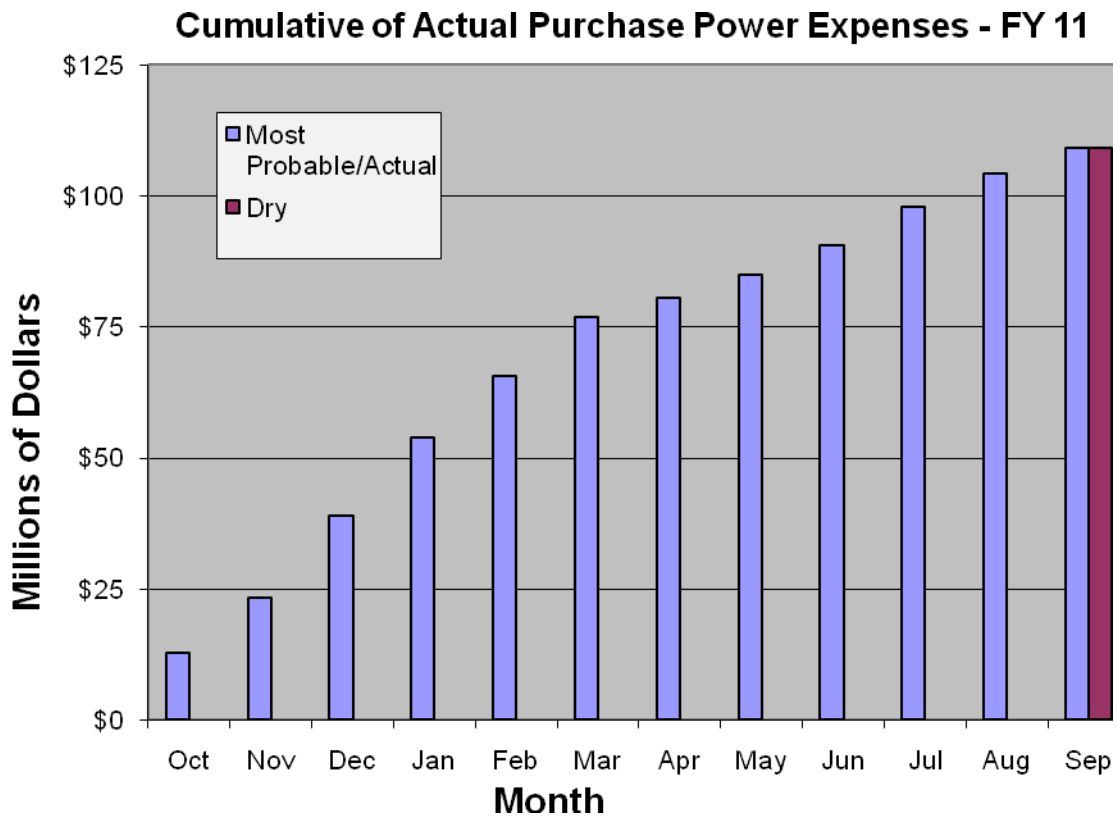


Hydro Conditions and Purchase Power Monthly Outlook September 29, 2011

Western Summary

- The most probable forecast of net generation for FY 2011 is 31,257 Gigawatthours (GWh) or 114% of average. October through August generation was 112% of average.
- The lower level forecast of generation for FY 2011 is 30,706 GWh or 112% of average.
- The amount of power purchased for FY 2011 is expected to be approximately 1,772 GWh.
- The average price for purchase power across all hydro projects and off-peak and on-peak periods is expected to be \$62/MWh. This price compares to \$48/MWh last year.
- Purchase power expenses for the fiscal year are forecast at approximately \$109 million.
- October through August purchases totaled \$104 million – compared to \$185 million for the same period last year.



Upper Great Plains Region

Storage: Stream-flows into Canyon Ferry during August were 143% of average, the 10th highest inflow of record for August. Current hydrologic and climatic conditions indicate the forecasted September runoff into Canyon Ferry is expected to equal 257,300 acre-feet (127% of average). Based on the current water supply outlook and storage in Canyon Ferry at 105% of average, releases out of Canyon Ferry to the Missouri River below Holter Dam, at this time, are expected to be maintained at or near full power-plant capacity of 4,100 through September. Stream-flows into the Bighorn Basin during August were 177% of average, the 3rd highest August inflow of record. Based on current hydrologic and climatic conditions and the planned releases out of Boysen and Buffalo Bill Reservoirs, the forecasted September runoff into Bighorn Lake is estimated to be about 217,400 acre-feet (127% of average).

As of September 18, 2011, the storage level at [Canyon Ferry](#) was 1,57,544 acre feet and the active conservation pool is 91.7% full. Storage at [Yellowtail](#) is 1,033,088 acre feet and the active conservation pool is 100.0% full.

