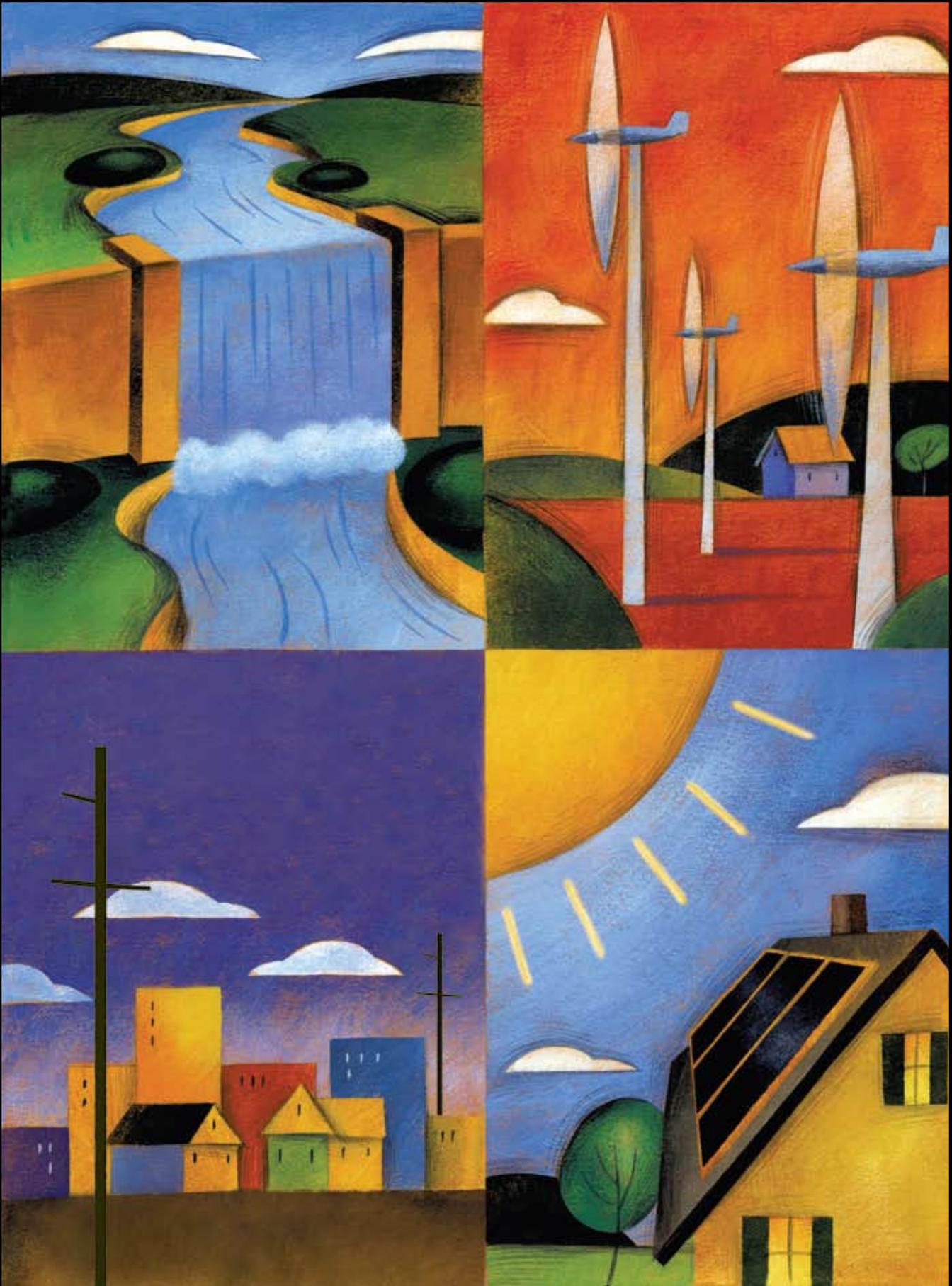
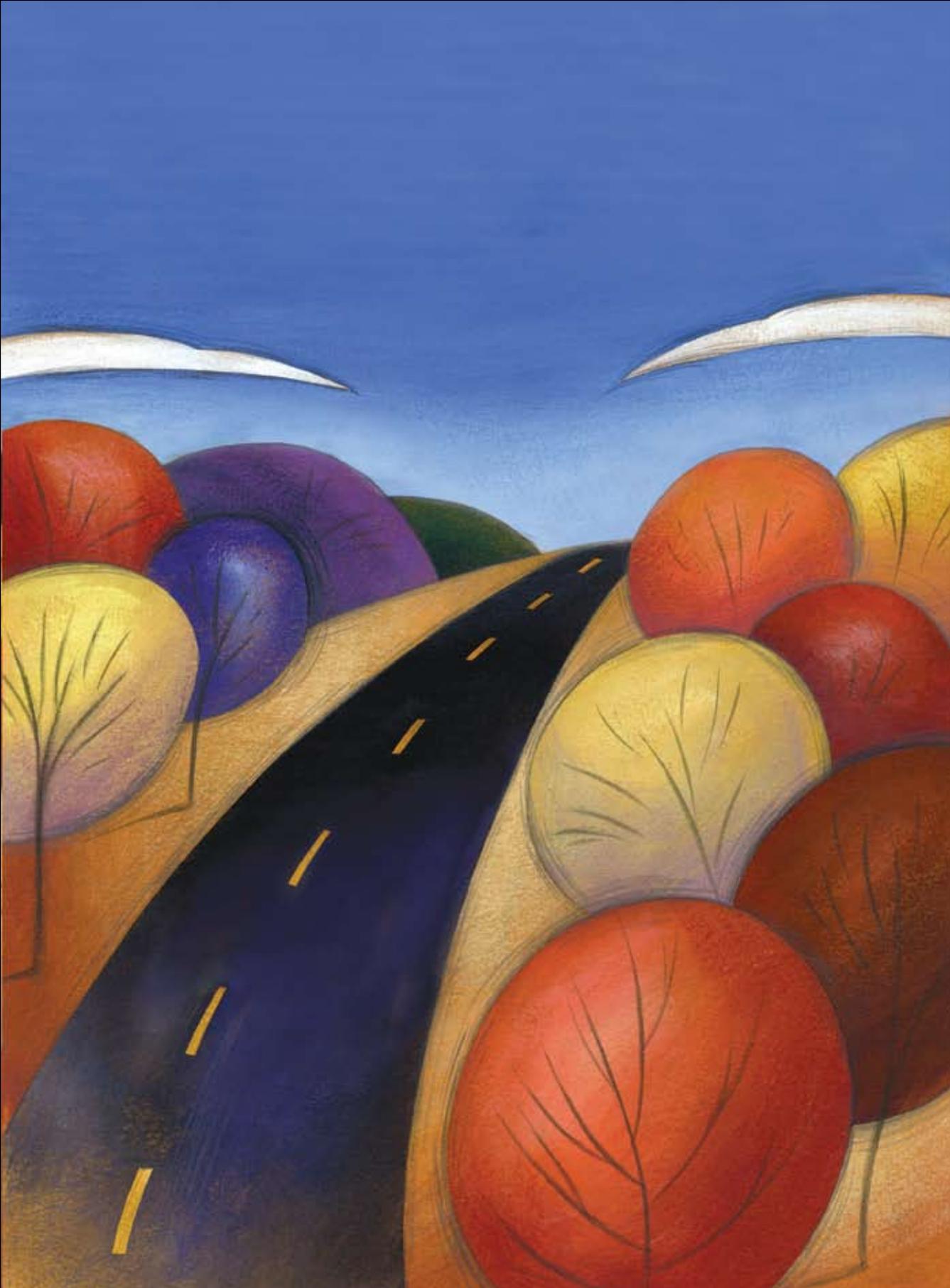


ROADMAP FOR RENEWABLE ENERGY





MISSION

Market and deliver clean, renewable, reliable, cost-based Federal hydroelectric power and related services.

VISION

Provide premier power marketing and transmission services.

ABOUT WESTERN

Western is a Federal agency under the Department of Energy that markets and transmits wholesale electrical power through an integrated 17,000-circuit mile, high-voltage transmission system across 15 western states.

Employees work around the clock to sell power, operate transmission and provide maintenance and engineering services to:

- Cooperatives
- Federal and state agencies
- Municipalities
- Native American tribes
- Other energy service providers
- Public utility and irrigation districts

In turn, our customers provide electric service to millions of people from as far south as Texas all the way north to the Dakotas, and from the plains of Minnesota to the California coastline.

In 2009, Congress expanded Western’s role to include the Transmission Infrastructure Program, or TIP. Through funding partnerships, TIP develops transmission infrastructure that delivers renewable energy across the grid in the West.

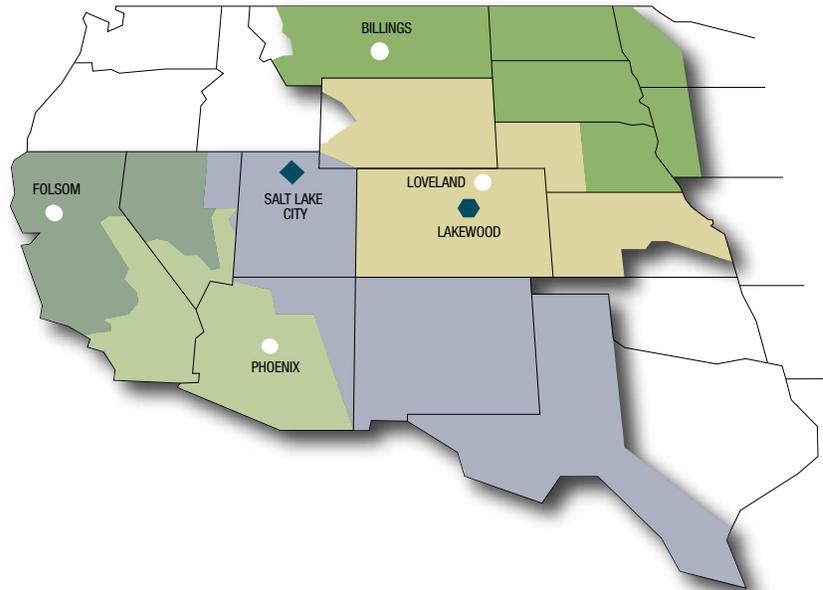
For more than 30 years, Western employees have been dedicated to providing public service, such as promoting environmental stewardship, energy efficiency and renewable energy, as well as implementing new technologies to ensure our transmission system continues to be the most reliable possible.

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SERVICE AND MARKETING AREAS

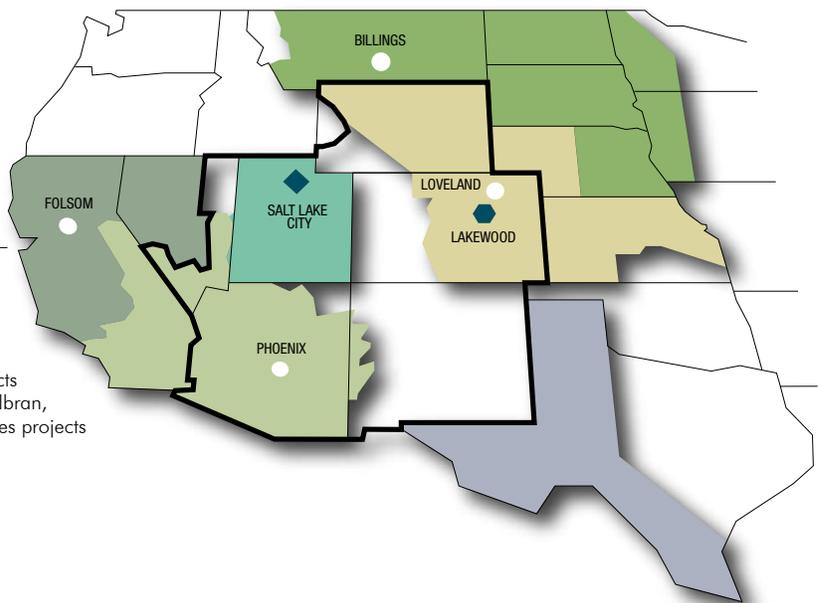
SERVICE AREAS

- Sierra Nevada Region
- CRSP Management Center
- Upper Great Plains Region
- Desert Southwest Region
- Rocky Mountain Region
- State boundaries
- Regional office
- ◆ Corporate Services Office
- ◆ CRSP Management Center



MARKETING AREAS

- Central Valley and Washoe projects
- Parker-Davis, Boulder Canyon and Central Arizona projects
- Falcon-Amistad Project
- Provo River Project
- Loveland Area Projects
- Pick-Sloan Missouri Basin Program—Western Division and Fryingpan-Arkansas Project
- Pick-Sloan Missouri Basin Program—Eastern Division
- Salt Lake City Area/Integrated Projects Colorado River Storage Project, Collbran, Rio Grande, Seedskadee and Dolores projects
- State Boundaries
- Regional Office
- ◆ Corporate Services Office
- ◆ CRSP Management Center



Western’s role in delivering power also includes managing 10 rate-setting systems. These rate systems are made up of 13 multipurpose water resource projects, one coal-fired project and one transmission project. The systems include Western’s transmission facilities along with power generation facilities owned and operated by the U.S. Bureau of Reclamation, the U.S. Army Corps of Engineers and the U.S. State Department’s International Boundary and Water Commission. We set power rates which recover all costs associated with our reimbursable activities, such as annual operating costs, the specific and allocated multipurpose costs associated with recovering the Federal investment in the generation facilities (with interest) and certain other costs assigned to power for repayment, such as aid to irrigation development.

WESTERN AT A GLANCE (unaudited)

MARKETING PROFILE FY 2010

Long-term energy sales	31.8 billion kWh
Pass-through energy sales	1.0 billion kWh
Other energy sales	4.5 billion kWh
Total	37.3 billion kWh

FINANCIAL PROFILE

Sales of electric power	\$1,078.5 million
Total operating revenues	\$1,425.9 million
Total operating expenses	\$1,177.7 million
Purchased power and transmission expenses	\$525.8 million

ASSETS

Powerplants	57
Installed capacity (MW)	10,479
Net generation 2010 (GWh)	28,119
Substations	315
Transmission line miles	17,107

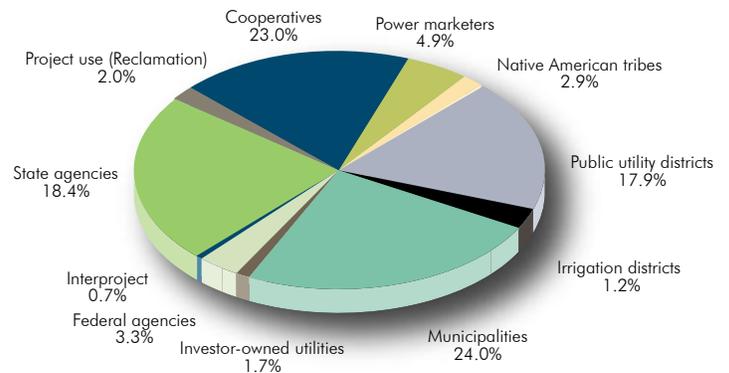
OUR PEOPLE

Customers	682
Employees	1,417

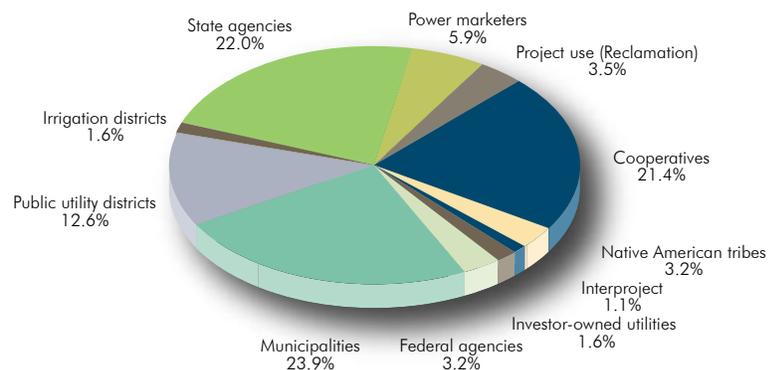
PEAK LOAD

July 16, 2010	6,423 MW
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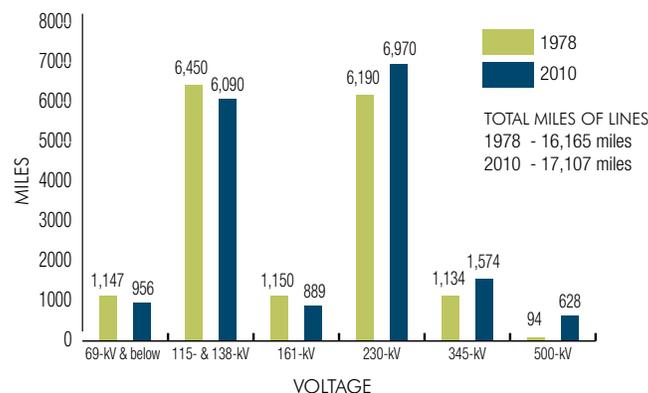
WHERE OUR REVENUES COME FROM (\$)



WHERE OUR ENERGY GOES (MWh)



TRANSMISSION LINES IN SERVICE as of Sept. 30, 2010



I am pleased to present Western Area Power Administration's annual report for Fiscal Year 2010. The theme "Roadmap to Renewable Energy" reflects where we are—marketing and delivering renewable energy in the form of clean hydropower since 1977—and strengthens our future. In 2010, Western broadened its services in the delivery of renewable power by committing to finance its first transmission project that will primarily deliver wind energy, the Montana-Alberta Tie Ltd. Project. Let's look at where our roadmap has taken us and where our direction leads in the future.

