IN REPLY REFER TO:

United States Department of the Interior

BUREAU OF RECLAMATION
Great Plains Region
Montana Area Office
P.O. Box 30137
Billings, Montana 59107-0137

May 9, 2007

Dear Interested Party:

Reclamation continues to closely monitor water supply conditions at Yellowtail Reservoir (Bighorn Lake) and we take these conditions into account in our operations. Inflows to Bighorn Lake during the month of April were only 58 percent of average, and the April end-of-month reservoir elevation was about 2.5 feet lower than what we had projected in our April operations plan. The May through July inflows are forecast to be around 55 percent of average, which unfortunately is a continuation of an undesirable trend. In addition, during May is when we typically begin releases to meet downstream irrigation demands, which places additional demands on reservoir storage. Based on these conditions, and in an effort to conserve storage, we will maintain releases from Yellowtail Dam to the Bighorn River at 1,500 cubic feet per second (cfs) through June. If our most probable inflow projections are realized, this release schedule should enable us to maintain adequate storage through the summer to afford some much-needed operational flexibility this coming fall and winter. Should hydrologic conditions improve significantly, increases in river releases later this spring or early summer will be considered.

As unpopular as our April plan was with some of our stakeholders, we must keep our eye on the long-term and continue a conservative release schedule until we start seeing a major improvement in inflows. If we don't make a concerted effort to conserve now, we will be faced with having to again experience less-than-desirable releases this coming fall and winter, and that is a situation I hope everyone wants to avoid. Regardless of how the next few weeks play out, we will continue to monitor conditions very closely and we will make adjustments to our release schedule, as necessary, depending on actual conditions. Some relief by Mother Nature certainly wouldn't hurt the situation.

Updates to the Yellowtail operations plan can be accessed through our Web site at www.usbr.gov/gp/mtao.

Reclamation remains committed to continue exploring opportunities for enhancing benefits for all Yellowtail beneficiaries through collaborative efforts with interested parties and stakeholders from both Montana and Wyoming. Please feel free to provide us with additional information as this operational season progresses.

Sincerely,

Dan Jewell
Area Manager

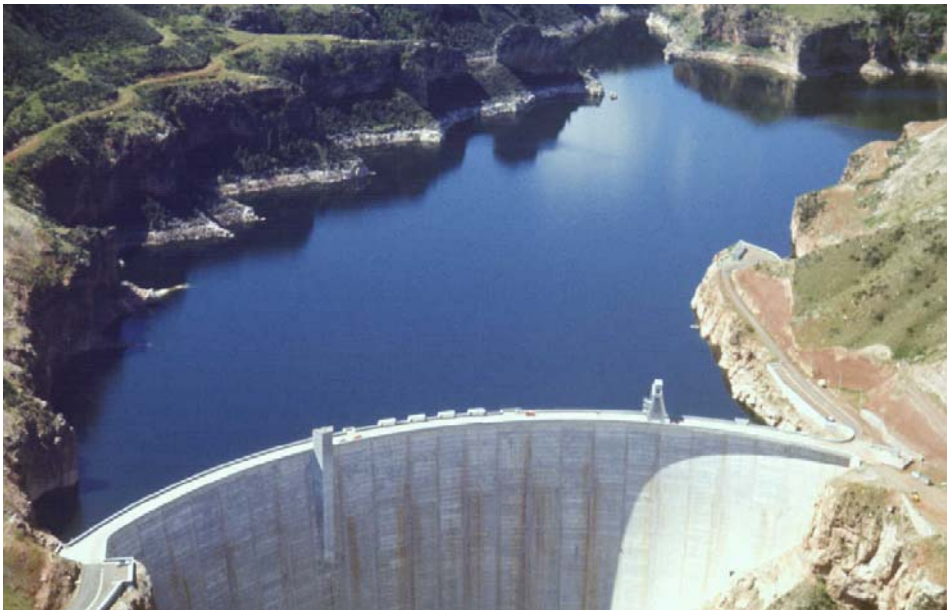
RECLAMATION
Managing Water in the West

May 1, 2007

Dear Customer:

Attached is the monthly water supply outlook and projected reservoir and river operating plans as prepared on May 9, 2007. Mountain snowpack and streamflow into Bighorn Lake continues to remain below normal. Water users are advised to continue making plans to conserve the limited available water supply. We hope you find the information useful. If you have any questions or concerns, please feel free to call me at (406) 247-7318.

