

November 10, 2014

Douglas N. Harness
Attorney
Office of General Counsel
Western Area Power Administration
12155 W Alameda Pkwy
P.O. Box 281213
Lakewood, CO 80228-8213
(720) 962-7020
harness@wapa.gov

Dear Doug,

The current federal Hoover electric service contracts terminate on September 30, 2017. The federal Hoover Power Allocation Act of 2011 provides for existing federal Hoover power contractors to enter into new Hoover electric service contracts that will become effective on October 1, 2017 and expire September 30, 2067.

While the current Hoover electric service contracts have provided a solid framework for providing Hoover power to the contractors since the 1980s, revised terms and conditions will be necessary if the post-2017 contracts are to have the flexibility needed to address contemporary issues and future changes, including but not limited to changes related to regionalized power markets. We anticipate that these revisions will require extensive discussion with your client, the Western Area Power Administration ("Western"), and the U.S. Bureau of Reclamation ("the Bureau").

In preparation for these discussions with Western and the Bureau, the undersigned representatives of the federal Hoover power contractors (including Metropolitan Water District of Southern California, Los Angeles Department of Water and Power, Southern California Edison, Arizona Power Authority, Boulder City, Nevada, Colorado River Commission of Nevada, the California cities of Anaheim, Burbank, Glendale and Pasadena, and Southern California Public Power Authority on behalf of the cities of Azusa, Banning, Colton, Riverside and Vernon) ("the current federal Hoover contractors") have worked together to identify issues that need to be addressed in the post-2017 contracts. We have also worked together to develop specific proposed language to address these issues. The identified issues are listed in the contract summary attached to this letter. In addition, proposed language changes to the current contract are shown in the attached redline of the current Western contract.

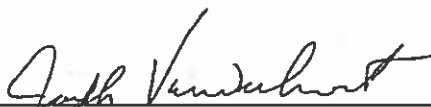
We hope to have the opportunity to open discussions regarding proposed post-2017 contract terms with Western and the Bureau in the very near future. We believe that it will also be appropriate to include in these discussions the federal Schedule D allottees

once Western's Schedule D allocations become final. In addition, those contractors that allocate Hoover power in Arizona and Nevada will, of course, need to consult and review all of these issues and proposed language with their customers. In short, what we propose here has not been finally approved by any of the entities listed above and is intended only as a starting place for a more public process in which all of the issues we have identified, as well as issues of importance to Western and the Bureau, can be fully discussed.

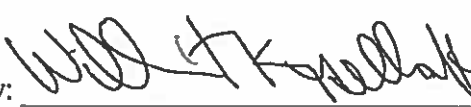
Could you please contact me by November 15th to set a time in December for several of us to meet with you to brainstorm a process for coming to agreement on contract terms, and to have a preliminary discussion of the ideas set forth in the attached materials?

Thanks very much,


Metropolitan Water District
of Southern California

By: 
Joseph Vanderhorst
Assistant General Counsel

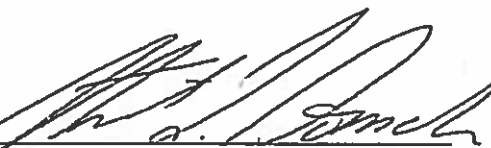
Los Angeles Department of Water and
Power
Michael N. Feuer, City Attorney

By: 
William Kysella
Deputy City Attorney


Southern California Edison

By: 
Todd Larsen
Senior Attorney


Arizona Power Authority

By: 
Stuart L. Somach
Special Counsel

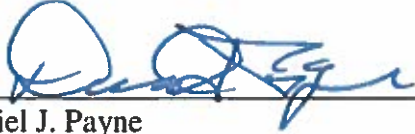
City of Boulder City, Nevada

By: 
David Olsen
City Attorney


Colorado River Commission of Nevada

By: 
Ann C. Pongracz
Special Counsel, Attorney General

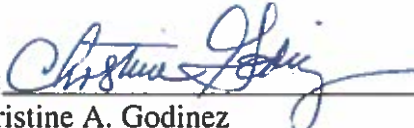
City of Anaheim
Michael R.W. Houston, City Attorney

By: 
Daniel J. Payne
Deputy City Attorney

City of Burbank

By: 
Christopher Chwang
Senior Assistant City Attorney

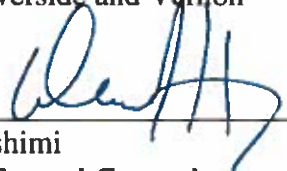
City of Glendale
Michael J. Garcia, City Attorney

By: 
Christine A. Godinez
Principal Assistant City Attorney

City of Pasadena

By: 
Lisa Hosey
Deputy City Attorney

Southern California Public Power
Authority, for Cities of Azusa, Banning,
Colton, Riverside and Varnon

By: 
Daniel Hashimi
Assistant General Counsel