



February 25, 2010

Sent Via Email  
[emler@wapa.gov](mailto:emler@wapa.gov)

Ms. Debbie Emler  
Western Area Power Administration  
Desert Southwest Region  
P O Box 6457  
Phoenix, AZ 85005-6457

Re: Potential Funding Mechanism for Construction – Prepayments.

Dear Ms. Emler:

This letter is written on behalf of the Town of Fredonia (Town), a Parker-Davis Project FES contractor with Western. We understand the need for Western to have the funding necessary to replace existing transmission facilities that have deteriorated due to age or will impact system reliability. However, our understanding of the purpose for the initial funding from prepayments is to increase the transmission capacity for the SPRR proposed generation project. This was discussed during the meeting of February 17, 2010. If this is true the Town of Fredonia would object to the prepayment proposal.

However, any increase in transmission rates has a significant impact on the Town. The Town's transmission costs far outweigh the cost of the P-DP resource. The Town pays not only P-DP transmission rates, but also CRSP and Garkane Electric to get the P-DP resource to Fredonia. Our attempts in the past to get some relief from this pancaking of transmission costs have not been successful.

The SPRR transmission requirements do not provide any benefit to the Town. Additionally, the JPA specifically spells out that any request for additional transmission capacity be either revenue neutral, or the requesting party pay for such additional transmission capacity.

Accordingly, to the extent the initial \$15 million in transmission prepayments will be going toward increasing the capacity of existing transmission facilities the Town is opposed to such funding by the use of prepayments. If, however, it is to be used to improve transmission system reliability we are in favor even though the Town probably has the highest transmission costs of any other Parker-Davis Project FES contractor.

Sincerely,

Richard Darnall  
Town of Fredonia