



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

MAY 4 2010

To all Central Valley Project (CVP) Preference Customers:

The Bureau of Reclamation (Reclamation) notified the Western Area Power Administration (Western) via email on April 23, 2010, that its mid-year adjustment for Fiscal Year (FY) 2010 Restoration Fund obligation was lowered by \$3.7 million. Based upon Reclamation's stated actual receipts for the period October through March 2010, along with Western's billing for April and May 2010, Western will discontinue the Restoration Fund billing for the remaining four months of this FY10 Restoration period.

As explained in Reclamation's letter, when the projections used to estimate the original amount of \$15,884,399 were compared to actual and projected water deliveries to date, the mid-year adjustment resulted in a revised Restoration Fund power obligation of \$12,139,040. This difference of \$3,745,359 reduced power contractors' obligation during the remainder of FY10. This same letter also indicates Reclamation already received \$11,083,618 for the period October 1, 2009, through March 31, 2010. Additionally, Western billed \$2,647,400 for April and May; therefore, power's obligation for the FY10 period was met. Based on Reclamation's procedures, any FY 2010 power restoration payments collected above the allocation is applied against the FY 2011 power contractors' allocation.

In an effort to minimize administrative costs and to comply with Western's financial management policies, Western will not be publishing or sending bills to the customers for the remainder of this FY billing cycle. The next billing cycle will commence with the initiation of the October bills for FY11 (sent out in September).

As customers will remember, an annual reconciliation for Hourly Exchange program participation is completed each year in the July/August time frame. Normally, this reconciliation is completed and adjusted on the customer's July and/or August Restoration Fund bill. Since Western is suspending all further Restoration Fund bills for the remainder of the annual billing cycle, Western will manually post each customer's cumulative Hourly Exchange "true-up" on their September 2010 Restoration Fund bill (the initial bill reflecting FY11 collections). This is consistent with the method used in May 2007 when Western discontinued the Restoration Fund billing. For those customers who accumulate credits larger than their charge, the credits will be carried over to later bills in FY11.

Western intends to provide a letter to the customers in late August 2010 documenting the results of the analysis associated with each customer's participation in the Hourly Exchange program from August 2009 through August 2010.

Reclamation has not released any estimates for the FY11 Restoration Fund allocation to date. Once Western receives official notification, usually around August, we will notify the customers. Collections for FY11 begin with the September 2010 bills.

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

Sincerely,

ORIGINAL SIGNED BY

Charles J. Faust
Rates Manager

Attachment

cc:

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