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September 14, 2010

Mr. David Danner, Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Re: Docket No. UE-011595, Monthly Power Cost Deferral Report, August 2010

Dear Mr. Danner:

In August actual net power costs under the ERM were lower than authorized costs by \$2,041,334. The year-to-date difference is \$1,805,070 in the surcharge direction, which is within the \$4 M deadband. No deferral entry is made when the difference is within the \$4 M deadband.

In August Lancaster related costs amounted to \$683,823 in the surcharge direction, with year-to-date costs totaling \$8,229,560 in the surcharge direction. No deferral entry was made for accounting purposes. If the Settlement Stipulation entered into in Docket Nos. UE-100467 and UG-100468 is approved by the WUTC, the total deferral for Lancaster for 2010 would be limited to \$6.8 million. The Company will not record additional deferrals for the ERM, or Lancaster pending the WUTC's decision on the Settlement Stipulation.

There were no forward long-term contracts of one year or longer entered into in the month of August 2010. If you have any questions, please contact Bill Johnson at (509) 495-4046 or Ron McKenzie at (509) 495-4320.

Sincerely,

A handwritten signature in black ink that reads "Kelly Norwood".

Kelly Norwood
Vice President State and Federal Regulation
RM
Enclosure
C: Mary Kimball, S. Bradley Van Cleve

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