



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

MAR 28 2012

To Central Valley Project Preference Customers and Interested Parties:

The Western Area Power Administration (Western) completed its fiscal year (FY) 2012 Power Revenue Requirement (PRR) and First Preference (FP) customer percentages mid-year review. Based on Western's review, the PRR will remain at \$73,344,401, and one FP customer's percentage will change. Adjustments made at mid-year are applicable to the entire FY and billed over the remaining months in the FY.

Under Rate Order No. WAPA 156 and Rate Schedule CV-F13, Western will review the PRR and FP customers' percentages in March of each FY. Based on updated financial data, if the PRR has a change of \$5 million or more, it will be recalculated for the entire FY. Additionally, if there is a change in a FP customer's percentage of more than one-half of one percent, the percentage will be revised and billed over the remainder of the FY. As reflected in the enclosed mid-year review worksheet, the PRR is estimated at \$69,957,156; therefore, the \$5 million threshold was not met and the PRR will remain at \$73,344,401. Based on actual and forecasted operational data, the Trinity Public Utility District's FP percentage increased to 3.20 percent.

The table below shows the results of Western's initial and mid-year annual revenue requirements, FP percentages, and corresponding billing requirements.

| FY 2012 Power Rates | Effective October 1, 2011 | Effective April 1, 2012 |
|-----------------------------------|-------------------------------------|-------------------------|
| | Annual Revenue Requirement | |
| PRR | \$73,344,401 | \$73,344,401 |
| Base Resource Revenue Requirement | \$70,520,642 | \$69,882,545 |
| FP Revenue Requirement | \$2,823,759 | \$3,461,856 |
| FP Customers | FP Percentages | |
| Calaveras PPA | 0.71% | 0.71% |
| Sierra CC | 0.28% | 0.28% |
| Trinity PUD | 2.33% | 3.20% |
| Tuolumne PPA | 0.53% | 0.53% |
| All Customers: Total | 3.85% | 4.72% |
| Base Resource Monthly Billing | Base Resource Monthly Billed Amount | |
| October - March: 25% collection | \$2,938,360 | N/A |
| April - September: 75% collection | N/A | \$8,708,731 |

Western will be collecting a total of \$73,344,401 from Base Resource and FP customers in FY 2012. Any difference between the estimated and actual results of operations will be applied to capital repayment.

