customer service deposits as a reduction to rate base. It also reflects the interest paid on the customer service deposits. This adjustment was included in the Company's rebuttal case and accepted by the Commission in its final order in Docket UE-061546 and also is consistent with the Company’s last two cases, Dockets UE-080220 and UE-090205.

Chehalis Regulatory Asset (page 8.10) – The Chehalis regulatory asset was created on the Company’s books in December 2009 in accordance with the Commission’s final order in the 2009 Rate Case. This pro forma adjustment replaces the regulatory asset amount in unadjusted results with the calendar year 2010 AMA balance and amortization.

Tab 9 – Production Factor

Q. Please describe the adjustments included in Tab 9.

A. Production Factor (page 9.1) – The production factor is a means of adjusting generation-related components of the revenue requirement to Test Period expense and balance levels. The production factor has been calculated by dividing Washington’s normalized historic retail load by the Washington pro forma load for the rate effective period. This calculation is detailed on page 9.1.4 – Revised 11/23/10 of the Report. This factor is then applied to all of the generation-related components of the revenue requirement.

Q. Does the Company agree that all generation related revenue requirement items should be adjusted by the production factor, including costs and balances already reflected at their historic Test Period levels?

A. No. The Company does not agree that it is appropriate to apply the production