

2010 Annual Report of Essential Utilities Services Contracts

Essential Service Vendor <sup>(1)</sup>	Annual Budget	Actual Payments	Type of Contract(s)	Essential Obligations	Length of Contract
BONNEVILLE POWER ADMINISTRATION (BPA)	REDACTED		Transmission Capacity Ownership Rights	PSE purchased capacity ownership rights in the Alternating Current (AC) Intertie into California from BPA in 1996 and pays its allocated operation and maintenance costs to BPA.	1996 - life of facilities
			Transmission	PSE purchases rights to use BPA transmission and BPA receives power from PSE at the Points of Integration and delivers power to PSE at the Points of Delivery.	Various - termination dates through 2035
			Transfer	BPA serves PSE loads and PSE delivers replacement power to BPA.	09/1974 - BPA three years notice to terminate, PSE one year notice to terminate
			Transfer	Parties commit to build transmission and provide excess capability to the other party. Each party commits to operate and maintain certain facilities.	Various - termination dates through 2018
			Operations & Maintenance	BPA operates and maintains PSE facilities in BPA substations.	Various from 04/1968 - life of facilities
			WNP-3 Settlement Exchange Agreement	PSE receives exchange energy based on the average availability and cost of several surrogate nuclear units similar in design to the WNP-3 Nuclear Unit. BPA may request power from PSE during certain months, if available.	12/1986 – 6/2018
CONOCOPHILLIPS CANADA LIMITED	REDACTED		North American Energy Standards Board (NAESB) Agreement	The NAESB Master Agreement enables short and long-term gas supply purchases to be made under a confirmation process. Each transaction terminates upon completion of delivery.	08/2004 – various lengths
IGI RESOURCES INC	REDACTED		North American Energy Standards Board (NAESB) Agreement	The NAESB Master Agreement enables short and long-term gas supply purchases to be made under a confirmation process. Each transaction terminates upon completion of delivery.	1/2010 – various lengths
ENCANA MARKETING (USA) INC	REDACTED		North American Energy Standards Board (NAESB)	The NAESB Master Agreement enables short and long-term gas supply purchases to be made under a confirmation	1/2003 – various lengths

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			Agreement	process. Each transaction terminates upon completion of delivery.	
EQUILON ENTERPRISES LLC	REDACTED		Cogeneration Power Purchase Agreement	PSE pays the operator, formerly March Point 1 and March Point 2, a two-part price for energy actually delivered to PSE's system. The energy rate is not seasonally differentiated. There is no capacity charge. PSE and the power supplier share the savings of displacing the units when power prices are below the PPA price.	11/1991 – 12/2011
GE CAPITAL COMMERCIAL INC	REDACTED		Master Leasing Agreement	Lease agreement covering two combustion turbines located at Fredonia Generating Facility; and PSE fleet assets under lease agreement with GECCI.	9/1/1988 - 1/13/2010
MORGAN STANLEY & CO INC	REDACTED		Western System Power Pool (WSPP) Purchase Power Agreement	The WSPP Agreement is a standardized contract among members of the WSPP for electric power sales and physical power options. Members enter into numerous individual power transactions using standard schedules under the Agreement. A confirmation process follows the transactions. Each transaction terminates upon completion of delivery.	1996 – until a notice is given
NORTHWEST PIPELINE GP	REDACTED		Long-term Transportation Contracts	Northwest Pipeline provides firm transportation capacity and storage service to PSE on the gas pipeline under long term contracts. PSE pays fixed monthly demand charges for the right, but not the obligation, to transport specified quantities of gas from receipt points to delivery points on the pipeline each day.	Predating 1989 - various termination dates through 2044
NORTHWESTERN ENERGY LLC	REDACTED		Power Purchase Agreement	Purchase of up to 97 MW of capacity and related energy at a fixed capacity charge and actual energy cost.	1986 – 12/2010
PILCHUCK CONTRACTORS INC	REDACTED		Gas Engineering and Construction Services	PSE pays per contract/services provided for engineering and construction on the company's gas system.	01/2001 - 12/2010

