



**Department of Energy**  
Western Area Power Administration  
150 East Social Hall Avenue, Suite 300  
Salt Lake City, UT 84111-1580

APR 29 2016

Sent via E-mail

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-F10. Additionally, under this rate schedule, a Cost Recovery Charge (CRC) may also be assessed if Western determines it is necessary.

Western is required to notify its customers by May 1, 2016, if a CRC is needed in the next fiscal year. We have reviewed our financial situation compared to the anticipated hydropower generation levels and determined there will be no CRC for FY 2017. Because there is no CRC, there is no need for action on your part.

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 Sustainable Hydropower (SHP) energy allocation, and the other set would have shown a lower SHP allocation. Under this scenario, each customer would then decide whether to accept or decline the CRC. Customers accepting the CRC would receive 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 2017, Western will not be providing alternative energy and capacity allocations. Western will proceed as normal and provide your Winter Season attachment later this summer.

If there are any questions, please telephone Tony Henriquez at (801) 524-6388.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Adam Arellano".

J. Adam Arellano  
Acting Vice President of Power Marketing  
CRSP Management Center

Enclosure

# FY 2017 CRC Calculation

April 2016

		FY 2017		
<b>Step 1</b>	<b>BFBB</b>	Basin Fund Beginning Balance (\$)	\$99,779,000	Projected beginning balance for FY per financial cash flow analysis (FY Beginning Bal * 1000)
	<b>BFTB</b>	Basin Fund Target Balance	\$59,867,400 *	Basin Fund Target Balance is Based on "tiered" criteria.
	<b>PAR</b>	Projected Annual Revenue (\$) w/o CRC	\$221,408,000	Per financial cash flow analysis, (=TOTAL REV *1000)
	<b>PAE</b>	Projected Annual Expense (\$) (Excludes WRP)	\$249,185,000	Per financial cash flow analysis, (=TOTAL EXP *1000)
	<b>NR</b>	Net Revenue (\$)	(\$27,777,000)	=PAR-PAE
	<b>NB</b>	Net Balance (\$)	\$72,002,000	=BFBB + NR
<b>Step 2</b>	<b>EA</b>	SHP Energy Allocation (GWh)	4,951.79	FY '16 SHP energy allocation excluding project use (=SHP DELIVERIES / 1MIL)
	<b>HE</b>	Forecasted Hydro Energy (GWh)	4,490.90	Projected generation from the most current 24-month study, does not include project use (=NET GEN / 1MIL)
	<b>FE</b>	Forecasted Energy Purchase (GWh)	703	Forecasted Energy Purchase (GWh) from the most current 24-month study (=FIRMING PURCHASES / 1MIL)
	<b>Price</b>	Average price per MWh for purchased power	\$26.30	Average price = 60% onpeak + 40% offpeak (=COMP PRICE)
	<b>FX</b>	Forecasted Energy Purchase Expense (\$)	\$18,481,049	Estimated purchased power costs based upon most current 24-month study (= PURCHASE COST)
	<b>Step 3</b>	<b>FA1</b>	Basin Fund Balance Factor (\$)	\$18,481,049
<b>FA2</b>		Revenue Factor (\$)	\$18,481,049	If NR is greater than -(1 - tiered percent) of BFBB then FX, if NR is less than -(1 - tiered percent) of BFBB then, FX+(NR+(tiered percent *BFBB)). Formula is: =IF(NR>-(1 - tiered percent *BFBB),FX,FX+(NR+(1 - tiered percent *BFBB)))
<b>FA</b>		Funds Available (\$) (Lesser of FA1 or FA2)	\$18,481,049	The lesser of FA1 or FA2 but not less than zero: if (min(FA1,FA2) >= 0, MIN(FA1,FA2),0)
<b>FARR</b>		Additional Revenue to be Recovered (FX-FA)	\$0	=FX-FA
<b>Step 4</b>		<b>WL</b>	<b>Waiver Level (GWH)</b>	<b>5,194</b>
	<b>WLP</b>	Waiver level percentage of full SHP	<b>105%</b>	Percent of waiver level to full SHP
	<b>CRCE</b>	CRC Energy GWh (EA-WL)	0	= EA-WL (Does not include losses projected at 7.81%)
	<b>CRCEP</b>	CRC level percentage of full SHP	0%	Percent of CRCE to full SHP or CRCE/EA
	<b>CRC</b>	<b>Cost Recovery Charge (mills/kWh)</b>	<b>-</b>	<b>=FARR / (EA * 1000)</b>

**Note:** Cash flow projections from the:  
 April 2016, 24-month study  
 \* BFTB based on CRC tier iii: BFBB less than \$120,000,000 but greater than \$90,000,000