

To All Central Valley Project (CVP) Preference Customers:

On August 7, 2003, the Western Area Power Administration (Western) received written notice (enclosed) from the U.S. Bureau of Reclamation (Reclamation) of the FY 2004 Restoration Fund Payment obligation for the power contractors of \$7,052,833. The resulting multipliers for FY 2004 are \$0.26 per kilowatt-month for capacity and .49 mills per kilowatt-hour for energy. Enclosed is a spreadsheet showing the calculation for determining the multipliers. Western will apply the multipliers beginning with the June 2003 service month, which will be billed in September 2003 with payment due in October 2003.

During the March to April 2004 time frame, Reclamation will determine if a mid-year adjustment is needed. If a mid-year adjustment is warranted, it will be discussed with the power customers before it is implemented.

We thank you for your continued cooperation. Should you have any questions regarding any of the information in this letter, please call Steve Richardson at (916) 353-4446.

Sincerely,

Thomas R. Boyko  
Power Marketing Manager

2 Enclosures

cc:

Mr. Les Ross  
U.S. Bureau of Reclamation  
2800 Cottage Way  
Sacramento, CA 95825

Mr. Michael R. Finnegan  
U.S. Bureau of Reclamation  
2800 Cottage Way  
Sacramento, CA 95825

# Fiscal Year 2004 Multipliers

Total Collection in Fiscal Year 2004:		\$7,052,833
50% Capacity Amount:	\$3,526,416.50	
50% Energy Amount:	\$3,526,416.50	
Annual Delivered or Scheduled Capacity:		13,356 MW
50% Capacity Multiplier:		0.26 \$/kW-month
Annual Delivered or Scheduled Energy:		7,265,871 MWh
50% Energy Multiplier:		.49 mills/kWh

Note: FY 2004 Restoration Fund billing will start with bills issued in September 2003, based on June 2003 service month, and due in October 2003. Energy and capacity is based on July 2002 to June 2003 power sales.

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# United States Department of the Interior

BUREAU OF RECLAMATION  
Mid-Pacific Regional Office  
2800 Cottage Way  
Sacramento, California 95825-1898

IN REPLY  
REFER TO:

MP-3600  
WTR-4.00

AUG - 7 2003

Mr. Thomas R. Boyko  
Power Marketing Manager  
Sacramento Area Office  
Western Area Power Administration  
114 Parkshore Drive  
Folsom, California 95630-4710

Subject: Allocation of the Fiscal Year 2004 Total Restoration Payments, Central Valley Project Improvement Act, Central Valley Project

Dear Mr. Boyko:

This purpose of this letter is to notify Western Area Power Administration of the amount of the fiscal year 2004 Total Restoration Payments allocation, including that portion assigned to the Central Valley Project (CVP) power contractors, pursuant to the Central Valley Project Improvement Act, Title XXXIV of Public Law 102-575. Consistent with Reclamation's hydrologic projections for the CVP, and continuing the Maximum Restoration Payment Policy, that portion of the Total Restoration Payments allocated to power for fiscal year 2004 is \$7,052,833.

The amount allocated to power is determined as follows:

Total Restoration Payments - Fiscal Year 2004	\$30,774,000
Projected Restoration Payments -	<u>23,721,167</u>
Restoration Payments - Power -	<u>\$7,052,833</u>

Projected Restoration Payments - Water is based on expected receipts of \$17,768,830 from Irrigation and \$5,952,337 from M&I. This year's initial projection takes into consideration that in 4 out of the last 5 years there have been little (5%) or no Class 2 water deliveries. Any changes

to this projection will be reflected in the mid-year correction to power's allocation. Power's allocation of Restoration Payments (\$7,052,833), needs to be transferred to Reclamation in fiscal year 2004. In accordance with our letter to you, dated April 21, 1995, a mid-year correction to power's allocation will be made on or about April 1, 2004.

Please contact Mr. Les Ross at 916-978-5386 (TDD:916-978-5608) should you require additional information regarding the above calculations.

Sincerely,



 Michael R. Finnegan  
Regional Business Manager

Enclosure