

SEP - 7 2007

To All Central Valley Project (CVP) Preference Customers:

On August 22, 2007, the Western Area Power Administration (Western) received written notice (enclosure) from the U.S. Bureau of Reclamation (Reclamation) of the fiscal year (FY) 2008 Restoration Fund Payment obligation for the power contractors of \$24,039,904.

Western will begin billing the power contractors on their September 2007 service month bills for the FY 2008 obligation. Power contractors can estimate their monthly obligation for FY 2008 bills by multiplying their Base Resource percentage by \$24,039,904 and then divide this result by twelve. Please note that this estimate does not include any adjustment for hourly exchange program participation in 2008. Western will track hourly exchange energy program participation on a monthly basis and will adjust Base Resource percentages for those customers that participated in the hourly exchange program during FY 2008 on their July/August 2008 bills.

During the March to April 2008 time frame, Reclamation will determine if a mid-year adjustment is needed. If a mid-year adjustment is warranted, it will be discussed with the power customers when it is implemented.

Western previously sent out on email on May 4, 2007, which notified customers that the annual reconciliation for the FY 2007 hourly exchange program participation would be reflected on the September 2007 Restoration Fund bills. Customers should expect to see a charge or credit (as applicable) on their September 2007 Restoration fund bill to document their participation from August 2006 through August 2007. Customers may contact their customer account liaison if they are interested in knowing the results of the analysis and how it affects their September 2007 bills.

For those customers who accumulate credits larger than their monthly FY 2008 charge, the credits will be carried over to later bills in FY 2008 until the credits are exhausted.

Should you have any questions regarding the collections associated with the Restoration Fund program, please call Ms. Melinda Grow at (916) 353-4443 or email at grow@wapa.gov.

Sincerely,



Sean Sanderson
Rates Manager

Enclosure

cc:

Ms. Gail Trujillo-Bixby
U.S. Bureau of Reclamation
2800 Cottage Way
Sacramento, CA 95825

Ms. Kathleen D. Burks
U.S. Bureau of Reclamation
2800 Cottage Way
Sacramento, CA 95825



United States Department of the Interior

BUREAU OF RECLAMATION
Mid-Pacific Regional Office
2800 Cottage Way
Sacramento, California 95825-1898

AUG 21 2007

IN REPLY
REFER TO:

MP-3600
FIN-4.00

Code	Initial	Date
6000		
6100		
6200		
6400		
6001	<i>BB</i>	

Original to McGraw



Ms. Sonja A. Anderson
Power Marketing Manager
Sacramento Area Office
Western Area Power Administration
114 Parkshore Drive
Folsom, California 95630-4710

Subject: Allocation of the Fiscal Year 2008 (FY08) Total Restoration Payments, Central Valley Project Improvement Act, Central Valley Project (CVP)

Dear Ms. Sonja A. Anderson

This letter is to notify Western Area Power Administration of the amount of the FY08 Total Restoration Payments allocation, including that portion assigned to the CVP power contractors, pursuant to the Central Valley Project Improvement Act, Title XXXIV of Public Law 102-575. Consistent with The Bureau of Reclamation's hydrologic projections for the CVP, and continuing the Maximum Restoration Payment Policy, that portion of the Total Restoration Payments allocated to power for FY08 is \$24,039,904.

The amount allocated to power is determined as follows:

Total Restoration Payments - Fiscal Year 2008	\$51,321,000
Projected Restoration Payments - Water	<u>\$27,281,096</u>
Restoration Payments - Power	<u>\$24,039,904</u>

Projected Restoration Payments - Water is based on expected receipts of \$20,101,004 from Irrigation and \$7,180,092 from M&I. This year's initial projection takes into consideration that in 7 out of the last 9 years there have been little (5-percent) or no Class 2 water deliveries. Any changes to this projection will be reflected in the mid-year correction to power's allocation. Power's allocation of Restoration Payments (\$24,039,904), needs to be transferred to Reclamation in FY08. In accordance with our letter to you, dated April 21, 1995, a mid-year correction to power's allocation will be made on or about April 1, 2008.

Subject: Allocation of the Fiscal Year 2008 Total Restoration Payments, Central Valley 2
Project Improvement Act, Central Valley Project (CVP)

Please contact Ms. Gail Trujillo-Bixby at 916-978-5263 or GTRUJILLOBIXBY@mp.usbr.gov should you require additional information regarding the above calculations.

Sincerely,



Kathleen D. Burks
Manager, Financial Management Division

Enclosure (Projected FY 2008 Restoration Payments)

DEL_08.XLS(D)
8/13/07

Projected FY 2008 Restoration Payments

Item	1997	1998	Rate	Amount (\$)
Restoration Payments (Water)	28,422,972,007	10,077,008	1.2%	100,000
Irrigation	2,302,204	1,858		200,000
M&I	1,241,410	17,151	1.75%	180,992
Total Restoration Payments (Water)				27,281,096

FY2006 thru FY2008 Total Restoration Payments Needed in 1992 dollars
 less FY2006 collections (\$ 43,918,000 indexed /2)
 less FY2007 projected collections (\$ 32,862,000 indexed /3)
 less subtotal FY2006 & FY2007
 Total FY2008 Restoration Payment Obligation in 1992 dollars

\$90,000,000 /1
 31,969,000 /1
 22,989,000 /1
 54,958,000 /1
 \$35,042,000 /1

Total FY2008 Restoration Payment Obligation in FY2008 dollars

\$51,321,000 /4

Less Amounts Projected from Irrigation and M&I

27,281,096

Balance Needed from Power

\$24,039,904

- /1 October 1992 price levels (rounded to thousands)
- /2 FY2006 price levels (1.3738 CPIU index factor)
- /3 FY2007 price levels (1.4285 CPIU index factor)
- /4 FY2008 price levels (1.4646 CPIU index factor)

Project Water sold and delivered 8/07 thru 7/08 generates almost all of FY2008 Restoration payments projected from water. The above projection assumes Restoration Payments are received and processed 2 months after deliveries are taken.

Projected Deliveries	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
	3%	4%	5%	8%	10%	15%	19%	19%	9%	4%	2%	2%	100%