

March 14, 2003

Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P. O. Box 47250
Olympia, Washington 98504-7250

Re: *WUTC v. Avista Utilities*
Docket Nos. UG-020218 & UG-020575

Dear Ms. Washburn:

The Commission Staff and Avista filed a Settlement Agreement on February 21, 2003. The Settlement Agreement included Appendix C, "Compliance Status and Actions." After further discussion, the parties are agreed that the language in Appendix C, under Violation 9(c), needs to be clarified to state as follows (new language in italics):

c. By December 31, 2003, Avista will create and implement a program to conduct cathodic protection test readings each time steel pipe is exposed by company or company contractor personnel. *Avista will not conduct such cathodic protection test readings where the pipe coating is intact, unless otherwise required by Commission rule. Avista will document whether the pipe coating is intact each time steel pipe is exposed.*

The original language under Violation 9(c) in Appendix C could have required Avista to always remove pipe coating around a section of pipe that was subject to excavation, in order to conduct a cathodic protection test. In many cases, the pipe coating will indeed be removed in order to conduct repairs or replacements. In those cases, a cathodic protection reading is required to be made.

Carole J. Washburn

March 14, 2003

Page 2

However, in other cases, if the circumstances do not require the pipe coating to be removed, it is preferable to leave the coating intact.

Accordingly, the parties request that if the Commission approves the Settlement Agreement, it approve the above language in Appendix C under Violation 9(c).

For Commission Staff:

Donald T. Trotter
Senior Counsel

Date signed:

For Avista:

David J Meyer
Senior Vice President and
General Counsel
Avista Corporation

Date signed:
