



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 August 19, 2009, the Western Area Power Administration (Western) received written notification from the U.S. Bureau of Reclamation (Reclamation) of the Fiscal Year 2010 (FY10) Restoration Fund Payment obligation for the power contractors of \$15,884,399. FY10 initial projection takes into consideration Ability-to-Pay contracts and assumes no class 2 water deliveries. The projected restoration receipts are \$12,510,620 for irrigation and \$46,661,981 for Municipal and Industrial. FY10 water delivery projections are based on water deliveries for the 12 month period of July 2008, through June 2009.

Western will begin billing the power contractors on their September 2009, service month bills for the FY 2010 obligation. Power contractors can estimate their monthly obligation for FY10 bills by multiplying their Base Resource percentage by \$15,884,399 and then divide this result by 12. Please note that this estimate does not include any adjustment for hourly exchange program participation in FY10. Western will track 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 FY10 on their July/August 2010, bills.

Please note that some customers may continue to see adjustments on their FY10 bills for credits from their hourly exchange participation in FY 2009. Western will credit these amounts, to the degree possible, each month based on the customer's FY10 monthly obligations. For those customers who accumulate credits larger than their monthly FY 2009 charge, the credits will be carried over to later bills in FY10 until the credits are exhausted.

During the March-April 2010, 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 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. If you have any questions regarding the collections associated with the Restoration Fund program please contact me at (916) 353-4468 or by e-mail at faust@wapa.gov.

Sincerely,

Original Signed By

Charles J. Faust
Rates Manager

Enclosure

cc:

Ms. Gail Trujillo-Bixby
U.S. Bureau of Reclamation
2800 Cottage Way
Sacramento, CA 95825

Ms. Kathleen D. Burks
U.S. Bureau of Reclamation
2800 Cottage Way
Sacramento, CA 95825