Exhibit No. ___(HLC-1T)

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-090134

DOCKET NO. UG-090135

DOCKET NO. UG-060518

(consolidated)

REBUTTAL TESTIMONY OF

HEATHER L. CUMMINS

REPRESENTING AVISTA CORPORATION

I. INTRODUCTION

Q. Please state your name, employer and business address.

A. My name is Heather L. Cummins, my employer is Avista Utilities, and my business address is 1411 East Mission Avenue, Spokane, Washington. My present position is Director of Business Process Improvement.

Q. Would you describe your educational background and professional experience?

A. Yes, I am a 1999 graduate of Gonzaga University with a degree in Electrical Engineering. I have been a registered Professional Engineer in the State of Washington since 2004. I joined the Company in 1996 and have spent 13 years in various engineering and management positions. I spent several years in the Engineering Department at a subsidiary of Avista Corporation, Avista Labs, designing fuel cell systems. I conducted system planning analysis and system design for Spokane's downtown network system. I was in the Distribution Planning Department for two years, responsible for identifying future capacity issues and recommending resolutions, which included substation projects and distribution feeder projects, as well as identifying system efficiency projects. For the last three years, I managed the Distribution Engineering Design Department and the downtown network crews, including 12 engineers, two technicians, and 8 craft personnel. During this time I was responsible for Avista's Distribution Standards and held budgeting responsibilities related to all distribution projects.

Q. Has your position at Avista provided you the opportunity to become familiar with the capital projects discussed below?

A. Yes. I am directly familiar with each of the capital projects discussed below and can testify that each project has already been completed and are in service, with costs that are known and measurable.

Q. What is the purpose of your testimony?

A. In its original filing, the Company pro formed all capital investment expenditures, excluding capital expenditures for customer growth or new revenue, which will be completed and transferred to plant-in-service during the period October 1, 2008 through December 31, 2009. Company witness Mr. DeFelice sponsored direct testimony that described each of the projects and explained how each of the projects will benefit customers.

Staff and the Public Counsel, in their direct testimony, recommend rejection of the Company's proposal. Each of these parties argue that the electric distribution, the natural gas distribution projects and the general plant projects should be rejected because they claim they violate the known and measurable principle and because the Company failed to recognize any offsetting revenues or costs. Company witness Mr. Norwood addresses these arguments in his rebuttal testimony.

In his rebuttal testimony, Mr. DeFelice reiterates the Company's position that its proposal relating to capital investment recovery provides a proper matching of revenues and costs for rate making purposes. In addition, Mr. DeFelice also provides an alternate proposal that addresses Staff's and Public Counsel's concerns, regarding certain 2009 capital additions. In his alternate proposal, Mr. DeFelice identified six electric distribution projects, four natural gas distribution projects and three general plant projects that were completed and in service by July 31, 2009 (the latest date this data was available). In addition, to address Staff's arguments regarding off-setting factors and to be conservative (i.e. overstate, if anything, any "off-sets"), Avista reduced

the costs and rate base associated with this group of assets for any estimated future revenues or cost savings.

My rebuttal testimony will describe the six electric distribution projects, explain how customers will benefit from these projects and describe the Company's approach to determine any "off-sets" that were used.

My testimony will show that the rate base additions are known and measurable and any applicable off-sets have been reflected.

II. DESCRIPTION OF CAPITAL PROJECTS

Q. Could you please describe the capital projects related to the Company's electric distribution system that Mr. DeFelice used in his alternate proposal?

A. Yes. The six electric distribution projects in service from October 1, 2008 through July 31, 2009 that were directly charged to the Washington electric operations include three ongoing (blanket) projects and three specific capital projects.

The following table summarizes each project and identifies any "off-sets":

Table 1
Electric Distribution Projects Completed October 1, 2008 through July 31, 2009

Project Description	Original Cost	Offset %	Offset Amount	Revised Cost
Electric Underground Replacement	$2,008,956	6%	$120,537	$1,888,419
Electric Distribution Minor Blanket	4,410,819	15%	661,623	3,749,196
Failed Electric Plant	2,348,612	5%	117,431	2,231,181
Terre View Sub Distribution	1,522,077	25%	380,519	1,141,558
Indian Trail 12F1 and 12F2	1,671,201	0%	0	1,671,201
Post St East NW Upgrade Feeders	583,439	10%	58,344	525,095
	$12,545,104		**$1,338,454**	**$11,206,650**

