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February 20, 2008

Ms. Rae McQuade, Director
North American Energy Standards Board
1301 Fannin, Suite 2350
Houston, TX 77002

Subject: Order No. 698: Intraday Nomination Timeline Proposals

Dear Ms. McQuade:

Salt River Project Agricultural Improvement & Power District (SRP) submits the following comments for inclusion in the record for the pending NAESB Wholesale Gas Quadrant's (WGQ) discussions relating to the above-referenced subject.

SRP is a political subdivision of the state of Arizona, providing electric service to over 900,000 customers in the greater Phoenix metropolitan area. It operates or participates in 11 major power plants and a number of other generating facilities, including over 2,900 MW of gas-fired generating capacity.

SRP understands that a proposal has been put before the WGQ committee to include an additional Intraday nomination cycle incorporating bumping rights for firm capacity holders to provide a late-day opportunity to adjust nominations and more closely align them with evening peak demands. This proposal responds to guidance from FERC in Order No. 698 (paragraph 69)

SRP supports this proposal. The current Intraday-1 cycle essentially ends at the beginning of the gas day, only nine hours into the electric day and is the last bumping cycle. Given our obligation to serve and the volatility of electric demand in our service area (due to variations in weather, unplanned unit outages and so forth), SRP frequently needs to adjust its nominated gas fuel requirements. While alternate firm nominations can still prevent SRP from accessing its firm capacity in Intraday cycles, the ability to bump interruptible shippers in a late-day cycle increases/preserves the value of firm service and improves service reliability – both electric and pipeline.

While business certainty for interruptible shippers will be impacted by this proposal, those shippers still achieve business certainty in the last, non-bumping intraday cycle. If interruptible shippers need greater business certainty, they may seek firm service from their transportation provider.

Sincerely,

Randall G. Dietrich
Manager, Fuels