



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

AUG 23 2010

To All Central Valley Project (CVP) Preference Customers:

On August 20, 2010, the Western Area Power Administration (Western) received written notification (enclosure) from the U.S. Bureau of Reclamation (Reclamation) that the Power Contractors Fiscal Year 2011 (FY11) Restoration Fund Payment obligation is \$26,370,060.

The FY11 initial projection takes into consideration Ability-to-Pay contracts and assumes no Class 2 water deliveries. The projected restoration receipt for Irrigation is \$16,209,391 and Municipal and Industrial is \$7,034,549. FY11 initial projection uses a historical average based on the announced water allocation for similar water years.

Western will begin billing the power contractors on their September 2010 service month bills for the FY11 obligation. Power contractors can estimate their monthly obligation for FY11 bills by multiplying their Base Resource (BR) percentage by \$26,370,060 and then divide this result by twelve. Please note that this estimate does not include any adjustment for the hourly exchange program participation in FY11. 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 FY11 on their July/August 2011 bills.

Please note that some customers may continue to see adjustments on their FY11 bills for credits from their hourly exchange participation in FY10. Western will credit these amounts, to the degree possible, each month towards the customer's FY11 monthly obligations. For those customers whose accumulated credits are larger than their monthly FY11 charge, the credits will be carried over to later bills in FY11 until the credits are exhausted.

During the March to April 2011 time frame, Reclamation will determine if a mid-year adjustment is needed. If warranted, Western will discuss it with the power customers when implemented.

Currently, there is no forecast available beyond FY11; however, Reclamation does intend to provide a forecast at a later date.

We thank you for your continued cooperation. Should you have any questions regarding Reclamation's procedures and methodology associated with calculating the power contractors Restoration Fund obligation, please feel free to contact the Reclamation point of contact as

indicated in the enclosure. Any questions regarding the collections associated with the Restoration Fund program please contact me at (916) 353-4468 or e-mail at faust@wapa.gov.

Sincerely,

ORIGINAL SIGNED BY

Charles J. Faust
Rates Manager

Enclosure

cc:

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