



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

AUG - 9 2011

To All Central Valley Project Preference Customers:

On August 4, 2011, the Western Area Power Administration (Western) received the enclosed letter from the Bureau of Reclamation (Reclamation) stating the power contractors' fiscal year (FY) 2012 Restoration Fund obligation is \$22,555,408.

As reflected in Reclamation's letter, the FY 2012 Restoration Fund cap is \$52,767,000, of which water users are estimated to pay approximately \$30,211,592 and the remaining obligation is due from power. The FY 2012 initial projections applied a standard deviation calculated based on water deliveries from FY 2002 through FY 2010.

Western will begin billing the power contractors on their September 2011 service month bills for the FY 2012 obligation. Power contractors can estimate their monthly obligation for FY 2012 bills by multiplying their Base Resource (BR) percentage by \$22,555,408 and divide the result by twelve. Please note that this estimate does not include any adjustment for the hourly exchange program participation in FY 2012. Western will track hourly exchange energy program participation on a monthly basis and will adjust BR percentages for those customers that participated in the hourly exchange program during FY 2012 on their August 2012 bills.

As a reminder, between March 2012 and April 2012, Reclamation will determine if a mid-year adjustment is needed. Reclamation's current forecast beyond FY 2012, as of September 15, 2010, is posted on Western's website at <http://www.wapa.gov/sn/marketing/rates/>.

If you have any questions regarding Reclamation's procedures and methodology associated with calculating the power contractors' Restoration Fund obligation, please contact Ms. Gail Trujillo-Bixby at (916) 978-5263. If you have any questions regarding billing of the Restoration Fund obligation, please contact Ms. Padmini Palwe at (916) 353-4555 or e-mail at [palwe@wapa.gov](mailto:palwe@wapa.gov).

Sincerely,

**ORIGINAL SIGNED BY**

Regina Rieger  
Rates Manager

Enclosure

cc:

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

Ms. Brenda Bryant  
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

IN REPLY  
REFER TO:

MP-3600  
FIN-3.00

**AUG 04 2011**

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 2012 (FY 2012) Total Restoration Payments, Central Valley Project Improvement Act, Central Valley Project (CVP)

Dear Ms. Anderson:

This letter notifies Western Area Power Administration (Western) of the FY 2012 total power payment obligation for restoration payments pursuant to the Central Valley Project Improvement Act, Title XXXIV of Public Law 102-575. The FY 2012 total allocation includes the CVP power contractors' assigned portion. Consistent with the Bureau of Reclamation's projections for the CVP and continuing the Maximum Restoration Payment Policy, the total FY 2012 power payment obligation is \$22,555,408.

The amount allocated to power is determined as follows:

Total Restoration Payments – Fiscal Year 2012	\$52,767,000
Projected Restoration Payments – Water	<u>\$30,211,592</u>
Total Restoration Payments – Power	<u>\$22,555,408</u>

Projected restoration receipts are \$23,473,745 for Irrigation and \$6,737,846 for M&I. FY 2012 initial projection uses a standard deviation calculated using water deliveries from FY 2002 through FY 2010.

Power's payment obligation for FY 2012 of \$22,555,408 must be transferred to Reclamation in FY 2012. In accordance with our agreement dated April 21, 1995, a mid-year correction to power's payment obligation will be made on or about April 1, 2012. Western will be notified in

Subject: Allocation of the Fiscal Year 2012 (FY 2012) Total Restoration Payments, Central Valley Project Improvement Act, Central Valley Project (CVP) 2

October 2012 of the actual RF5 fund receipts in FY 2012. This notification would state any shortage/overage in receipts for the fiscal year.

Please contact Ms. Gail Trujillo-Bixby at 916-978-5263 or [gtrujillobixby@usbr.gov](mailto:gtrujillobixby@usbr.gov) should you require additional information regarding the above calculations.

Sincerely,



Brenda Bryant  
Regional Financial Manager

Enclosure

Projected FY2012 Restoration Payments

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

	Acre-Feet	Charge	Charge	Projected Payments
		28%	72%	100.00%
		8-9/11	10/11-7/12	
Restoration Payments (Water)				
Irrigation	2,507,343	\$9.29	\$9.39	\$23,473,745
M&I	359,797	\$18.59	\$18.78	\$6,737,846
Total Restoration Payments (Water)				\$30,211,592

FY2010 thru FY2012 Total Restoration Payments needed in 1992 dollars \$90,000,000 /1  
 less FY2010 Actual Payments (\$ 36,837,000 indexed /2) 24,252,000 /1  
 less FY2011 Projected Payments (\$ 49,614,000 indexed /3) 32,032,000 /1  
 less subtotal FY2010 & FY2011 56,284,000 /1  
 Total FY2012 Projected Restoration Payments in 1992 dollars \$33,716,000 /1

Total FY2012 Projected Restoration Payments in FY2012 dollars \$52,767,000 /4  
 less Projected Payments from Irrigation and M&I 30,211,592  
 Balance needed from Power \$22,555,408

- /1 October 1992 price levels (rounded to thousands)
- /2 FY2010 price levels (1.5189 CPIU index factor)
- /3 FY2011 price levels (1.5489 CPIU index factor)
- /4 FY2012 price levels (1.5651 CPIU index factor)

Project Water sold and delivered 8/11 thru 7/12 generates almost all of FY2012 restoration payments projected from water.  
 The above projection assumes restoration payments (receipts) are received and processed 2 months after deliveries are taken.