



Rob McKenna
ATTORNEY GENERAL OF WASHINGTON

Utilities and Transportation Division
1400 S Evergreen Park Drive SW • PO Box 40128 • Olympia WA 98504-0128 • (360) 664-1183

June 21, 2011

David W. Danner, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P. O. Box 47250
Olympia, Washington 98504-7250

RE: *Avista 2011 General Rate Case*
Dockets UE-110876 and UG-110877 (Consolidated)

Dear Mr. Danner:

At the June 16, 2011, prehearing conference, ALJ Friedlander noted that any request for decoupling or "limited decoupling" (e.g., lost margin recovery) should be made in the context of the Commission's policy statement in Docket U-100522 (entitled: "Regulatory Mechanisms, Including Decoupling, to Encourage Utilities to Meet or Exceed Their Conservation Targets"). The ALJ requested each party to comment on whether that is feasible.

Staff's response: If Staff makes a proposal for decoupling, partial or otherwise, Staff understands and expects to address that proposal in the context of the Commission's policy statement. It is reasonable for the Commission to expect each party would give appropriate heed to applicable policy statements, such as Docket U-100522, in this case.

Consequently, in concept, Staff sees no feasibility issue in doing what the Commission should expect a party to do. In practice, should Staff make a proposal for decoupling, Staff sees no feasibility issue in addressing that proposal in the context of the policy statement in Docket U-100522 in this case, consistent with the current schedule.

If Staff has misunderstood the ALJ's request, we reserve the right to respond after appropriate clarification.

Sincerely,

DONALD T. TROTTER
Assistant Attorney General

DTT:klg
Enclosures
cc: Parties