FOLLOWING THE 'ROADMAP TO RENEWABLE ENERGY'

For more than 30 years, Western has accomplished its core mission of reliably delivering Federal hydropower to our firm power customers who distribute it to 25 million retail consumers in Western's marketing area. Our employees are committed to doing their job to the fullest for our customers and the public. We continue to operate and maintain more than 17,000 circuit-miles of transmission line and associated facilities to ensure renewable hydropower is reliably delivered to communities throughout the West.

Western keeps costs as low as possible and adheres to the "beneficiary pays" principle. Federal hydropower customers pay only for their project's costs, and Transmission Infrastructure Program customers solely repay the costs of TIP projects.

We sell firm power and transmission services at cost-based rates. Any cost-savings are passed on to our customers through lower rates. In 2010, I placed considerable effort on curbing costs associated with reliability reporting, control systems and the software that keep Western operational. For example, by using common tools and streamlining our processes, we avoid more than \$2.1 million in costs. These two principles—keeping costs under control and "beneficiary pays"—are what I use for direction.

CONQUERING THE ROADBLOCK

The need to ensure electricity is there when consumers turn on the lights requires planning for new sources of energy generation as electricity consumption grows. Plans are also needed for the transmission infrastructure required to connect that generation to consumers. The power industry must have a roadmap in place to meet these demands as communities grow throughout the West and states institute new or stricter requirements to incorporate renewable energy into their power generation mix.

"OUR EMPLOYEES ARE COMMITTED TO DOING THEIR JOB TO THE FULLEST FOR OUR CUSTOMERS AND THE PUBLIC."

We know many of the areas best suited for renewable generation are in Western's service territory. The roadblock is that these sources are many miles away from the major electric load centers that could benefit from the energy. So our "roadmap" needs to answer the question: "How do we help get needed transmission built?"

PROGRESS REQUIRES PARTNERSHIPS

Here at Western we've been addressing this question in Fiscal Year 2010. We're doing our part to work with customers and utility partners to strengthen the grid and meet their growing demands. Looking at the bigger picture, we continue to evaluate the many transmission needs for renewable generation and new loads. We've found the transmission question can't be solved by a single entity, so we're participating in study and planning groups. It takes a collaborative approach to reach these goals and meet the pending deadlines for customers and states. I'm looking forward to the potential projects or plans that will result from these collaborative talks.

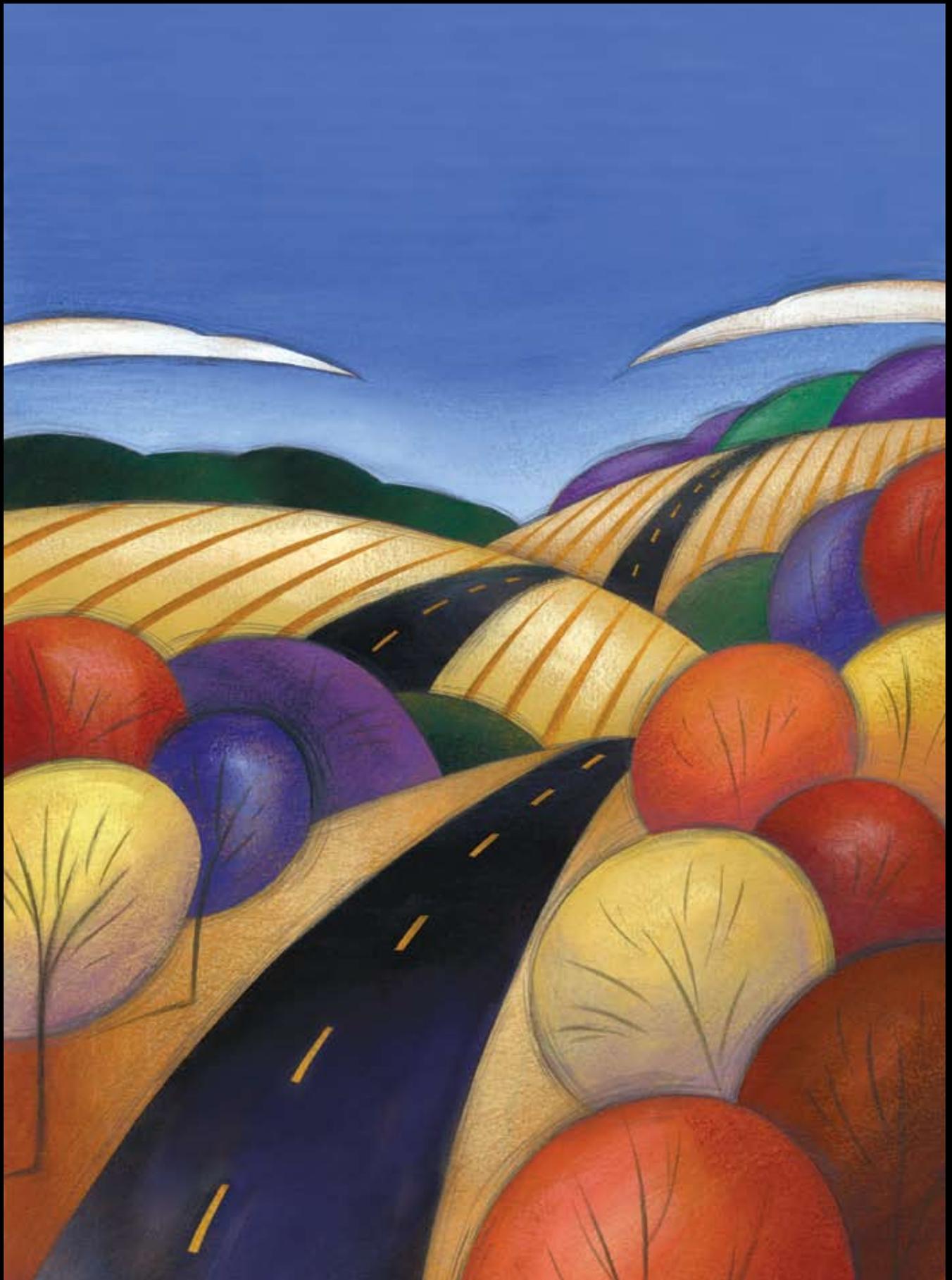
As we move forward in the coming years, there will be many challenges. Yet, through customer partnerships and joint efforts, we will conquer the challenges to maintaining and expanding a strong transmission system that is ready to deliver renewable power from Federal dams, wind turbines, solar powerplants and other generating resources that will help meet the energy needs of the West. We will continue to work with generating partners to optimize the value of our hydropower resources. I'm thankful to all our customers for their unwavering support and funding of our hydropower program and their willingness to join Western at the table to discuss the big issues we face in the West. Working together we will chart the course on the "Roadmap to Renewable Energy."

Sincerely,



Tim Meeks







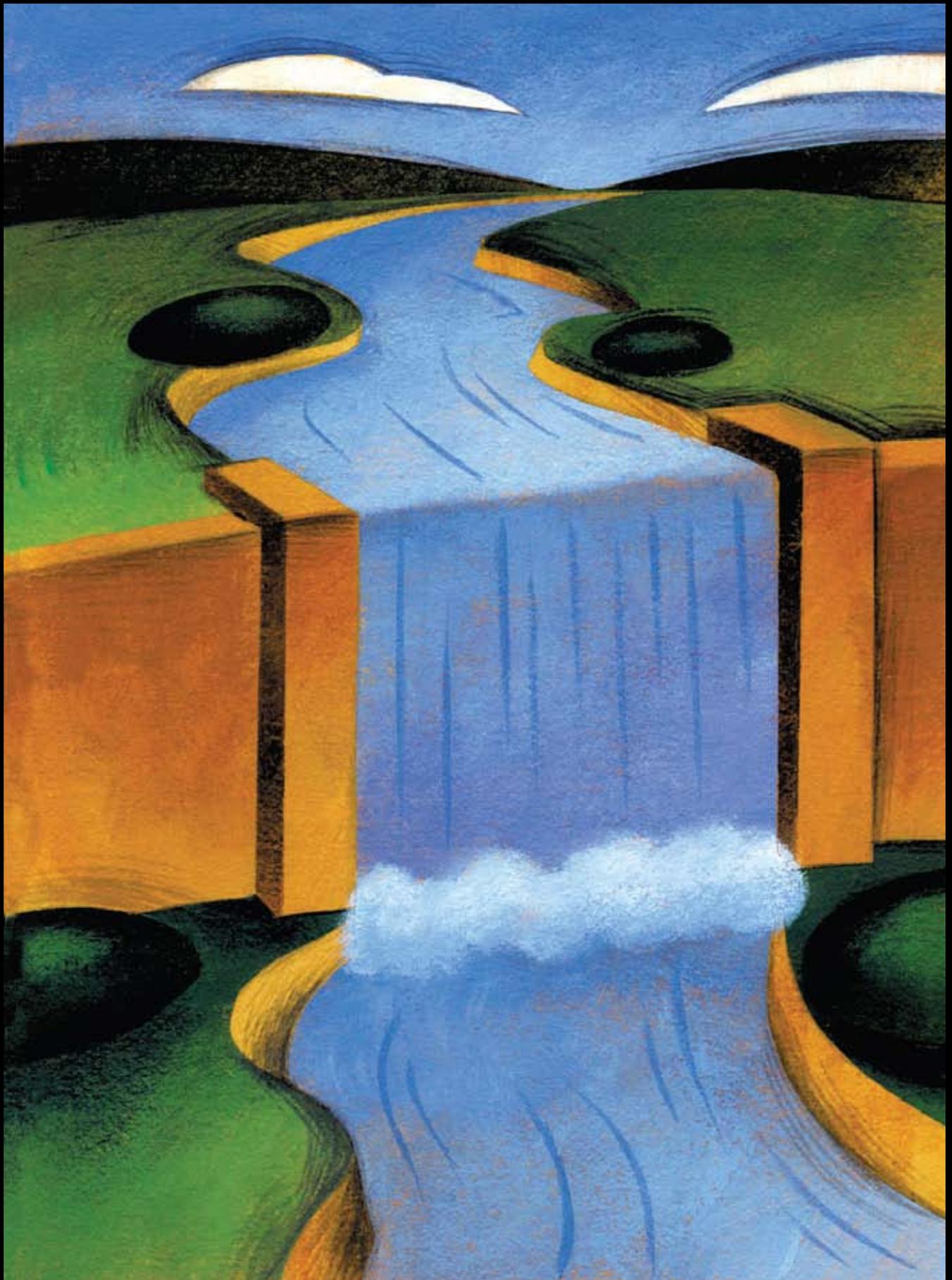
INNOVATION

THE PATH FORWARD TO A NEW ENERGY ROADMAP

It's often said that necessity is the mother of invention, and there's no doubt that we've all benefitted from the need to improve a product, service or technology in many different industries. Within the electrical energy industry, such innovation has led us not only into advanced equipment or ways of doing business, but has created an entirely new energy roadmap. It's a roadmap that has paved the way for the resilience and creativity of our electric power customers. Given the wide open spaces, breathtaking vistas and the promise of new opportunities in Western's 15-state service territory, our customers have many avenues to explore and partnerships to create, to support the cost effective and reliable integration of renewable energy resources into the existing Federal transmission system.

Just as energy needs and new technology solutions have evolved over time, so too has Western's response to our customers. Based on the principle that beneficiaries should pay for the products and services received, Western continues to deliver cost-based, reliable hydropower and transmission services to preference power customers, like military bases, Native American tribes, municipalities and rural electric cooperatives. This ensures the most widespread use of the power at the lowest rates consistent with sound business principles. In total, Western serves more than 11.4 million households.

While we've established strong paths and alliances for supporting the growing populations and energy needs in Western's service territory, the electrical grid must be prepared to support the energy flow and demands of the future. We have to look at where we are, where we're going and how we're working to get there...together. Through innovation and a creative spirit, we'll continue on this new energy roadmap supporting one another each step of the way.





POWER OF WATER FORGES ENERGY PATH

WHERE WE ARE:

Thirty-three years into a legacy of marketing and delivering hydropower and transmission services throughout the West.

WHERE WE'RE GOING:

Maintaining our long-standing core business of marketing and reliably delivering clean, hydropower and transmission services to preference power customers at the lowest possible rates, using sound business principles.

HOW WE'RE GETTING THERE:

GETTING THE POWER CUSTOMERS NEED: In fiscal year 2010, Western marketed and sold more than 37,350 gigawatt-hours of energy. This included 24,159 gigawatt-hours of generation from 56 Federally-owned hydropower plants, as well as the Central Arizona Project's generation and the power Western purchases on behalf of our customers as a service or to fulfill firm power contracts. This was enough energy to serve more than 11.4 million homes throughout the Midwest and West.

BASE RESOURCE DISPLACEMENT PROGRAM: Western's Sierra Nevada Region, or SN, developed this new program in response to anticipated increases in energy transaction costs associated with the deployment of the California Independent System Operator's, or California ISO, Market Redesign Technology Upgrade initiative. Since the program's inception in June 2009, SN's customers have avoided about \$2.4 million in additional energy-related transaction costs as customers in the California ISO balancing authority area have exchanged their Base Resource entitlements which are exported from the Western sub-balancing authority area for energy originating in the California ISO balancing authority area footprint.

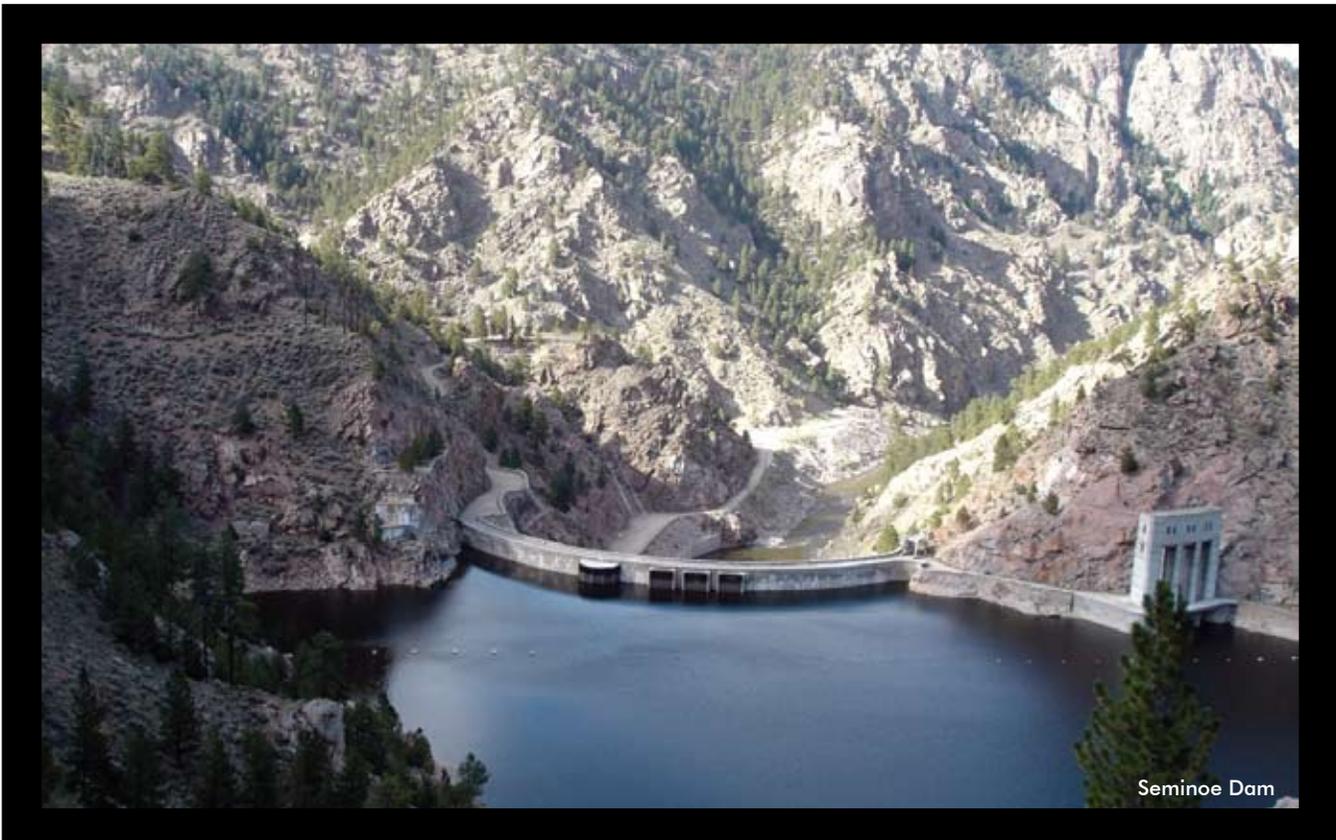
PUBLIC RATES PROCESSES: Western continues to diligently control costs for our rate-paying customers by prioritizing our programs and activities and exercising cost-containment principles to ensure the Federal transmission system is operated safely and reliably. Rates are set to ensure that they meet the requirements to recover costs for operating and maintaining the system, expenses for purchasing power and repaying the Federal investment in the generation and transmission facilities. We work with our customers through public rate-setting processes to ensure that these needs are met, so that our rates remain competitive and as low as possible.

IMPROVED HYDROLOGY

For more than a decade, much of Western's service territory has been plagued by drought. In response, Western has purchased power to fulfill power contract obligations. Because of the severity of the problem, some regions had to implement a drought-adder component to their rates structure. However, in 2009, a few signs of hydrological recovery appeared in the river basins marketed by Western's Rocky Mountain, Sierra Nevada and Upper Great Plains regions. In 2010, we've seen the trend of improved hydrology in the Colorado River and Upper Missouri basins, increasing the projects' capability to generate hydropower.

