



Department of Energy
Western Area Power Administration
Rocky Mountain Customer Service Region
P.O. Box 3700
Loveland, CO 80539-3003

OCT 08 2010

Dear Firm Electric Service Customer:

On December 18, 2009, you were notified that the Loveland Area Projects (LAP) Rate Order No. WAPA-146 was approved on an interim basis by the Deputy Secretary on December 14, 2009 (Federal Register Notice/ Vol. 74, FR No. 242/pages 67191-67197/Friday, December 18, 2009). The Firm Electric Service Rates provided for in that Rate Order went into effect with the January 2010 billing period. As part of Rate Order 146, Western outlined the notification process it would use when adjusting the Drought Adder component of the Firm Electric Service Rates. Western is to conduct a preliminary review of the Drought Adder component in early spring and provide advance notice to you of the estimated change to the Drought Adder component for the following January.

On June 15, 2010, Western provided notice that the preliminary review of the Drought Adder component had been completed and that there was no estimated change to the Drought Adder component of the LAP Firm Electric Service Rates effective January 2011.

Western has since completed its final review of the Drought Adder component. This letter serves as final notice to our customers that Western is not changing the Drought Adder component of the LAP Firm Electric Service Rates in January 2011.

Additionally for your information, the Base component of the Firm Electric Service Rates is experiencing upward pressures with the 2011 work plan as well as the 2012 work plan projections. Western is planning to initiate a public process in 2011 for the additional Base Component costs. The next Base component adjustment will be proposed in mid-Spring of calendar year 2011 for planned implementation in January 2012.

Information concerning the current LAP Firm Electric Service Rates can be found online at <http://www.wapa.gov/rm/ratesrm/default.htm>. If you have any questions concerning this notice, please telephone Sheila Cook, RMR Rates Manager, at (970) 461-7211.

Sincerely,

A handwritten signature in cursive script, appearing to read "David Neumayer", written in black ink.

David Neumayer
Power Marketing Manager