

**UNITED STATES DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION**

**CENTRAL VALLEY PROJECT**

**SCHEDULE OF RATES FOR BASE RESOURCE AND FIRST PREFERENCE  
POWER**

Effective:

September 1, 2006, through September 30, 2009.

Available:

Within the marketing area served by the Sierra Nevada Customer Service Region.

Applicable:

To the Base Resource (BR) and First Preference (FP) power Customers.

Character and Conditions of Service:

Alternating current, 60 hertz, three-phase, delivered and metered at the voltages and points established by contract. This service includes the Central Valley Project (CVP) transmission (to include reactive supply and voltage control from Federal generation sources needed to support the transmission service), spinning, and non-spinning reserve services.

Power Revenue Requirement:

Western will develop the Power Revenue Requirement (PRR) prior to the start of each fiscal year (FY). The PRR will be divided into two 6-month periods, October through March and April through September. A monthly PRR will be

calculated by dividing each 6-month PRR by six. The PRR for the April through September period will be reviewed in March of each year. The review will analyze financial data from the October through February period, to the extent information is available, as well as forecasted data for the March through September period. If there is a change of \$5 million or more, the PRR for the April through September period will be recalculated.

First Preference Power Formula Rate:

Component 1:

$$\text{FP Customer Percentage} = \frac{\text{FP Customer Load}}{\text{Gen} + \text{Power Purchases} - \text{Project Use}}$$

$$\text{FP Customer Charge} = \text{FP Customer Percentage} \times \text{MRR}$$

Where:

FP Customer Load = An FP Customer's forecasted annual load in megawatthours (MWh).

Gen = The forecasted annual CVP and Washoe generation (MWh).

Power Purchases = Power purchases for project use and FP loads (MWh).

Project Use = The forecasted annual project use loads (MWh).

MRR = Monthly Power Revenue Requirement.

Western will develop the FP Customer percentage prior to the start of each FY. During March of each FY, each FP Customer's percentage will be reviewed. If, as a result of the review, there is a change in the FP Customer's percentage of

more than one-half of 1 percent, the percentage will be revised for the April through September period.

The percentages in the table below are the maximum percentages for each FP Customer that will be applied to the MRR. The maximum percentages were determined based on a critically dry year where there are hydrologic conditions that result in low CVP generation and, consequently, low levels of BR. These maximum percentages are not used in instances where individual FP Customer percentages increase due to load growth. If these maximum percentages are used for determining the FP Customer's charges for more than 1 year, Western will evaluate their percentage from the formula rate versus the maximum percentage and make adjustments as appropriate.

#### **FP Customers' Maximum Percentages**

FP Customers	Maximum FP Customer's Percentage applied to the MRR
Sierra Conservation Center	1.39%
Calaveras Public Power Agency	3.49%
Trinity Public Utility District	9.21%
Tuolumne Public Power Agency	3.42%
Total	17.51%

Below is a sample calculation for an FP Customer monthly charge for power.

#### **FP Customer Monthly Charge Sample Calculation**

Example: First Preference Customer Charge Calculation	
FP Customer Load – MWh	10,000
Washoe generation – MWh	2,500
CVP generation – MWh	3,700,000
Project Use Load – MWh	1,200,000

Project Use purchase – MWh	47,000
FP Customer percentage	0.39%
MRR	\$3,333,333
FP Customer monthly charge	\$13,000

Component 2:

Any charges or credits associated with the creation, termination, or modification to any tariff, contract, or schedule accepted or approved by the Federal Energy Regulatory Commission (Commission) or other regulatory body will be passed on to each appropriate Customer. The Commission or other regulatory body accepted or approved charges or credits apply to the service to which this rate methodology applies.

When possible, Western will pass through directly to the appropriate Customer, the Commission or other regulatory body accepted or approved charges or credits in the same manner Western is charged or credited. If the Commission or other regulatory body accepted or approved charges or credits cannot be passed through directly to the appropriate Customer, the charges or credits will be passed through using Component 1 of the FP power formula rate.

Component 3:

Any charges or credits from the Host Control Area (HCA) applied to Western for providing this service will be passed through directly to the appropriate Customer in the same manner Western is charged or credited, to the extent possible. If the HCA costs or credits cannot be passed through to the appropriate Customer in the same manner Western is charged or credited, the

charges or credits will be passed through using Component 1 of the FP power formula rate.

BR Formula Rate:

Component 1:

$\text{BR Customer Charges} = (\text{BR RR} \times \text{BR } \%)$
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Where:

BR RR = BR Monthly Revenue Requirement

BR % = BR percentage for each Customer as indicated in the BR contract after adjustments for hourly exchange energy.

BR Customers will pay for exchange energy by adjusting the BR percentage that is applied to the BR RR. Adjustments to a Customer's BR percentage for seasonal exchanges will be reflected in the Customer's BR contract.

An illustration of the adjustment to a Customer's BR percentage for hourly Exchange Energy (EE) is shown in the table below.

**Example of Base Resource Percentage Adjustments for Exchange Energy**

BR Customer	BR Percentage from contract	Hourly BR = 30 MWh	Customer's BR in Excess of Load	Customers receiving EE	BR delivered (adjusting for EE)	Revised BR Percentage
Customer A	20%	6	3	0	3	10%
Customer B	10%	3	0	1	4	13.33%
Customer C	70%	21	0	2	23	76.67%
Total	100%	30	3	3	30	100%

After the FP Customers' share of the annual PRR has been determined, the remainder of the annual PRR is recovered from the BR Customers. The BR RR will be collected in two 6-month periods. For October through March, 25 percent

of the BR RR will be collected. For April through September, 75 percent of the BR RR will be collected.

A BR RR is calculated by dividing the BR 6-month revenue requirement by six. The revenues from the sale of surplus BR will be applied to the annual BR RR for the following FY.

Component 2:

Any charges or credits associated with the creation, termination, or modification to any tariff, contract, or schedule accepted or approved by the Commission or other regulatory body will be passed on to each appropriate Customer. The Commission or other regulatory body accepted or approved charges or credits apply to the service to which this rate methodology applies.

When possible, Western will pass through directly to the appropriate Customer, the Commission or other regulatory body accepted or approved charges or credits in the same manner Western is charged or credited. If the Commission or other regulatory body accepted or approved charges or credits cannot be passed through directly to the appropriate Customer, the charges or credits will be passed through using Component 1 of the BR formula rate.

Component 3:

Any charges or credits from the HCA applied to Western for providing this service will be passed through directly to the appropriate Customer in the same manner Western is charged or credited, to the extent possible. If the HCA costs or credits cannot be passed through to the appropriate Customer in the same manner Western is charged or credited, the charges or credits will be passed through using Component 1 of the BR formula rate.

Billing:

Billing for BR and FP power will occur monthly using the respective formula rate.

Adjustment for Losses:

Losses will be accounted for under this rate schedule as stated in the service agreement.

Adjustment for Audit Adjustments:

Financial audit adjustments that apply to the revenue requirement under this rate schedule will be evaluated on a case-by-case basis to determine the appropriate treatment for repayment and cash flow management.