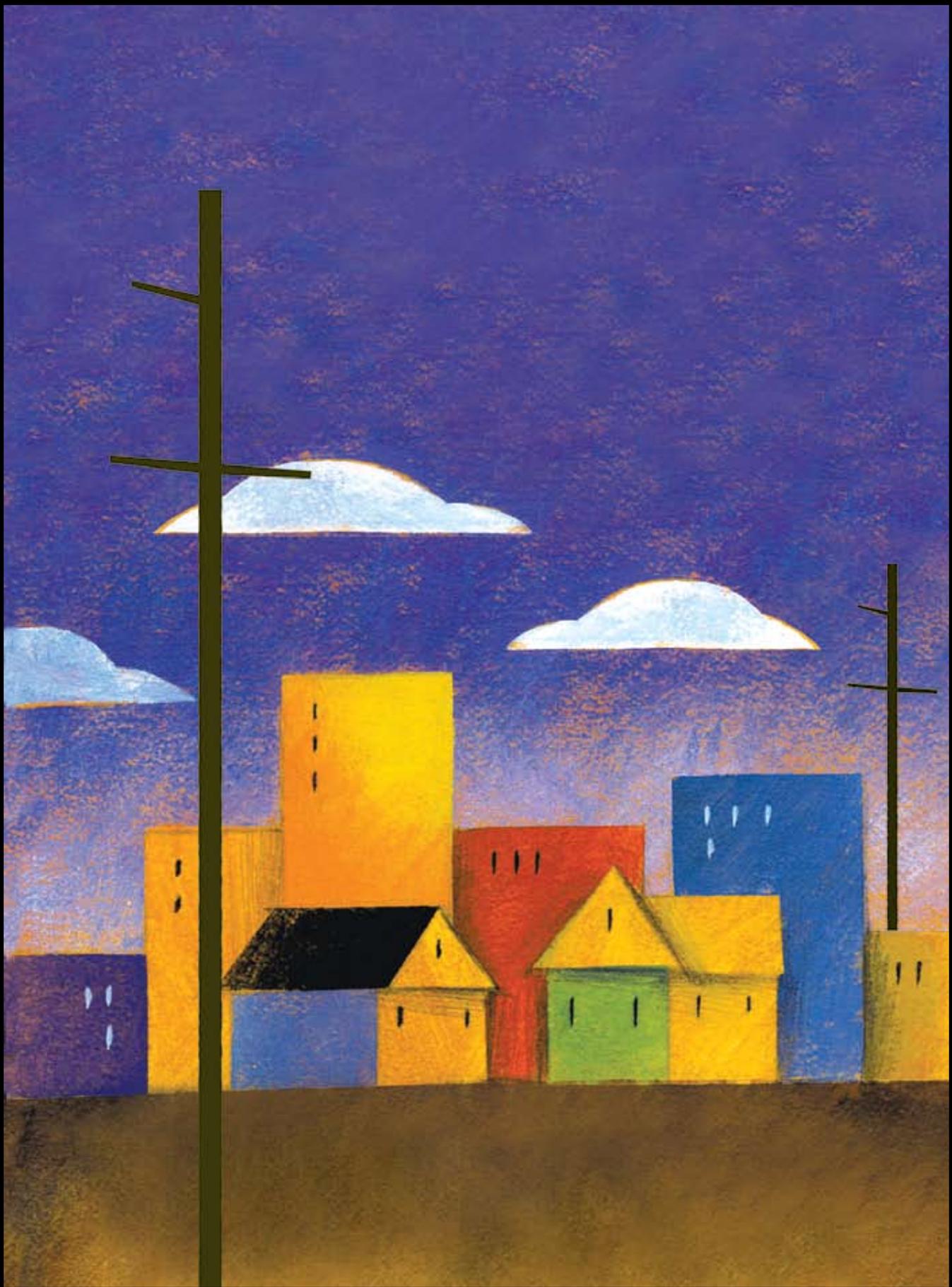
HYDRO'S 75-YEAR LEGACY:

Western joined the Bureau of Reclamation in celebrating Hoover Dam's 75th anniversary. This three quarter-century milestone is a testament to hydropower's 'tried-and-true' process of generating renewable, non-carbon emitting energy. In FY 2010, Hoover made up almost 15 percent of Western's hydropower net generation.





The Colorado River flows downstream to Hoover Dam.





RENEWABLES ENERGY HIGHWAY

WHERE WE ARE:

Maintaining and servicing more than 17,000 miles of high and extra-high voltage transmission lines throughout the West.

WHERE WE'RE GOING:

Be a leading transmission service provider for the future.

HOW WE'RE GETTING THERE:

MAINTENANCE, UPDATING OF LINES: In fiscal year 2010, Western conducted regular reviews of our 17,107 circuit-miles of transmission lines through aerial surveys and ground patrol inspections. As part of maintenance and capital project planning, Western is also managing more than 45 transmission upgrade projects to ensure the continued reliability and viability of our transmission system for years to come.

RECOVERY ACT BUILDS TRANSMISSION, CREATES JOBS: In the first full year of the new Transmission Infrastructure Program—established under the American Reinvestment and Recovery Act of 2009—Western financed the construction of the Montana-Alberta Tie Ltd. Project, or MATL. The project continues to gain ground in getting transmission lines in the air to support the interconnection of wind energy to the grid. While the \$213 million project is still about 10 months away from completion, it has already created more than 100 jobs, and the full impact of the project on employment is expected to be about 900 jobs between construction, management, maintenance and the proposed wind facility construction and operation. In FY 2010, Western borrowed \$87.6 million from U.S. Treasury to begin construction on MATL—making up just a little more than 50 percent of what Western agreed to fund toward the project. Once completed, the full investment—plus interest—will be repaid by the project's beneficiaries, which is separate and distinct from Western's existing hydropower program funded by beneficiaries—preference power customers.



A Sierra Nevada lineman uses a hot stick high atop a transmission pole to maintain the line as his co-worker ensures his safety.



Two additional projects the Transmission Infrastructure Program, known as TIP, is preparing to fund using the borrowing authority are the TransWest Express Project, or TWE Project, and the Electrical District 5 to Palo Verde Hub Project, also called ED5-PV Project. Both projects have the potential to create thousands of jobs during construction and help retain or create new operations and maintenance jobs once complete. Preliminary estimates indicate the TWE Project could create as many as 1,000 jobs during construction and 15 permanent operations and maintenance jobs once complete. In addition, the ED5-PV Project could create up to 150 construction jobs and facilitate the retention of an additional 150 operations and maintenance positions. Both projects are estimated to be placed into service in 2015.

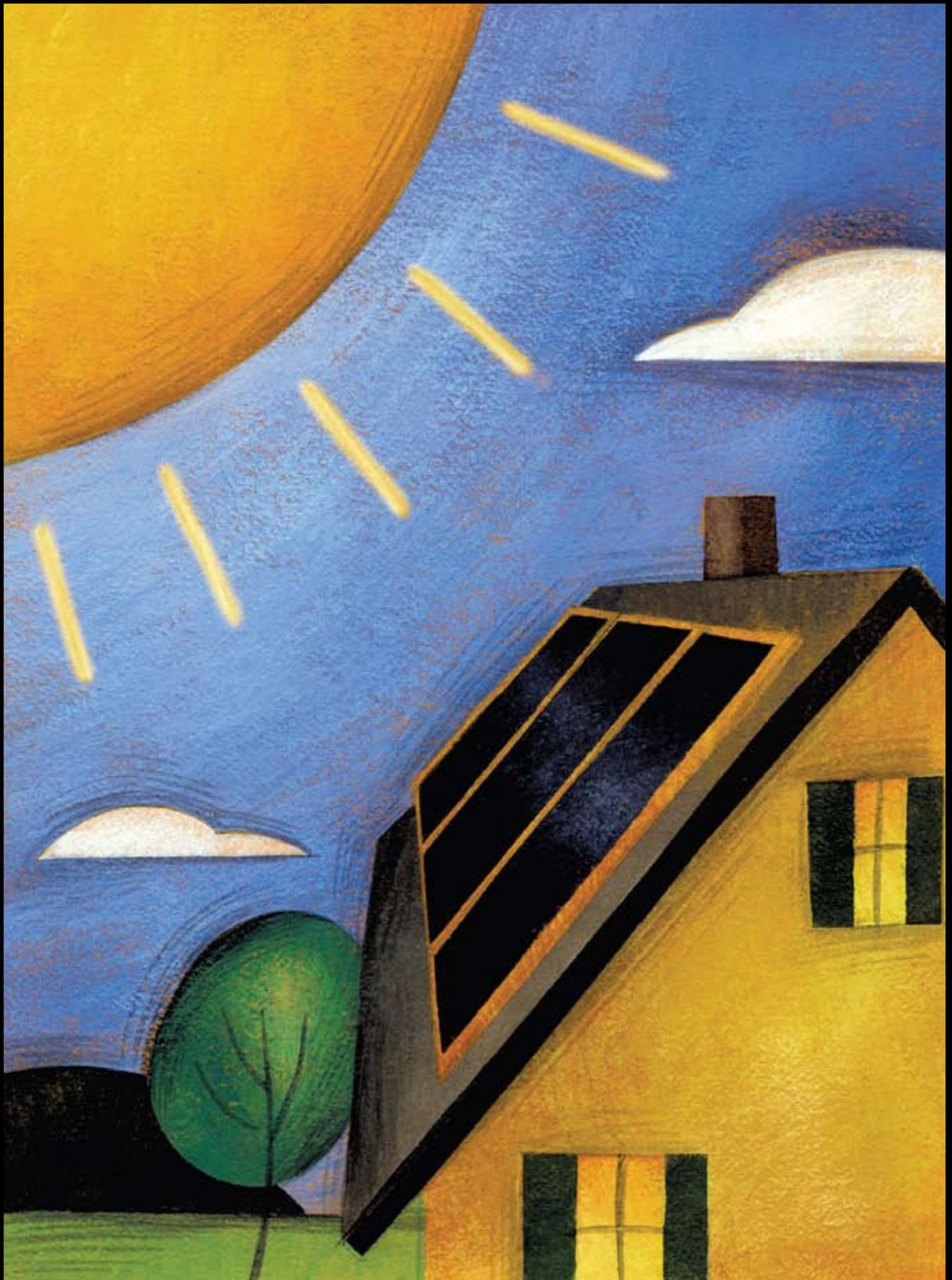
TALKS TO ELIMINATE CONGESTION POINTS:

When Western put out the call for potential TIP projects, the outpouring of interest in the Desert-Southwest area revealed a real need. In fact, DOE’s National Renewable Energy Laboratory’s map of U.S. solar potential truly highlights the region as the “solar breadbasket.” Since there was such high interest from so many entities, Western fostered an open project development process to bring several interested parties together to define the Sonoran-Mojave Renewable Transmission project, or SMRT. The study was jointly developed and funded by a diverse group of energy interests, from public and private entities, developers and Federal agencies. Together, the SMRT group looked at the feasibility and economic viability of potential projects in Arizona, California and Nevada to support additional renewable resources, provide wholesale and retail markets with access to those resources and provide a more robust transmission grid as all three states have been actively seeking to either set or establish higher renewable energy portfolio standards. The outcome of the feasibility study could ultimately lead to next steps that form a joint effort to bring utility-level solar to market.

FUTURE RECOVERY ACT PROJECTS: Western continues to evaluate the proposals received for transmission projects that qualified for potential Recovery Act funding. In addition to MATL, the Transmission Infrastructure Program has about a dozen other proposed projects that it is vetting for follow up and potential funding. Western continues to evaluate each project on a case-by-case basis, potentially serving in many different roles—including financier, customer-partner and public-private project partner—to support completing projects that will bring renewable energy to market. In addition to MATL, the Transmission Infrastructure Program has identified the TWE and ED5-PV projects as two strong candidates for borrowing authority use.

Western's Sioux City Line Crew works late into the day on a lattice steel structure.







RENEWABLES MARK INTERCONNECTION POINTS ALONG ROADMAP

WHERE WE ARE:

Providing interconnections for all generation resources under our Open Access Transmission Tariff.

WHERE WE'RE GOING:

Partnering with customers to interconnect renewables to the grid in support of the Department of Energy's goal and to help customers meet their integrated resource plans.

HOW WE'RE GETTING THERE:

INTERCONNECTION OPPORTUNITIES: Western has about 80 active requests to interconnect more than 16,000 megawatts of wind generation to the electrical grid. It has an additional nine active interconnection requests in the queue for integrating 3,375 megawatts of solar power generation in the Desert Southwest Region, or DSW. These interconnection requests continue to demonstrate the demand to bring renewable energy to market as various load serving entities strive to increase the content of their renewable resources to conform to state-enacted renewable energy portfolio standards.

GREEN TAGS COMPLY WITH FEDERAL, STATE REQUIREMENTS:

Western regularly purchases renewable energy credits, also called 'green tags' for itself and other Federal agencies to help meet the government's renewable energy goals. In FY 2010, Western coordinated the purchase of more than 584,000 megawatt-hours of green tags for more than six years.



WIND SUPPORTING HYDROPOWER: In June 2010, Western joined customers and partners—Basin Electric Power Cooperative, East River Electric Power Cooperative and NextEra Energy Resources—in bringing online the 99-megawatt Day County Wind Energy Center, in Groton, S.D. The project will supply enough renewable energy to power more than 25,000 homes. Additionally, Western made a short-term purchase—from this and another wind energy project—to help meet our firm power obligations in the Upper Great Plains Region, or UGP. The renewable attributes, also known as green tags or Renewable Energy Certificates, are being sold separately to offset the purchase-power cost. This partnership is one of many success stories Western hopes to share with our customers as we bring more renewable energy to market.

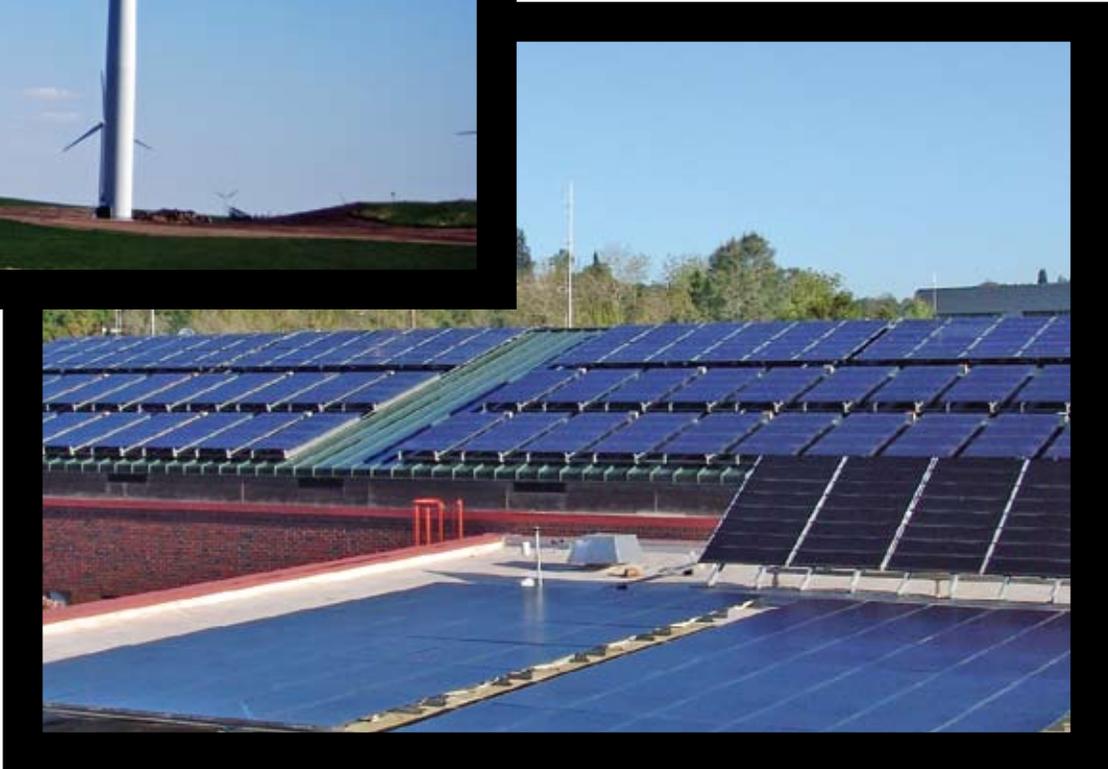
ROADMAP TO CALIFORNIA’S 2020 RENEWABLES GOALS:

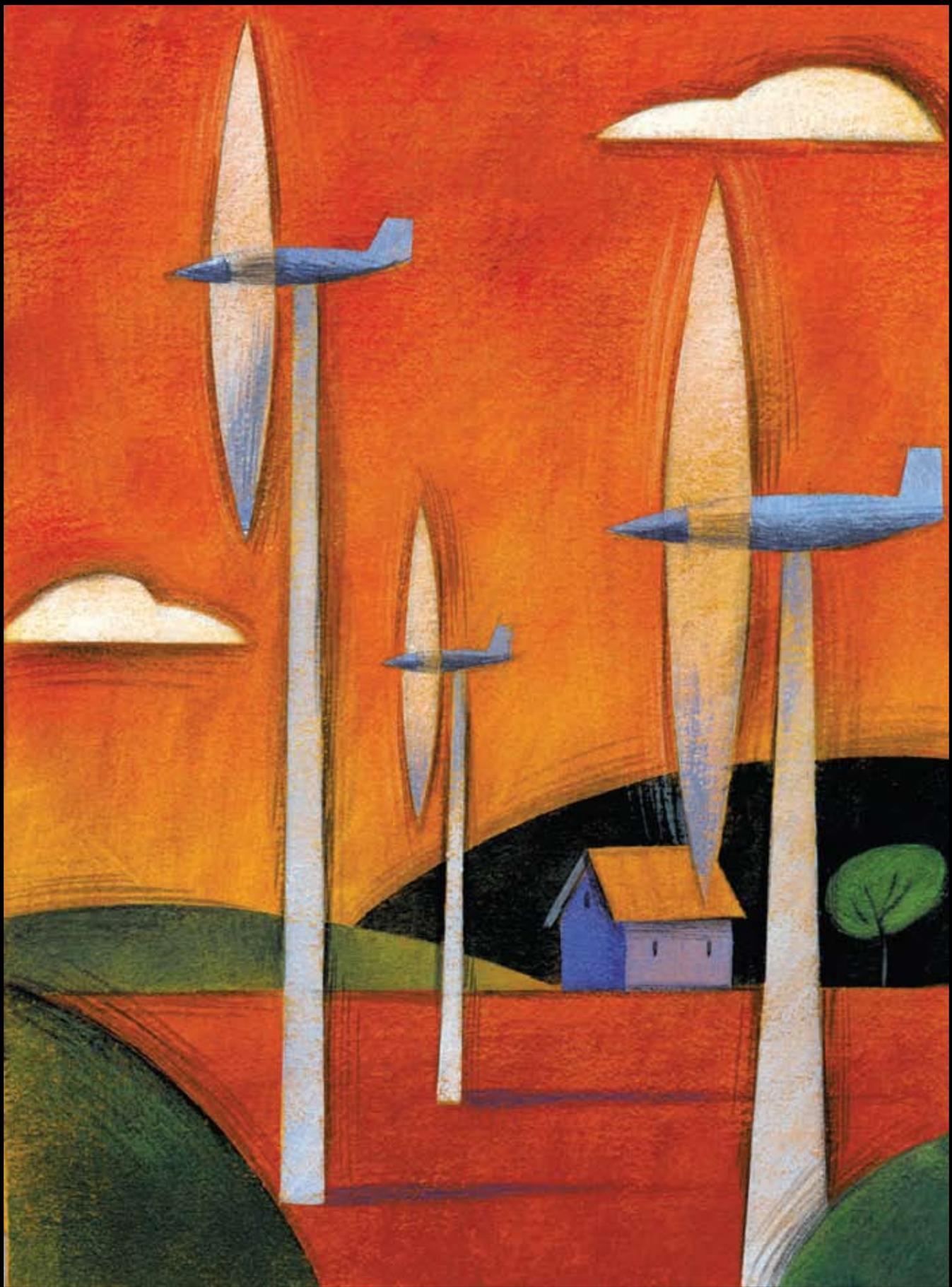
With California energy service providers required to incorporate at least 33-percent renewable energy into their portfolios by 2020, Western’s Sierra Nevada, or SN, team is working with other major California transmission owners and the California ISO to identify and develop an integrated statewide transmission planning approach. Such a coordinated approach will enable participants in the California Transmission Planning Group to identify the projects and their locations, as well as the timing for bringing these projects on-line in an orderly and timely manner so that load-serving entities will meet California’s enhanced renewable portfolio standard.



Above: Wind turbines begin generating energy at Day County Wind Farm. (Photo courtesy of Next Era Energy Resources)

Right: Western’s Sierra Nevada’s office roof-top solar panels soak in the California sun.





Western's continued success stems from the progress we make year after year in our operations. In fiscal year 2010, our employees continued to pave a path of reliability and innovation for the future, while looking for ways to increase efficiency and save customer and taxpayer funds. These highlights outline some of our major achievements in FY 2010.

CONSOLIDATION DONE TO CONTAIN COSTS, STREAMLINE PROCESSES

In addition to working with our customers to keep rates as low as possible, Western looks for business process improvement opportunities. These include streamlining initiatives and cost-cutting measures, as well as exploring economies-of-scale savings for initiatives that support the low rates, while ensuring top-notch customer service. Along these lines, the Operations Consolidation Program consolidated operations

and transmission services between the Desert Southwest and Rocky Mountain regions as of Feb. 1, 2010. This eliminated the need to update each region's alternate control center and avoided \$2.1 million in costs.

In FY 2010, Western analyzed our business systems and started to implement common tools and software where possible. Western staff also examined Operations and Transmission Business standard operating procedures and updated them to eliminate redundant business practices. This allowed Western to administer the Open Access Transmission Tariff over a larger geographical footprint and more efficiently operate the power system.

In February 2010, Western also began to consolidate Colorado River Storage Project, or CRSP, assets—moving all assets into the Western-Area Colorado Missouri, or WACM, Balancing Authority. We expect this move will help the project fourfold, by:



A Desert Southwest dispatcher monitors Western's electrical grid.

- Reducing the cost of carrying excess generation reserves
- Increasing efficiency by following one set of business practices
- Increasing the efficiency of using CRSP point-to-point transmission
- Reducing real-time voice and information technology communication requirements

Eliminating CRSP's need to provide spinning reserves to the Western Area Lower Colorado, or WALC, Balancing Authority frees up generating capacity that can be used to serve customer loads and reduce purchase power expenses. Operating under one set of business practices will reduce administrative costs and operational errors. This consolidation also reduces the need for separate transmission tags between the two balancing authorities.

ENVIRONMENTAL STEWARDSHIP CONTINUED IN FY 2010

Western's transmission lines cross forests, wetlands, grasslands and deserts in 15 states. Our environmental policy establishes Western's commitment to protecting these sensitive ecosystems by avoiding, minimizing or abating environmental impacts and, when possible, enhancing the environment. In FY 2010, Western conducted about 20 environmental impact statements and more than 10 environmental assessments to support environmental stewardship for its activities, including interconnection requests.

FIRST RECOVERY ACT PROJECT SIGNED

Western provided \$161 million toward the \$213 million, 214-mile Montana Alberta Tie Limited, or MATL, transmission project between Great Falls, Mont, and Lethbridge, Alberta. Considered a "shovel-ready" project, Western began financing the construction project on Oct. 29, 2010. A month later, the project broke ground Nov. 30, 2010, in Great Falls, Mont. Administrator Tim Meeks joined Montana Governor Brian Schweitzer and Alberta Premier Ed Stelmach for a groundbreaking ceremony that same day.

The construction project is expected to create dozens of jobs. Hundreds of additional jobs are expected for workers to build a wind farm near Cut Bank, Mont. Once energized, the 230-kilovolt transmission project will be capable of delivering 300 to 600 megawatts of wind energy-enough to power 150,000 to 300,000 homes. MATL is the first of Western's Transmission Infrastructure Program projects and is planned to be completed in January 2012.

INTERCONNECTION TO BRING SOUTH DAKOTA WIND ENERGY ONLINE APPROVED

In September 2010, as part of the process of integrating wind resources, the interconnection of the Crow Lake Wind Project to Western's transmission system at the existing Wessington Springs Substation in South Dakota was approved. The Crow Lake Wind Project, built by Basin Electric Power Cooperative subsidiary PrairieWinds SD1, Inc., consists of 108 1.5-megawatt wind turbine generators about 15 miles north of White Lake, S.D. One hundred of the wind turbines will be owned by PrairieWinds SD1 Inc., seven turbines will be owned by a group of local community investors called the South Dakota Wind Partners and one turbine will be owned by the Mitchell Technical Institute of Mitchell, S.D.

In addition to South Dakota, Western has interconnected many wind sources throughout our service territory. In FY 2010, about 1,106 megawatts of installed wind resources served load in our managed balancing authorities.

PLANNING SYSTEM RELIABILITY FOR THE FUTURE DEVELOPED

In response to the ever-changing reliability standards, Western hired a Compliance Manager to manage and coordinate compliance efforts agency-wide. Leading the compliance team, the manager will implement industry reliability standards, coordinate regional efforts and ensure standard practices are in place among regional internal compliance programs across Western.



Wind turbines churn at Wilton Wind Farm in North Dakota.

FY 2010 HIGHLIGHTS

POWER-BILLING SYSTEMS CONSOLIDATED TO SAVE \$220K ANNUALLY

To reduce costs and increase standardization among our four regions, Western is continuing to consolidate into a single agency-wide power transmission billing system. Since March 2010, two regions have been successfully integrated to the in-house system and avoided \$735,000 cost for licensing a commercial off-the-shelf system. Once all the regions are using the common system, Western anticipates an annual cost savings of \$220,000.

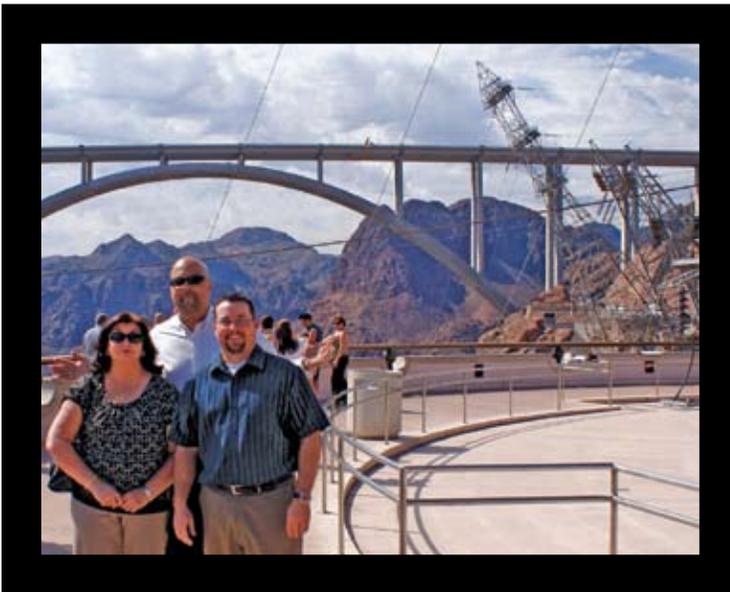
RELIABILITY PERFORMANCE PROVED ABOVE STANDARD

Making it a standard at Western to be above the requirement, all four of Western's control areas—also known as balancing authorities—passed North American Electric Reliability Corporation's, NERC's, control performance standards, a.k.a. CPS 1 and 2. These standards are set to ensure system reliability by reducing errors in balancing loads and resources and maintaining system frequency. In FY 2010, Western exceeded NERC's requirements which are 100 percent for CPS-1 and 90 percent for CPS-2 by achieving averages of 178.03 percent for CPS-1 and 96.45 percent for CPS-2, indicating our ability to operate the

power system efficiently. Western's success in exceeding industry averages with respect to these standards means fewer outages for customers and a more reliable system for the nation.

REMARKETING POWER FROM HOOVER DAM INITIATED

Western's Desert Southwest Region announced the Boulder Canyon Project Remarketing effort in November 2009 to allocate Hoover Dam generation post-2017. Western DSW staff is considering the application of Western's energy planning and management program power marketing initiative, 30-year contract terms, marketable capacity and energy, and a proposed resource pool to be used for new customers. The effort is expected to be complete in FY 2014.



Program Analyst Nancy Ruiz, left, Administrator Tim Meeks and DSW Project Manager for Power Marketing Mike Simonton tour one of the observation points at Hoover Dam with the bypass bridge in the background, Sept. 30, 2010.

RENEWABLE ENERGY ADVANCED THROUGH PARTNERSHIPS

Western, in partnership with Department of Energy's Office of Energy Efficiency and Renewable Energy, or EERE, works to advance the voluntary use of renewable energy sources across our service area. Through customer integrated resource plans, Western can see the increased adoption of renewable energy. Just in FY 2010 our customers' total production from renewable activities was 2.2 million kW and 12.8 billion kWh.

TRANSMISSION, RENEWABLES STRATEGIC PLAN FORMED

Western's Transmission Infrastructure Program, or TIP, has outlined a basic strategic plan for implementing Western's borrowing authority under the American Recovery and Reinvestment Act of 2009. The plan identifies four priority areas:

- Protect Federal Power Program customers interests and maintain transmission reliability
- Develop transmission infrastructure to bring renewable energy to market
- Ensure broad use of borrowing authority for maximum benefit
- Achieve full cost recovery of investments in TIP projects

USING RECEIPTS TO ALLOW FOR BUSINESS-LIKE OPERATIONS APPROVED

The use of offsetting collections to fund annual operating expenses improves Western's funding certainty and allows for more business-like operations with expenditures for annual expenses tied to receipts. Since Congress accepted the proposal, Western's annual request for new budget authority decreased by the amount of offsetting collections. Now, Western's annual expenses are offset on a dollar-for-dollar basis, resulting in an annual net appropriation of zero dollars for Western's annual operating expenses.

The reclassification allows oversight of Western's activities by Congress through the Annual Appropriations Act and might alleviate Western's ever-increasing levels of customer-funding requests. However, customer funding will continue to be an important funding tool even with the use of offsetting collections to support annual expenses.

WIND/HYDRO INTEGRATION STUDY COMPLETED

The Energy Policy Act of 2005 directed the Secretary of Energy, in coordination with the Secretaries of the Interior and the Army, to conduct a study to determine the cost and feasibility of developing a demonstration project that uses wind energy generated on tribal lands to supply firming power to Western. This would supplement Federal hydropower generated on the Missouri River to meet Western's contractual obligations.

This study, demonstrating the complexity of integrating wind-energy and hydropower to meet the obligations of a Federal power marketing administration, has been completed. Western submitted the final Wind and Hydropower Feasibility Study to Congress on July 8, 2010. The study made four recommendations:

- Conduct a 50-megawatt demonstration project within Western's Upper Great Plains Region.
- Ensure any costs of the demonstration project beyond what Western would have paid for like energy should not be borne by Western's ratepayers.
- Study the effects of fast regulation on the hydropower generation equipment of the U.S. Army Corps of Engineers and the Bureau of Reclamation.
- Perform additional analysis to refine the economic saturation point for wind energy.

Additionally, Western continues to conduct pre-feasibility transmission studies on behalf of the DOE Tribal Energy Program and Federal Energy Management Program to help identify barriers and opportunities for solar and renewable energy development on tribal lands and Federal sites. Western conducted five such studies in FY 2010—three for tribes and two for other Federal agencies.

2010 WIND COOPERATIVE SELECTED

Minnkota Power Cooperative was named the 2010 Wind Cooperative of the Year for leadership in advancing U.S. wind power. This award was established by Western in partnership with the National Rural Electric Cooperative Association and the Department of Energy's Wind Powering America initiative, and has been managed by Western for the last 10 years. The criteria used to judge the nominees for this award include corporate leadership, innovative marketing, benefits to customers and project creativity. The panel of judges, representing the wind industry, utilities, government and national laboratories, reviewed nine nominations this year. Western also manages the Public Power Wind Award in partnership with the American Public Power Association and the Wind Powering America initiative. The 2010 winners included Princeton Municipal Light Department and Nebraska Public Power District.



Wind turbines turn air into energy.

FY 2010 CUSTOMER IRP SUMMARY

Western's Integrated Resource Planning, or IRP, requirements outlined in Section 114 of the Energy Policy Act of 1992, gives customers several options to meet these requirements. The requirements, which were updated in 2000, recognize the changes occurring in the utility industry and our customer's varying size and structure. These changes also streamlined the reporting requirements without sacrificing the EAct's intent.

Customers must submit annual progress reports and new integrated resource plans every five years, but they may now submit them individually or cooperatively.

The IRP regulations allow customers to set action plan timelines (instead of a five-year minimum) to better correspond with their own situations. The regulations no longer require customers to provide a complete load forecast, only a brief summary verifying that one was conducted. Customers no longer must provide methods of validation predicted performance to determine whether they met IRP objectives. Instead, they can submit a brief description of measurement strategies for the options identified in the IRP.

Western also accepts other IRP alternatives. Members of member-based associations and joint action agencies may now file a small customer plan if their sales/use is under 25 GWh per year.

Another alternative to the IRP is the minimum investment report. Customers required by a state, tribal or Federal regulation to make minimum financial/resource investment in demand-side-management or renewable programs may file a minimum investment report consisting of an initial report and an annual letter.

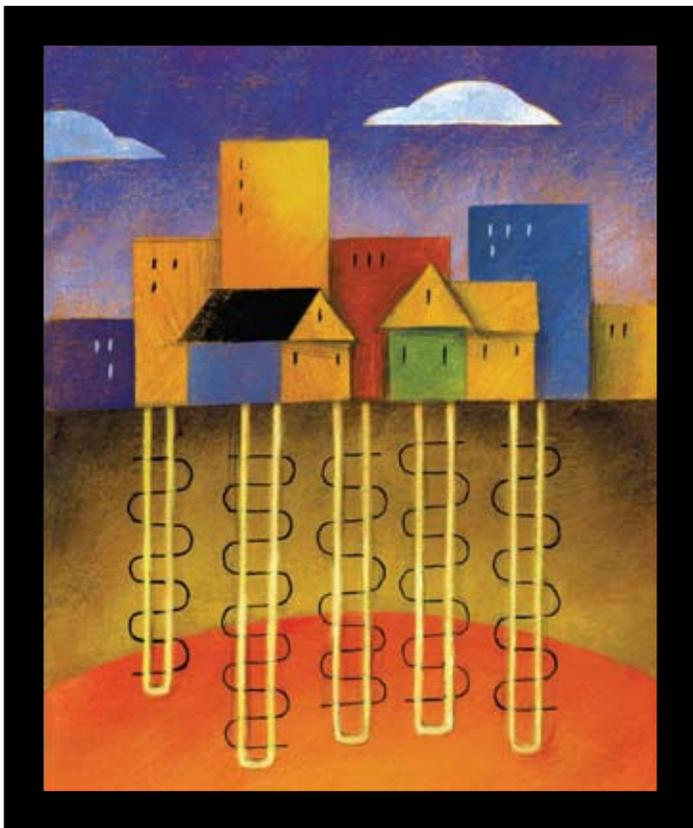
With the Energy Efficiency/Renewable Energy Report option, state, tribal or Federal end-use customers required by state, tribal or Federal mandate to conduct

energy efficiency or renewable energy programs can provide an initial report and an annual report on these activities to comply with Western's requirements.

