Avista Corp.

1411 East Mission PO Box 3727

Spokane, Washington 99220-3727

Telephone 509-469-0500

Toll Free 800-727-9170



September 25, 2006

Via Overnight Mail

Carole Washburn, Executive Secretary Washington Utilities & Transportation Commission 1300 S. Evergreen Park Drive S. W. P.O. Box 47250 Olympia, Washington 98504-7250

RE: Docket UG-060518

Enclosed for filing with the Commission are the original and 8 copies of Avista Corporation's direct testimony and exhibits in Docket UG-060518, regarding the Company's request for an Order Authorizing Implementation of a Natural Gas Decoupling Mechanism and to Record Accounting Entries Associated with the Mechanism.

If you have any questions regarding this filing, please contact myself at 509-495-4267 or Brian Hirschkorn at 509-495-4723.

Sincerely,

Kelly Norwood

Vice President, State and Federal Regulation

Telly Nowwood

Avista Corporation

Enclosures

c: See attached service list

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have served Avista Corporation's Direct Testimony in Docket UG-060518 by mailing a copy thereof, postage prepaid to the following:

Ms. Carole J. Washburn, Executive Secretary Washington Utilities & Transportation Commission 1300 S. Evergreen Park Drive SW P.O. Box 47250 Olympia, WA 98504-7250

Donald T. Trotter
Assistant Attorney General
1400 S. Evergreen Park Dr. S.W.

Nancy Glaser Nancy Hirsh The Northwest Energy Coalition 219 1st Avenue South, Suite 100 Seattle, WA 98104

Olympia, WA 98504-0128

Simon ffitch Office of the Attorney General Public Counsel Section 800 Fifth Avenue, Suite 2000 Seattle, WA 98104-3188

Ronald L. Roseman Attorney At Law 2011 14th Avenue East Seattle, WA 98112

Edward Finklea Chad M. Stokes Cable, Huston, Benedict, Haagenson & Lloyd, LLP 1001 SW Fifth Avenue, Suite 2000 Portland, OR 97204-1136

Dated at Spokane, Washington this 25th day of September 2006.

Patty Olsoess Rates Coordinator

VERIFICATION

STATE OF WASHINGTON)
)
County of Spokane)

I, David Meyer, being first duly sworn on oath, deposes and says: That he is the Vice President, Chief Counsel for Regulatory & Governmental Affairs of Avista Corporation and makes this verification for and on its behalf of said corporation, being thereto duly authorized;

That he has read the foregoing filing, knows the contents thereof, and believes the same to be true.

SIGNED AND SWORN to before me this 25th day of September 2006, by David Meyer.



NOTARY PUBLIC in and for the State of

Washington, residing at Spokane.

1/1/-

Commission Expires: 2/22/10