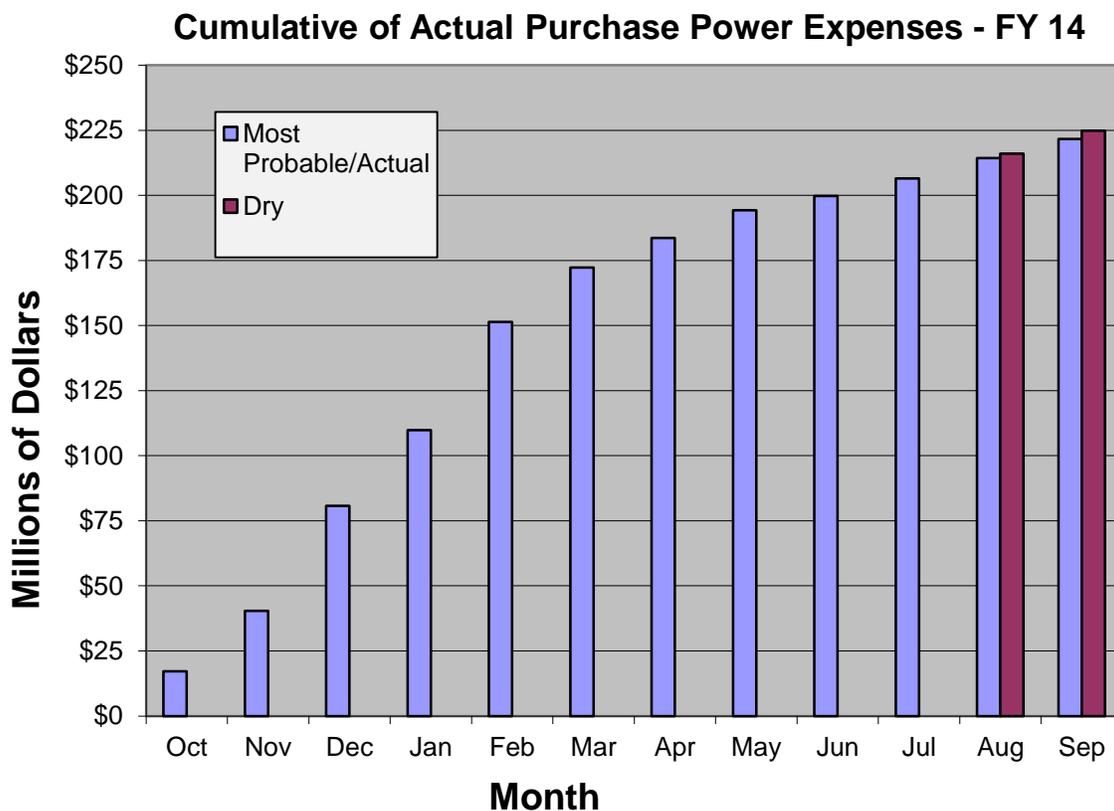


Hydro Conditions and Purchase Power Monthly Outlook August 2014

Western Summary

- The most probable forecast of net generation for fiscal year (FY) 2014 is 22,949 gigawatt-hours (GWh) or 85 percent of average. October through July generation was 84 percent of average.
- The lower level forecast of generation for FY 2014 is 22,853 GWh or 84 percent of average.
- The purchased power for FY 2014 is expected to be approximately 4,436 GWh.
- The average price for purchase power during FY 2014 across all hydro projects and off-peak and on-peak periods is expected to be \$50/megawatt-hour (MWh). The average price for FY 2013 was \$41/MWh.
- Purchase power expenses for FY 2014 are forecast to be approximately \$222 million.
- October through July purchases totaled over \$206 million – compared to \$155 million for the same period last year.



Upper Great Plains Region

Canyon Ferry: The anticipated inflow for August is forecast to be 135.0 thousand acre-feet (kAF) or 91 percent of the 30-year average. As of August 10, 2014, reservoir storage at Canyon Ferry was 1,796,812 acre-feet and the active conservation pool was 95 percent full.

Yellowtail: Streamflows into Bighorn Lake during June continued to remain above average at 140 percent of average. Based on the August 1 water supply forecast and the planned releases out of Boysen and Buffalo Bill Reservoirs, the August runoff into Bighorn Lake was expected to equal 155,500 acre-feet (105 percent of average). As of August 10, 2014, reservoir storage at Yellowtail was 1,012,703 acre-feet and the active conservation pool is 99.2 percent full.

COE: The winter snowpack finished melting by the second week in July this year. System storage peaked on July 21 at 60.9 million acre-feet (MAF). The Fort Peck reservoir level remains a little below normal while the Garrison and Oahe levels are near normal. Warmer summer temperatures caused July precipitation to be below normal. The excessive runoff in June will provide additional energy into late fall and winter. System energy production for December through February should be 21,000 to 23,000 MWh daily. Bird peaking continues at Garrison and Fort Randall at least until the end of August.

