



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

JUN 28 2013

Dear Firm Power Customer:

As part of the current rate schedules placed into effect under our Rate Order No. WAPA-146, Western Area Power Administration (Western) is to conduct a preliminary review of the Loveland Area Projects (Pick-Sloan Missouri Basin Program -- Western Division and Fryingpan-Arkansas Project) Firm Power Rate Drought Adder (Drought Adder) component. The review is conducted annually in early spring and provides customers advance notice of any foreseen changes to the Drought Adder.


Having completed the preliminary review for the Drought Adder component, Western is using this letter to notify customers that there is no estimated change to the Drought Adder component of the Loveland Area Projects (LAP) Firm Power Rate in January 2014. Current water conditions do cause some concern and will require careful monitoring as we progress to the fall.

The snowpack at the LAP survey sites has now melted but the maximum snowpack this year was about 96 percent of the average snowpack peak in the Bighorn River Basin, 92 percent in the North Platte Basin, and 110 percent in the Upper Colorado Headwaters where runoff for the Colorado-Big Thompson Project (CBT) is collected. The overall LAP reservoir storage is now 95 percent of average and 16 percent less than it was at this time last year. The 2013 LAP annual reservoir inflow (runoff) is expected to total 2,443 thousand acre-feet which is 64 percent of average. According to the Natural Resources Conservation Services data, the Missouri River Mainstem mountain snowpack which normally peaks April 15, peaked about 10 days later than normal this year, reaching 95 percent of normal in both the reach above Fort Peck and the reach from Fort Peck to Garrison. While near normal snowpack occurred, cool April temperatures resulted in a slow melt allowing for increased infiltration into dry soils generating less than normal runoff. Runoff in the Missouri River Basin above Sioux City, Iowa, is forecast to be 21.3 million acre-feet, 84 percent of normal according to the Corps of Engineers news release posted on their website June 16, 2013.

As the summer goes on, Western will continue to monitor the factors affecting the Drought Adder. Western will make a final rate adjustment determination this fall. A notification letter will be sent to you in October of this year identifying if any change will be made to the Drought Adder for January 2014.

If you have any questions concerning this notice or the firm power calculation, please contact Sheila Cook, Rocky Mountain Region Rates Manager, at (970) 461-7211 or by e-mail at scook@wapa.gov.

Sincerely,


for David Neumayer
Power Marketing Manager