

**CERTIFIED MAIL**

October 14, 2002

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

Dear Mr. Faulkenberry:

**Subject: Standard Natural Gas Safety Inspection, Spokane/Ritzville and Goldendale/Stevenson**

On September 5, 2002, Commission Staff (Staff) Scott Rukke, Wayne Wienholz II, and I met with you and Linda Burger (with Avista) to discuss the letter dated August 2, 2002. That letter reflected the inspections and the violations of 49 CFR Part 192 by Avista Utilities Inc. (Avista) in its Washington service territories.

Staff accepts Avista's proposed corrective actions and time frames in which the noted violations will be corrected. Based on our meeting and your letter proposing corrective actions, Staff is prepared to revise our recommended Commission penalty from the original level of \$81,000.00, downward to \$50,000.00. Staff is planning to present these recommendations to the Commissioners at the October 30, 2002 Open Meeting.

Please review the attached penalty summary and explanation of where Staff disagrees with the proposal you made in your letter of intent dated September 12, 2002.

If you have any questions regarding Staff's response to your proposals, you may contact either Scott Rukke at (360) 664-1241, or Wayne Wienholz II at (360) 664-1239.

Sincerely,

Douglas Kilpatrick, P.E.  
Pipeline Safety Director

Enclosure

<b>PROPOSED RECOMMENDED PENALTY</b>			
<b>VIOLATION 1</b>	<b>WAC 480-93-015</b>		<b>\$1,000</b>
<b>VIOLATION 2</b>	<b>WAC 480-93-110</b>	<b>REPEAT</b>	<b>\$12,500</b>
<b>VIOLATION 3</b>	<b>WAC 480-93-110</b>	<b>REPEAT</b>	<b>\$12,500</b>
<b>VIOLATION 4</b>	<b>WAC 480-93-183</b>		<b>\$1,000</b>
<b>VIOLATION 5</b>	<b>WAC 480-93-186(1)(c)</b>	<b>REPEAT</b>	<b>\$10,000</b>
<b>VIOLATION 6</b>	<b>WAC 480-93-186(b)</b>		<b>\$1,000</b>
<b>VIOLATION 7</b>	<b>WAC 480-93-187(2)</b>	<b>REPEAT</b>	<b>\$5,000</b>
<b>VIOLATION 8</b>	<b>WAC 480-93-188(6)</b>		<b>\$1,000</b>
<b>VIOLATION 9</b>	<b>CFR PART 192.469</b>	<b>REPEAT</b>	<b>\$5,000</b>
<b>VIOLATION 10</b>	<b>CFR PART 192.383(e)</b>		<b>\$500</b>
<b>VIOLATION 11</b>	<b>CFR PART 192.467(d)</b>		<b>\$0</b>
<b>VIOLATION 12</b>	<b>CFR PART 192.491(c)</b>		<b>\$500</b>
<b>TOTAL</b>			<b>\$50,000</b>