



Rob McKenna
ATTORNEY GENERAL OF WASHINGTON
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August 23, 2010

VIA FIRST CLASS AND ELECTRONIC MAIL

David Danner
Executive Director
Washington Utilities and Transportation Commission
1300 S. Evergreen Pk. Dr. S.W.
PO Box 47250
Olympia, WA 98504-7250

**Re: Docket No. U-101206
Petition of Avista Corporation for an Order Authorizing the Accounting Treatment
of Certain Refund Amounts**

Dear Mr. Danner:

Public Counsel submits this letter in advance of the Commission's August 26, 2010 Open Meeting. Public Counsel takes no position on the proposed accounting treatment for the refunds (related to certain disallowed miscellaneous contributions in connection with the appeal of the Commission's Final Order in Docket Nos. UE-080416/UG-080417 and the unexpended environmental remediation funds in connection with the sale of the Centralia coal-fired generating plant). Instead, this letter serves to memorialize an agreement between Public Counsel and Avista regarding future reporting/documentation, should the Commission approve the Company's petition.

Public Counsel has requested, should the proposed accounting treatment be approved, that Avista provide clear documentation in its quarterly Demand Side Management (DSM) Balance Rider Reports (as well as the Annual DSM Report) regarding the dollar amounts credited to the Washington and Idaho DSM accounts (electric and natural gas), for the funds from the Thurston County appeal and the Centralia environmental remediation funds. This documentation should include, for each of the four DSM accounts (Washington electric and natural gas, and Idaho electric and natural gas), the overall dollar amount credited by month, as well an explanation under the "Variance Explanations" section of the Report regarding why the amount was credited to the balance. Avista has indicated to Public Counsel that the Company will comply with this request.

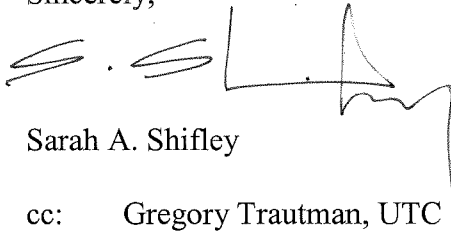
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In addition, we have asked, and Avista has agreed, to provide Public Counsel with a copy of its quarterly DSM Tariff Rider Balance Reports going forward, at the time they are filed with the Commission. These Reports are filed in Docket UE-082272, and, beginning in the first quarter of 2010, are filed as confidential.

Public Counsel Regulatory Analyst, Lea Daeschel, will be available by telephone at the Commission's August 26, 2010 Open Meeting to address any questions regarding these items.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Shifley', with a long horizontal line extending to the right and a vertical line extending downwards from the end of that line.

Sarah A. Shifley

cc: Gregory Trautman, UTC (via email)
Ann Solwick, UTC (via email)
Mike Parvinen, UTC (via email)
Edward Keating, UTC (via email)
David Meyer, Avista Corp. (via email)
Kelly Norwood, Avista Corp. (via email)
S. Bradley Van Cleve, ICNU (via email)
Irion Sanger, ICNU (via email)