

Tuolumne counties, California, as specified under the Trinity River Division Act (69 Stat. 719) and the New Melones provisions of the Flood Control Act of 1962 (76 Stat. 1173, 1191–1192).

Fiscal Year (FY): The Federal fiscal year that currently begins October 1 and ends September 30.

Interior: United States Department of the Interior.

kW: Kilowatt, the electrical unit of capacity that equals 1,000 watts.

kWh: Kilowatthour, the electrical unit of energy that equals the generation of 1,000 watts over 1 hour.

Letter of Agreement: Letter of Agreement No. 93–SAO–10156, a written agreement between Reclamation and Western that establishes procedures to deposit the Restoration Payments collected from CVP Power Contractors into the Restoration Fund.

Midyear Adjustment: The adjustment to the annual PRPO as determined by Reclamation on or about April 1 of each year.

Power: Capacity and energy.

Power Contractor: An entity purchasing CVP power from Western under a contract with a term in excess of 1 year.

Power Restoration Payment Obligation (PRPO): The portion of the Total Restoration Payment Obligation calculated and assigned annually to CVP Power Contractors by Reclamation.

Project Use: The power used to operate CVP or Washoe Project facilities in accordance with authorized purposes and pursuant to Reclamation law.

Reclamation: United States Department of the Interior, Bureau of Reclamation.

Restoration Fund: The CVP Restoration Fund, established by section 3407 of the CVPIA, into which revenues provided by the CVPIA are deposited and from which funds are appropriated by the Secretary to carry out the habitat restoration, improvement, and acquisition provisions of the CVPIA.

Restoration Fund Bill(s): The instrument prepared and issued monthly as a mechanism for collecting the Restoration Payments from CVP Power Contractors.

Restoration Payment(s): The amount(s) recorded as payable on CVP Power Contractors' Restoration Fund Bills.

Secretary: Secretary of DOE.

Total Restoration Fund Payment Obligation: The total amount of payments collected from the CVP Water and Power Contractors calculated annually by Reclamation.

Washoe Project: The Federal water project located in the Lahontan Basin in west-central Nevada and east-central

California, as described in Western's final 2004 Power Marketing Plan for the Sierra Nevada Region.

Western: United States Department of Energy, Western Area Power Administration.

Final Procedures

Determination of the PRPO

Reclamation is responsible for assigning the PRPO for the CVP Power Contractors. On or about July 1 of each year, Reclamation will provide a letter to Western's Regional Manager of the Sierra Nevada Region with the determined PRPO amount and a detailed explanation of the computation for the upcoming FY. Upon receiving the letter from Reclamation, Western will notify each CVP Power Contractor of the annual PRPO and the monthly amounts to be collected from CVP Power Contractors.

Allocating the PRPO

Western will allocate the PRPO among CVP Power Contractors each FY. After notification by Reclamation, Western will calculate the annual obligation for each CVP Power Contractor. Western will base its calculation on the assigned Base Resource percentage for each CVP Power Contractor as specified in their power contracts. This annual obligation will be divided by the number of months in the FY; *i.e.*, twelve, or in the case of FY 2005, the number of months remaining in the FY; *i.e.*, nine, to determine the monthly obligation.

Since the 2004 Power Marketing Plan does not begin until January 1, 2005, and Restoration Fund collections for FY 2005 (October 1, 2004, through September 30, 2005) begin prior to this, FY 2005 will be a transition year for Restoration Fund collections from Power Contractors.

Western will base Restoration Fund collections from Power Contractors for October through December 2004 upon the existing collection methodology articulated in the August 4, 1998, **Federal Register**. Western intends to begin collection under these new proposed procedures beginning with January 2005 collections. As a point of clarification, Western will bill the Power Contractors for the October 2004 collection in their September 2004 bills based upon energy and capacity amounts for their June 2004 service month. A similar process will continue through the December 2004 collection.

In December 2004, Western will total the Restoration Fund collections made by the Power Contractors from October and November 2004, and the amounts

payable for December 2004, and subtract this amount from the annual PRPO to calculate the balance to collect for the remaining months of the FY. Western will multiply this total by each Power Contractor's Base Resource percentage. This amount will then be divided by nine, representing the remaining months in the FY (January through September) to determine each Power Contractor's monthly obligation.

Year-End Reconciliation Process

Implementation of the Exchange Program may result in some Power Contractors receiving small amounts of energy in excess of their Base Resource percentage in some months. Although recipients of this exchange energy will pay for this power, Restoration Fund obligations are based on the Power Contractors' percentage of the Base Resource excluding exchange energy. Alternatively, some Power Contractors that are not able to use all of their Base Resource and return it as exchange energy could be overpaying their Restoration Fund obligations, since their actual power usage might be less than their Base Resource percentage in a given month.

In an effort to rectify underpayment made by recipients of exchange energy and overpayments by other Power Contractors, Western will conduct a reconciliation process, otherwise known as an annual true-up, before preparing August Restoration Fund Bills. This reconciliation will require Western to identify energy amounts exchanged among individual Power Contractors on a monthly basis. Normally, with the exception of the first year of implementation, the applicable billing periods will track exchange energy associated with power deliveries from July to June service months. During the first year of implementation, the tracking system will track exchange energy from January 1, 2005, through the June 2005 service month. This information will provide the basis for determining the amount of energy exchanged during the billing year.

Western will add an additional charge, or a balloon payment, to the August Restoration Fund Bills for each Power Contractor who received exchange energy during the past year that exceeded their Base Resource percentage. Conversely, Western will also post an offsetting credit on their August bills for those Power Contractors that provided exchange energy, thus decreasing the amount of Base Resource energy received.