



Department of Energy
Western Area Power Administration
Rocky Mountain Customer Service Region
P.O. Box 3700
Loveland, CO 80539-3003

JUL 06 2015

Dear Firm Electric Service Customer:

As part of the current rate schedule placed into effect under Rate Order No. WAPA-167, Western Area Power Administration (Western) has conducted a preliminary review of the Loveland Area Projects (Pick-Sloan Missouri Basin Program -- Western Division and the Fryingpan-Arkansas Project) (LAP) Firm Electric Service Drought Adder (Drought Adder) component. The review is conducted annually in early spring and provides customers advance notice of any foreseen changes to the Drought Adder.

Western is using this letter to notify customers that the preliminary review resulted in no estimated change to the Drought Adder component of the LAP Firm Electric Service Rate in January 2016.

The measured snowpack in the LAP area peaked well below the average peak and between two and three weeks earlier than normal depending on the river basin. Based on that snowpack, the May 1, 2015, forecasts projected total April through July reservoir inflows to be 92% of average for the Colorado Big-Thompson Project (CBT), 58% of average in the Bighorn River Basin above Yellowtail Dam, and only 36% of average in the North Platte Basin above Seminoe Dam. An unusually cool and wet May across the LAP area significantly improved the outlook such that the June 1, 2015, forecast projected the April through July reservoir inflows to be 108% of average for the CBT, 115% of average in the Bighorn River Basin above Yellowtail Dam, and 72% of average in the North Platte Basin above Seminoe Dam.

Normally, by April 15, the Missouri River Mainstem mountain snowpack peak accumulation has occurred. This year, the mountain snowpack peaked on March 9 at 72% of the normal peak above Fort Peck and 78% of the normal peak on March 14 in the Fort Peck to Garrison reach. The June 1, 2015, forecast for runoff in the Missouri River Basin above Sioux City, Iowa, was 22.5 MAF, 89% of normal according to the Corps of Engineers June 5, 2015, news release. However, due to significant rain fall in the region, the Corps issued a special update on June 22, 2015, forecasting the annual runoff at 27.9 MAF, 110% of normal. Average annual runoff is 25.2 MAF.

Western will continue to monitor water conditions as we progress through the fall. We will make a final rate adjustment determination this fall and send a notification letter to you in October identifying if any change will be made to the Drought Adder for January 2016.

Information concerning the current Firm Power Rates can be found online at <http://www.wapa.gov/rm/ratesrm/default.htm>. If you have any questions concerning this notice, please telephone Sheila D. Cook, Rocky Mountain Region Rates Manager at (970) 461-7211 or scook@wapa.gov.

Sincerely,



Dave Neumayer
Vice President of Power Marketing
Rocky Mountain Region