Tim H. Felchle
Reservoir and River Operations



U. S. Department of the Interior
Bureau of Reclamation
Montana Area Office
River and Reservoir Operations

YELLOWTAIL RESERVOIR OPERATIONS
Water Supply Forecasts and Reservoir Operations
May 1, 2007

Present Elevations & Storages:

Reservoir	Elevation	Storage	Percent of Normal
Boysen	4707.80	462,999	---
Buffalo Bill	5372.49	485,597	---
Bighorn Lake	3611.65	813,848	99

Actual Inflows (1,000 Acre-Feet):

Month	Inflow	Percent of Normal
April-July, 2006	***528.2***	***44***
WY-2006 Total	***1,432.9***	***57***
October	125.6	66
November	98.7	61
December	82.5	56
January	67.4	48
February	77.8	54
March	100.2	56
April	100.6	58

Actual Gains Between Boysen and Buffalo Bill to Yellowtail (1,000 Acre-Feet):

Month	Gains	Percent of Normal
April-July, 2006	***-2.5***	---
WY-2006 Total	***280.6***	***39***
October	73.5	97
November	56.9	88
December	39.6	84
January	24.0	51
February	38.7	67
March	56.7	72
April	55.0	116

May Forecast of May-July Inflow (1,000 Acre-Feet):

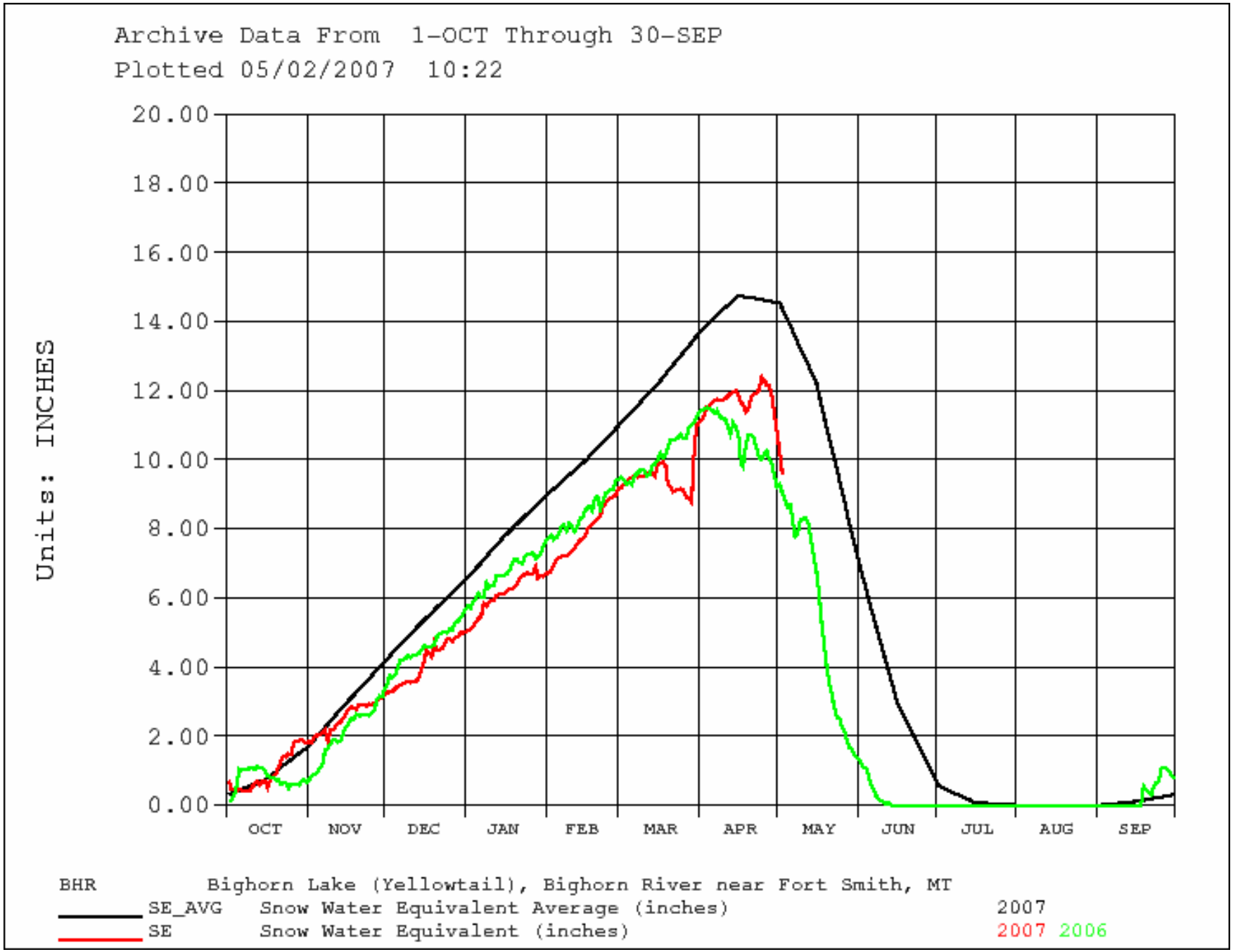
Agency	Inflows	Percent of Normal
USBR	**559.5**	**55**

