

Dear CRSP Transmission Customer:

On September 12, 2002, the Secretary of the Department of Energy confirmed and approved on an interim basis the firm and non-firm transmission rates for service on the Colorado River Storage Project (CRSP) transmission system.

Rate Schedule SP-PTP6 for firm point-to-point transmission provides for a yearly recalculation of the rate. This rate is based on a test year using an annual fixed charge methodology. The test year is the most recent historical data available. The formula for computing the rate is Annual Revenue Requirements (ARR) minus Transmission Revenue Credits (TRC) equals Net Annual Transmission Revenue Requirements (NARR). The NARR is then divided by CRSP Transmission System Total Load (TSTL). The formula is as follows: $ARR - TRC = NARR$; $NARR / TSTL = \text{CRSP Firm Point-To-Point Transmission Rate}$. Based on the FY2002 audited financial data, this year's recalculation results in a rate of **\$2.33/kW-month**, effective October 1 2003, through September 30, 2004.

Rate Schedule SP-NFT5 for non-firm point-to-point transmission service is based upon Rate Schedule SP-PTP6 firm point-to-point transmission rate.

Rate Schedule SP-NW2 for network transmission service also provides for a yearly recalculation. The network transmission service charge is the product of the network customer's load ratio share times one twelfth of the total net annual transmission revenue requirements. These are the same revenue requirements used in the firm point-to-point transmission service calculation. The formula is as follows:
 $ARR - TRC = NARR$; $(NARR/12) \times \text{Transmission Customer's Load-Ratio Share} = \text{Network Transmission Rate}$.

The firm point-to-point transmission rate is applicable to existing transmission contracts and future transmission service agreements. Please consider this letter as official notification of the effective transmission rates for all applicable transmission agreements.

If you have any questions concerning the recalculated rate schedules, please telephone Rodney Bailey at (801) 524-4007.

Sincerely,

Carol A. Loftin
Rates Manager

Enclosure