COE Runoff: The COE has resumed sending out monthly reports due to the river conditions predicted to return to normal. Runoff into the Missouri River basin remained above normal in August as the COE continued to evacuate flood waters. Barring any significant rain events during the next month, river levels are expected to return to normal in portions of the Missouri River in early October. The 2011 runoff produced record breaking runoff months in May, June, and July.

[Snow pack](#) The forecasted runoff for 2011 has been increased to 61.8 MAF, 249% of normal. This would be a record inflow runoff, exceeding the previous record inflow of 49.0 MAF in 1997. Mountain snow pack in the reach above Ft Peck and Garrison peaked on May 2 at 141% of average April peak. The North Platte peaked on May 3 at 156% of the normal April 15 peak, and the South Platte River peaked on May 21 at 150% of the normal April 15 peak. Missouri River basin mountain snow pack normally peaks near April 15.

FY Generation: The six main stem power plants generated 1,186 million kilowatt hours of electricity in August. Total energy production for 2011 is forecast to reach 14.1 billion kWh. The long-term average is approximately 10 billion kWh.

Purchase Power: As the weather continues to turn cooler, prices for energy will lower. Depending on the day, prices are in the upper 30's and lower 40's.

Rocky Mountain Region

The Loveland Area Projects (LAP) reside in both the Upper Missouri and Upper Colorado basins. Hydrologic conditions can vary from one river basin and watershed to another. The three LAP watersheds are the Bighorn River Basin in Wyoming, the North Platte River Basin in Colorado and Wyoming, and the headwaters of the Colorado River Basin in Colorado.

The LAP area is drought free except for continuing drought conditions in the Lower Arkansas and Rio Grand river basins in Colorado. Heavy snow pack accumulation resulted in spring runoff well above normal in all basins. The reservoir storage at the end of August was once again above average in all three basins and more than it was at this time last year. The latest National Weather Service forecast indicates temperatures will more likely be above average in Colorado and

Wyoming for the October through December period. Precipitation will more likely be below average in Colorado and southeastern Wyoming. The April through July reservoir inflow was well above average in all three basins.

LAP Water Conditions At-A-Glance									
	Reservoir Storage 1,000 acre-feet			Actual Reservoir Inflow To-Date 1,000 acre-feet			April-July Reservoir Inflow 1,000 acre-feet		
	end of August	average	% of average	October - August	average	% of average	Actual	average	% of average
CBT	876.9	742.4	118%	1,346.1	777.3	173%	1,134.1	618.3	183%
North Platte	2,101.5	1,321.1	159%	2,358.4	1,071.7	220%	2,010.4	793.7	253%
Bighorn	2,340.4	2,087.9	112%	2,744.7	1,700.2	161%	2,225.1	1,216.8	183%
TOTAL	5,318.8	4,151.4	128%	6,449.2	3,549.2	182%	5,369.6	2,628.8	204%
Net At Plant Generation Projections (GWh)									
	Most Probable Case median inflow			Reasonable Minimum Case lower decile inflow			Reasonable Maximum Case upper decile inflow		
	September projection	average	% of average	September projection	average	% of average	September projection	average	% of average
Winter 10-11	614.2	726.2	85%	614.2	726.2	85%	614.2	726.2	85%
Summer 11	1,738.7	1,200.3	145%	1,736.9	1,200.3	145%	1,744.4	1,200.3	145%
TOTAL 2011	2,352.9	1,926.5	122%	2,351.1	1,926.5	122%	2,358.6	1,926.5	122%
Winter 11-12	577.3	726.2	79%	565.2	726.2	78%	613.0	726.2	84%

LAP generation was well below average over the winter season but, due to a heavy snowpack, the spring runoff was well above average and the summer generation has been above average. Generation surplus to contractual commitments was sold to LAP customers at the regular LAP energy rate in May, June, and July. The Adams Tunnel imports and associated CBT generation were curtailed in August to accommodate Grand Lake water clarity tests but the overall LAP generation still exceeded contractual commitments during the curtailment. The winter generation was only 85% of average but summer generation will end up being about 145% of average. The majority of LAP purchases were made in the winter months this last year. The upcoming winter season generation is expected to be about 80% of average.

Colorado River Storage Project Management Center

The total storage volume for the CRSP main stem reservoirs is 23,726,000 acre feet, which is about 77 percent of the total main stem reservoir storage capacity. Main stem reservoir inflows for the most recent historical month (August, 2011) were about 129 percent of average. Lake Powell elevation currently is about 3,655 feet, 45 feet from maximum reservoir level. Reservoir releases and elevations were high in August, and high releases from Glen Canyon are projected to continue through the end of the calendar year.

