

MAY - 4 2007

To All Central Valley Project (CVP) Preference Customers:

On May 2, 2007, the Western Area Power Administration (Western) received written notice (enclosed) from the Bureau of Reclamation (Reclamation) of a mid-year adjustment to the Fiscal Year (FY) 2007 Restoration Fund Payment allocated to the power customers indicating the yearly obligation was met. In an attempt to minimize any FY 2007 overpayments that would be applied to FY 2008's obligation, Western intends to discontinue billing the customers for the remaining months (April, May, June, July, and August 2007) of the FY 2007 Restoration Fund billing cycle.

As explained in Reclamation's letter, when the projections used to estimate the original amount of \$6,550,050 were compared to actual and projected water deliveries to date, the mid-year adjustment results in a revised Restoration Fund Payment Allocated to Power of \$ 5,760,904. This difference of \$789,146 reduced the power contractors' obligation during the remainder of FY 2007. This same letter also indicates that Reclamation has already received in excess of \$8.4 million from the power contractors, which exceeds the power contractors' obligation for the year.

In an effort to minimize administrative costs and to comply with Western financial management policies, Western will not be publishing or sending bills to the customers for the 5 months indicated.

As customers will remember, an annual reconciliation for hourly exchange participation is completed each year in the July/August timeframe. Normally, this reconciliation is completed and documented on the customer's July and/or August Restoration Fund bill. Since Western is suspending all further Restoration Fund bills for the remainder of the annual billing cycle, Western is suggesting an alternative method of documenting this participation for FY 2007.

Western intends to provide a letter to the customers in late August 2007 documenting the results of the analysis associated with each customer's participation in the hourly exchange program from August 2006 through August 2007. Western proposes to manually post each customer's cumulative Hourly Exchange "true up" for this period on their September 2007 Restoration Fund bill (the initial bill reflecting FY 2008 collections). For those customers who accumulate credits larger than their charge, the credits will be carried over to later bills for FY 2008. Because this is a change from past practice, Western invites comments from the power customers on this proposal. Please provide comments by May 23, 2007.

It should be noted that some customers are still due credits from their participation in the hourly exchange program for FY 06. These affected customers will also see these credits on their September 2007 bill, as well as any future bills, until these FY 06 credits are exhausted.

As stated in the enclosed letter, Reclamation estimates that the FY 2008 Total Restoration Payment allocated to the power contractors will be approximately \$22.8 million. Once Western receives official notification in July/August 2007, Western will notify the customers as soon as possible. Collections for FY 2008 begin with the September 2007 bills.

We thank you for your continued cooperation. Should you have any questions regarding the information in this letter, please contact Melinda Grow at (916) 353-4443 or [grow@wapa.gov](mailto:grow@wapa.gov).

Sincerely,

**ORIGINAL SIGNED BY**

Sean Sanderson  
Rates Manager

Enclosures

cc:

Ms. Gail Trujillo-Bixby (MP-3600)  
U.S. Bureau of Reclamation  
2800 Cottage Way  
Sacramento, CA 95825

Ms. Katherine Thompson (MP-3000)  
U.S. Bureau of Reclamation  
2800 Cottage Way  
Sacramento, CA 95825

bcc:

N6000, N6100, N6113, N8000, N6113

N6113:MGrow:x4443:mas:05/04/07

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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

APR 30 2007



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

Subject: Mid-Year Adjustment to the Allocation of the Fiscal Year (FY) 2005 Total Restoration Payments, Central Valley Project (CVP) Improvement Act, Central Valley Project

Dear Mr. Boyko:

This letter is to notify Western Area Power Administration of the mid-year adjustment to the FY 2007 restoration payment allocation, including that portion assigned to the CVP power contractors, pursuant to the Central Valley Project Improvement Act, Title XXXIV of Public Law 102-575. Consistent with the Bureau of Reclamation's hydrologic projections for the CVP, and continuing the Maximum Restoration Payment Policy, that portion of the restoration payments allocated to power contractors for FY 2007 has been revised to \$5,760,904, a decrease of \$789,146 from the original power allocation of \$6,550,050.

The revised allocation is shown below and includes adjustments to reflect: 1) Reclamation's April 2007 CVP water allocations; 2) actual receipts for the first 5 months of FY 2007; 3) aid to CVP irrigation contractors having demonstrated ability to pay limitations for irrigation water deliveries; and 4) actual FY 2007 collections limiting amounts that can be collected in FY 2007.

Revised Allocation of Total Restoration Payments  
by Function, FY 2007

CVP Function	Actual Receipts 10/1/06-3/31/07	Projected Receipts 4/1/07-9/30/07	Total Allocation
Water	\$12,461,310	\$15,532,786	\$27,994,096
Power	<u>8,408,572</u>	<u>(2,647,668)</u>	<u>5,760,904</u>
Total	\$20,869,882	\$12,885,118	\$33,755,000

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Payments, Central Valley Project Improvement Act, Central Valley Project

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Any FY 2007 restoration payment overpayments by the power contractors will be applied against the FY 2008 power contractors' allocation. At this time, the FY 2008 restoration payment allocation to power contractors is projected to be approximately \$22.8 million. In August 2007, Western will receive official notification of the FY 2008 restoration payment allocation to power contractors.

Please contact Ms. Gail Trujillo-Bixby at 916-978-5263 or e-mail [GTRUJILLOBIXBY@mp.usbr.gov](mailto:GTRUJILLOBIXBY@mp.usbr.gov), should you require additional information regarding the above calculations.

Sincerely,



Katherine A. Thompson  
Acting, Financial Manager

Enclosure -2

**FY 2007 ACTUAL & PROJECTED RESTORATION PAYMENTS**

	1st 6 months actual 10/1/06 thru 03/31/07	Next 6 months projected 04/01/07 thru 09/30/07	12 months 10/01/06 thru 09/30/07
Restoration Payments - Water	12,461,310	15,532,786	27,994,096
Restoration Payments - Power	<u>8,408,572</u>	<u>(2,547,668)</u>	<u>5,760,904</u>
Total	20,869,882	12,885,118	33,755,000
	33,755,000		FY 2007 Total Restoration Payments Budgeted
	<u>27,994,096</u>		FY 2007 Restoration Payments Projected - Water
	5,760,904		Total Needed from Power as of 04/20/07
	<u>6,550,050</u>		Original FY2007 Power Allocation
	(789,146)		Difference

The difference from the initial Restoration Payment allocation to Power is less than \$500,000.  
No mid-year adjustment needed.

FY 2007 PROJECTED RESTORATION PAYMENTS (4-9/07) - WATER

Delivery Month	Delivery %	Average Delivery Month %	Average Delivery Month
		8	September
		4	October
		2	November
		2	December
		3	January
		5	February
3/07	5	5	March
4/07	8	8	April
5/07	10	10	May
6/07	17	17	June
7/07	19	19	July
8/07	17	17	August
	-7	0	less payments rec'd in Oct 2007
	69%	100%	

water given away	a-f	rate/a-f	\$	\$
	100%		100%	4/07-9/07
Irr Deliveries	1,907,197	8.58	13,789,750	69%
M&I Deliveries	508,544	17.15	8,721,534	6,017,868
Projected 4/07-9/07 Rest Pmts from Water				15,532,786