Snowpack Conditions:

S N O W - P R E C I P I T A T I O N U P D A T E
Based on Mountain Data from NRCS SNOTEL Sites
As of TUESDAY: MAY 1, 2007

BASIN Data Site Name	ELEV. (Ft)	SNOW WATER EQUIVALENT Current	Average	% Avg	TOTAL PRECIPITATION Current	Average	% Avg
UPPER YELLOWSTONE RIVER BASIN							
BEARTOOTH LAKE	9275	21.3	25.9	82	21.6	23.5	92
BOX CANYON	6700	.0	6.0	0	15.3	14.9	103
BRACKETT CREEK	7320	11.2	21.5	52	23.5	30.7	77
BURNT MTN	5880	.0	-M	*	14.9	-M	*
CANYON	8090	7.7	11.3	68	17.3	17.7	98
COLE CREEK	7850	13.0	19.7	66	14.6	21.9	67
EVENING STAR	9200	21.2	33.3	64	29.9	29.9	100
FISHER CREEK	9100	32.4	37.8	86	33.5	41.9	80

MONUMENT PEAK	8850	16.6	23.2	72	22.0	24.8	89
NORTHEAST ENTRANCE	7350	.0	7.1	0	14.8	14.8	100
PARKER PEAK	9400	18.9	24.5	77	20.9	19.5	107
PLACER BASIN	8830	14.6	19.8	74	21.4	23.5	91
PORCUPINE	6500	.0	3.6	0	15.5	14.9	104
SACAJAWEA	6550	.5	12.8	4	23.9	-M	*
SHOWER FALLS	8100	23.2	26.9	86	27.8	30.5	91
S FORK SHIELDS	8100	15.5	19.6	79	24.9	25.6	97
SYLVAN LAKE	8420	14.2	23.8	60	24.4	24.7	99
SYLVAN ROAD	7120	.0	8.1	0	17.7	20.5	86
THUMB DIVIDE	7980	3.7	14.9	25	17.1	22.0	78
TWO OCEAN PLATEAU	9240	26.6	31.8	84	25.3	32.1	79
WHITE MILL	8700	20.1	26.4	76	22.8	31.2	73
WOLVERINE	7650	.0	7.2	0	12.9	15.2	85
YOUNTS PEAK	8350	10.0	18.1	55	15.4	18.8	82
				---			---
Basin wide percent of average				64			88
WIND RIVER BASIN (WYOMING)							
BURROUGHS CREEK	8750	11.0	13.6	81	15.1	19.3	78
COLD SPRINGS	9630	.0	4.8	0	10.1	13.9	73
DEER PARK	9700	9.7	18.6	52	17.7	27.0	66
HOBBS PARK	10100	12.0	18.0	67	14.7	16.9	87