Projected SLCA/IP net generation for Fiscal Year 2011 is 7,302 GWh as compared to 5,888 GWh based on the long-term historical average generation. The CRSP MC extended additional hydro power (AHP) to customers during the winter season 2011/2012.

Estimated purchase power expenses for firming during the fiscal year 2011 are about \$11.5 million as compared to about \$17 million based on long-term median historical releases. Purchase power availability in the region is abundant and purchase prices are moderate.

Desert Southwest Region

Current Aggregate Storage (Mead, Mohave & Havasu): 14.995 MAF (14.419 MAF July-2011), 21.049 MAF (61-Year Historical Avg).

The Lake Mead end of August 2011 elevation was approximately 1,113.45 ft. (6.38 ft. higher than end of July 2011 elevation), or about 106.16 ft. below full storage elevation of 1,219.61 ft. and 63.45 ft. above the minimum generation elevation for Hoover of 1,050 ft.

Lake Mead's elevation is projected to peak at 1,115.55 ft. in September of WY 2011 (12.34 ft. above the WY 2010 peak elevation of 1,103.21 ft.), and actually dropped to a minimum elevation of 1,081.89 ft. in November of WY 2011 (the lowest elevation since Lake Mead began filling in the late 1930's), *a maximum fluctuation in lake elevation of 33.7 ft.*

In accordance with the Equalization Tier, total releases from Lake Powell are currently projected to be 12.518 MAF for WY 2011. The actual 2011 April – July unregulated inflow into Lake Powell was 163% of average.

Basin Snow Pack and Rainfall: See CRSP Data*

Lower Basin Runoff: The lower basin tributary inflow into Lake Mead for August 2011 was 97 KAF. The projected side inflow into Lake Mead for WY2011 is 1,136 KAF which represents a 22.4% increase from last year's actual of 928 KAF, and represents 87% of the normal annual side inflow of 1.3 MAF.

Forecast FY11 Generation: 5,270 GWh compared to 5,699 GWh (Historical Average). Forecasted Hoover and Parker-Davis generation for FY11 is 92% of the average historical generation.

Wholesale Power Market Conditions: The August market prices in the Desert Southwest averaged about \$43/MWh firm on-peak, \$25/MWh firm off-peak compared to \$45/MWh firm on-peak, \$21/MWh firm off-peak for the previous month.

*Note: The DSW hydrology is actually dependent on the Upper Basin snow pack/runoff (little of the inflow is from the Lower Basin).

Sierra Nevada Region

The total storage of the four major CVP reservoirs is 8.355 million acre-feet, compared to 6.806 this time last year. Accumulated inflow for the water year-to-date is 121 percent of the 15-year average for Trinity, 108 percent for Shasta, 168 percent for Folsom, and 176 percent for Melones.

The Northern Sierra Eight Station index averages slightly more than 50 inches of precipitation per water year. This water year started out well with October recorded precipitation totaled 8.01 inches,

or 5 inches above that month's average. November recorded precipitation totaled 8.56 inches or more than 2 inches above its average. December came in at 17.19 inches which is approximately double its average. January ended at 2.16 inches or 25 percent of that month's average. February ended at 107 percent of its average. March ended at 243 percent of its monthly average. April ended at 86 percent of its monthly average. May ended at 186 percent of its monthly average. June ended at 387 percent of that month's average. July ended at 12 percent of its monthly average having gained only 0.02 inches. No measurable precipitation occurred in August. The cumulative total is now 72.73 or 144 percent of the water year average of 50 inches. We have received 0.48 inches of precipitation this month which is 60 percent of average.

The Sacramento River Index forecast of water supply based upon May 1st conditions are "wet" for the 50 percent exceedence and "wet" for the 90 percent exceedence case. Year type declarations by the State of California become official based upon May 1st conditions and the end of the most recent drought was declared. The snowpack is assumed to reach its peak as of April 1st, so snow water equivalent data is reported as a percentage of the April 1st average. As of July 7th, northern area is at 10 percent, central at 6 percent and 1 percent in the southern part of the state, with the statewide percentage at 7 percent.

The average projection of net generation is again taken from the latest modeling using the update to our customers' "Green Book." This average, at 3.34 GWh, is less than the 3.63 GWh from the CVPIA PEIS planning studies. Under the Post 2004 Marketing Plan, net generation, after Project Use load, First Preference Customer load and sub-control area reserve requirement, becomes the Base Resource which is allocated among the Base Resource, Variable Resource and Full Load Service Customers. This past water year ended at 69 percent of that average. Based upon the May 1st conditions forecasts, net generation for the 50 percent exceedence case would be 106 percent of the Green Book average, while the 90 percent exceedence case would be 108 percent of this average, too.