Q. Could you please describe the ongoing or blanket electric distribution projects?

A. Yes. The Company's Electric Underground Replacement Project ($1,888,419) includes the replacement of aging/unreliable cable that has a history of faults (customer outages). This program has reduced the number of faults by about 70%, avoiding additional O & M cost to repair and restore service. This is planned work and the expenditures are spent annually at the approved budget level. Since this is a historical, on-going program, we are already realizing the avoided O&M costs in the current test year from the capital that was put in place prior to the 2009 additions the Company pro formed in this case. In order to be conservative and address Staff's concerns, the Company has factored in a 6% efficiency level for the potential near term reduction in O&M costs.

The Electric Distribution Minor Blanket Repair ($3,749,196) is largely related to minor improvements to the distribution system and also includes customer-caused problems or customer-requested changes to the system. The minor replacements (under $25,000) are completed based on conditions found on the system, including changing transformers, upgrading and repairing conductor and poles, and adding capacitors. This work improves the reliability and safety of the system, avoiding additional O & M expense. Customers who damage the system are billed, and the proceeds are netted from the expenditures. This is also a historical, on-going program, so we are already realizing the avoided O&M costs in the current test year. Further, since the project budget has not significantly increased over the last couple of years, the avoided O&M cost in the current test year is representative of the avoided O&M costs going forward. However, in order to be conservative and address Staff's concerns, the Company has factored in a 15% efficiency level for the potential near term reduction in O&M costs.

Failed Electric Plant ($2,231,181) requires capital costs to repair plant that was damaged due to storms. The budget amount is based upon historical spending levels. In 2008, this budget item was 115% spent and 2009 expenditures are 131% spent due to a large storm in January. Work is required to restore service to customers; therefore, no new revenues are generated. While the work would not have been done without storm damage, the work does update the system and therefore lowers costs in the future. This is also a historical, on-going program, so we are already realizing the lower O&M costs in the current test year. Further, since the project budget has not significantly increased over the last couple of years, the avoided O&M cost in the current test year is representative of the avoided O&M costs going forward. However, in order to be conservative and address Staff's concerns, the Company has factored in a 5% efficiency level for the potential near term reduction in O&M costs.

Q. Could you please describe the specific capital electric distribution projects?

A. Yes. The Terre View Substation ($1,141,558), energized in early 2009, was constructed in the northeast part of Pullman, Washington on the north side of the Washington State University (WSU) campus to improve system reliability and meet capacity requirements in and around the WSU/Pullman area. The substation serves highly sensitive WSU biotech loads in addition to other existing customer and WSU loads served by another substation. The Company will earn additional revenue as WSU continues to construct new buildings on campus. 75% of the Terre View Substation provides service to existing customers. Additionally, the Company has an expectation of lower costs in the future. The Company has factored in a 25% efficiency level for the potential near term reduction in costs and additional revenue that could be earned during the rate year.

The Indian Trail Substation ($1,671,201) is located in Northwest Spokane and is required to improve system reliability and meet capacity requirements. The addition of this substation is to reduce existing overloads on adjacent substations. This substation does not provide for a new revenue stream or lower costs, therefore, the Company did not factor in any efficiency for this project.

The Post St East NW Upgrade Feeders ($525,095) project entailed the replacement of vaults, duct banks, and primary conductor for the Post Street East Network, which was originally constructed in 1909. The duct bank and vault system was being inundated by water seeping from the high water table in River Front Park. The high water table posed a safety risk to the crews performing general maintenance work on the network system. The facility was replaced by rerouting the primary conductor into a new duct and vault system. The new cable also reduced energy losses in the system. In order to be conservative and address Staff's concerns, the Company has factored in a 10% efficiency level for the potential near term reduction in costs.

Q. With regard to these capital projects the Company has included in Mr. DeFelice's alternate proposal to determine rate base additions, what has Avista done to address Staff's concerns related to off-sets?

A. In order to be conservative (err on the side of over-stating benefits), the Company analyzed each capital project listed above and employed its best judgment to identify any possible increase in revenues and/or reduction in expenses associated with the capital projects. The Company was liberal in our estimates of the benefits and erred on the side of overstating the benefits in response to Staff's concerns.

Q. Does this conclude your rebuttal direct testimony?

A. Yes it does.