KIRWIN	9550	10.6	13.0	82	14.2	14.2	100
LITTLE WARM	9370	4.9	11.1	44	11.8	16.8	70
OWL CREEK	8975	.0	4.0	0	8.3	8.2	101
SOUTH PASS	9040	8.0	18.0	44	15.2	22.7	67
ST. LAWRENCE ALT	8620	.0	6.1	0	10.2	12.1	84
TOGWOTEE PASS	9580	18.5	27.9	66	23.0	29.0	79
TOWNSEND CREEK	8700	2.8	9.1	31	12.0	15.5	77
YOUNTS PEAK	8350	10.0	18.1	55	15.4	18.8	82
				---			---
Basin wide percent of average				54			78
SHOSHONE RIVER BASIN (WYOMING)							
BLACKWATER	9780	21.9	28.8	76	22.3	24.7	90
EVENING STAR	9200	21.2	33.3	64	29.9	29.9	100
MARQUETTE	8760	1.9	11.3	17	12.4	13.7	91
SYLVAN LAKE	8420	14.2	23.8	60	24.4	24.7	99
SYLVAN ROAD	7120	.0	8.1	0	17.7	20.5	86
YOUNTS PEAK	8350	10.0	18.1	55	15.4	18.8	82
				---			---
Basin wide percent of average				56			92
BIGHORN RIVER BASIN (WYOMING)							
BALD MTN.	9380	22.1	23.6	94	18.1	21.3	85
BEAR TRAP MEADOW	8200	1.4	2.5	56	11.8	10.9	108
BLACKWATER	9780	21.9	28.8	76	22.3	24.7	90
BONE SPRINGS DIV	9350	18.2	18.3	99	19.2	18.3	105
EVENING STAR	9200	21.2	33.3	64	29.9	29.9	100
GRAVE SPRINGS	8550	5.9	11.1	53	9.3	13.1	71
KIRWIN	9550	10.6	13.0	82	14.2	14.2	100
MARQUETTE	8760	1.9	11.3	17	12.4	13.7	91
MIDDLE POWDER	7760	10.6	14.3	74	11.2	15.8	71
OWL CREEK	8975	.0	4.0	0	8.3	8.2	101
POWDER RIVER PASS	9480	7.9	10.7	74	14.5	15.8	92
SHELL CREEK	9580	16.4	16.8	98	14.7	16.8	87
SYLVAN LAKE	8420	14.2	23.8	60	24.4	24.7	99
SYLVAN ROAD	7120	.0	8.1	0	17.7	20.5	86
TIMBER CREEK	7950	.9	4.8	19	10.2	10.5	97
YOUNTS PEAK	8350	10.0	18.1	55	15.4	18.8	82
				---			---
Basin wide percent of average				67			91