All firm power customers have submitted one of these options. In FY 2010, Western received 78 IRPs from individual customers, 25 plans from cooperatives, 48 minimum investment reports, 89 small customer plans, and 5 energy efficiency/renewable energy reports.

Customer reported trends include:

- Large increases in investment in audits, efficiency and demand-side management activities
- Decreased investments in renewables due to unknown and unstable regulatory direction
- Increased demand for renewable energy technologies in all (commercial, industrial, residential and institutional) market segments. Renewables are a hedge against volatility in energy prices.
- Increased requests for education and information transfer on DSM, energy efficiency, and renewable energy technologies
- Increased exchange of ideas among energy service providers



The most frequent demand-side-management activities cited by Western’s customers are:

- Lighting technologies
- Air conditioning technologies
- Audits for residential, commercial and industrial facilities
- Motors and adjustable speed drives
- Refrigerator and freezer efficiency measures

The top five renewable energy resource choices are:

- Small-scale hydro
- Wind generation
- Solar—PV
- Geothermal (all types—ground source heat pump, heat pump water heaters, generation)
- Biomass/bio-gas

IRPs are driven by customer need and requests. Cost and reliability used to be the major priorities and they still are, but climate change and environmental issues, national security, social issues, economic issues, and political issues have joined the list. The potential for additional regulation on emissions is another factor that will certainly influence the results of many IRPs.

FY 2010 CUSTOMER IRP ACCOMPLISHMENTS (unaudited)

ITEM	REGION					
	CRSP	DSW	RM	SN	UGP	TOTALS
DSM ¹ savings (kW)	23,865	151,025	243,072	180,233	831,200	1,429,395
DSM savings (kWh)	50,790,775	810,048,515	295,584,711	285,057,439	229,240,885	1,670,722,325
DSM expenditure	\$4,199,490	\$49,481,986	\$13,624,765	\$31,123,970	\$47,800,977	\$146,231,188.00
DSM deviations ²	\$114,652	\$-2,791,764	\$638,306	\$545,441	\$2,640,452	\$3,824,199.00
Renewables (kW)	69,421	331,139	416,806	715,227	672,988	2,205,581
Renewables (kWh)	266,031,382	1,676,172,285	1,760,279,706	5,812,247,572	3,333,445,881	12,848,176,826
Renewable expenditure	\$2,125,168	\$25,529,420	\$40,780,235	\$116,943,464	\$93,991,124	\$279,369,411.00
Renewable program types	Solar, wind, bio-gas, small hydro	Small hydro, solar (PV), geothermal, biomass/gas, wind	Small hydro, wind, solar, bio-mass, green tags	Solar, small hydro, wind, geothermal, green tags	Wind, hydro, biomass/gas, solar, green tags	Solar, wind, small hydro, geothermal, biomass/gas
Top 5 most frequent DSM activities	Residential appliance rebates, DHW, air conditioning, refrigerator/freezer measures, audits	C&I ³ motors/ASD ⁴ , Irrigation pumping, lighting, load management, C&I air conditioning	Lighting, heating, DHW ⁵ , audits, Refrigerator/freezer measures	Lighting, air conditioning, audits, motor ASD, refrigerator/freezer measures	Appliance rebates, air conditioning, lighting, motor ASD, load management	Lighting, audits, motors ASD, air conditioning, refrigerator/freezer measures
Top 5 renewable energy activities	Solar, wind, bio-gas, small hydro	Solar (PV), small hydro, biomass/gas, wind, geothermal	Small hydro, wind, solar, bio-mass, green tags	Solar, small hydro, wind, geothermal, green tags	Wind, hydro, biomass/gas, solar, green tags	Solar, wind, small hydro, geothermal, biomass/gas
Top 3 customer reported trends	Renewables, efficiency, audits, DSM	Efficiency, renewables, DSM, C&I programs	DSM, energy efficiency, audits, renewables	HVAC, audits, renewables, efficiency, DSM	C&I and residential DSM, renewables, efficiency	Renewables, DSM, audits, efficiency

¹DSM refers to demand-side management activities the utility conducts to change customer energy use.

²Deviations are any difference from the customer’s Integrated Resource Plan.

³C&I refers to commercial and industrial

⁴ASD refers to adjustable speed drives

⁵DHW refers to domestic hot water

INDEPENDENT AUDITORS' REPORT

The Administrator of Western Area Power Administration and the U.S. Department of Energy Office of the Inspector General:

We have audited the accompanying combined balance sheets of the Western Area Power Administration (Western), a component of the U.S. Department of Energy (DOE), as of September 30, 2010 and 2009, and the related combined statements of revenues and expenses, changes in capitalization, and cash flows for the years then ended. As described in note 1(a) to the combined financial statements, the combined financial statement presentation includes the hydroelectric generation functions of other federal agencies for which Western markets and transmits power (hereinafter referred to as the generating agencies). These combined financial statements are the responsibility of managements of Western and the generating agencies. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Western's and the generating agencies' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Western Area Power Administration's combined power systems as of September 30, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on Western's combined financial statements taken as a whole. The supplementary information in schedules 1 and 2 is presented for purposes of additional analysis of the combined financial statements and is not a required part of the basic combined financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the combined financial statements taken as a whole.

KPMG LLP

February 28, 2011

WESTERN COMBINED BALANCE SHEETS

As of September 30, 2010 and 2009 (in thousands)

	2010	2009
Assets		
Completed utility plant	\$6,505,295	\$6,298,833
Accumulated depreciation	(3,166,403)	(3,060,507)
Net completed plant	3,338,892	3,238,326
Construction work-in-progress	369,027	349,180
Net utility plant	3,707,919	3,587,506
Cash	960,585	863,933
Accounts receivable, net	168,111	158,431
Construction financing receivable	67,179	0
Regulatory assets	93,462	107,304
Other assets	79,830	85,526
Total assets	\$5,077,086	\$4,802,700
Liabilities and Capitalization		
Liabilities:		
Long-term liabilities	\$227,970	\$152,609
Customer advances and other liabilities	194,657	209,595
Accounts payable	75,332	77,387
Environmental cleanup liabilities	5,740	18,612
Total liabilities	503,699	458,203
Capitalization:		
Payable to U.S. Treasury	4,966,310	4,794,841
Accumulated net deficit	(392,923)	(450,344)
Total capitalization	4,573,387	4,344,497
Commitments and contingencies (notes 1, 9, and 11)		
Total liabilities and capitalization	\$5,077,086	\$4,802,700

See accompanying notes to combined financial statements.

WESTERN COMBINED STATEMENTS OF REVENUES AND EXPENSES

For the years ended September 30, 2010 and 2009 (in thousands)

	2010	2009
Operating revenues:		
Sales of electric power	\$1,078,475	\$1,014,157
Transmission and other operating revenues	347,430	349,574
Total operating revenues	1,425,905	1,363,731
Operating expenses:		
Operation and maintenance	482,681	454,146
Purchased power	472,470	555,470
Purchased transmission services	53,357	62,778
Depreciation	115,345	108,550
Administration and general	53,813	50,911
Total operating expenses	1,177,666	1,231,855
Net operating revenues	248,239	131,876
Interest expenses:		
Interest on payable to U.S. Treasury	220,557	230,091
Allowance for funds used during construction	(18,428)	(15,169)
Net interest on payable to U.S. Treasury	202,129	214,922
Interest on long-term liabilities	9,756	9,966
Net interest expense	211,885	224,888
Net revenues (deficit)	\$36,354	\$(93,012)

See accompanying notes to combined financial statements.

WESTERN COMBINED STATEMENTS OF CHANGES IN CAPITALIZATION

For the years ended September 30, 2010 and 2009 (in thousands)

	Payable to U.S. Treasury	Accumulated net deficit	Total capitalization
Total capitalization as of September 30, 2008	\$4,525,067	\$(391,285)	\$4,133,782
<i>Additions:</i>			
Congressional appropriations	519,967	33,953	553,920
Interest	230,091	0	230,091
Total additions to capitalization	750,058	33,953	784,011
<i>Deductions:</i>			
Payments to U.S. Treasury	(478,641)	0	(478,641)
Transfers of property and services, net	(1,643)	0	(1,643)
Total deductions to capitalization	(480,284)	0	(480,284)
Net deficit for the year ended September 30, 2009	0	(93,012)	(93,012)
Total capitalization as of September 30, 2009:	4,794,841	(450,344)	4,344,497
<i>Additions:</i>			
Congressional appropriations	551,503	21,067	572,570
Interest	220,557	0	220,557
Transfers of property and services, net	249	0	249
Total additions to capitalization	772,309	21,067	793,376
<i>Deductions:</i>			
Payments to U.S. Treasury	(600,840)	0	(600,840)
Total deductions to capitalization	(600,840)	0	(600,840)
Net revenues for the year ended September 30, 2010	0	36,354	36,354
Total capitalization as of September 30, 2010	\$4,966,310	\$(392,923)	\$4,573,387

See accompanying notes to combined financial statements.

WESTERN COMBINED STATEMENTS OF CASH FLOWS

For the years ended September 30, 2010 and 2009 (in thousands)

	2010	2009
Cash flows from operating activities:		
Net revenues (deficit)	\$36,354	\$(93,012)
Adjustments to reconcile net deficit to net cash provided by operating activities:		
Depreciation	115,345	108,550
Interest on payable to U.S. Treasury	202,129	214,922
Loss on disposition of assets	5,613	5,988
Unfunded post retirement benefits	26,298	7,413
Bill credits applied against long-term liabilities	(11,748)	(10,054)
Accreted interest on construction financing receivable	(613)	0
Amortization of regulatory assets	479	465
Change in environmental cleanup liability	3,879	0
Change in unfunded FECA liability	(340)	(516)
Unfunded reimbursements to the U.S. Treasury judgment fund	0	700
(Increase) decrease in assets:		
Accounts receivable, net	(9,680)	(30,716)
Regulatory assets	(2,380)	1,814
Other assets	5,574	485
Increase (decrease) in liabilities:		
Accounts payable	(2,055)	7,433
Customer advances and other liabilities	(15,641)	17,574
Net cash provided by operating activities	353,214	231,046
Cash flows from investing activities:		
Investment in utility plant	(236,447)	(237,194)
Issuance of construction financing	(66,566)	0
Cash used in investing activities	(303,013)	(237,194)
Cash flows from financing activities		
Congressional appropriations	560,719	573,040
Payments to U.S. Treasury	(600,840)	(478,641)
Proceeds from long-term financing	213,724	898
Principal payments on long-term financing	(127,152)	(248)
Net cash provided by financing activities	46,451	95,049
Net increase in cash	96,652	88,901
Cash, beginning of year	863,933	775,032
Cash, end of year	\$960,585	\$863,933
Cash paid for interest	2,302	248
Supplemental cash flow information:		
Capitalized interest	\$18,428	\$15,169
Transfer of construction work-in-progress to completed plant	218,023	167,185
Accreted interest on long-term liabilities	537	517
Adjustments and changes in the allocation and assignment of generating agency balances to hydroelectric power generation affecting:		
Construction work in progress and completed plant, net	13,737	13,279
Capitalization	(13,793)	(27,782)
Regulatory assets	232	15,091
Other assets	(164)	(355)
Customer advances and other liabilities	(12)	(233)
Changes in actuarially determined workers' compensation liability	(2,181)	4,587
Changes in unfunded regulatory assets and liabilities	1,126	5,432

See accompanying notes to combined financial statements.

Notes to Western Combined Financial Statements

September 30, 2010 and 2009

(1) Basis of Presentation and Summary of Significant Accounting Policies

(a) Principles of Combination

The combined financial statements include the combined financial position, results of operations and cash flows of Western Area Power Administration (Western), an agency of the U.S. Department of Energy (DOE), and the hydroelectric power generating functions of the U.S. Department of the Interior (DOI), Bureau of Reclamation (Reclamation); the U.S. Department of Defense, Army Corps of Engineers (Corps); and the U.S. Department of State, International Boundary and Water Commission (IBWC) (collectively referred to as the generating agencies). For the generating agencies, only the individual power systems for which Western markets and transmits hydroelectric power are included in the combined financial statements. Western, a Federal power marketing administration, markets and transmits hydroelectric power generated from these power systems, which are operated and maintained by the generating agencies, throughout 15 western states.

The combined financial statements are prepared following accounting principles generally accepted in the United States of America (U.S. GAAP). Accounts are also subject to Federal Energy Regulatory Commission (FERC) regulations, FERC's prescribed uniform system of accounts for electric utilities and DOE's accounting practices.

For purposes of financial reporting, the hydroelectric power facilities and related operations of Western and the generating agencies are considered one entity. All material intra-entity balances and transactions have been eliminated from the combined financial statements.

The combined financial statements include project use energy relating to Western and the generating agencies. Project use energy is the amount of hydroelectric energy required to deliver project water to project water customers and other project-specific authorizations such as irrigation and fish and wildlife needs. Project use energy capital costs may be reimbursed through the power rates, through the generating agencies' water rates, depending on the agreement with the generating agency, or may be deemed nonreimbursable (note 6(a)). Project use capital costs represent an allocation of total power capital assets necessary to generate and transmit hydroelectric power sufficient for project use needs. Although some project use capital costs may not be recovered through the power rates, the activity is included in the combined financial statements because it is directly related to hydroelectric power generation and transmission and is necessary to reflect the full financial activity of the power systems.

The combined financial statements contain three types of business activities, which are separately reported in the accompanying schedules to the combined financial statements. The three types of business activities are the hydroelectric power systems of Western and the generating agencies; the Transmission Infrastructure Program of Western (TIP); and other activities of Western. Amounts reflected as hydroelectric power systems activity represent power activity of Western and the generating agencies that are generally reimbursable for purposes of repayment to the U.S. Treasury. These amounts include project use energy and may include generating agencies' activity related to the American Recovery and Reinvestment Act of 2009 (Recovery Act).

Amounts reflected as TIP activity in the accompanying schedules to the combined financial statements represent Western activity related to Section 402 of the Recovery Act, Public Law No. 111-5, which was signed into law on February 17, 2009. Section 402 of the Recovery Act gives Western's Administrator the discretion to borrow up to \$3.25 billion from the U.S. Treasury for the purposes of: (1) constructing, financing, facilitating, planning, operating, maintaining, or studying construction of new or upgraded electric power transmission lines and related facilities that have at least one terminus within the area served by Western and (2) delivering or facilitating the delivery of power generated by renewable energy resources constructed or reasonably expected to be constructed after the Recovery Act was enacted. In addition, Western received a nonreimbursable appropriation in 2009 for \$10 million to administer the new program.

The other activities represent those Western activities that are not reimbursable through the rate-setting process. This primarily consists of funds received from the Federal Communications Commission (FCC) to change Western's bandwidth (referred to as the Spectrum Relocation fund). The Spectrum Relocation fund paid for the cost of Western to relocate its bandwidth when the FCC sold the former bandwidth. The remaining reimbursable asset and liability balances primarily consist of agreements Western has with Federal and non-Federal customers to provide services on a fee basis. The majority of the operating revenues and expenses are a result of services provided through specific agreements with customers, and are excluded from the rate-making process. The remaining other activities revenues are those collected by Western which are not part of the rate-setting process such as agent activities conducted by Western on behalf of other government entities.

(b) Allocation of Costs to Hydroelectric Power

Certain amounts included in the combined financial statements represent reimbursable power activities of the generating agencies for repayment to the U.S. Treasury. The costs of multipurpose generating agency projects are assigned to specific hydroelectric power functions through a cost allocation process. Reclamation hydroelectric power amounts are allocated to the combined financial statements based on power repayment responsibility (note 6(b)). Reclamation has power-only facilities that are fully reimbursable, and has certain multi-purpose water resource projects where the costs are allocated among project activities, which primarily include power, irrigation, recreation, municipal and industrial water, navigation and flood control. Completed utility plant costs are allocated based upon the hydroelectric power portion of the Statement of Project Construction Cost and Repayment (SPCCR) based on studies prepared by Reclamation economists. The allocation method developed from the SPCCRs is applied to all multi-purpose utility plant and construction work-in-progress balances. Current assets and liabilities, excluding cash, are allocated based upon the amounts directly recorded to power accounts. Revenue and expense accounts are also allocated based on the amounts directly recorded to power activities or amounts attributed to power repayment by Reclamation.

Corps and IBWC hydroelectric power amounts are allocated based on legislatively determined rates of power repayment responsibility. The Corps and IBWC have built-in processes in their financial system to track and allocate costs to be recovered from Western's customers.

Cash balances for the generating agencies represent fund balances at the U.S. Treasury and estimates of the amount of funds required to satisfy current hydroelectric power obligations.

To the extent possible, the generating agencies identify costs as direct costs. Direct costs are those which can be specifically identified to a power system, program or activity. In some cases, costs benefit two or more power systems, programs or activities; in these situations, it is not economically feasible to identify these costs as direct costs. Such costs include administrative support costs, space rental, utilities and office equipment. These costs are accumulated in indirect cost pools and allocated to the benefiting activities through a labor surcharge rate, based on direct labor charges.

