Phone 520-384-4256

September 17, 2004

Mr. Tyler Carlson
Regional Manager
Western Area Power Administration
P.O. Box 6457
Phoenix, AZ 85005-6457

RE: Proposed Multi-System Transmission Rate (MSTR)

Dear Mr. Carlson:

The purpose of this letter is to provide Arizona Electric Power Cooperative, Inc.'s (AEPCO) comments on the Western Area Power Administration (Western) proposed Multi-System Transmission Rate (MSTR). AEPCO has participated in Western's informal customer meetings regarding the MSTR and appreciates the time taken to provide this information.

AEPCO currently has transmission on Western's intertie and Parker-Davis systems. Implementing the proposed MSTR convergent rate appears to lower AEPCO's overall transmission costs, while freeing up transmission on Western's system. AEPCO's understanding is that the MSTR implementation will not change any of the receipt or delivery points that exist under its current contract and that the flexibility to schedule to and from those points will not be affected.

AEPCO supports the concept of the Western proposed five-year convergent MSTR rate, as it appears to reduce AEPCO's overall cost while making additional transmission capacity available on Western's system.

Please let me know if you have any questions or concerns in regard to these comments.

Sincerely,

Mark W. Schwartz
Senior V.P. and Chief Operating Officer

c/W. Bray
L. Huff
D. Kimball
P. Ledger