Archive Data From 1-OCT Through 30-SEP
Plotted 05/02/2007 10:22
Units: INCHES
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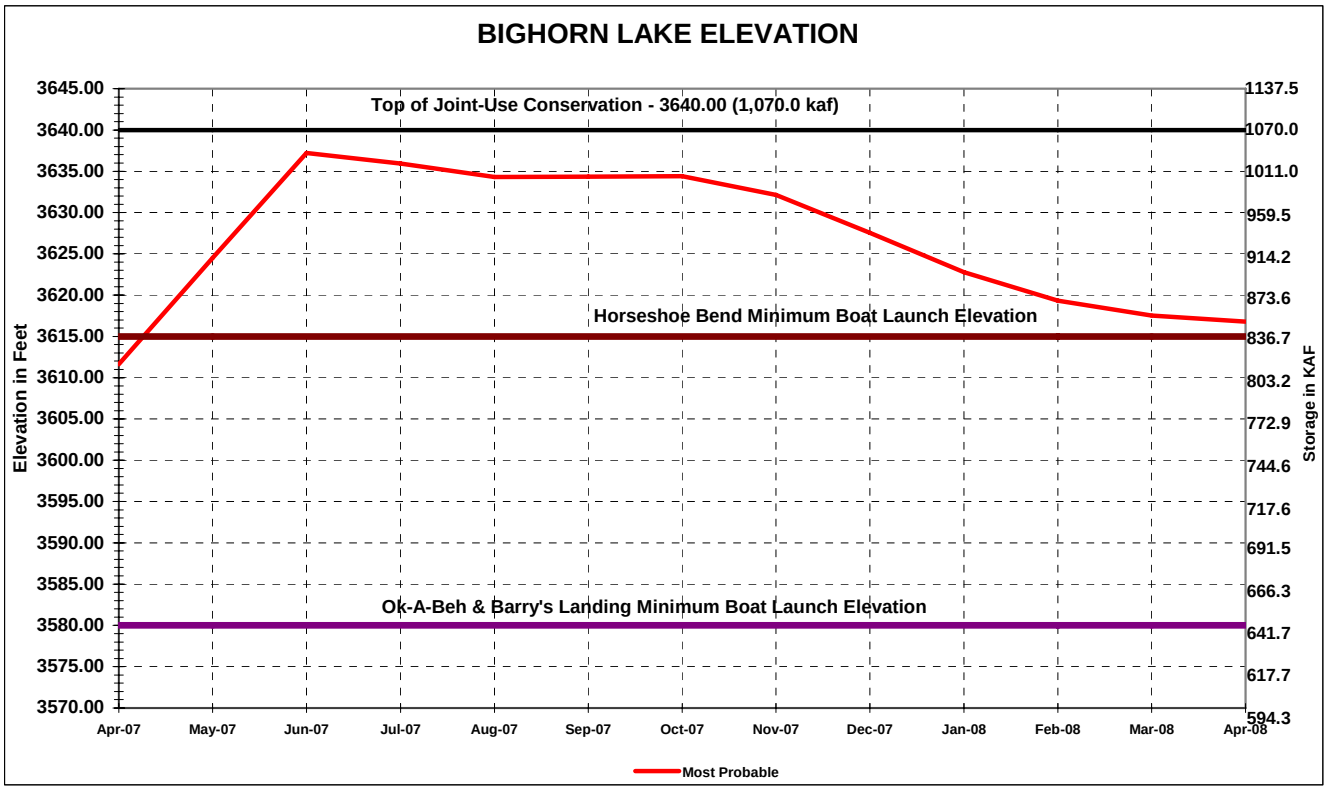
18.00
16.00
14.00
12.00
10.00
8.00
6.00
4.00
2.00
0.00
OCT
NOV
DEC
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
BHR Bighorn Lake (Yellowtail), Bighorn River near Fort Smith, MT
SE_AVG Snow Water Equivalent Average (inches)
SE Snow Water Equivalent (inches)
2007
2007 2006

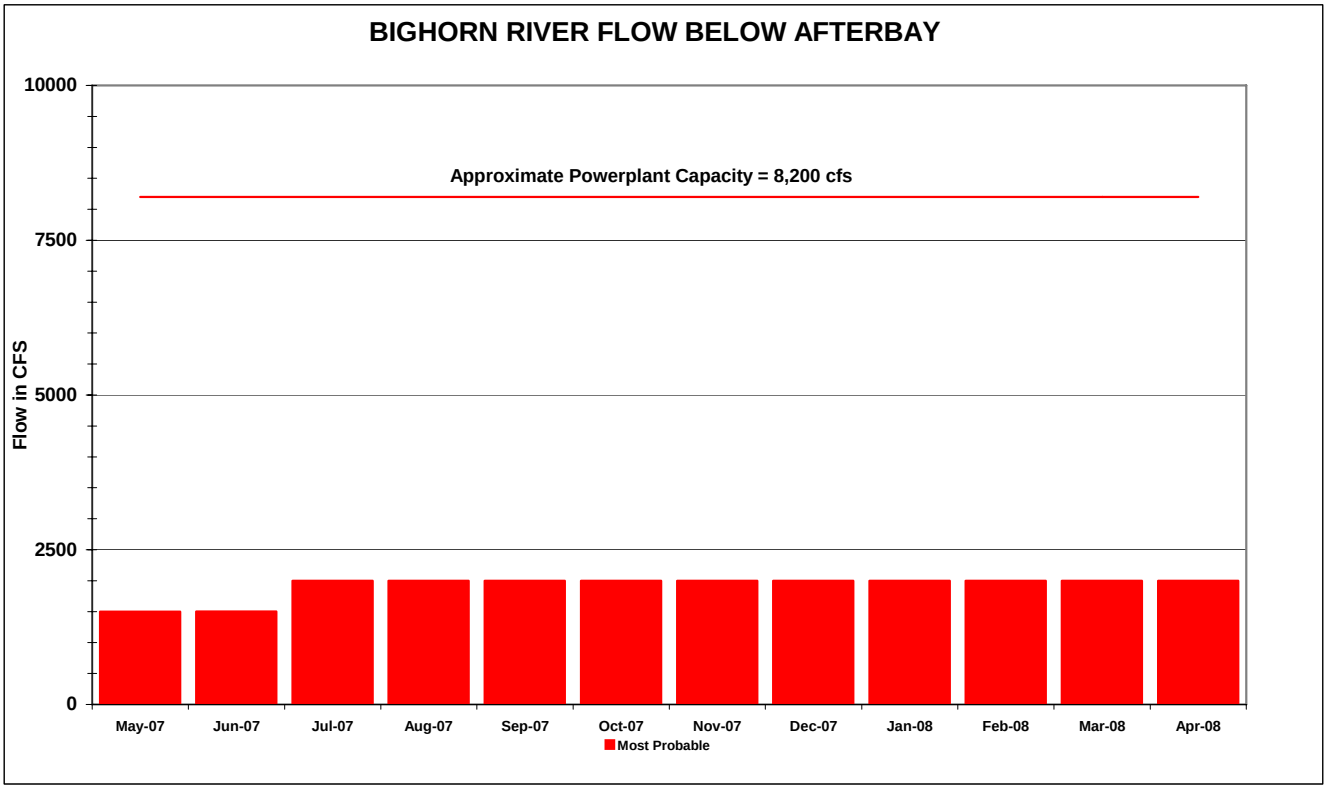
BHXAOP V1.12 Run: 07-May-2007 14:41
Based on Most Probable Inflow Forecast

