

December 17, 2003

Mr. Ricky Bittle  
Chair, Executive Committee  
Western Systems Power Pool  
c/o Arkansas Electric Cooperative Corporation  
1 Cooperative Way  
P.O. Box 194208  
Little Rock, Arkansas 72219-4208

Re: Standard Purchase Power Contract and the North American Energy Standards Board

Dear Mr. Bittle:

Thank you for giving me the opportunity to clear up any confusion stemming from my November 14, 2003 letter to Ms. Rae McQuade, the Executive Director of NAESB. In that letter, I addressed several issues regarding NAESB's 2004 Annual Plan. I also spoke to the issue of a standard purchase power contract, which is the subject of your letter.

My interest in a standard purchase power contract is that existing contracts do not appear to satisfy everyone. Over the past year, I have been told by a number of people of the need for a standard purchase power contract. When Ms. McQuade told me that NAESB's effort to develop a standard contract did not make it onto its 2004 Annual Plan, I responded that it would be helpful if they could develop such a contract.

In my letter to Ms. McQuade, I stated my belief that developing the contract through NAESB's ANSI approved standards development process would permit all stakeholders to provide input into the contract. I did not intend to slight the existing WSPP process; rather, my intent was to recognize NAESB's past successes in the development of standards. I am very interested in assuring that all market participants have access to a standardized contract for wholesale transactions as I believe that it will increase market liquidity. If such a contract does not currently exist or agreements such as WSPP's do not meet this goal, I would support NAESB working to address the issue.

Regarding your concern that the NAESB contract would be available only to its members, NAESB has informed my staff that the contract would be available to members and non-members alike. If I can be of further assistance, please do not hesitate to contact me.

Best regards,

*Signed*

Pat Wood, III  
Chairman