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February 2, 2007

Ms. Carole Washburn, Executive Secretary
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Dr. SW
Olympia, WA 98504-7250

Re: Docket No. UG-060518: Acceptance by Avista of Conditions Set Forth in Order 04

Dear Ms. Washburn,

On February 1, 2007, the Commission issued its Order 04 "Final Order Approving Decoupling Pilot Program," in which it made modifications to the decoupling mechanism, as approved: "First, any funds that are not deferred due to either the "earnings" and/or the "DSM" test may not be carried over to the next period. Second, the Company may not record interest on deferrals until such time as the deferrals are approved for recovery by the Commission." (§ 48 of Order).

Avista herewith respectfully notifies the Commission that it accepts such modifications.

By: 

David J. Meyer

VP Chief Counsel for Regulatory and
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cc: Judge Wallis
All Parties