

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In re Commission Investigation of the Gas Pipeline System of Avista Utilities

DOCKET PG-070013

STIPULATED AGREEMENT TO CLOSE DOCKET

I. NATURE OF AGREEMENT

1 This Stipulated Agreement to Close Docket (Agreement) is entered into between Avista Utilities (“Avista” or “Company”) and Staff of the Washington Utilities and Transportation Commission (“Commission Staff”) (collectively, “the Parties”) for the purpose of resolving issues resulting from a natural gas inspection of the Company’s Spokane and Ritzville districts.

2 This Agreement is subject to review and disposition by the Washington Utilities and Transportation Commission (“Commission”), and it is not effective until approved by the Commission.

3 The Parties understand that the process for approval is at the discretion of the Commission. However, the Parties believe the Commission may close this docket under the conditions stated herein by means of taking action on the consent agenda at an open public meeting, if the Commission desires to do so. The Parties recommend that procedure to the Commission.

II. BACKGROUND

4 Avista owns and operates a natural gas distribution system in Washington State. In

this docket, Commission Staff conducted a Standard Natural Gas Pipeline Inspection of Avista's pipeline facilities in its Spokane and Ritzville districts. The inspection included a review of the Avista's records, policies and procedures, and pipeline facilities. The inspection took place from May 14, 2007, through May 24, 2007.

5 On July 12, 2007, Commission Staff issued to Avista an inspection report that noted probable violations of Commission rules and statutes related to Avista's pipeline facilities and records.

6 Avista responded to the inspection in good faith by investigating, remediating, re-stating the Company's policies and procedures, and identifying corrective actions taken by Avista in an attempt to ensure compliance with the regulations.

III. AGREEMENT

7 The Parties have agreed upon a means by which this docket can be closed without further action by the Commission beyond its approval of the Parties' Agreement. The Parties agree and stipulate as follows:

8 1. Avista concurs that there were violations of Commission rules and statutes regarding the condition of Avista's pipeline facilities and its records.

9 2. Avista agrees to implement a system-wide survey and remediation program to identify and remediate improperly installed regulator vent installations, which will conclude by July 1, 2010.

10 3. Avista agrees to either begin tracking joints produced in the field to the extent necessary to demonstrate compliance, or, if it elects not to track production joints, to implement procedures to ensure that personnel qualified to join plastic pipe are requalified at

a frequency not to exceed twelve months, as required by WAC 480-93-080(2)(c).

11 4. Avista agrees to provide its contractors with combustible gas indicators to use
when purging mains and service lines. Avista further agrees that it will revise its
procedures for the purging of service lines within 90 days of adoption of this Agreement, if it
is determined that the use of a combustible gas indicator is not necessary.

12 5. Avista agrees to implement improvements to its as-built records to record all
required pressure test information. Avista has conducted initial training with personnel who
are responsible for conducting pressure testing and further agrees to conduct refresher
training with personnel no later than February 28, 2008.

13 6. Avista and Commission Staff agree that this docket may be closed upon
Commission approval of this Agreement.

IV. GENERAL PROVISIONS

14 Nothing in this Agreement affects the ability of the Commission Staff to seek a
complaint for penalties or other appropriate relief, if gas pipeline safety rule violations are
found in subsequent inspections by Commission Staff of the Company's gas distribution
system, policies and procedures. Nothing in this Agreement prevents or places any
conditions upon the Company from contesting any such Commission enforcement action, if
any is initiated.

15 This is the entire agreement of the Parties. It may not be cited as precedent in any
proceeding other than a proceeding to enforce the terms of this Agreement.

16 This Agreement is considered executed when all Parties sign the Agreement. A
designated and authorized representative may sign the Agreement on a party's behalf. The

Parties may execute this Agreement in counterparts. If the Agreement is executed in counterparts, all counterparts shall constitute one agreement. An Agreement signed in counterpart and sent by facsimile is as effective as an original document. A faxed signature page containing the signature of a party is acceptable as an original signature page signed by that party. Each Party shall indicate the date of its signature on the Agreement. The date of execution of the Agreement will be the latest date indicated on the signatures.

17

Upon execution, Commission Staff will make reasonable efforts to have the matter placed on the next available Commission open meeting agenda. If this matter is not handled at a Commission open public meeting, the Parties agree to support the Agreement during the course of whatever procedures the Commission determines are appropriate.

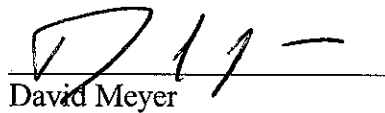
For Commission Staff:



Michael A. Fassio
Assistant Attorney General
Counsel for Commission Staff

Date signed: 10/1/2007

For Avista Utilities:



David Meyer
Vice President & Chief Counsel
for Regulatory and Government Affairs
Avista Utilities

Date signed: 9/27/07