

Docket Nos. UG-020218 & UG-020575

November 24, 2004

Michael Faulkenberry, P.E.
Chief Gas Engineer
Avista Utilities Corporation
East 1411 Mission
Spokane, Washington 99220

Dear Mr. Faulkenberry:

Subject: Avista's Compliance with Commission Order dated November 15, 2002, and the Settlement Agreement Approved in the Order

Thank you for your letter dated July 1, 2004, informing the Washington Utilities and Transportation Commission (Commission) on Avista's progress regarding compliance with the Commission order in Docket Nos. UG-020218 and UG-020575. In those dockets, the Commission complained against Avista Utilities (Avista), alleging certain violations of the Commission's gas safety rules. The Commission by order dated March 23, 2003, adopted a settlement agreement that required Avista to undertake system-wide inspections and report to the Commission the results and remedial actions taken.

Commission Staff has reviewed the Commission order, Avista's reports, and the Company's records. Based on the Staff report, the Commission finds that Avista has completed all of the requirements specified in the order. By this letter, the Commission therefore closes the dockets.

The Commission acknowledges the timely completion of all of the requirements of the Agreement. Avista personnel provided regular updates and maintained communication with Commission Staff regarding the Company's efforts to meet the requirements of the order. Avista's conduct exceeded the minimum requirements of the order and assisted Staff in assuring compliance with the terms of the order.

Sincerely,

Carole J. Washburn
Executive Secretary