



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

AUG 23 2005

To All Central Valley Project (CVP) Preference Customers:

On August 16, 2005, the Western Area Power Administration (Western) received written notice (enclosed) from the U.S. Bureau of Reclamation (Reclamation) of the fiscal year (FY) 2006 Restoration Fund Payment obligation for the power contractors of \$18,617,321.

Western will begin billing the power contractors on their September 2005 service month bills for the FY 2006 obligation. Power contractors can estimate their monthly obligation for FY 2006 bills by multiplying their Base Resource percentage by \$18,617,321 and then divide by twelve. Please note that this estimate does not include any adjustment for hourly exchange program participation. Western is tracking 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 2006 on their August 2006 bills.

During the March to April 2006 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.

We thank you for your continued cooperation. Should you have any questions regarding any of the information in this letter, please call Ms. Melinda Grow at (916) 353-4443.

Sincerely,

  
Sean Sanderson  
Rates Manager

Enclosure

cc:

Mr. Les Ross  
U.S. Bureau of Reclamation  
2800 Cottage Way  
Sacramento, CA 95825

Mr. Craig Muehlberg  
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 15 2005

IN REPLY  
REFER TO:

MP-3600  
WTR-4.00

Code	Initial	Date
6000		
6100		
6200		
6400		
6001		

*cc: grow*



Mr. Thomas R. Boyko  
Power Marketing Manager  
Sacramento Area Office  
Western Area Power Administration  
114 Parkshore Drive  
Folsom, California 95630-4710

Subject: Allocation of the Fiscal Year 2006 Total Restoration Payments, Central Valley Project Improvement Act, Central Valley Project (CVP)

Dear Mr. Boyko:

This letter is to notify Western Area Power Administration of the amount of the fiscal year 2006 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 fiscal year 2006 is \$18,617,321.

The amount allocated to power is determined as follows:

Total Budgeted Restoration Payment - fiscal year 2006	\$43,918,000
Projected Restoration Payments - Water	<u>25,300,679</u>
Balance Needed from Power	<u>\$18,617,321</u>

Projected Restoration Payments - Water is based on expected receipts of \$18,737,847 from irrigation and \$6,562,831 from Municipal and Industrial water users. This year's initial projection takes into consideration that in 5 out of the last 7 years there have been little (5%) 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 (\$18,617,321), needs to be transferred to Reclamation in fiscal year 2006. 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, 2006.

Subject: Allocation of the Fiscal Year 2006 Total Restoration Payments, Central Valley  
Project Improvement Act, Central Valley Project (CVP)

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Please contact Mr. Les Ross at 916-978-5386 (TDD: 916-978-5608) should you require  
additional information regarding the above calculations.

Sincerely,

A handwritten signature in cursive script that reads "Katherine Thompson".

Katherine A. Thompson  
Regional Business Manager

Enclosure

Projected FY 2006 Restoration Payments

Category	1992 Level	FY 2004 Rate	FY 2005 Rate	FY 2006 Rate	Amount (\$)
Restoration Payments (Water)		20%	20%	20%	109,000
Irrigation	2,298,320	7.93	8.24	8.24	18,737,847
M&I	408,223	15.87	16.49	16.49	6,682,891
<b>Total Restoration Payments (Water)</b>					<b>25,300,679</b>

FY 2004 thru FY 2006 Total Restoration Payments Needed in 1992 dollars  
 less FY 2004 collections (\$ 30,774,000 indexed /2) 23,588,000 /1  
 less FY 2005 projected collections (\$ 46,369,000 indexed /3) 34,443,000 /1  
 less subtotal FY 2004 & FY 2005 58,031,000 /1  
 Total FY 2006 Restoration Payment Obligation in 1992 dollars \$31,969,000 /1

Total FY 2006 Restoration Payment Obligation in FY 2006 dollars \$43,918,000 /4  
 Less Amounts Projected from Irrigation and M&I 25,300,679  
 Balance Needed from Power \$18,617,321

- /1 October 1992 price levels (rounded to thousands)
- /2 FY 2004 price levels (1.3047 CPIU index factor)
- /3 FY 2005 price levels (1.3463 CPIU index factor)
- /4 FY 2006 price levels (1.3738 CPIU index factor)

Project Water sold and delivered 8/05 thru 7/06 generates almost all of FY 2006 Restoration Payments projected from water. The above projection assumes Restoration Payments are received and processed 12 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%