

Dear Salt Lake City Area Integrated Projects Customer:

Under your firm electric service contract, Western assesses energy and demand charges as set forth in Rate Schedule SLIP-F8. Additionally, under this rate schedule a Cost Recovery Charge (CRC) may also be assessed if Western determines it is necessary.

Western is to notify its customers by May 1 if a CRC is needed in the next fiscal year. Western is pleased to announce that it has reviewed its financial situation compared to the anticipated hydropower generation levels and determined the CRC for Fiscal Year 2008 to be 0.00 mills/kWh. Because there is no CRC, there is no need for action on your part.

For your information, had the CRC been necessary, each customer would have been provided with two sets of energy numbers for the next fiscal year. One set would have shown the full SHP energy allocation, and the other set would have shown a lower SHP allocation. Each customer would then decide whether to accept or decline the CRC. Customers accepting the CRC would have received the full SHP allocation and be charged the additional expense of the CRC. Those customers declining the CRC would avoid the charge, but receive less energy from Western in the next fiscal year.

Since a CRC is not necessary for FY 2008, Western will not be providing you with alternative energy and capacity allocations. Again, no action is needed on your part with regards to this letter, and Western will proceed as normal and provide you with your Winter Season Attachment sometime later this summer.

If you have any questions, please telephone me at (801) 524-6380.

Sincerely,

Carol A. Loftin
Rates Manager

bc:

J. Murray, G6100, Phoenix, AZ
S. Cook, J6100, Loveland, CO
J. Ackerman, L6300.MT, Montrose, CO
L0000, L6100, L6110, L6120 L6160
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