Snow pack: August forecasted runoff for 2014 is now 129 percent of normal at 32.5 MAF. Normal runoff is 25.2 MAF.

FY Generation: The six main stem power plants generated 904 million kilowatt-hours of electricity in June. August forecasted energy production for the year dropped to 9,100 GWh, down from 9,332 GWh forecast in July. The 100-year average is approximately 10,027 GWh.

Purchased Power: We are in the summer months of the generating season, and with loads increasing prices have stayed in the upper twenties for off-peak power and on-peak power ranges up to upper thirties.

Rocky Mountain Region

The Loveland Area Projects (LAP) reside in both the Upper Missouri and Upper Colorado basins. Hydrologic conditions can vary from one river basin and watershed to another. The three LAP watersheds are the Bighorn River Basin in Wyoming, the North Platte River Basin in Colorado and Wyoming, and the headwaters of the Colorado River Basin in Colorado.

The LAP area continues to be drought free. The year to date reservoir inflow has been well above average. The overall LAP reservoir storage at the end of July was above average with gains in all three Basins since the end of last July. The latest National Weather Service forecast indicates September through November temperatures will more likely be below average in Colorado while the precipitation is more likely to be above average. The temperatures and precipitation in Wyoming are just as likely to be above normal as below normal. The total spring snow melt runoff (April-July) was well above average in all three basins due to the snowpack and favorable soil moisture and bank storage carrying over from the heavy fall storms.

LAP Water Conditions At-A-Glance									
	Reservoir Storage 1,000 acre-feet			Actual Reservoir Inflow To-Date 1,000 acre-feet			Spring Reservoir Inflow 1,000 acre-feet (April - July)		
	beginning of August	average	% of average	October - July	average	% of average	actual	average	% of average
CBT	947.1	776.4	122%	1,004.8	701.7	143%	860.3	588.0	146%
North Platte	1,729.9	1,636.5	106%	1,373.5	1,017.4	135%	1,078.9	770.0	140%
Bighorn	2,358.4	2,122.2	111%	2,211.1	1,572.9	141%	2,015.5	1,315.0	153%
TOTAL	5,035.4	4,535.1	111%	4,589.4	3,292.0	139%	3,954.7	2,673.0	148%
Net At Plant Generation Projections (GWh)									
	Most Probable Case median inflow			Reasonable Minimum Case lower decile inflow			Reasonable Maximum Case upper decile inflow		
	August projection	average	% of average	August projection	average	% of average	August projection	average	% of average
Winter 13-14	555.3	718.0	77%	555.3	718.0	77%	555.3	718.0	77%
Summer 14	1,361.7	1,217.8	112%	1,353.7	1,217.8	111%	1,371.7	1,217.8	113%
TOTAL 2014	1,917.0	1,935.8	99%	1,909.0	1,935.8	99%	1,927.0	1,935.8	100%
Winter 14-15	584.7	718.0	81%	539.6	718.0	75%	653.9	718.0	91%

The summer season generation is expected to fall between 111 and 113 percent of average with a significant drop-off in August. There were plant bypasses in the Bighorn and North Platte basins due to the heavy spring runoff. Some of the Yellowtail bypass was at the request of Western to allow for upward regulation. In the CBT a bypass was required at the Green Mountain plant and Lake Granby spilled when East Slope CBT storage filled. There is a curtailment of Adams Tunnel imports and associated CBT generation from August 11 through September 1 as a means to improve water clarity in Grand Lake. The amount of upcoming winter generation will depend on how much water remains in storage after the irrigation season winds down.

Colorado River Storage Project Management Center

The total storage volume for the CRSP main stem reservoirs is 17,877,000 acre-feet, which is about 58 percent of the total main stem reservoir storage capacity. Main stem reservoir inflows for the most recent historical month (July 2014) were about 88 percent of average. Lake Powell elevation currently is about 3,607 feet, 93 feet from maximum reservoir level, and about 117 feet from the minimum generation level. Based on the current forecast, the August 24-Month study projects Lake Powell elevation will end the water year near 3,604 feet with approximately 12.112 MAF in storage (50 percent capacity).

Based on the most probable inflow forecast, estimated SLCA/IP net generation for FY 2014 is 4,121 GWh as compared to 5,584 GWh based on the long-term historical average generation.

Estimated purchase power expenses for firming during FY 2014 are about \$61.4 million as compared to about \$21.7 million based on long-term average historical releases. Purchase power availability in the region is good and prices are somewhat higher than usual for this time of year.

Firming purchases for the last month have been averaging in the mid \$40s on-peak and low \$30s off-peak.

Desert Southwest Region

Current Aggregate Storage (Mead, Mohave & Havasu): 12.347 MAF (12.505 MAF June 2014), 20.860 MAF (64-Year Historical Average).