BIGHORN LAKE MONTHLY OPERATIONS

Bighorn Reservoir		Initial Cont Elev	813.8 kaf 3611.64 ft			Maximum Cont Elev	1328.4 kaf 3657.00 ft			Minimum Cont Elev	493.6 kaf 3547.00 ft		
2007		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Total
Boysen Release	kaf	65.8	69.6	73.2	66.4	45.5	30.7	23.8	24.6	24.6	23.0	24.6	44.6	516.4
Boysen Release	cfs	1070	1170	1190	1080	765	499	400	400	400	400	400	750	
Buffalo Bill Riv Flo	kaf	64.9	62.7	70.4	63.0	50.0	18.4	8.9	9.2	9.2	8.6	9.2	24.4	398.9
Buffalo Bill Riv Flo	cfs	1055	1054	1145	1025	840	299	150	150	150	150	150	410	
Station Gain	kaf	64.5	101.1	-12.3	-1.6	38.3	70.4	58.1	41.0	43.8	52.2	71.5	40.9	567.9
Monthly Inflow	kaf	195.2	233.4	131.3	127.8	133.8	119.5	90.8	74.8	77.6	83.8	105.3	109.9	1483.2
Monthly Inflow	cfs	3175	3922	2135	2078	2249	1943	1526	1217	1262	1457	1713	1847	
Turbine Release	kaf	99.1	106.9	146.4	145.5	133.6	118.7	114.8	118.7	118.7	111.0	118.7	115.3	1447.4
Bypass/Spill/Waste	kaf	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Release	kaf	99.1	106.9	146.4	145.5	133.6	118.7	114.8	118.7	118.7	111.0	118.7	115.3	1447.4
Total Release	cfs	1612	1797	2381	2366	2245	1930	1929	1930	1930	1930	1930	1938	
Spring Flow	kaf	4.3	4.2	4.3	4.3	4.2	4.3	4.2	4.3	4.3	4.0	4.3	4.2	50.9
Irrigation Reqmnt	kaf	11.2	21.8	27.7	26.8	18.8	0.0	0.0	0.0	0.0	0.0	0.0	0.5	106.8
Afterbay Rels	kaf	103.4	111.1	150.7	149.8	137.8	123.0	119.0	123.0	123.0	115.0	123.0	119.5	1498.3
Afterbay Rels	cfs	1682	1867	2451	2436	2316	2000	2000	2000	2000	1999	2000	2008	
River Release	kaf	92.2	89.3	123.0	123.0	119.0	123.0	119.0	123.0	123.0	115.0	123.0	119.0	1391.5
River Release	cfs	1499	1501	2000	2000	2000	2000	2000	2000	2000	1999	2000	2000	
Min Release	kaf	92.2	89.3	123.0	123.0	119.0	123.0	119.0	123.0	123.0	115.0	123.0	119.0	1391.5
End-Month Targets	kaf			1070.0										
End-Month Content	kaf	909.9	1036.4	1021.3	1003.6	1003.8	1004.6	980.6	936.7	895.6	868.4	855.0	849.6	
End-Month Elevation	ft	3624.50	3637.23	3635.92	3634.31	3634.33	3634.41	3632.13	3627.56	3622.77	3619.32	3617.53	3616.80	
Net Change Content	kaf	96.1	126.5	-15.1	-17.7	0.2	0.8	-24.0	-43.9	-41.1	-27.2	-13.4	-5.4	35.8
Yellowtail Power	2007	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Total
Turbine Release	kaf	99.1	106.9	146.4	145.5	133.6	118.7	114.8	118.7	118.7	111.0	118.7	115.3	1447.4
Generation	gwh	37.976	42.551	59.296	58.637	53.695	47.714	45.979	47.026	46.364	42.845	45.485	44.030	571.598
End-Month Power Cap	mw	272.4	284.7	283.4	281.8	281.9	281.9	279.7	275.3	270.8	267.6	265.9	265.3	
% Max Gen		18	21	28	27	26	22	22	22	22	21	21	21	
Ave kwh/af		383	398	405	403	402	402	401	396	391	386	383	382	395
Upstream Generation	gwh	24.824	25.120	27.160	24.563	19.351	8.120	3.725	3.911	3.950	3.717	4.013	11.412	159.866
Total Generation	gwh	62.800	67.671	86.456	83.200	73.046	55.834	49.704	50.937	50.314	46.562	49.498	55.442	731.464

BIGHORN LAKE





WATER YEAR 2007