

Memo To: Market Participants
Date: October 15, 2008
Subject: Proposed Capital Improvement Projects Estimated Effect on TRR

Sacramento Voltage System (SVS) – Estimated Rate Effect

In conjunction with an O&M Technical Committee request, Western recently analyzed the rate effect of potential unfunded capital improvement projects. In completing this analysis, Western Staff believes that it is appropriate to inform customers of the estimated rate effect from currently funded projects; specifically the SVS project which is the largest.

For rate purposes, this project is anticipated to go into service in FY 2011. We estimate an 11.60% increase to the CVP Transmission Revenue Requirement (TRR).

Western encourages all customers and interested parties to consider participating in the Informal Rates Process associated with transmission services that will begin in spring 2009. A calendar and information for this process is available at the following Western web site: <http://www.wapa.gov/sn/marketing/rates>.

Questions regarding this information should be directed to SNR's Rate Manager, Mr. Charles J. Faust at faust@wapa.gov