



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

APR 18 2011

To All Central Valley Preference Customers:

The Western Area Power Administration (Western) has revised the Power Revenue Requirement (PRR) forecast for fiscal years (FY) 2012 through 2015. The enclosed PRR forecast updates the last PRR forecast provided to you on October 20, 2010. The forecasted PRRs for FY 2012 through 2015 as of April 18, 2011 are listed below and posted at:
www.wapa.gov/sn/marketing/rates/

Fiscal Year	Forecasted Power Revenue Requirement
2012	\$73,468,299
2013	\$73,792,395
2014	\$74,345,046
2015	\$75,847,788

Please note that these are forecasted figures, and this forecast will change as Western receives future information that significantly affects the FY 2012 through 2015 PRR forecasts.

If you have any questions regarding this information, please contact me at (916) 353-4629 or by email at rieger@wapa.gov.

Sincerely,

ORIGINAL SIGNED BY

Regina Rieger
Rates Manager

Enclosure



**Sierra Nevada Region
Power Revenue Requirement (PRR) forecasted FY12 through FY15**



Revenue and Expense Categories	FY12 PRR		FY13 PRR		FY14 PRR		FY15 PRR	
	Expenses	Revenues	Expenses	Revenues	Expenses	Revenues	Expenses	Revenues
O&M Expense: /1								
Reclamation	\$38,994,242		\$40,304,293		\$41,516,059		\$43,567,501	
Western	\$54,104,535		\$55,727,671		\$57,399,501		\$59,121,486	
Total O&M Expense	\$93,098,777		\$96,031,964		\$98,915,561		\$102,688,987	
Purchase Power Expense:								
Custom Product and Supplemental Power /2	\$252,900,663	\$252,900,663	\$254,797,418	\$254,797,418	\$256,708,399	\$256,708,399	\$258,633,712	\$258,633,712
HBA Costs /3	\$2,222,096		\$2,288,759		\$2,357,422		\$2,428,145	
Purchases for Project Use customers /4	\$1,932,741		\$1,025,800		\$500,000		\$500,000	
Washoe Cost for BR	\$471,500		\$471,500		\$471,500		\$471,500	
Total Purchase Power Expense/Revenue	\$257,527,001	\$252,900,663	\$258,583,477	\$254,797,418	\$260,037,321	\$256,708,399	\$262,033,357	\$258,633,712
Interest Expense: /5								
Total Interest Expense	\$7,579,177		\$8,965,282		\$8,405,065		\$8,158,162	
Other Expenses: /6								
Total Other Expenses	\$4,358,023		\$4,488,764		\$4,623,427		\$4,762,129	
Project Repayment (Expense): /7								
Total Project Repayment	\$12,750,000		\$12,750,000		\$13,000,000		\$13,000,000	
Other Pass-through Expenses & Revenues:								
CAISO Market & GMC Charges for 2207A (WSLW)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CAISO Expenses & Revenues /8	\$19,214,962	\$17,688,446	\$19,214,962	\$17,688,446	\$19,214,962	\$17,688,446	\$19,214,962	\$17,688,446
PG&E costs incurred for Wheeling	\$8,287,125	\$7,707,884	\$8,287,125	\$7,707,884	\$8,287,125	\$7,707,884	\$8,287,125	\$7,707,884
PATH 15 revenues and expenses	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Purchases and Sales for SBA /9	\$10,269,252	\$10,269,252	\$10,525,983	\$10,525,983	\$10,789,132	\$10,789,132	\$11,058,861	\$11,058,861
Resource Adequacy /10	\$1,963,265	\$1,622,704	\$2,022,163	\$1,671,385	\$2,082,828	\$1,721,526	\$2,145,313	\$1,773,172
Total Other Pass-through Expense/Revenue	\$39,746,603	\$37,300,286	\$40,062,233	\$37,605,698	\$40,386,047	\$37,918,989	\$40,718,260	\$38,240,364
Other Revenues:								
Non-firm energy sales		\$0		\$0		\$0		\$0
Miscellaneous Revenues /11		\$29,139,728		\$31,235,603		\$31,944,381		\$33,188,427
SC, PM, and VRC Admin Fees		\$2,310,348		\$2,310,348		\$2,310,348		\$2,310,348
Revenue from Ancillary Service Sales to IOA SBA Members		\$1,940,257		\$1,940,257		\$1,940,257		\$1,940,257
Total Other Revenues		\$33,390,333		\$35,486,208		\$36,194,986		\$37,439,032
Project Use Revenues: /12								
Total Project Use Revenues		\$18,000,000		\$19,200,000		\$20,200,000		\$21,200,000
Transmission Revenues: /13								
Total Transmission Revenues		\$0		\$0		\$0		\$0
Total Expenses & Revenues	\$415,059,581	\$341,591,282	\$420,881,720	\$347,089,325	\$425,367,420	\$351,022,374	\$431,360,896	\$355,513,108
Forecasted Power Revenue Requirement	FY12 PRR		FY13 PRR		FY14 PRR		FY15 PRR	
Total Expenses	\$402,309,581		\$408,131,720		\$412,367,420		\$418,360,896	
add: Project Repayment	\$12,750,000		\$12,750,000		\$13,000,000		\$13,000,000	
	\$415,059,581		\$420,881,720		\$425,367,420		\$431,360,896	
less: Total Revenues	(\$341,591,282)		(\$347,089,325)		(\$351,022,374)		(\$355,513,108)	
Estimated Power Revenue Requirement	\$73,468,299		\$73,792,395		\$74,345,046		\$75,847,788	
Current Published Forecast in Oct 2010	\$76,401,847		\$76,442,738		\$78,081,992		\$78,967,580	

Assumes current Rate methodology - New Rate Case is effective on Oct 1, 2011 and Rate Structure could theoretically be different.

- /1 Western's O&M is based on updated O&M data. Reclamation's O&M is based on forecast as of Mar 2011. Both agencies' budgets are adjusted for unfunded CSRS.
 - /2 Estimates for Custom Product and Supplemental purchase power costs (pass-throughs costs) are based on FY11 budget data.
 - /3 Estimated Host Balancing Authority costs (HBA) associated with Western operating a Sub-balancing Authority Area (SBA). CY 2011 HBA costs are based on letter from SMUD.
 - /4 For FY12 & FY13 estimated purchase power costs to meet Project Use and First Preference loads are based on forward purchase costs. For FY14 & FY15 estimates are based on potential short-term purchases as no forward purchases are contemplated at this time.
 - /5 Interest Expense increases due to the planned investment occurring in the out years.
 - /6 FY 11 to FY 12 decrease is primarily attributable to a potential resolution of the outstanding settlement with DWR.
Estimated at 3% increase in costs per year for FY 12 - 15. This cost category includes such items as: Trinity Assessment, Path Operator costs, Western's share of the 27MW leases on COTP.
 - /7 Capital repayment includes projections, which factor in Western's planned investment in the forecasted time period.
 - /8 Based on actual and estimated data for FY10. The difference between revenues and expenses is generally CAISO costs associated with transactions to balance CVP generation on a daily and hourly basis.
 - /9 Purchases and sales of power to support the SBA.
 - /10 Projected costs associated with Resource Adequacy (RA). These purchases are based on estimated data.
 - /11 Please note that transmission revenues are included as a subset of miscellaneous revenues in compliance with Western's Standards of Conduct policies.
 - /12 Project Use Revenues are based on the most recent forecast.
 - /13 Transmission Revenues are included in the Miscellaneous Revenues category.
- As of April 15, 2011