



Department of Energy
Western Area Power Administration
Upper Great Plains Customer Service Region
P.O. Box 35800
Billings, MT 59107-5800

OCT 08 2010

Dear Firm Power Customer:

On December 18, 2009, you were notified that the Pick-Sloan Missouri Basin Program--Eastern Division Rate Order No. WAPA-147 (Rate Order) was approved on an interim basis by the Deputy Secretary on December 14, 2009 (*Federal Register Notice*/ Vol. 74, FR No. 242/pages 67197-67204/Friday, December 18, 2009). The firm power and firm peaking power rates (Firm Power Rates) provided for in that Rate Order went into effect with the January 2010 billing period. As part of that Rate Order, Western Area Power Administration (Western) outlined the notification process it would use when adjusting the Drought Adder Component of the Firm Power Rates. Western was to conduct a preliminary review of the Drought Adder Component in early spring and provide advance notice to you of the estimated change to the Drought Adder Component for the following January.

On June 15, 2010, Western provided notice that the preliminary review of the Drought Adder Component had been completed and that there was no estimated change to the Drought Adder Component of the Pick-Sloan Missouri Basin Program--Eastern Division Firm Power Rate, effective January 2011.

Western has since completed its final review of the Drought Adder Component. This letter serves as final notice to our customers that Western is not changing the Drought Adder Component of the Pick-Sloan Missouri Basin Program--Eastern Division Firm Power Rate in January 2011.

Additionally, for your information, the Base Components of the Firm Power Rates are experiencing upward pressures with the 2011 work plan as well as the 2012 work plan projections. Western is planning to initiate a public process in 2011 for the additional Base Component costs. The next Base Component adjustment will be proposed in the mid-spring of calendar year 2011 for planned implementation in January 2012.

Information concerning the current Firm Power Rates can be found online at <http://www.wapa.gov/ugp/rates/default.htm>. If you have any questions concerning this notice or the firm power calculation, please telephone Linda Cady-Hoffman, UGP Rates Manager at (406) 247-7439.

Sincerely,

A handwritten signature in black ink, appearing to read "Jody S. Sundsted".

Jody S. Sundsted
Power Marketing Manager