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Mr. Jack D. Murray
Rates Team Lead
Western Area Power Administration
P.O. Box 6457
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WESTERN REGIONAL OFFICE	
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January 19, 2004

Re: Proposed Multi-System Transmission Rate (MSTR)

Dear Jack:

SRP has participated in the informal customer meetings you have conducted regarding the proposed MSTR.

In our review of the alternatives presented by Western, SRP appears to be adversely affected by an increase in the effective rate for our rights on the AC 230/345 Intertie with only a slight decrease in the effective rate for delivery of our Parker-Davis entitlement when comparing the new MSTR rate with the current Intertie and P-D rates. Furthermore, SRP would realize no new or additional benefit from the consolidation of rates and operation of Western's DSW transmission system.

There has been some brief discussion of an alternative presented by one of the customers that would allow a transmission customer of Western to continue under its existing transmission agreement until its termination, or until the customer might choose to move to an OATT agreement (and consequently the MSTR). SRP would support such an approach. This alternative would give the customers flexibility and would not subject a customer, against its own volition, to what might be a significant rate increase under a MSTR which in effect forces that customer to subsidize other Western customers of other Western transmission projects.

We appreciate the time Western is taking with its customers to discuss and review this proposal. We support your attempt at finding an approach that offers customers flexibility and choice in implementing any such MSTR and that avoids or minimizes forcing an adverse impact on any customer.

Sincerely,

Mark S. Mitchell
Manager, Power Marketing