



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

APR 28 2008

To All Central Valley Project (CVP) Preference Customers:

Mid-Year Adjustment to the Fiscal Year (FY) 2008 Restoration Fund Payment Allocated to Power

On April 18, 2008, the Western Area Power Administration (Western) received written notice (enclosed) from the U.S. Bureau of Reclamation (Reclamation) of a mid year adjustment to the fiscal year (FY) 2008 Restoration Fund Payment allocated to the power customers. As explained in Reclamation's letter, when the projections used to estimate the original amount of \$ 24,329,904 were compared to actual water deliveries and collection made through March 31, 2008, it resulted in a revised Restoration Fund Payment allocated to power of \$26,569,061. The difference of \$2,529,157 will change the power contractors' obligation during the remaining collections to FY 2008.

In order to calculate the revised collections that Western needed to assess the power contractors, Western reduced the obligation by March 2008 billing amount (March 2008 bills that are collected in April 2008). Using this information, the revised revenue requirement for the last 5 months (April 2008 through August 2008) of the FY 2008 billing cycle is \$ 9,196,218.

Power contractors can estimate their monthly obligation for the remainder of their FY 2008 billings by multiplying their Base Resource percentage by \$ 9,196,218 and then dividing by five. Please note that this estimate does not include any adjustment for the hourly exchange program participation. Western is tracking hourly exchange energy program participation on a monthly basis and will adjust Base Resource percentages for those customers that participated in the hourly exchange energy program on their July/August 2008 Restoration Fund bills.

FY 2009 Restoration Fund Payment Allocated to Power

As stated in the enclosed letter, Reclamation estimates that the FY 2009 Total Restoration Payment allocated to the power contractors will be approximately \$19.5 million. Once Western receives official notification in July/August 2008, Western will notify the customers as soon as possible. The collections for FY 2009 begin with the September 2008 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.

Sincerely,



Sean Sanderson,
Acting Rates Manager

Enclosures

cc:

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

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



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



Ms. Sonja A. Anderson
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 2008 Total Restoration Payments, Central Valley Project Improvement Act, Central Valley Project

Dear Ms. Anderson:

This letter is to notify Western Area Power Administration of the mid-year adjustment to the fiscal year 2008 restoration payment 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 restoration payments allocated to power contractors for fiscal year 2008 has been revised to \$26,569,061 an increase of \$2,529,157 from the original power allocation of \$24,039,904.

The revised allocation is shown below and includes adjustments to reflect: 1) Reclamation's March 2008 CVP water allocations; 2) actual receipts for the first 6 months of fiscal year 2008, 3) aid to CVP irrigation contractors having demonstrated ability to pay limitations for irrigation water deliveries; and 4) actual fiscal year 2008 collections limiting amounts that can be collected in fiscal year 2008.

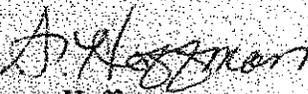
Revised Allocation of Total Restoration Payments by Function, Fiscal Year 2008

CVP Function	Actual Receipts 10/1/07 - 3/31/08	Projected Receipts 4/1/08 - 9/03/08	Total Allocation
Water	\$ 5,665,040	\$ 19,086,900	\$ 24,751,939
Power	15,369,518	11,199,543	16,569,061
TOTAL	\$ 21,034,558	\$ 30,286,442	\$ 51,321,000

Any fiscal year 2008, restoration payments by the power contractors above the allocation will be applied against the fiscal year 2009 power contractors' allocation. At this time, the fiscal year 2009 restoration payment allocation to power contractors is projected to be approximately \$19.5 million. In August 2008, Western will receive official notification of the fiscal year 2009 restoration payment allocation to power contractors.

Please contact Ms. Gail Trujillo-Bixby at (916) 978-5263 (TDD:978-5608) should you require additional information regarding the above calculations.

Sincerely,


Susan Hoffman
Acting Financial Manager

Enclosure

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4/7/2008

FY2008 ACTUAL & PROJECTED RESTORATION PAYMENTS

	1st - 6 months actual receipts (10/01/07 thru 3/31/2008)	2nd - 6 months projected (04/01/08 thru 9/30/2008)	12 months total (10/01/07 thru 9/30/2008)
Restoration Payments - Water	5,665,040	19,086,900	24,751,939
Restoration Payments - Power	<u>15,369,518</u>	<u>11,199,543</u>	<u>26,569,061</u>
Total	21,034,558	30,286,442	51,321,000

FY2008 Total Restoration Payments Budgeted	51,321,000
FY2008 Restoration Payments Projected - Water	<u>24,751,939</u>
Total Needed from Power as of 04/01/08	26,569,061
Original FY2008 Power Allocation	<u>24,039,904</u>
Difference	2,529,157

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