



YUMA COUNTY WATER USERS' ASSOCIATION

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March 12, 2010

Mr. Darrick Moe, Regional Manager
Western Area Power Administration
Desert Southwest Region
PO Box 6457
Phoenix, AZ 85005-6457

Re: Use of customer prepayments for construction funding

Dear Mr. Moe:

This letter is Yuma County Water Users' Association (YCWUA) initial response to WAPA's Desert Southwest Region's funding concept you introduced in the February 17, 2010 public meeting. This concept utilizes Parker-Davis Project customer prepayments for funding construction of improvements to the Parker-Davis Project Transmission System. We believe this concept could be workable and will initially lend our support provided certain conditions can be agreed upon.

A contractual arrangement between Western and its Parker-Davis Project customers will have to be developed similar to the Advanced of Funds Contract (AOF) for the Parker-Davis Project Generation Facilities. This would give the customers input and approval of any proposed construction projects that would be financed in any part by prepayment funds. Prepayments funds could only be used in this manner. We also have the position that Western should continue planning and requesting construction funding through its normal budget process.

We appreciate Western's efforts in securing reliable construction funding for the Parker-Davis System. Thank you for the opportunity to offer these initial comments and we look forward to future discussions in developing this concept.

Sincerely,

Tom W. Davis, Manager