

[Service Date December 31, 2009]

December 31, 2009

RE: *WUTC v. Avista Corporation – General Rate Case*
Dockets UE-090134, UG-090135 & UG-060518 (consolidated)

TO ALL PARTIES:

The Washington Utilities and Transportation Commission (Commission) entered Order 10, *Final Order Rejecting Tariff Filing; Approving and Adopting Multi-Party Partial Settlement Stipulation; Deferring Lancaster Costs; Extending Decoupling Mechanism; Authorizing Tariff Filing; And Requiring Compliance Filing*, in this docket on December 22, 2009. The Order, among other things, authorized and required Avista Corporation d/b/a Avista Utilities (Avista) to file tariff sheets consistent with terms of the Order. The Order also authorized the Commission's Secretary to approve the filing by letter if the company complied with the terms of the Order.

On December 28, 2009, Avista filed tariff sheets as specified in the Order. A list of the tariff sheets is attached to this letter. Commission Staff has examined this filing and concluded that the new and updated tariff sheets appear to comply with the terms of the Order.

On December 29, 2009, Avista filed supplemental compliance documents related to its Energy Recovery Mechanism (ERM). On December 30, 2009, Avista filed a Motion for Clarification seeking guidance on how to implement the requirement in Order 10, paragraph 230, that the Company file an accounting petition for deferral of certain costs associated with the Lancaster generating facility.

Staff indicated that the Company's supplemental compliance filing related to the ERM may require further analysis and possible amendment of its power cost calculations dependent on the methodology the Commission eventually approves for calculating the deferral of costs associated with the Lancaster contracts, as anticipated in Order 10, paragraph 230. At this time, Staff is unable to conclude that the Company's supplemental compliance filing related to the ERM should be approved as submitted. According to Staff, the proposed ERM

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baseline used for deferral accounting set out in the Company's supplemental compliance filing will not be before the Commission for authorization of deferred balances until approximately March 2011.

Therefore, pursuant to terms of the Commission's Order 10 in this proceeding, the tariff sheets indicated on the attachment to this letter will become effective as filed with an effective date of January 1, 2010. Further, the Company's supplemental compliance filing related to the ERM is conditionally accepted on an informational basis only; the Company's supplemental compliance filing does not affect rates for 2010 and may require subsequent modification based upon the Commission's ruling on the Company's accounting petition and the Commission's ruling on the Company's motion for clarification.

Sincerely,

DAVID W. DANNER
Executive Director and Secretary

Attachment

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TARIFF SHEETS FILED IN COMPLIANCE WITH THE COMMISSION’S ORDER 10 IN
DOCKETS UE-090134, UG-090135 & UG-060518

WN U-28, Electric Service & WN U-29, Natural Gas Service

PROPOSED REVISION	CANCELS REVISION
7 th Revision, Sheet 1 – Residential Service	6 th Revision, Sheet 1
7 th Revision, Sheet 11—General Service	6 th Revision, Sheet 11
7 th Revision, Sheet 21 – Large General Service	6 th Revision, Sheet 21
7 th Revision, Sheet 25 – Extra Large General Service	6 th Revision, Sheet 25
4 th Revision, Sheet 25A – Extra Large General Service	3 rd Revision, Sheet 25A
7 th Revision, Sheet 31 – Pumping Service	6 th Revision, Sheet 31
6 th Revision, Sheet 41 – Company Owned Street Light	5 th Revision, Sheet 41
6 th Revision, Sheet 42 – Company Owned Street Light (High-Pressure Sodium Vapor)	5 th Revision, Sheet 42
6 th Revision, Sheet 44 – Customer Owned Street Light (w/Maintenance) (High-Pressure Sodium Vapor)	5 th Revision, Sheet 44
7 th Revision, Sheet 45 – Customer Owned Street Light	6 th Revision, Sheet 45
7 th Revision, Sheet 46 – Customer Owned Street Light (High Pressure Sodium Vapor)	6 th Revision, Sheet 46
6 th Revision, Sheet 47 – Area Lighting / Mercury Vapor	5 th Revision, Sheet 47
7 th Revision, Sheet 47A – Continuation-Sodium Vapor	6 th Revision, Sheet 47A

8 th Revision, Sheet 91 – Public Purposes Rider Adj.	7 th Revision, Sheet 91
6 th Revision, Sheet 93 – Power Cost Surcharge	5 th Revision, Sheet 93
7 th Revision, Sheet 101 – General Service – Firm	6 th Revision, Sheet 101
7 th Revision, Sheet 111 – Large General Service – Firm	6 th Revision, Sheet 111
7 th Revision, Sheet 112 – Large General Service – Firm	6 th Revision, Sheet 112
7 th Revision, Sheet 121 – High Annual Load Factor Large General Service – Firm	6 th Revision, Sheet 121
7 th Revision, Sheet 122 – High Annual Load Factor Large General Service – Firm	6 th Revision, Sheet 122
7 th Revision, Sheet 131 – Interruptible Service	Sub. 6 th Revision, Sheet 131
7 th Revision, Sheet 132 – Interruptible Service	Sub. 6 th Revision, Sheet 132
7 th Revision, Sheet 146 – Transportation Service	6 th Revision, Sheet 146
5 th Revision, Sheet 159 – Decoupling Rate Adjustment	Sub. 4 th Revision, Sheet 159
2 nd Revision, Sheet 159A – Decoupling Rate Adj.	1 st Revision, Sheet 159A
Sub. 3 rd Revision, Sheet 159B – Decoupling Rate Adj.	Sub. 2 nd Revision, Sheet 159B
10 th Revision, Sheet 191 – Public Purposes Rider Adj.	9 th Revision, Sheet 191