

JUN 15 2010

Dear Firm Power Customer:

On December 18, 2009, you were notified that the Pick-Sloan Missouri Basin Program--Eastern Division Rate Order No. WAPA-147 (Rate Order) was approved on an interim basis by the Deputy Secretary on December 14, 2009 (*Federal Register Notice*/ Vol. 74, FR No. 242/pages 67197-67204/Friday, December 18, 2009). The firm power and firm peaking power rates (Firm Power Rates) provided for in that Rate Order went into effect with the January 2010 billing period. As part of that Rate Order, Western Area Power Administration (Western) outlined the notification process it would use when adjusting the Drought Adder Component of the Firm Power Rates. Western was to conduct a preliminary review of the Drought Adder Component in early spring and provide advance notice to you of the estimated change to the Drought Adder Component for the following January.

Western has completed its preliminary review of the Drought Adder Component. This letter serves as advance notice to our customers that Western is estimating no change to the Drought Adder Component of the Pick-Sloan Missouri Basin Program--Eastern Division Firm Power Rate, effective January 2011.

Also, as provided in the Rate Order, Western will continue to monitor the Drought Adder Component, and this September will make a final determination if an adjustment is needed for January 2011. A separate adjustment notification letter will be sent to you in October 2010.

Additionally, for your information, the Base Components of the Firm Power Rates are experiencing upward pressures with the 2011 work plan as well as the 2012 work plan projections. Western is not planning to initiate a public process in 2010 for the additional Base Component costs. The next Base Component adjustment will be evaluated in the calendar year 2011 for implementation in January 2012.

Information concerning the current Firm Power Rates can be found online at <http://www.wapa.gov/ugp/rates/default.htm>. If you have any questions concerning this notice or the firm power calculation, please telephone Linda Cady-Hoffman, UGP Rates Manager, at (406) 247-7439.

Sincerely,

Jody S. Sundsted

Jody S. Sundsted
Power Marketing Manager

bcc:

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