



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

SEP 28 2011

To All Central Valley Project Preference Customers and Interested Parties:

Effective October 1, 2011, the Fiscal Year (FY) 2012 Power Revenue Requirement (PRR) is \$73,344,401.

Based on updated First Preference (FP) percentages for FY 2012, the FP revenue requirement is \$2,823,759, resulting in the Base Resource (BR) revenue requirement of \$70,520,642. As indicated in Rate Schedule CV-F13, the BR revenue requirement is allocated 25% and 75% for the first and last six months of the FY, respectively. Please see the enclosed table and PRR worksheet for details.

The FY 2012 PRR decreased from the current FY 2011 PRR of \$75,751,929, primarily due to an increase in transmission revenues and a decrease in other expenses, which collectively offset the increase in operation and maintenance expenses.

On September 15, 2011, the Federal Energy Regulatory Commission noticed Rate Order WAPA-156, which includes rate schedules for the Central Valley Project, California-Oregon Transmission Project, and the Pacific Alternating Current Intertie. Pursuant to the rate order, Western will develop the annual PRR and finalize the revenue requirements for both FP and BR power prior to the start of each FY. Also, Western will perform an FP percentage true-up annually.

The final FY 2012 revenue requirements and rates will be posted on Sierra Nevada Region's website: <http://www.wapa.gov/sn/marketing/rates/>.

If you have any questions regarding the FY 2012 Final PRR, please contact Regina Rieger, Rates Manager, Sierra Nevada Region, at (916) 353-4629.

Sincerely,

ORIGINAL SIGNED BY

Regina Rieger
Rates Manager

Enclosures:

Enclosure



Sierra Nevada Region
FY12 Final Revenue Requirements
October 2011 through September 2012
 (September 28, 2011)



<i>All rates include 3 components. The rates and revenue requirements listed in this table are for Component 1 only. For information on Components 2 and 3, see the note at the bottom of the table.</i>	<i>FY 2012 Final Revenue Requirements</i>	<i>Applicable Rate Schedule</i>
POWER		CV-F13
Power Revenue Requirement (for First Preference and Base Resource) (Oct 2011 – Sep 2012)	\$ 73,344,401	
First Preference Percentages (applied to the Power Revenue Requirement):		
Sierra CC	0.28%	
Calaveras PPA	0.71%	
Trinity PUD	2.33%	
<u>Tuolumne PPA</u>	<u>0.53%</u>	
Total	3.85%	
First Preference Revenue Requirement	\$2,823,759	
Base Resource Revenue Requirement	\$70,520,642	
Oct 11 – Mar 12 Monthly = \$70,520,642 * 25% / 6 months	\$2,938,360	
Apr 12 – Sep 12 Monthly = \$70,520,642 * 75% / 6 months (Monthly values are adjusted for rounding.)	\$8,815,080	

Component 2: Any charges or credits associated with the creation, termination, or modification to any tariff, contract, or rate schedule accepted or approved by the Federal Energy Regulatory Commission (FERC) or other regulatory bodies will be passed on to each relevant customer. The FERC's or other regulatory bodies' accepted or approved charges or credits apply to the service to which this rate methodology applies.

When possible, Western will pass through directly to the relevant customer FERC's or other regulatory bodies' accepted or approved charges or credits in the same manner Western is charged or credited. If FERC's or other regulatory bodies' accepted or approved charges or credits cannot be passed through directly to the relevant customer in the same manner Western is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

Component 3: Any charges or credits from the Host Balancing Authority (HBA) applied to Western for providing this service will be passed through directly to the relevant customer in the same manner Western is charged or credited to the extent possible. If the HBA's costs or credits cannot be passed through to the relevant customer in the same manner Western is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.