Avista Corp.
1411 East Mission P.O. Box 3727
Spokane. Washington 99220-0500
Telephone 509-489-0500
Toll Free 800-727-9170

AVISTA Corp.

October 15, 2010

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

Dear Mr. Danner:

Attached for filing with the Commission is an electronic copy of the proposed revisions to the Company's Transportation Service for Customer-Owned Gas Schedule 146 and High Volume Transportation Service Schedule 148 of Tariff WN U-29:

2nd Revision Sheet 146A	Canceling	1st Revision Sheet 146A
2nd Revision Sheet 146B	Canceling	1st Revision Sheet 146B
1st Revision Sheet 146C	Canceling	Original Sheet 146C
		Original Sheet 146D
		Original Sheet 146E
2nd Revision Sheet 148A	Canceling	1st Revision Sheet 148A
2nd Revision Sheet 148B	Canceling	1st Revision Sheet 148B
1st Revision Sheet 148C	Canceling	Original Sheet 148C
		Original Sheet 148D
		Original Sheet 148E

Transportation schedules 146 and 148 are being filed herewith to update the tariff and incorporate a number of changes that have evolved over time regarding the customer acquisition of natural gas. The proposed changes to the tariff affect only the terms and conditions set forth under the tariff and do not affect any of the monthly rates for service. The majority of transportation customers contract with an agent who acquires the gas and pipeline transportation for delivery of the gas to the Company's system (city gate). The present tariff does not address the existence of a customer's agent, or the role they play. Provision 4 of the proposed tariffs describes the role and the requirements of the customer's agent.

The agent provides a daily nomination to the Company for the amount of customer-owned gas to be delivered to the Company. The Company incorporates these nominations into its daily nominations provided to the pipeline transporter. An agent will usually provide service to more than one transportation customer receiving service from the Company. In such cases, the agent may "pool" gas, combining the gas for several customers into a single daily nomination for those customers to be delivered into the Company's system. As described in Provision 4 of the proposed tariff, the agent is responsible for nominating and balancing gas supplies for all customers in its pool, and would be billed for all applicable penalties on behalf of customers in its pool.

Provision 6 under the Terms and Conditions of the proposed tariffs would revise the penalty charges for unauthorized overrun volumes (gas used in excess of the amount authorized by the Company) during an entitlement period. The present tariff sets forth penalty levels that may or may not compensate the Company for the incremental cost of unauthorized gas used by the customer during an entitlement period. The penalty under the present tariff is $1.00 to $2.00 per therm for unauthorized usage during an entitlement period. The proposed penalty provisions require the customer (or their agent when applicable) to pay the highest published price for that day at the Company's various gas receipt points into Northwest Pipeline. This provision will ensure that the Company recovers the incremental cost of gas associated with the customer's unauthorized usage and hold the Company's system sales customers harmless as a result. In addition, the customer or their agent will be charged a variable penalty between $0.50 and $1.00 per therm depending on the level and timing of the customer's unauthorized usage.

Provision 3 is a new provision that would allow a transportation customer to contract for a specified daily level of sales gas. This provision allows a customer a higher degree of certainty regarding receipt of a minimum volume of gas each day. As set forth under the tariff, the level of daily sales gas contracted for would be deemed first through the meter each day. Related, Item 9 has been added that would require a transportation customer to contract with the Company for sales gas service, and demonstrate creditworthiness, if transportation gas cannot be delivered to the customer for a period of time.

Provision 13 under the proposed tariffs is also a new provision related to monthly balancing. Balancing refers to the amount of customer-owned gas nominated by the customer, or their agent, and the actual monthly usage by the customer. The difference between the two amounts is an "imbalance", which, if large enough, can result in penalties being assessed to the Company by the pipeline. The proposed provision allows for a 5% tolerance level (above or below), when comparing a customer's total monthly usage to their confirmed nominations for the same period. If the difference between the two is greater than 5%, the customer, or their agent if applicable, will be notified of the imbalance and essentially be given two months/billing periods to reduce the imbalance to less than 5%. If the imbalance is not reduced to within 5% by that time, a penalty of $1.00 per therm would be assessed for all volumes in excess of the plus or minus 5% threshold. While the Company does not foresee assessing any balancing penalties under this provision, it would provide a financial incentive for customers and their agents to maintain imbalances at reasonable levels.

Lastly, language has been added under Provision 16 that generally describes how deferred gas costs will be determined for customers that switch between sales and transportation service. The language states that any deferred gas costs would be determined for the customer based on their actual monthly (sales gas) usage as compared to the total usage for all sales gas customers. This methodology ensures the fair treatment of deferred gas costs among customers and has been used by the Company for many years.

The tariff sheet bears an effective date of December 1, 2010.

If you have any questions, please contact Paul Kimball at (509) 495-4584.

Sincerely,

Patrick Ehrbar

Patrick Ehrbar
Manager, Rates & Tariffs

Enclosure