The Lake Mead end of July 2014 elevation was 1,080.60 feet (2.1 feet lower than end of June 2014 elevation), or about 139.04 feet below full storage elevation of 1,219.64 feet and 30.6 feet above the minimum generation elevation for Hoover of 1,050 feet.

Lake Mead's elevation peaked at 1,108.75 feet in January of water year (WY) 2014 (13.57 feet below the WY 2013 peak elevation of 1,122.32 feet), and is projected to drop to a minimum elevation of 1,080.03 feet in September of WY 2014, a maximum fluctuation in lake elevation of 28.72 feet.

The Lake Powell operational tier for WY 2014 is currently the Mid-Elevation Release Tier. Total releases from Lake Powell to Lake Mead are projected to average about 7.48 MAF for WY 2014 (actual of 8.232 MAF for WY 2013). The projected 2014 April-July unregulated inflow into Lake Powell (as of August 18, 2014) is 6.923 MAF or 97 percent of average (actual of 2.56 MAF or 36 percent of average for 2013).

Basin Snow Pack and Precipitation: DSW hydrology, or the Lower Colorado River Basin, is mostly dependent on the Colorado River Basin snow pack and precipitation above Lake Powell. The WY 2014 precipitation is currently 101 percent of average and the snowpack is gone.

Lower Basin Runoff: The lower basin tributary inflow into Lake Mead for July 2014 was 55 kAF. The projected side inflow into Lake Mead for WY 2014 is 640 kAF which is a 22 percent decrease over last year's actual of 824 kAF, and represents 49 percent of the normal annual side inflow of 1.3 MAF.

Forecasted WY 2014 Generation: 5,343 GWh compared to 5,639 GWh (Historical Average). The projected Hoover and Parker-Davis generation for WY 2014 is 95 percent of the average historical generation.

Wholesale Power Market Conditions: The July market prices in the Desert Southwest averaged about \$46/MWh firm on-peak, \$32/MWh firm off-peak compared to \$45/MWh firm on-peak, \$33/MWh firm off-peak for the previous month.

Sierra Nevada Region

The total storage of the four major CVP reservoirs is 3.064 MAF, compared to 5.132 MAF this time last year. Accumulated inflow for the water year-to-date is 29 percent of the 15-year average for Trinity, 51 percent for Shasta, 41 percent for Folsom, and 36 percent for New Melones. None of the reservoirs is in flood control operations at this time. Trinity storage is at 29 percent capacity; Shasta at 31 percent, Folsom at 39 percent, and New Melones is at 23 percent of its capacity. End of September carryover could be at an all-time low.

The Northern Sierra Eight Station index averages slightly more than 50 inches of precipitation per water year. October recorded precipitation totaled 0.72 inches, or 23 percent of the monthly average. November recorded precipitation totaled 1.66 inches, or 26 percent of average. December came in at 0.92 inches, or 10 percent of average. January came in at 1.20 inches or 13 percent of its average. February ended at 14.20 inches or 130 percent of its average. March came in at 10.21 inches, or 153 percent of average. April ended at 3.95 inches or 67 percent of average. May which averages 2.20 inches ended at 0.75 inches, only 34 percent of average. June which averages 0.97 inches ended at 0.05 inches. July which averages 0.17 inches ended at 0.22 inches or 128 percent of average. The cumulative total at this time is 29.71 inches or 59 percent of the annual average.

Water year type forecasting begins in December, but snow surveying doesn't begin until January. The snowpack is assumed to reach its peak April 1. Snow water equivalents are reported as a percentage of this average. As of May 23, the North was at 2 percent, the Central is at 3 percent, and the South is at 1 percent of this average. The Sacramento River Index forecast of water supply, based upon May 1 conditions forecast, remains "critical" for the 90 percent exceedence as well as the 50 percent case. The 40-30-30 year type declaration based upon May 1 conditions at the 50 percent exceedence level is "critical."

The average projection of net generation is again taken from the latest modeling using the update to our customers' "Green Book." This average, at 3.34 GWh, is less than the 3.63 GWh from the CVPIA PEIS planning studies. Under the Post 2004 Marketing Plan, net generation, after Project Use load, First Preference Customer load and sub-control area reserve requirement, becomes the Base Resource which is allocated among the Base Resource, Variable Resource and Full Load Service Customers. This past fiscal year ended at approximately 91 percent of that average. Reclamation forecasts are based upon January 1 conditions, which were based upon water supply forecast of "critical" for the 90 percent exceedence and "critical" for the 50 percent exceedence. These forecasts are 65 percent and 63 percent of this "Green Book" average net generation. Reclamation continues with their cycling of Delta pumping, causing them to pump 230 cubic feet per second (cfs), 570 cfs, or 800 cfs daily. Meanwhile, State Water Project pumping is now at 1,000 cfs, with a Feather River release of approximately 1,700 cfs from Oroville.