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

Sincerely,

ORIGINAL SIGNED BY

Regina Rieger
Rates Manager

Enclosure



Sierra Nevada Region Final FY12 Power Revenue Requirement Mid-Year Review



| | Mid-Year Review FY12 (April 2012) | | Initial FY12 PRR (October 2011) | | DIFFERENCE (Mid-Year v. Initial) | | |
|--|--------------------------------------|----------------------|------------------------------------|----------------------|-------------------------------------|--------------------|----------------------|
| | Expenses | Revenues | Expenses | Revenues | Expenses | Revenues | NET (exp - rev) |
| O&M Expense: /1 | | | | | | | |
| Reclamation | | | | | | | |
| Total Reclamation O&M | \$40,963,800 | | \$40,250,000 | | \$713,800 | | \$713,800 |
| Western | | | | | | | |
| Total Western O&M | \$53,556,866 | | \$54,977,856 | | (\$1,420,990) | | (\$1,420,990) |
| Total O&M Expense | \$94,520,666 | | \$95,227,856 | | (\$707,190) | | (\$707,190) |
| Purchase Power Expense: | | | | | | | |
| Custom Product and Supplemental Power /2 | | | | | | | |
| Total Custom Product and Supplemental Power | \$202,809,520 | \$202,809,520 | \$202,809,520 | \$202,809,520 | \$0 | \$0 | \$0 |
| HBA Costs /3 | | | | | | | |
| Total HBA Costs | \$2,243,797 | | \$2,243,797 | | \$0 | \$0 | \$0 |
| Purchases for Project Use customers /4 | | | | | | | |
| Total Purchases for Project Use customers | \$1,932,741 | | \$1,932,741 | | \$0 | \$0 | \$0 |
| Washoe Cost for BR /5 | | | | | | | |
| Total Washoe Cost for BR | \$471,500 | | \$471,500 | | \$0 | \$0 | \$0 |
| Total Purchase Power Expense/Revenue | \$207,457,558 | \$202,809,520 | \$207,457,558 | \$202,809,520 | \$0 | \$0 | \$0 |
| Interest Expense: | | | | | | | |
| Total Interest Expense | \$7,558,462 | | \$7,950,287 | | (\$391,825) | | (\$391,825) |
| Other Expenses: | | | | | | | |
| Total Other Expenses | \$4,569,978 | | \$4,451,496 | | \$118,482 | | \$118,482 |
| Project Repayment (Expense): | | | | | | | |
| Total Project Repayment | \$12,500,000 | | \$12,500,000 | | \$0 | | \$0 |
| Other Pass-through Expenses & Revenues: | | | | | | | |
| CAISO Market & GMC Charges for 2207A (WSLW) and WPUL | | | | | | | |
| Total CAISO Market & GMC Charges for 2207A (WSLW) and WPUL | \$327,052 | \$0 | \$327,052 | \$0 | \$0 | \$0 | \$0 |
| CAISO Expenses & Revenues /6 | | | | | | | |
| Total CAISO Expenses & Revenues | \$20,495,826 | \$19,218,676 | \$19,004,732 | \$17,620,251 | \$1,491,093 | \$1,598,425 | (\$107,331) |
| PG&E costs incurred for Wheeling | | | | | | | |
| Total PG&E costs incurred for Wheeling | \$5,787,944 | \$5,277,686 | \$5,989,889 | \$5,117,217 | (\$201,945) | \$160,469 | (\$362,414) |
| PATH 15 revenues and expenses | | | | | | | |
| Total PATH 15 revenues and expenses | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$0 | \$0 | \$0 |
| Purchases and Sales for SBA | | | | | | | |
| Total Purchases and Sales for SBA | \$7,993,241 | \$9,342,219 | \$10,270,905 | \$10,270,905 | (\$2,277,663) | (\$928,686) | (\$1,348,978) |
| Resource Adequacy | | | | | | | |
| Total Resource Adequacy | \$1,635,250 | \$1,275,281 | \$1,635,250 | \$1,275,312 | \$0 | (\$31) | \$31 |
| Total Other Pass-through Expense/Revenue | \$36,251,314 | \$35,125,863 | \$37,239,829 | \$34,295,685 | (\$988,515) | \$830,177 | (\$1,818,692) |
| Other Revenues: | | | | | | | |
| Non-firm energy sales | | | | | | | |
| Total Non-firm energy sales | | \$0 | | \$0 | | \$0 | \$0 |
| Miscellaneous Revenues | | | | | | | |
| Total Miscellaneous Revenues | | \$28,144,607 | | \$27,703,948 | \$440,658 | | (\$440,658) |
| SC, PM, and VRC Admin Fees /7 | | | | | | | |
| Total SC, PM, and VRC Admin Fees | | \$2,286,189 | | \$2,376,613 | (\$90,424) | | \$90,424 |
| Revenue from Ancillary Service Sales to IOA SBA Members /8 | | | | | | | |
| Total Revenue from A/S Sales to IOA SBA Members | | \$2,034,644 | | \$1,796,859 | \$237,785 | | (\$237,785) |
| Total Other Revenues | | \$32,465,439 | | \$31,877,420 | \$588,019 | | (\$588,019) |
| Project Use Revenues: /9 | | | | | | | |
| Total Project Use Revenues | \$0 | \$22,500,000 | \$0 | \$22,500,000 | | \$0 | \$0 |
| Transmission Revenues: /10 | | | | | | | |
| Total Transmission Revenues | | \$0 | | \$0 | | \$0 | \$0 |
| Total Expenses & Revenues | \$362,857,978 | \$292,900,822 | \$364,827,026 | \$291,482,626 | (\$1,969,048) | \$1,418,196 | (\$3,387,244) |
| PRR Summary: | | | | | | | |
| | Mid-Year FY12 PRR | | Initial FY12 PRR | | Difference | | |
| Total Expenses | \$350,357,978 | | \$352,327,026 | | (\$1,969,048) | | |
| add: Project Repayment | \$12,500,000 | | \$12,500,000 | | \$0 | | |
| | \$362,857,978 | | \$364,827,026 | | (\$1,969,048) | | |
| less: Total Revenues | (\$292,900,822) | | (\$291,482,626) | | (\$1,418,196) | | |
| Power Revenue Requirement | \$69,957,156 | | \$73,344,401 | | (\$3,387,244) | | |

\$5 million threshold not met.

Footnotes:

- /1 USBR and Western's O&M based on updated budget data.
- /2 Estimates for Custom Product and Supplemental Power costs are based on Western's Purchase Power budget.
- /3 Host Balancing Authority (HBA) charges reflect CY11 data (oct 11 - Dec 11), and data CY 12 data (Jan 12 - Sep 12).
- /4 Purchase Power costs for project use are based on forward purchase contract amounts.
- /5 Based on the most current Washoe Power Repayment Study data.
- /6 FY12 revenues and expenses are based on historical data (most current 12-months).
- /7 Revenues reflect historical and forecasted data to account for changes in contract charges.
- /8 FY12 forecast for Ancillary Service sales based on historical data and rate changes effective April 1, 2012.
- /9 Project use revenues are based on the FY12 project use estimate.
- /10 Transmission revenues are included in miscellaneous revenues and reflect the transmission rates for CVP, PACI & COTP effective April 1, 2012.