



Department of Energy
Western Area Power Administration
Sierra Nevada Customer Service Region
114 Parkshore Drive
Folsom, California 95630-4710

SEP - 1 2004

To All Central Valley Project (CVP) Preference Customers:

On August 25, 2003, the Western Area Power Administration (Western) received written notice (enclosed) from the U.S. Bureau of Reclamation (Reclamation) of the fiscal year (FY) 2005 Restoration Fund Payment obligation for the power contractors of \$22,874,691. The resulting multipliers for the billing months of September 2004 through December 2004 are \$0.83 per kilowatt-month for capacity and 1.44 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 2004 service month, which will be billed in September 2004 with payment due in October 2004.

Please note that FY 2005 marks a transition for collection procedures for the Restoration Fund. The above identified multipliers will be used for the first 4 months of collection (billing months: September, October, November, and December) and the new procedures, which use a customer's Base Resource percentage, will begin with the January 2005 billing. The new procedures were published in a federal register notice and are available on SNR's Web site at: <http://www.wapa.gov/sn/customers/FRNs/2002/2002-10-29-CollectionsFromCentralValleyProjectPowerContractors.pdf>.

During the March to April 2005 time frame, Reclamation will determine if a mid-year adjustment is needed. If a mid-year adjustment is warranted, the power customers will be notified 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 Ms. Melinda Grow at (916) 353-4443.

Sincerely,

A handwritten signature in black ink, appearing to read "Debbie R. Dietz".

Debbie R. Dietz
Rates Manager

2 Enclosures

cc:

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Mr. Craig Muehlberg
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