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

To All Central Valley Project Customers and Interested Parties:

This letter is in reference to the Grid Management Charge (GMC) Settlement. On October 14, 2009, the Western Area Power Administration (Western) and Pacific Gas and Electric Company (PG&E) reached a settlement on all outstanding charges regarding the GMC pertaining to contract 2948A, and no additional costs will be charged to Western.

On the afternoon of October 14, 2009, a settlement was reached between Western and PG&E regarding the GMC litigation. Under dispute was PG&E's $13,820,972.70 invoice for GMC charges for the period 2001 to 2004, associated with contract 2948A which terminated on December 31, 2004. Under the terms of the settlement, Western will forego payment of $5,523,935.66, and PG&E will retain $8,297,037.04 previously paid by Western.

Western is currently reviewing how the $8,297,037.04 was billed and to whom, and will notify the customers of results at a later date.

If you have any questions please feel free to contact me at 916-353-4468 or by email at faust@wapa.gov.

Sincerely,

Charles J. Faust
Rates Manager