

September 2, 2009

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: *UTC v. Avista Corporation d/b/a Avista Utilities*
Dockets UE-090134 and UG-090135 (consolidated)
In the Matter of the Petition of Avista Corporation d/b/a Avista Utilities for an Order
Authorizing Implementation of a Natural Gas Decoupling Mechanism and to Record
Accounting Entries Associated with the Mechanism
Docket UG-060518 (consolidated)

Dear Mr. Danner:

Enclosed for filing in the above-referenced docket, pursuant to WAC 480-07-460(1)(b), are the original and 17 copies of the Revised Testimony and Exhibit Nos. ___ (DPK-2) and (DPK-3) of Danny P. Kermode, the Revised Testimony of Deborah J. Reynolds, and the Revised Exhibit No. ___ (AMCL-5) of Ann M. C. LaRue, and Certificate of Service.

These revisions are necessary to correct certain errors in calculation and to make other minor corrections. In particular, regarding the testimony and exhibits of Mr. Kermode, the revisions are as follows:

Exhibit No. ___ (DPK-2):

- Customer Deposits — Adjustment R-24: Mr. Kermode's filed adjustment amount inadvertently allocated customer deposit amounts that had already been allocated by the Company. The effect of the correction is a \$3,000 increase in allowed interest expense and an additional \$1.1 million reduction to rate base.
- Production Property Adjustment — PF-2: Mr. Kermode's originally filed computation of the Production Property Adjustment inadvertently excluded test year

Transmission Plant. The effect of the correction is a \$3.08 million increase in allowed expense with an additional \$10.5 million reduction to rate base.

- The above combined adjustments, when taking into account their effect on restated debt interest (R-23) and the overall rate of return, decrease Staff's recommended revenue requirement by \$495,000, resulting in a total adjusted Staff revenue requirement of \$19,614,000.

Exhibit No. ____ (DPK-3):

- Customer Deposits — Adjustment R-20: In gas filing Exhibit No. ____ (DPK-3), Mr. Kermode inadvertently reallocated customer deposit amounts that had already been allocated by the Company. The effect of the correction is a \$4,000 increase in allowed interest expense and an additional \$523,000 reduction to rate base.
- The above adjustment, when taking into account its effect on restated debt interest (R-23) and the overall rate of return, decreases Staff's recommended revenue requirement by \$56,000, resulting in a total adjusted Staff revenue requirement of \$224,000.

Sincerely,

GREGORY J. TRAUTMAN
Assistant Attorney General

GJT/emd
Enclosures
cc: Parties