(c) Confirmation and Approval of Rates

Western is not a public utility within the jurisdiction of FERC under the Federal Power Act. The Secretary of Energy (Secretary) has delegated authority to Western's Administrator to develop hydroelectric power and transmission rates for the individual power systems included in the combined financial statements. The Deputy Secretary of Energy has the authority to confirm, approve and place such rates in effect on an interim basis. FERC has the exclusive authority to confirm, approve and place into effect on a final basis, to remand or to disapprove rates developed by Western's Administrator. FERC's review is limited to: (1) whether the rates are the lowest possible consistent with sound business principles; (2) whether the revenue levels generated are sufficient to recover the costs of producing and transmitting electric energy including repayment within the period permitted by law; and (3) the assumptions and projections used in developing the rates. FERC shall reject decisions of Western's Administrator only if it finds them to be arbitrary, capricious or in violation of the law. Refunds with interest, as determined by FERC, are authorized if rates finally approved are lower than rates approved on an interim basis. However, if at any time FERC determines that the administrative cost of a refund would exceed the amount to be refunded, no refunds will be required. No such refunds have been required or made in 2010 and 2009 and none are anticipated in connection with rates approved on an interim basis through September 30, 2010. As of September 30, 2010, one of Western's power systems was awaiting final rate approval and was subsequently approved on November 2, 2010 without required refunds.

Accounting policies also reflect specific legislation and executive directives issued by departments of the Federal government. Certain balances within the combined financial statements are accounted for under the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 980, *Regulated Operations*. The provisions of the ASC Topic 980 require, among other things, that regulated enterprises reflect the regulator's rate actions in its financial statements, when appropriate. The rate actions of Western's Administrator, subject to the limited authority of FERC, can provide reasonable assurance of the existence of an asset; reduce, eliminate or amortize the value of an asset; or impose a liability on a regulated enterprise.

(d) Operating Revenues and Accumulated Net Deficit

Operating revenues are recognized when goods or services are provided to the public or another government agency. Except for power systems using revolving funds and customer advances, cash received from sales is deposited directly with the U.S. Treasury and is reflected as repayments to the U.S. Treasury, which is included in the Payable to U.S. Treasury in the combined balance sheets. As such, these funds are unavailable for power system operating needs. For power systems using revolving funds and customer advances, cash received is deposited in the U.S. Treasury and remains available to the power system. Cash collected into revolving funds in excess of operating requirements is used for repayment of the Payable to U.S. Treasury (note 6(a)).

Approved hydroelectric power and transmission rates are established under requirements of the power systems' authorizing legislation and related Federal statutes and are intended to provide sufficient revenue to recover all costs allocated to power and, in some power systems, a portion of irrigation-related costs (note 11(b)). Costs allocated to power include repayment to the U.S. Treasury in power facilities and associated interest. Rates are structured to provide for repayment of the payable in power facilities, generally over 50 years, while operating expenses and interest on the payable are recovered annually. Replacements of utility plant are generally to be repaid over their expected service lives.

Western and the generating agencies are nonprofit Federal agencies; therefore, accumulated net revenues, to the extent that they are available, are committed to repayment. However, as of September 30, 2010 and 2009, the combined financial statements have an accumulated net deficit.

Western provides purchasing, selling, scheduling, billing, and other ancillary services on behalf of other Federal and non-Federal entities. The agent transactions are evaluated under the provisions of FASB ASC Subtopic 605-45, *Revenue Recognition – Principal Agent Considerations*, to determine whether the transactions should be reported at the gross or net value. Generally, Western's policy is to record agent activity at gross because Western typically shares in the risks and rewards of the transaction. One notable exception is the Central Arizona Project (CAP), for which Western acts as a billing agent on behalf of Reclamation, who owns the project. In this case, Western does not meet the majority indicators of gross reporting, and therefore, Western's CAP activity is reported at net value within the combined statements of revenue and expenses.

Western may provide multiple services to any one customer. Significant services may include the sale of electric power, ancillary services and the purchase and resell of electric power and transmission services. Western accounts for these arrangements in accordance with the provisions of FASB ASC Subtopic 605-25, *Revenue Recognition – Multiple Element Arrangements*. Services qualify as separate units of accounting with distinguishable rates, terms, and delivery schedules. Services are provided to meet customer load requirements and revenues are recognized when services are provided.

Transmission and other operating revenues include items such as transmission services, power wheeling, and recreational fees. Other operating revenues consist of fee-for-service arrangements, typically on a reimbursable basis, for services performed by Western that are not a part of its core mission of marketing and transmitting hydroelectric power generated by the combined power systems.

(e) Cash

Cash held by Western and the generating agencies represents the undisbursed balance of funds authorized by Congress, customer advances and revolving fund balances at the U.S. Treasury.

(f) Accounts Receivable, Net

Accounts receivable, net represents amounts billed to customers but not collected, net of the related allowance of \$0 as of September 30, 2010 and 2009. The estimate of the allowance is based on past experience in the collection of receivables and an analysis of the outstanding balances. Interest is charged on the principal portion of delinquent receivables based on rates published by the U.S. Treasury for the period in which the debt became delinquent. Delinquent receivables are charged off against the allowance once they are deemed uncollectible. Generally, all delinquent receivables are charged off once the delinquency exceeds two years or the debtor has filed for bankruptcy.

Billing methods used by Western include net billing and bill crediting. Net billing is a two-way agreement between Western and a customer, whereby both parties buy and sell power to each other. Monthly sales and purchases, including any customer advances received, are netted between the two parties and the customer is provided either an invoice or a credit. Bill crediting involves a three-way net billing arrangement among Western, a customer and a third party whereby all three parties are involved in purchase and sales transactions. Under both billing methods, purchase and sales transactions are reported gross in the combined financial statements.

(g) Construction Financing Receivable

Western has entered into a public-private partnership to finance capital investments in renewable energy. The arrangement was funded by Western's borrowing authority, which was granted by the Recovery Act of 2009. Interest is accrued based on the terms of the arrangement, as dictated within the financing agreement. As of September 30, 2010, there are no delinquent accounts (note 7(c)).

(h) Stores Inventory

Inventory consists of hardware, maintenance parts and supplies and is included in other assets on the combined balance sheets. Inventory is valued using the average cost method. When stock is received, the cost is averaged based on the number of items purchased at each different value. The average cost is charged for subsequent issues.

(i) Utility Plant, Moveable Equipment and Internal Use Software

Utility plant includes items such as dams, spillways, generators, turbines, substations and related components, and transmission lines and related components. Under FERC guidelines, utility plant is stated at original cost, net of contributions from external entities. Costs include direct labor and materials; payments to contractors; indirect charges for engineering, supervision, and overhead; and interest during construction. The costs of additions, major replacements and betterments are capitalized; whereas, repairs and maintenance are charged to operation and maintenance expense as incurred.

Plant assets of the combined power systems are currently depreciated using the straight-line method over the estimated service lives ranging from 8 to 50 years for transmission assets and 10 to 100 years for generation assets. Power rights are amortized over 40 years. The service lives of utility plant may be different between financial reporting and repayment measures. The cost of retired utility plant, net of accumulated depreciation, is charged to operation and maintenance expense as a gain (loss), net of cash proceeds, if any.

Moveable equipment includes computers, copiers, cranes, energy testing equipment, helicopters, trucks and wood chippers. Moveable equipment is currently depreciated using the straight-line method over the estimated service lives ranging from 3 to 20 years. Moveable equipment is classified as other assets on the combined balance sheets (note 4).

Internal use software includes software purchased from commercial vendors “off the shelf” and internally developed software. Western’s internal use software is depreciated over 5 years, using the straight-line method. Internal use software is classified as other assets on the combined balance sheets (note 4).

Western is subject to ASC Topic 980 (note 3). Most completed utility plant, as required by law, is recovered through the rates regardless of whether an asset is abandoned, loses value, is disposed of significantly before the end of its estimated useful life or is destroyed. Consequently, the cash flow is not impaired regardless of the condition of the asset. Western maintains all assets under established maintenance protocols to ensure the highest level of reliability.

The policy of Western and the generating agencies is to move capitalized costs into completed utility plant at the time a project or feature of a project is deemed to be substantially complete. A project is substantially complete when it is providing benefits and services for the intended purpose, and is generating project purpose revenue, where applicable.

(j) Interest on the Payable to U.S. Treasury

Interest, a component of total capitalization, is accrued annually on the Payable to U.S. Treasury based on Federal statutes and power system legislation. Such interest is reflected as an expense in the combined financial statements. Western calculates interest annually based on the unpaid balances owed to the U.S. Treasury using rates set by law, administrative orders following law or administrative policies. Interest rates on unpaid balances ranged from 2.50% to 11.38% for the years ended September 30, 2010 and 2009.

As provided by Federal law, interest is not assessed on unpaid balances in irrigation facilities anticipated to be repaid through power sales (note 11(b)).

(k) Allowance for Funds Used during Construction

Allowance for funds used during construction (AFUDC or interest during construction) represents interest on funds borrowed from the U.S. Treasury during the construction of all generation and transmission facilities including assets allocated to project use energy. Western and the generating agencies calculate AFUDC based on the average annual outstanding balance of construction work-in-progress and is calculated through the date in which assets are placed in service. AFUDC is capitalized and recovered over the repayment period of the related plant asset. Applicable interest rates ranged from 3.99% to 8.32% and 4.50% to 8.32% for the years ended September 30, 2010 and 2009, respectively, depending on the year in which construction on the transmission and generation facilities was initiated and requirements of the authorizing legislation.

(l) Transfer of Property and Services, Net

Transfer of property and services, net, is a component of total capitalization that represents the cumulative receipt of unfunded transfers of assets or costs offset by the cumulative receipt of unfunded transfers of revenues. Transfers are recognized upon physical delivery of the asset or performance of the service. Transfers occur between projects, project types and other Federal entities. Transfers between Western and the generating agencies eliminate upon combination.

(m) Pension and Other Post-Retirement Benefits

Western and generating agency employees participate in one of the following contributory defined benefit plans: the Civil Service Retirement System (CSRS) or Federal Employees Retirement System (FERS). Agency contributions are based on eligible employee compensation and total 7.0% for CSRS and up to 11.2% for FERS. These contributions are submitted to benefit program trust funds administered by the Office of Personnel Management (OPM). Western and generating agency contributions for the two plans amounted to \$22.1 million and \$19.2 million for the years ended September 30, 2010 and 2009, respectively. The contribution levels, as legislatively mandated, do not reflect the full cost requirements to fund the CSRS or FERS pension plans. The additional cost of providing CSRS and FERS benefits is approximately 30.1% and 25.8% of base salary, respectively, and is funded by OPM.

Other post-retirement benefits administered and partially funded by OPM are the Federal Employees Health and Benefits Program (FEHB) and the Federal Employee Group Life Insurance Program (FEGLI). FEHB is calculated at \$5,906 and \$5,756 per employee in fiscal years 2010 and 2009, respectively, and FEGLI is based on 0.02% of base salary for each employee enrolled in these programs.

In addition to the amounts contributed to the CSRS and FERS as stated above, Western and the generating agencies recorded an expense for the pension and other postretirement benefits in the combined financial statements of \$26.3 million and \$7.6 million for the years ended September 30, 2010 and 2009, respectively. This amount reflects the contribution made on behalf of Western and the generating agencies by OPM to the benefit program trust funds. This expense will be recovered from power customers through the future sale of power.

As a Federal agency, all post-retirement activity is managed by OPM, therefore, neither the assets of the plans nor the actuarial data with respect to the accumulated plan benefits relative to Western and generating agency employees are included in this report.

(n) Use of Estimates

Management of Western and the generating agencies have used estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these combined financial statements in conformity with U.S. GAAP. Significant items subject to such estimates and assumptions include the useful lives of completed utility plant; allowances for doubtful accounts; employee benefit obligations; environmental cleanup liabilities; and other contingencies. Estimates have also been used in allocating the reimbursable power activity of generating agencies for the purpose of repayment to the U.S. Treasury, and for allocating capital assets to project use energy. Actual results could differ significantly from these estimates.

(o) Derivative and Hedging Activities

Western analyzes derivative financial instruments under FASB ASC Topic 815, *Derivatives and Hedging*. This standard requires that all derivative instruments, as defined by ASC Topic 815, be recorded on the combined balance sheets at fair value, unless exempted. Changes in a derivative instrument's fair value must be recognized currently in the combined statement of revenues and expenses, unless the derivative has been designated in a qualifying hedging relationship. The application of hedge accounting allows a derivative instrument's gains and losses to offset related results of the hedged item in the combined statements of revenues and expenses to the extent effective. ASC Topic 815 requires that the hedging relationship be highly effective and that an organization formally designate a hedging relationship at the inception of the contract to apply hedge accounting.

Western enters into contracts for the purchase and sale of electricity for use in its business operations. ASC Topic 815 requires Western to evaluate these contracts to determine whether the contracts are derivatives. Certain contracts that literally meet the definition of a derivative may be exempted from ASC Topic 815 as normal purchases or normal sales. Normal purchases and sales are contracts that provide for the purchase or sale of something other than a financial instrument or derivative instrument that will be delivered in quantities expected to be used or sold over a reasonable period in the normal course of business. Contracts that meet the requirements of normal purchases or sales are documented and exempted from the accounting and reporting requirements of ASC Topic 815.

Western's policy is to fulfill all derivative and hedging contracts by either providing power to a third party or by taking delivery of power from a third party as provided for in each contract. Western's policy does not authorize the use of derivative or hedging instruments for speculative purposes such as hedging electricity pricing fluctuations beyond Western's estimated capacity to deliver or receive power. Accordingly, Western evaluates all of its contracts to determine if they are derivatives and, if applicable, to ensure that they qualify and meet the normal purchases and normal sales designation requirements under ASC Topic 815. Normal purchases and normal sales contracts are accounted for as executory contracts as required under U.S. GAAP. As of September 30, 2010 and 2009, Western has no contracts accounted for as derivatives.

(p) Concentrations of Credit Risk

Financial instruments, which potentially subject Western and the generating agencies to credit risk, include accounts receivable for customer purchases of power, transmission or other products and services. These receivables are primarily held with a group of diverse customers that are generally large, stable and established organizations, which do not represent a significant credit risk. Although Western and the generating agencies are affected by the business environment of the utility industry, management does not believe a significant risk of loss from a concentration of credit exists.

Risk does differ for TIP financed projects where risk exists at the individual project level. Risk is mitigated through the application of a technical and financial due diligence efforts at the entity and project level to include securitization of assets (first lien) and letters of credit.

(q) Regulatory Assets (Note 3)

Regulatory assets are assets that result from rate actions of Western's Administrator and other regulatory agencies. These assets arise from specific costs that would have been included in the determination of net revenue or deficit in one period, but are deferred until a different period for purposes of developing rates to charge for services, per the requirements of ASC Topic 980. Western defers costs as regulatory assets so that the costs will be recovered through the rates during the periods when the costs are scheduled to be repaid. This ensures the matching of revenues and expenses. Western does not earn a rate of return on its regulatory assets. The assets listed below are regulatory in nature:

Workers' Compensation Actuarial Cost

The U.S. Department of Labor (DOL) determines an actuarial liability associated with cases incurred for which additional future claims may be made on an annual basis. DOL determines the actuarial liability associated with future claims using historical benefit payment patterns discounted to present value (37 years) using economic assumptions for 10-year U.S. Treasury notes and bonds.

The recovery of future claims is deferred for rate-making purposes until such time as the claims are submitted to and paid by DOL. Therefore, the recognition of the actuarial expense associated with hydroelectric power operations has been deferred as a regulatory asset in the combined balance sheets to reflect the effects of the rate-making process. The actuarial cost associated with TIP and other activities is expensed as incurred.

Abandoned Project Costs, Net

Occasionally, Congressionally authorized projects originally planned for service are discontinued due to political and/or economic reasons. Per the requirements of ASC Topic 980, Western classifies these discontinued projects based on Congressional action as abandoned projects and amortizes them in the same manner as that used for rate-making purposes. The amortization period is a maximum of 50 years. These abandoned projects are considered regulatory assets because the costs are amortized into the power rates over a period of time, rather than being expensed in the year of the Congressional action. The discount rate on Western's abandoned projects is 3%.

Environmental Cleanup Liabilities

Environmental cleanup liabilities are recorded when the future remediation costs are known and estimable. The estimated remediation cost is recorded as a regulatory asset, which will be amortized according to a predetermined schedule incorporated into the rate-making process.

Recovery Implementation Program (RIP)

Section 8 of the Colorado River Storage Project (CRSP) Act of 1956, as amended, mandates that DOI establish and implement programs to conserve fish and wildlife. Under this Act and other legislation, Reclamation has established programs to preserve the habitat and otherwise aid endangered fish and wildlife. The RIP is an example of such a program and is managed by the U.S. Fish and Wildlife Service.

On October 30, 2000, Congress passed Public Law 106-392 that authorized additional funding to Reclamation to continue the RIP. The legislation specifies that a total of \$17.0 million is to be collected by Western from its power customers and provided to Reclamation to finance capital costs. Amounts borrowed from the State of Colorado for the RIP are currently accruing interest, but Western will not begin repayment of the debt until October 1, 2012. Before beginning repayment, accrued interest charges are accreted into the outstanding principal balance. Preservation costs are classified as a regulatory asset until repayment begins, at which time costs will be amortized to expense.

Accrued Annual Leave

Accrued annual leave represents benefits that will be paid out to employees upon retirement or separation from employment with the government. The amount not funded by revolving funds has been deferred as a regulatory asset to reflect the effects of the rate-making process.

Transmission Termination Settlement

Western renegotiated certain CRSP long-term contractual obligations with third-party power providers in 2007. Under the terms of the settlement agreements, annual payments of \$0.6 million will be made through 2017 to PacifiCorp for a total of \$6 million. The unpaid portion of the settlements has been deferred as a regulatory asset to reflect the effects of the rate-making process.