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PPL-MONTANA, LLC	REDACTED		Operations & Maintenance	PSE reimburses PPL-Montana for PSE's share of operation and maintenance expenses for Unit Nos. 1, 2, 3 and 4 of the Colstrip steam-electric-generating plant.	Various from 07/1971 - as long as any part of the units are used or useful for the generation of electricity or the end of the period permitted by applicable law
			Capital Additions	PSE reimburses PPL-Montana for PSE's share of capital additions made to Unit Nos. 1, 2, 3 and 4 of the Colstrip steam-electric-generating plant.	Various from 07/1971 - as long as any part of the units are used or useful for the generation of electricity or the end of the period permitted by applicable law
QUANTA SERVICES INC	REDACTED		Electric/Gas Engineering and Construction Services	PSE pays per contract/services provided for engineering and construction on the company's electric and gas systems.	02/2007 - 01/2011
RES AMERICA CONSTRUCTION INC	REDACTED		Balance of Plant Agreement	RES serves as the Lower Snake River Wind Project, Phase I contractor responsible for civil construction of all roads, site grading, wind turbine foundations, underground electrical collection systems, substations, project transmission lines, and the O&M building.	04/2010 – until final completion milestone is achieved (expected by 2012)
ROCK ISLAND HYDRO PROJECT / PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY	REDACTED		Long-term, Take-or-Pay, Purchase Power Agreement	The PUD operates and maintains the Rock Island Hydro Project and delivers to PSE, at specified points of delivery, PSE's contractual percentage share of the output of the Project. PSE pays the PUD on a "cost of service" basis.	06/1974 - 06/2012
			Long-term, Take-or-Pay, Purchase Power Agreement	The PUD operates and maintains the Rocky Reach Hydro Project and delivers to PSE, at specified points of delivery, PSE's contractual percentage share of the output of the Project. PSE pays the PUD on a "cost of service" basis.	11/1957 – 11/2011
SEMPRA ENERGY TRADING LLC	REDACTED		Gas Industry Standards Board (GISB) Gas Supply Agreement	The GISB Master Agreement allows counter parties the ability to enter into numerous transactions under a confirmation process. Each transaction terminates upon completion of delivery.	11/2002 - various lengths
			Western System Power Pool (WSPP) Purchase Power	The WSPP Agreement is a standardized contract among members of the WSPP for electric power sales and physical	1996 – until a notice is given

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			Agreement	power options. Members enter into numerous individual power transactions using standard schedules under the Agreement. A confirmation process follows the transactions. Each transaction terminates upon completion of delivery.	
SHELL ENERGY NORTH AMERICA (CANADA) INC	REDACTED		North American Energy Standards Board (NAESB) Agreement	The NAESB Master Agreement enables short and long-term gas supply purchases to be made under a confirmation process. Each transaction terminates upon completion of delivery.	01/2004 – various lengths
SIEMENS ENERGY INC	REDACTED		Wind Turbine Supply Agreement	Contracted to supply, deliver, erect, test, commission, and complete 149 wind turbine generators for PSE's Lower Snake River Wind Project, Phase I.	05/2010 – until final completion milestone is achieved (expected by 2012)
TENASKA WASHINGTON PARTNERS LP	REDACTED		Cogeneration Power Supply	PSE pays the developer a two-part price for energy actually delivered to PSE's system. The energy rate is not seasonally differentiated. There is no capacity charge. PSE and the power supplier share the savings of displacing the units when power prices are below the PPA price.	04/1994 - 12/2011
WESTERN ENERGY COMPANY	REDACTED		Coal Supply Agreement	PSE pays for its share of coal delivered to Colstrip steam-electric-generating Unit Nos. 1, 2, 3 and 4.	Units 1 & 2: 1/2010 – 12/2019 Units 3 & 4: 7/1980 – 12/2019

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