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August 2, 2006

Oregon Public Utility Commission
Attn: Filing Center
550 Capitol St. N.E. Suite 215
Salem, OR 97308-2551

RE: Staff's Draft Recommendation Regarding Avista's 2006 Integrated Resource Plan
(Docket No. LC 40)

Dear Filing Center:

Enclosed for filing is Avista Corporation's reply comments to the above captioned docket. This document is being filed by electronic mail with the Filing Center. Please direct any questions regarding this filing to Kevin Christie at (509) 495-2001, or myself at (509) 495-4975.

Sincerely,

A handwritten signature in cursive script that reads "Linda Gervais".

Linda Gervais
Regulatory Analyst
Avista Utilities
linda.gervais@avistacorp.com

c: Ms. Lynn Kittilson
Ms. Paula Pyron
Mr. Ed Finklea

Reply Comments of Avista Corporation

Avista appreciates the opportunity to provide reply comments regarding the “Draft Staff Report” recommending the Commission acknowledge the Company’s 2006 Natural Gas Integrated Resource Plan (IRP or the plan) subject to modification dated August 1, 2006.

Staff recommendation: That the Commission acknowledge the plan subject to the following modification:

“In its regular meetings with Commission Staff to discuss supply-side issues, Avista should also provide updates on its progress in completing the analysis of cost-effective demand-side resource opportunities in its Oregon service territory and achieving the program development and implementation goals included in the IRP.”

Avista Response: The Company agrees to modify its 2006-2007 Action Plan in its 2006 IRP to include the recommendation that in its regular meetings with Commission Staff, Avista will provide an update on its demand-side management progress to include at a minimum program updates, implementation goals, and analysis of cost-effective demand-side resource opportunities.