



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

To All Central Valley Project (CVP) Preference Customers:

On March 27, 2009, the Western Area Power Administration (Western) received written notice from the U.S. Bureau of Reclamation (Reclamation) for a mid year adjustment to the FY 2009 Restoration Fund Payment allocated to the power contractors (enclosure 1). The FY 2009 power obligation increased from \$32,421,321 to \$37,460,571, a difference of \$5,039,251.

Reclamation's second letter dated August 26, 2008, (enclosure 2), indicated that the power contractor's original Restoration Fund obligation was \$32,355,738; however, a supplemental letter provided by Reclamation to Western on October 9, 2008, (enclosure 3) included an upward adjustment of \$65,582 to the FY 2008 Projected Shortfall. This adjustment resulted in a revised Restoration Fund obligation for power contractors to \$32,421,321. As explained in Reclamation's mid-year letter dated March 27, 2009, the FY 2009 adjusted power obligation increased by \$5,039,251 to \$37,460,571.

In order to calculate the revised collections that Western needed to assess the power contractors, Western reduced the obligation indicated in Reclamation's mid-year letter by February 2009's collection amount (February 2009 bills that are collected in March 2009), and March 2009's billing amount (March 2009 bills that are collected in April 2009). Using this information, the revised revenue requirement for the last five months (April 2009 through August 2009) of the FY 2009 billing cycle is \$19,032,690.

Power contractors can estimate their monthly obligation for the remainder of their FY 2009 billings by multiplying their Base Resource (BR) percentage by \$19,032,690 and then dividing by five. Please note that this estimate does not include any adjustment for the hourly exchange program participation. Western is tracking hourly exchange energy program participation on a monthly basis and will adjust BR percentages for those customers that participated in the hourly exchange energy program on their July or August 2009 Restoration Fund bills.

Reclamation estimates that the FY 2010 total Restoration Payment allocated to the power contractors will be approximately \$12.1 million. Once Western receives official notification by August 2009, Western will notify the customers. The collections for FY 2010 begin with the September 2009 bills.

We thank you for your continued cooperation. Should you have any questions regarding the information in this letter, please contact me at (916) 353-4468 or faust@wapa.gov.

Sincerely,

Original Signed By

Charles J. Faust
Rates Manager

3 Enclosures

cc:

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