FY 2009 Power Revenue Requirement (PRR)

ESTIMATED

For Discussion Purposes Only - For the July 23, 2008 Rates Customer Meeting

(All of the information listed below represents estimated data that is subject to change.)

	FY09 PRR	
	Expenses	**Revenues**
O&M Expense: /1		
Reclamation	$36,857,615	
Western	$54,425,973	
Total O&M Expense	**$91,283,588**	
Purchase Power Expense:		
Custom Product and Supplemental Power **/6**	$212,963,395	$212,963,395
HBA Costs **/2**	$2,097,721	
Purchases for Project Use customers **/7**	$6,250,000	
Washoe Cost for BR	$480,000	
Total Purchase Power Expense/Revenue	**$221,791,116**	**$212,963,395**
Interest Expense: /3		
Total Interest Expense	**$4,710,559**	
Other Expenses: /8		
Total Other Expenses	**$4,090,693**	
Project Repayment (Expense): /4		
Total Project Repayment	**$11,205,000**	
Other Pass-through Expenses & Revenues:		
CAISO Expenses & Revenues **/9**	$21,058,260	$17,925,999
PG&E costs incurred for Wheeling	$7,600,901	$7,059,308
PATH 15 revenues and expenses	$6,000	$6,000
Purchases and Sales for SBA **/10**	$17,472,289	$17,472,289
Resource Adequacy **/11**	$8,256,000	$6,311,064
Total Other Pass-through Expense/Revenue	**$54,393,450**	**$48,774,659**
Other Revenues:		
Non-firm energy sales		$0
Miscellaneous Revenues **/12**		$24,600,000
SC, PM, and VRC Admin Fees		$2,540,983
Ancillary Service Sales to IOA SBA Members		$3,182,331
Total Other Revenues		**$30,323,314**
Project Use Revenues: /13		
Total Project Use Revenues		**$19,200,000**
Transmission Revenues: /5		
Total Transmission Revenues		**$0**
Total Expenses & Revenues	**$387,474,406**	**$311,261,368**

Power Revenue Requirement Summary:	
Total Expenses	**$376,269,406**
add: Project Repayment	**$11,205,000**
	$387,474,406
less: Total Revenues	**($311,261,368)**
Estimated Power Revenue Requirement (PRR)	**$76,213,039**

NOTES:

/1 Western's O&M is based on Revised O&M data. Reclamation's O&M is based on data received in March 2008. Both agencies' budgets are adjusted for unfunded CSRS.
/2 Estimated Host Balancing Authority costs (HBA) associated with Western operating a Sub-balancing Authority Area (SBA). FY 09 HBA costs are based on data provided by SMUD.
/3 Interest Expense is expected to increase in the future due to future plant additions.
/4 Capital repayment remains levelized through these projections. Western intends to update these numbers during the upcoming rate case.
/5 Transmission Revenues are included under Miscellaneous Revenues.
/6 Estimates for Custom Product and supplemental purchase power costs and revenues (pass-throughs) are based on FY 08 actual and estimated data.
/7 Estimated purchase power costs to meet Project Use and First Preference loads (based on actual and projected purchase information).
/8 Based on FY 08 estimated and actual information. This cost category includes such items as: Trinity Assessment, Path Operator costs for COTP and PACI, PG&E facility use charges and Western's share of the 27MW leases on COTP.
/9 Based on actual and estimated data for FY 08. The difference between revenues and expenses is generally CAISO costs associated with transaction to balance CVP generation on a daily and hourly basis.
/10 Western is estimating SBA purchases (expenses) equals sales (revenues).
/11 Projected costs associated with Resource Adequacy (RA) purchases are based on estimated data.
/12 Please note that transmission revenues are included as a subset of miscellaneous revenues in compliance with Western's Standards of Conduct policies.
/13 Project Use Revenues are based on a previous forecast.

HANDOUT B