Extraordinary Maintenance

Extraordinary maintenance represents costs that occur infrequently, involve relatively large amounts of funds, and ensure the future economic usefulness of the asset. Criteria used to determine if a cost is extraordinary and should be treated as a regulatory asset include the total cost of the program, the rate impact the cost would have if recovered as a normal maintenance expense in one year, the current water conditions for the project, and whether significant rate increases had taken place over the previous 10 years.

(r) Interchange Energy and Energy Exchange (Note 4)

Western's power contracts may include a provision for energy transfers and exchanges between Western and a supplier that result in claims or obligations to be settled at a future date, based on contractual obligations. Energy claims or obligations represent the valuation of excess energy delivered or received under the energy interchange and exchange contract provisions. The energy balance is recorded either as another asset when Western is the net supplier, or as another liability when Western is the net user. Transactions are recorded at the market value on the date of the transaction, under the provisions of ASC Topic 845, *Nonmonetary Transactions*, and are netted within purchase power expense as incurred under FERC regulations and rulings.

(s) Customer Advances

Customer advances represent the balance of advance payments received from power customers under co-sponsoring agreements with entities for construction, operation and maintenance or other furnished items. Subsidiary accounts are maintained by customer to reflect the status of each advance. Also included are revenue financing contracts that provide advanced customer funds for construction, maintenance or purchase power expenses. For these contracts, the customer is provided revenue credits on future power bills up to the amount of the advanced funds and, if applicable, any interest or fees. Revenue is recognized upon application of bill credits.

(t) Taxes

As agencies of the U.S. Government, Western and the generating agencies are exempt from all income taxes imposed by any governing body, whether it is a Federal, state or commonwealth of the United States or a local or foreign government.

(u) Fair Value of Financial Instruments

In April 2009, the FASB issued an update to FASB ASC Topic 825, *Financial Instruments*. The update to ASC Topic 825 requires disclosure of the fair value of financial instruments, and was effective for Western in fiscal year 2009. Fair value estimation methods for individual classes of financial instruments are described below.

Short-Term Financial Instruments

The carrying (recorded) value of short-term financial instruments, including cash, accounts receivable, accounts payable, certain customer advances and other liabilities, environmental cleanup liabilities, and other assets, excluding moveable equipment and internal use software, approximates the fair value of these instruments. The fair value of certain unfunded and actuarially-based liabilities cannot be determined as the future payout dates have yet to be determined.

Construction Financing Receivable

Fair value is estimated by computing the present value of future payments discounted at the prevailing interest rate for comparable debt instruments at year end. The fair value of construction financing receivable was \$54.0 million and \$0 as of September 30, 2010 and 2009, respectively.

Long-Term Liabilities

Fair value is estimated by computing the present value of future payments discounted at prevailing U.S. Treasury interest rates at year end. The fair value of long-term liabilities was \$263.4 million and \$184.9 million as of September 30, 2010 and 2009, respectively.

(v) Recent Accounting Pronouncements

Revenues

In October 2009, the FASB issued Accounting Standards Update (ASU) No. 2009-13, *Multiple-Deliverable Revenue Arrangements*. ASU No. 2009-13 updates the criteria in ASC Subtopic 605-25 for separating consideration in multiple-deliverable arrangements and disclosures related to multiple-deliverable arrangements to include significant deliverables within the arrangements, significant estimates, and timing of service and revenue recognition. ASU No. 2009-13 is effective for fiscal years beginning on or after June 15, 2010, with early adoption permitted. Western has elected early adoption of ASU No. 2009-13 effective October 1, 2009. The adoption of ASU No. 2009-13 did not have a significant impact on the combined financial statements as of September 30, 2010. Western's disclosure of *Multiple-Deliverable Revenue Arrangements* has been expanded to conform to the requirements of ASU No. 2009-13 (note 1 (d)).

Receivables

In July 2010, the FASB issued ASU No. 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*. ASU No. 2010-20 updates ASC Subtopic 310-10 to enhance disclosures about the credit quality of financing receivables and the allowance for credit losses. ASU No. 2010-20 is effective for fiscal years ending on or after December 15, 2011. Western is determining the extent to which financing receivable guidance is, or will be, relevant to Western and the potential impact on Western's combined financial statements.

Fair Value Measurements and Disclosure

In September 2006, the FASB issued FASB ASC Topic 820, *Fair Value Measurement and Disclosure*. ASC Topic 820 defines fair value, establishes a framework for measuring fair value by generally accepted accounting principles, and expands disclosures about fair value measurements. It applies whenever other standards require (or permit) assets or liabilities to be measured (recognized in the statement of financial position) at fair value.

In November 2007, the FASB proposed a one-year deferral of ASC Topic 820's fair value measurement requirements for nonfinancial assets and liabilities that are not required or permitted to be measured at fair value on a recurring basis. ASC Topic 820 was effective for Western in fiscal year 2009. Western has determined that it does not have any assets or liabilities required or permitted to be measured at fair value. Accordingly, the adoption of ASC Topic 820 did not have a significant impact on the combined financial statements as of September 30, 2010 and 2009.

In January 2010, the FASB issued ASU No. 2010-06, *Improving Disclosures about Fair Value Measurements*. ASU No. 2010-06 updates ASC Subtopic 820-10 to enhance disclosure for all levels of fair value measurements. ASU No. 2010-06 is effective for fiscal years beginning after December 15, 2009. Western has determined that it does not have any assets or liabilities required or permitted to be measured at fair value. Accordingly, the adoption of ASC Topic 820 is not expected to have a significant impact on the combined financial statements in fiscal year 2011.

Derivatives and Hedging

In March 2008, the FASB issued an update to FASB ASC Topic 815, *Derivatives Hedging*. The update to ASC Topic 815 requires enhanced disclosures about an entity's derivative and hedging activities to improve financial reporting transparency. The update to ASC Topic 815 was effective for Western in fiscal year 2009. As of September 30, 2010, Western has not participated in any derivative instruments or hedging activities under ASC Topic 815; therefore, the adoption of the update to ASC Topic 815 did not have a significant impact on the combined financial statements as of September 30, 2010 and 2009 (note 1(o)).

In March 2010, the FASB issued ASU No. 2010-11, *Scope Exceptions Related to Embedded Credit Derivatives*. ASU No. 2010-11 updates ASC Subtopic 815-15 to clarify scope exceptions for embedded credit derivative features related to the transfer of credit risk. ASU No. 2010-11 is effective for fiscal years beginning after June 15, 2010. Western has not participated in any derivative instruments or hedging activities under ASC Topic 815; therefore, ASU No. 2010-11 is not expected to have a significant impact on the combined financial statements in fiscal year 2011.

Subsequent Events

In May 2009, the FASB issued FASB Topic ASC 855, Subsequent Events, subsequently amended by ASU No. 2010-09, *Amendments to Certain Recognition and Disclosure Requirements*. FASB ASC 855, as amended, establishes the general standards of accounting for and disclosure of events that occur after the balance sheet date but before the combined financial statements are issued or are available to be issued. This standard was effective for Western in fiscal year 2009. Western has included in its footnote disclosure the date through which subsequent events are evaluated – the date the combined financial statements were available to be issued (note 12).

(w) Reclassifications

Certain 2009 amounts have been reclassified to conform to the current year presentation.

(2) Hydroelectric Power Systems and Generating Agencies

Western markets and transmits hydroelectric power for 14 power systems. The expenses and net assets of the 14 power systems, which are generally expected to be recovered through rates, are included in the accompanying combined financial statements along with activity of the TIP program and other activity disclosed in note 1(a). Reclamation generates power for all power systems with the exception of Amistad-Falcon. The Pick-Sloan power system is unique in that both Reclamation and the Corps generate hydroelectric power for the power system. IBWC is Western's sole generation partner for the Amistad-Falcon power system. The Pacific Northwest-Pacific Southwest Intertie (Intertie) has only transmission facilities. A listing of these power systems by generating agency includes:

Reclamation Power Systems

- Boulder Canyon
- Central Valley
- Collbran
- Colorado River Storage Project
- Dolores
- Fryingpan-Arkansas
- Pacific Northwest-Pacific Southwest
- Parker-Davis
- Pick-Sloan Missouri River Basin
- Provo River
- Rio Grande
- Seedskaadee
- Washoe

Corps Power System

- Pick-Sloan Missouri River Basin

IBWC Power System

- Amistad-Falcon

(3) Regulatory Assets

Regulatory Assets (note 1(q)) as of September 30, 2010 and 2009 consist of the following (in thousands):

	<u>2010</u>	<u>2009</u>
Workers' compensation actuarial cost	\$47,011	\$44,830
Accrued annual leave	16,423	17,182
Recovery Implementation Program	14,339	13,802
Abandoned project costs, net	9,254	10,139
Transmission termination settlement	4,000	4,600
Extraordinary maintenance	2,435	0
Environmental cleanup liability	0	16,751
Total regulatory assets	\$93,462	\$107,304

As of September 30, 2010 and 2009, abandoned project costs, net include the Celilo-Mead transmission line, which is being amortized over 23 years, through 2019.

In the fiscal year 2010 DOE budget, \$18.6 million in nonreimbursable funding was approved to cover environmental remediation needs with the decommissioning of the Basic Substation in Nevada. Consequently, in fiscal year 2010, the balance was reclassified from regulatory assets to operation and maintenance expense, as the decommissioning costs no longer impact the power rates. The condition encompassing the change in funding mechanism occurred when the congressional appropriation bill was passed in fiscal year 2010.

(4) Other Assets

Other assets as of September 30, 2010 and 2009 consist of the following (in thousands):

	<u>2010</u>	<u>2009</u>
Moveable equipment, net (note 1(i))	\$43,354	\$39,968
Stores inventory (note 1(h))	15,376	15,633
Interchange energy and energy exchange (note 1(r))	12,270	20,572
Internal use software, net (note 1(j))	4,251	6,324
Other	2,816	3,029
Advances to others	1,763	0
Total other assets	\$79,830	\$85,526

Under FERC requirements, the net revenue and expense activity in interchange energy and energy exchange is included in purchased power expense in the combined financial statements. The net activity included in purchased power expense was \$8.3 million and \$5.8 million for the years ended September 30, 2010 and 2009, respectively.

(5) Utility Plant

Utility plant as of September 30, 2010 and 2009 consists of the following (in thousands):

Utility Plant	2010	2009
Structures and facilities	\$5,769,510	\$5,592,759
Buildings	381,702	361,943
Land	186,463	179,990
Power rights	167,620	164,141
Gross completed plant	6,505,295	6,298,833
Accumulated depreciation	(3,166,403)	(3,060,507)
Net completed plant	\$3,338,892	\$3,238,326
Construction work-in-progress	369,027	349,180
Net utility plant	\$3,707,919	\$3,587,506

In accordance with FERC guidelines, Western excludes contributed plant within the combined balance sheets to eliminate the impact on power and transmission rates. As of September 30, 2010 and 2009, contributed plant, net, used in Western's operations totaled \$301 million and \$286 million, respectively.

The balances shown above include project use utility plant amounts used to provide project benefits to water customers (note 6(a)). In addition to water benefits, the project includes other authorized benefits, such as support for fish and wildlife needs. All of the hydroelectric power systems have capital project use balances with the exception of Fryingpan-Arkansas, Pacific Northwest-Pacific Southwest Intertie, Provo River, Rio Grande, and Boulder Canyon.

(6) Capitalization and Cost Allocation

(a) General

Capitalization consists of Congressional appropriations and accumulated interest on unpaid balances, less net transfers of property and services from other Federal agencies and repayments to the U.S. Treasury, and accumulated net deficit. Congressional appropriations are comprised of the cumulative appropriations received. Appropriations are allocated to the payable to U.S. Treasury or net deficit based on expected use in reimbursable and nonreimbursable activities. All power systems, except Dolores, Seedskadee, Boulder Canyon and the operations and maintenance and purchased power programs of the Colorado River Storage Project (CRSP), are primarily financed through Congressional appropriations. Dolores, Seedskadee, Boulder Canyon and the operations and maintenance programs of CRSP are funded through the use of a revolving fund. Revolving funds allow Western and Reclamation to utilize resources for reinvestment in power operations without Congressional appropriations. A portion of construction and rehabilitation, operation and maintenance and purchased power expenditures are financed through other methods, such as advances from non-Federal entities, reimbursements from other Federal agencies, use of receipts authorization and alternative billing methods, such as net billing and bill crediting or any combination of these methods.

Although most of the appropriations received by Western and the generating agencies are expected to be repaid through the collection of the power rate, some costs are not recoverable through the power rate. When costs are deemed not recoverable through the power rate, the funding for these amounts is not included in the payable to U.S. Treasury. These costs may be recovered through the water rate charged by Reclamation or may be deemed nonreimbursable by legislation; however, such recovery is not reflected in these combined financial statements. The amount of capital project use assets not recovered through the power rate as of September 30, 2010 and 2009 was \$616.8 million and \$606.2 million, respectively. Project use operation and maintenance costs not recovered through revenues are excluded from the combined financial statements.

Operating expenses (excluding depreciation expense) and interest on the unpaid balances are generally repaid annually. In cases where revenues are not available for repayment, unpaid annual net deficits become payable from the future years' revenues. Interest is accrued on cumulative annual net deficits until paid. Deficits for operating expenses begin to accrue interest in the year they occur, while interest expense deficits begin to accrue interest in the following year. In cases where funds are available, unless otherwise required by legislation, repayment of balances is applied first to the increment bearing the highest interest rate.

(b) Capitalization in Multi-Purpose Facilities

Capitalization in certain multipurpose facilities, primarily dams and structures integral to hydroelectric power generation required to be repaid from the power revenues, has been determined from preliminary cost allocation studies based on project evaluation standards approved by Congress. Allocations between power and nonpower activities may be changed in future years; however, the project evaluation standards cannot be changed unless approved by Congress.

Final studies will be performed by the generating agencies, as appropriate, upon completion of each individual power project and are still pending for all but the Fryingpan-Arkansas Power System (FryArk), which was completed in 1993. The Boulder Canyon and Parker-Davis power systems are not subject to cost allocation studies since the power systems' enacting legislation requires the total costs of the dams and appurtenant structures be repaid through power revenues.

With final cost allocation studies still pending for many of the individual power systems, the potential exists for significant future adjustment in the payable to U.S. Treasury for the cost of multi-purpose facilities allocated to power and the related accrued interest on the unpaid balance. Such reallocations could affect the future individual power system rates.

(7) Long-Term Liabilities (in thousands)

Long-term liabilities (September 30, 2010)	Principal	Accrued interest	Total
Long-term construction financing	\$126,031	0	\$126,031
State of Colorado loan (note 1(q))	14,339	0	14,339
Transmission Infrastructure Program	87,600	0	87,600
Total long-term liabilities	\$227,970	0	\$227,970

Long-term liabilities (September 30, 2009)	Principal	Accrued interest	Total
Long-term construction financing	\$138,179	\$628	\$138,807
State of Colorado loan (note 1(q))	13,802	0	13,802
Total long-term liabilities	\$151,981	\$628	\$152,609

Outstanding long-term liabilities, as of September 30, 2010 are scheduled to be credited or repaid as follows (in thousands):

Year ending September 30:	Principal	Interest	Total
2011	\$102,271	\$8,909	\$111,180
2012	13,693	8,075	21,768
2013	13,931	7,930	21,861
2014	14,849	7,092	21,941
2015	15,723	6,173	21,896
2016 and thereafter	67,503	34,154	101,657
Total outstanding long-term liabilities	\$227,970	\$72,333	\$300,303

(a) Long-Term Construction Financing

The majority of long-term construction financing consists of three significant contractual arrangements. The first significant arrangement provides customer financing for the Boulder Canyon power system to upgrade each of the generating units at Hoover Dam. The obligation to these customers began in 1987 and is scheduled to be satisfied through issuing credits on power bills through fiscal year 2017. Interest rates ranged between 5.2% and 7.4% and between 5.2% and 7.3% during fiscal years 2010 and 2009, respectively. As of September 30, 2010 and 2009, the outstanding obligation was \$77.6 million and \$86.9 million, respectively.

The second significant arrangement consists of the principal payable to the State of Wyoming for providing partial financing for improvements at the Buffalo Bill Dam (Pick-Sloan Missouri Basin power system) and associated hydroelectric power plants. This liability is being repaid over a period of 35 years, which began in 1996, at an approximate interest rate of 11.1%. The outstanding obligation amounted to \$19.8 million and \$20.1 million, as of September 30, 2010 and 2009, respectively.

The third significant arrangement is principal due to Griffith Energy LLC for providing financing for the construction of the Griffith-McConnico and Griffith-Peacock transmission lines along with certain assets at Peacock Substation and McConnico Switching Station within the Intertie and Parker-Davis power systems. Repayment is through power bill credits beginning in 2001 and ending in 2018. The interest rate is 8.5%. As of September 30, 2010 and 2009, the outstanding obligation totaled \$17.1 million and \$18.6 million, respectively.

Other components of long-term financing include Mohave Electric Cooperative, Inc., which provided financing to Western to construct the network upgrades required for the Zorb Project within the Parker-Davis power system. Repayment through crediting of transmission service bills is anticipated to begin in January 2013. The monthly amounts are unknown at this time, as the rates have yet to be established for that period. However, based on estimates, repayment should be completed within a 20-year period, with an estimated annual bill credit of \$380,000. As of September 30, 2010 and 2009, the outstanding obligation totaled \$7.6 million. The balance of long-term construction financing is primarily related to the modification of the Parker and Valley Farms substations. As of September 30, 2010 and 2009, the outstanding balance on those projects is \$3.2 million and \$3.4 million, respectively.

