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May 17, 2006

Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P.O. Box 47250
Olympia, WA 98504-7250

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06 MAY 18 AM 11:42
STATE OF WASH
UTILITY TRANS
COMMISSION

RE: *In the Matter of the Petition of Avista Corporation, d/b/a Avista Utilities, for Continuation of the Company's Energy Recovery Mechanism, with Certain Modifications*
Docket No. UE-060181

Dear Ms. Washburn:

In order to facilitate ongoing settlement discussions in the above-referenced docket, the parties have agreed, subject to Commission approval, to vacate the prefiling deadline of May 19, 2006 for Company rebuttal and cross-answering testimony. In addition, the parties request that the scheduled hearing dates of June 13 and 14 be vacated, but that the date of June 15, 2006, be held for purposes of presenting a settlement, if one is reached.

If no settlement is reached, it will be necessary to reschedule dates for a contested hearing. Accordingly, if the parties are unable to reach settlement of the issues in the next few weeks, the parties will advise the Commission of the need to schedule a prehearing conference to arrive at a revised procedural schedule for the prefiling of rebuttal and cross-answering testimony and contested-case hearings.

The parties will keep the Commission apprised of developments as they occur. Thank you for your attention to this matter. If you have questions or concerns, please feel free to contact me at (509) 495-4316.

Very truly yours,

A handwritten signature in black ink, appearing to read "D J Meyer".

David J. Meyer

cc: Judge Moss
All Parties