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October 19, 2009

**VIA E-MAIL & ABC LMI**

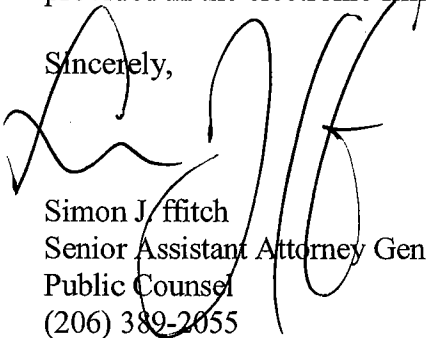
David Danner  
Executive Director and Secretary  
Washington Utilities & Transportation Commission  
1300 S. Evergreen Pk. Dr. S.W.  
PO Box 47250  
Olympia, WA 98504-7250

Re: WUTC v. Avista Corporation d/b/a Avista Utilities,  
Docket Nos. UE-090134 and UG-090135  
Avista Decoupling  
Docket No. UG-060518  
Public Counsel's Revised Response to WUTC Bench Request No. 2 (Hearing Exhibit  
No. B-5)

Dear Mr. Danner:

Enclosed please find the originals and 17 copies of Public Counsel's Revised Response to WUTC Bench Request No. 2 (Hearing Exhibit No. B-5) in regard to the above-referenced dockets. This response includes requested revisions to Public Counsel's revenue requirement recommendation in this case. Subsequent to the hearing, after further review of Staff testimony, Public Counsel has adopted certain Staff recommendations and those are also incorporated. Changed numbers are shaded. Working versions of the versions of the Excel spreadsheets are provided in the electronic filing and service.

Sincerely,



Simon J. Fitch  
Senior Assistant Attorney General  
Public Counsel  
(206) 389-2055

SJf:mh

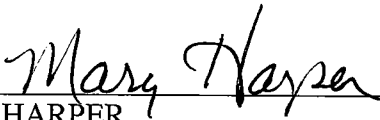
cc: Service List (E-mail & First Class Mail)  
ALJ Adam Torem

**CERTIFICATE OF SERVICE**  
**Docket Nos. UE-090134, UG-090135, UG-060518**

I hereby certify that a true and correct copy of Public Counsel's Revised Response to WUTC Bench Request No. 2 has been sent to each of the parties of record shown on the attached Service List in sealed envelopes, via:

- Overnight Federal Express
- ABC Legal Messenger to David Danner, Executive Director and Secretary WUTC
- Electronic Mail
- Facsimile transmission
- UPS Two-Day Air

DATED: October 19th, 2009.

  
\_\_\_\_\_  
MARY HARPER  
Legal Assistant

**Docket No. UE-090134, UG-090135 & UG-060518  
Avista GRC 2009**

**SERVICE LIST**

**Avista Corporation**

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**Northwest Energy Coalition**

David Johnson  
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Seattle, WA 98104

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION**

**AVISTA GRC 2009 and AVISTA DECOUPLING  
Docket Nos. UE-090134/UG-090135, UG-060518**

**PUBLIC COUNSEL REVISED RESPONSE TO BENCH REQUEST NO. 2  
(HEARING EXHIBIT NO. B-5)**

**ORIGINAL BENCH REQUEST NO. 2:**

Please re-file the following exhibits along with the electronic worksheets supporting all calculations contained therein:

*Avista Corporation:* EMA-2 (revised); EMA-3 (revised); EMA-5; EMA-6; EMA-7; EMA-8; TLK-9; and TLK-10

*Public Counsel:* HL-3 (revised) and HL-4

*Commission Staff:* DPK-2; DPK-3; DPK-4; DPK-5; and DPK-6

As currently submitted, none of these exhibits are supported by the required electronic spreadsheets (*see* above and Bench Request No. 1). Please ensure that the re-filed exhibits contain spreadsheets with figures that link to the underlying formulas, not simply to calculated values. Again, these re-submitted file(s) must be in Excel format and include all linked files with all formulas and formatting in every spreadsheet intact (formulas not converted to values or otherwise modified from original). Please provide the requested file(s) on a CD.

**INITIAL PUBLIC COUNSEL RESPONSE:**

Enclosed please find the electronic formatted versions of Exhibit Nos. HL-3 (Revised), and HL-4. Additionally, this response includes electronic Exhibit Nos. HL-5 and HL-6, which are new exhibits updating HL-3 (Revised) and HL-4 to incorporate the effects of the Partial Settlement Agreement.

**SUPPLEMENTAL BENCH REQUEST NO. 2**

During the evidentiary hearing, it was determined that Public Counsel's initial response to this bench request should be revised to more properly represent the effects of the Partial Settlement. At the hearing, Public Counsel also agreed to a correction identified by Avista for the "Injuries and Damages" adjustment. Public Counsel was requested to provide these updates/revisions in a Revised Response to Bench Request No. 2, marked as Exhibit B-5 at the hearing.

**REVISED PUBLIC COUNSEL RESPONSE TO BENCH REQUEST NO. 2**  
**(Hearing Exhibit No. B-5)**

Attached to this response are Revised Exhibits HL-5 (electric) and HL-6 reflecting the requested revisions to Public Counsel's revenue requirement recommendation in this case. Subsequent to the hearing, after further review of Staff testimony, Public Counsel witness Hugh Larkin has adopted certain Staff recommendations and those are also incorporated. Changed numbers are shaded. The following summarizes the revisions made:

**Partial Settlement (Schedules C 1.1 and 1.2, Electric)**

Public Counsel's initial response to Bench Request No. 2 (referenced above) was prepared after consultation with Avista staff in an effort to ensure that the power cost components of the Partial Settlement, several of which had originated with Staff and ICNU rather than Public Counsel, were properly reflected. It appears that subsequent to the filing, Avista identified errors in Public Counsel's response to Bench Request No. 2, but did not bring these to Public Counsel's attention until the evidentiary hearing during examination of Mr. Larkin. Public Counsel has revised the revenue requirement presentation, again in consultation with Avista staff, to address the issues raised at the hearing, including the change in retail load growth factor to 2.1 percent and power supply amounts used in the production property calculation.

**Injuries and Damages Reserves (Schedules C-14 Electric, C -10 Gas)**

This revision concurs in the correction identified by Avista witness Elizabeth Andrews for the inclusion of the reserve contra-accounts and for Washington allocation. Exhibit EMA-4T, pp. 38:15- 39:16.

**Benefits Expense (Schedule A-1 PF 17 Electric, Schedule A-1 PF 9 Gas)**

Public Counsel accepts Staff's recommendation

**Colstrip Mercury Emission O&M Expense (Schedule C-7 Electric)**

Public Counsel accepts Staff's recommendation.

**Customer Deposits Interest (Schedule C-13 Electric, Schedule C-8 Gas)**

Public Counsel incorporates Staff's interest rate recommendation.

**Debt Interest (Schedule C-15 Electric, Schedule C-11 Gas)**

Debt interest amounts changed as a result of flow-through of other changes shown.