(b) State of Colorado Loan

Western received a loan from the State of Colorado for \$5.5 million in December 2002 at an interest rate of 4.5% per year. Another \$5.9 million was received in December 2004 with an interest rate of 3.25%. The purpose of these loans was to fund Reclamation's endangered fish recovery implementation programs (note 1(q)). Interest began accruing at the time loans were granted and is accreted into the outstanding principal balance until repayment begins. The loan will be repaid through power revenues beginning in 2012.

(c) Transmission Infrastructure Program (TIP)

In fiscal year 2009, Western signed an agreement with Tonbridge Power Inc. (Tonbridge) to finance up to \$161 million for the construction of the Montana Alberta Tie Ltd. (MATL) transmission line project. This project is for the construction of a 214-mile, 230-kV power transmission line between Great Falls, Montana, and Lethbridge, Alberta. The line will have the capacity to deliver 300 megawatts of wind-generated power in either direction. Western is funding this project with borrowing authority from the U.S. Treasury granted by the Recovery Act. As of September 30, 2010, Western borrowed \$87.6 million from the U.S. Treasury to begin funding MATL's construction costs. The total liability is due in 2011 with an interest rate of 0.203%.

(8) Customer Advances and Other Liabilities (in thousands)

	2010	2009
Customer advances (note 1(s))	\$81,045	\$101,473
Workers' compensation actuarial liability	47,475	45,117
Due to other Federal agencies	20,917	18,654
Accrued annual leave	16,423	16,950
Accrued payroll benefits	14,733	12,841
Workers' compensation accrual	8,731	8,697
Transmission termination settlement	4,000	4,600
Other	1,333	1,263
Total customer advances and other liabilities	\$194,657	\$209,595

(9) Lease Commitments

Western has a noncancelable operating lease that expires in 2015 for Western's Electric Power Training Center. The lease represents an annual expense of approximately \$253,000. Beginning in 2011, the lease expense will increase to \$280,000. There is also a noncancelable operating lease for two rooms in the Blake Street Building in Salida, Colo. This lease is for a term of three years, with a three-year renewal option, at an annual cost of approximately \$9,000.

Noncancelable lease commitments (in thousands):

Year ending September 30:	Cost
2011	\$289
2012	279
2013	279
2014	279
2015	209
2016 and thereafter	0
Total noncancelable lease commitments	\$1,335

Western and the generating agencies have several cancelable operating leases, primarily for general purpose motor vehicles, office, and warehouse space that expire during the next 15 years. The right to relinquish space on cancelable leases is available with 120-day notice to terminate. The General Services Administration is generally the leaseholder for all cancelable equipment and building leases.

These leases generally contain renewal options for periods ranging from three to five-years and require the lessee to pay all costs, such as maintenance and insurance.

Rental expense for operating leases was approximately \$7.6 million and \$7.7 million for the years ended September 30, 2010 and 2009, respectively.

(10) Environmental Cleanup Liability

The Desert Southwest Region of Western has been engaged in remediating the Basic Substation located in Henderson, Nevada since 1991. This site, which was built in 1942 to provide power to a local magnesium plant, was decommissioned in 2002. Rather than address all contamination at the site at once, the remediation has been pursued in a staged process, in parallel with demolition work to reduce the impact on annual budgets. The estimated liability to remediate the Basic Substation was \$5.7 million and \$18.6 million for the years ended September 30, 2010 and 2009, respectively. The liability decreased due to more extensive evaluation of the contamination. A contract for remediation of the site has been awarded and remediation should be completed within 18 months of the award date.

(11) Commitments and Contingencies

(a) General

Western and the generating agencies are involved in various claims, suits and complaints routine to the nature of their business. These Federal government organizations are self-insured for claims pertaining to litigation, unemployment, long-term disability and health and life insurance. Liabilities for these claims, as reported in the combined financial statements, are based on reported pending claims, estimates of claims incurred but not yet reported, actuarial reports and historical analysis. It is management's opinion that the ultimate disposition of these claims will not have a material adverse effect on the combined financial statements.

(b) Irrigation Assistance

Federal statute requires that certain individual power systems repay the U.S. Treasury the portion of Reclamation's project capital costs allocated to irrigation purposes determined by the Secretary of the Interior to be beyond the ability of the irrigation customers to repay. As a result, Western has included these capital costs in each respective power system's power repayment study. Western intends to collect the necessary revenue from power customers in accordance with the required repayment periods based on legislation, which generally does not exceed a maximum period of 50 years. These repayment amounts do not incur or accumulate interest from the date that Reclamation determines the irrigators' inability to pay. Although these repayments will be recovered through power sales, they do not represent an operating cost of the individual power systems and are treated as distributions from accumulated net revenues (deficit) in the combined statements of revenue and expenses at the time of repayment. Legislation provisions require that other costs have priority for recovery through power rates before irrigation capital costs including, but not limited to, higher interest investments and operation and maintenance and purchased power expenses. Anticipated irrigation assistance payments are not recorded as a liability on the combined balance sheets because of the following factors: (1) Western's ability to make anticipated payments is contingent on future rates and revenues, which are driven by highly variable factors such as water levels and the generating agencies' ability to produce hydroelectric power; and (2) Western is capable of deferring the period of repayment to unspecified periods in the future.

Power repayment studies are one year in arrears. Therefore, through September 30, 2009, anticipated irrigation assistance totaled approximately \$2.3 billion, which may be repaid from future power revenues. The 2010 power repayment studies have not been completed as of the date of this report. Western made no irrigation assistance payments on behalf of Reclamation for the years ended September 30, 2010 and 2009.

Anticipated irrigation assistance payments (in thousands):

<u>Year ending September 30:</u>	<u>Amount</u>
2011	\$0
2012	0
2013	76,588
2014	10,054
2015	32,506
2016 and thereafter	2,168,148
Total anticipated irrigation assistance payments	\$2,287,296

(c) Power Contract Commitments

Western has entered into various agreements for power and transmission purchases that vary in length but generally do not exceed 20 years. The current period purchased power and purchased transmission costs are included in the combined statements of revenues and expenses. Western's long-term commitments for these power and transmission contracts, subject to the availability of Federal funds and contingent upon annual appropriations from Congress, are as follows (in thousands):

<u>Year ending September 30:</u>	<u>Purchased power</u>	<u>Purchased transmission</u>	<u>Total</u>
2011	\$138,937	\$14,349	\$153,286
2012	126,912	14,349	141,261
2013	79,334	14,349	93,683
2014	27,298	14,349	41,647
2015	12,795	14,349	27,144
2016 and thereafter	2,841	171,718	174,559
Total	\$388,117	\$243,463	\$631,580

In addition to these contracts, Western maintains other long-term contracts which provide the ability to purchase unspecified quantities of transmission services within a contractually determined range and rate. To fulfill its contractual obligations to deliver power, Western has historically had to purchase a certain level of transmission services under these agreements.

(d) Quechan Indian Tribes vs. United States

Western is a party to a case brought under the Federal Tort Claims Act in Federal District Court, which may ultimately result in a settlement or decisions adverse to the Federal government. Any loss that may occur may be paid from the U.S. Treasury Judgment Fund (Judgment Fund). The Judgment Fund is a permanent, indefinite appropriation available to pay judgments against the Federal government. The contingent liability estimate for this case is \$9.4 million, which would be paid out of the Judgment Fund. In this instance, Western will not be required to repay funds expended from the Judgment Fund.

(e) Jessica L. Clear vs. United States

Western is party to a case brought under the Federal Tort Claims Act in U.S. District Court for the District of Arizona, which may ultimately result in a settlement or decisions adverse to the Federal government. Any loss that may occur may be paid from the Judgment Fund. The contingent liability estimate for this case is \$9.0 million, which would be paid out of the Judgment Fund. In this instance, Western will not be required to repay funds expended from the Judgment Fund.

(f) Roosevelt Irrigation District vs. Salt River Project Agricultural Improvement and Power District, et al.

On February 9, 2010, the Roosevelt Irrigation District (RID) filed a complaint under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) against Western and 93 other defendants, alleging a release or threatened release of hazardous substances into groundwater in the Phoenix, Arizona area. Due to the very early stage of this litigation, the uncertainty of an ultimate allocation of responsibility, the large number of named parties, and the lack of details and approval of RID's proposed early response plan, a range of potential loss cannot be determined at this point. However, any damages which may be sought by RID and allocated to Western may be paid from the Judgment Fund. Western would not be required to repay funds expended from the Judgment Fund.

(g) Construction in Abeyance

Construction in abeyance refers to long-term construction projects that have been suspended for a period of time due to legal, political or other reasons. There are several Reclamation construction projects that were placed in abeyance in the past. The Auburn dam, power plant and reservoir project was placed in abeyance due to a risk of major damage to the dam as a result of an earthquake in 1975. Although Reclamation has allocated a portion of the initial construction costs to hydroelectric power, these costs continue to be excluded from Western's rate-making processes until a final determination is made by Congress as to whether the project will be revised or deauthorized. As of September 30, 2010, power repayment is considered remote, and therefore, construction costs of \$46 million, including AFUDC, are not included in the combined financial statements. If the project is ultimately completed, there is a possibility that the associated costs may be repaid through future hydroelectric power rates.

12 Subsequent Events

Western has evaluated subsequent events through the date the combined financial statements were available to be issued of February 28, 2011, and identified no additional subsequent events requiring disclosure.

COMBINING SCHEDULES OF BALANCE SHEET DATA

SCHEDULE 1

As of September 30, 2010 and 2009 (in thousands)

	2010			
	Hydroelectric power systems	Transmission infrastructure program	Other activities	Total
Assets				
Completed utility plant	\$6,473,157	\$0	\$32,138	\$6,505,295
Accumulated depreciation	(3,163,821)	0	(2,582)	(3,166,403)
Net completed plant	3,309,336	0	29,556	3,338,892
Construction work-in-progress	333,741	0	35,286	369,027
Net utility plant	3,643,077	0	64,842	3,707,919
Cash	783,246	26,804	150,535	960,585
Accounts receivable, net	151,626	0	16,485	168,111
Construction financing receivable	0	67,179	0	67,179
Regulatory assets	93,462	0	0	93,462
Other assets	75,476	0	4,354	79,830
Total assets	\$4,746,887	\$93,983	\$236,216	\$5,077,086
Liabilities and Capitalization				
Liabilities:				
Long-term liabilities	\$140,370	\$87,600	\$0	\$227,970
Customer advances and other liabilities	111,955	229	82,473	194,657
Accounts payable	71,071	61	4,200	75,332
Environmental cleanup liabilities	0	0	5,740	5,740
Total liabilities	323,396	87,890	92,413	503,699
Capitalization:				
Payable to U.S. Treasury	4,945,898	0	20,412	4,966,310
Accumulated net (deficit) revenues	(522,407)	6,093	123,391	(392,923)
Total capitalization	4,423,491	6,093	143,803	4,573,387
Total liabilities and capitalization	\$4,746,887	\$93,983	\$236,216	\$5,077,086

	2009			
	Hydroelectric power systems	Transmission infrastructure program	Other activities	Total
Assets				
Completed utility plant	\$6,281,080	\$0	\$17,753	\$6,298,833
Accumulated depreciation	(3,059,015)	0	(1,492)	(3,060,507)
Net completed plant	3,222,065	0	16,261	3,238,326
Construction work-in-progress	314,696	0	34,484	349,180
Net utility plant	3,536,761	0	50,745	3,587,506
Cash	695,287	8,519	160,127	863,933
Accounts receivable, net	144,421	0	14,010	158,431
Construction financing receivable	0	0	0	0
Regulatory assets	107,304	0	0	107,304
Other assets	79,562	0	5,964	85,526
Total assets	\$4,563,335	\$8,519	\$230,846	\$4,802,700
Liabilities and Capitalization				
Liabilities:				
Long-term liabilities	\$152,609	\$0	\$0	\$152,609
Customer advances and other liabilities	118,555	98	90,942	209,595
Accounts payable	72,799	173	4,415	77,387
Environmental cleanup liabilities	18,612	0	0	18,612
Total liabilities	362,575	271	95,357	458,203
Capitalization:				
Payable to U.S. Treasury	4,792,112	0	2,729	4,794,841
Accumulated net (deficit) revenues	(591,352)	8,248	132,760	(450,344)
Total capitalization	4,200,760	8,248	135,489	4,344,497
Total liabilities and capitalization	\$4,563,335	\$8,519	\$230,846	\$4,802,700

See accompanying independent auditors' report.

COMBINING SCHEDULES OF REVENUES AND EXPENSES DATA

SCHEDULE 2

For the years ended September 30, 2010 and 2009 (in thousands)

2010

	Hydroelectric power systems	Transmission infrastructure program	Other activities	Total
Operating revenues:				
Sales of electric power	\$859,993	\$0	\$218,482	\$1,078,475
Transmission and other operating revenues	289,585	613	57,232	347,430
Total operating revenues	1,149,578	613	275,714	1,425,905
Operating expenses:				
Operation and maintenance	413,321	2,518	66,842	482,681
Purchased power	251,361	0	221,109	472,470
Purchased transmission services	51,237	0	2,120	53,357
Depreciation	114,205	0	1,140	115,345
Administration and general	49,243	253	4,317	53,813
Total operating expenses	879,367	2,771	295,528	1,177,666
Net operating revenues	270,211	(2,158)	(19,814)	248,239
Interest expenses:				
Interest on payable to U.S. Treasury	220,557	0	0	220,557
Allowance for funds used during construction	(18,428)	0	0	(18,428)
Net interest on payable to U.S. Treasury	202,129	0	0	202,129
Interest on long-term liabilities	9,675	81	0	9,756
Net interest expense	211,804	81	0	211,885
Net revenues (deficit)	\$58,407	\$(2,239)	\$(19,814)	\$36,354

2009

	Hydroelectric power systems	Transmission infrastructure program	Other activities	Total
Operating revenues:				
Sales of electric power	\$816,122	\$0	198,035	1,014,157
Transmission and other operating revenues	278,174	0	71,400	349,574
Total operating revenues	1,094,296	0	269,435	1,363,731
Operating expenses:				
Operation and maintenance	384,598	1,628	67,920	454,146
Purchased power	355,007	0	200,463	555,470
Purchased transmission services	57,339	0	5,439	62,778
Depreciation	108,595	0	(45)	108,550
Administration and general	46,204	124	4,583	50,911
Total operating expenses	951,743	1,752	278,360	1,231,855
Net operating revenues	142,553	(1,752)	(8,925)	131,876
Interest expenses:				
Interest on payable to U.S. Treasury	230,095	0	(4)	230,091
Allowance for funds used during construction	(15,169)	0	0	(15,169)
Net interest on payable to U.S. Treasury	214,926	0	(4)	214,922
Interest on long-term liabilities	9,966	0	0	9,966
Net interest expense	224,892	0	(4)	224,888
Net revenues (deficit)	\$(82,339)	\$(1,752)	(8,921)	(93,012)

See accompanying independent auditors' report.

WESTERN'S SENIOR MANAGEMENT TEAM*

ADMINISTRATOR

TIM MEEKS

WASHINGTON LIAISON

Assistant Administrator for Washington Liaison

JACK DODD

REGIONAL MANAGERS

Colorado River Storage Project Management Center
Desert Southwest Region
Rocky Mountain Region
Sierra Nevada Region
Upper Great Plains Region

LAVERNE KYRISS
DARRICK MOE
BRAD WARREN
TOM BOYKO
BOB HARRIS

CORPORATE SERVICES OFFICE MANAGERS

General Counsel
Senior Planning Advisor
Equal Employment Opportunity Officer
Chief Operating Officer
Chief Information Officer
Chief Financial Officer
TIP Program Manager

VACANT
THERESA WILLIAMS
CHARLES MARQUEZ
TONY MONTOYA
EUN MOREDOCK
HARRY PEASE
CRAIG KNOELL



TIM
MEEKS



JACK
DODD



LAVERNE
KYRISS



DARRICK
MOE



BRAD
WARREN



TOM
BOYKO



THERESA
WILLIAMS



BOB
HARRIS



CHARLES
MARQUEZ



TONY
MONTOYA



EUN
MOREDOCK



HARRY
PEASE



CRAIG
KNOELL

*Note: While included in the FY 2010 Annual Report, this information reflects the current Senior Management Team.

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CONTACT WESTERN

Call or write your local Western office or Corporate Communications at our Corporate Services Office in Lakewood, Colo., to share your comments or to find out more about Western. Our addresses and phone numbers are listed below.

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Lakewood, CO 80228-8213
720-962-7050

SIERRA NEVADA REGIONAL OFFICE

114 Parkshore Drive
Folsom, CA 95630-4710
916-353-4416

UPPER GREAT PLAINS REGIONAL OFFICE

P.O. Box 35800
Billings, MT 59107-5800
406-255-2800

CRSP MANAGEMENT CENTER

150 East Social Hall Avenue, Suite 300
Salt Lake City, UT 84111-1580
801-524-5493

ROCKY MOUNTAIN REGIONAL OFFICE

P.O. Box 3700
Loveland, CO 80539-3003
970-461-7200

ELECTRIC POWER TRAINING CENTER

P.O. Box 281213
Lakewood, CO 80228-8213
800-867-2617

DESERT SOUTHWEST REGIONAL OFFICE

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Phoenix, AZ 85005-6457
602-605-2525

POWER MARKETING LIAISON OFFICE

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Room 8G-027, Forrestal Building
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Washington, DC 20585-0001
202-586-5581

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Send e-mail to CorpComm@wapa.gov

For no-cost energy-related technical assistance within Western's service territory, call 1-800-POWERLN (1-800-769-3756), or log on to www.wapa.gov/es.



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