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October 30, 2009

Mr. David Danner
Executive Director and Secretary
Washington Utilities and Transportation Commission
PO Box 47250
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

Dear Mr. Danner:

RE: Docket No. UG-060518 Natural Gas Decoupling Mechanism
Quarterly Report

Attached for filing with the Commission is an electronic copy of the Quarterly Natural Gas Decoupling Mechanism Report for the period July through September 2009. During the pilot period this report was submitted in compliance with Section 6. I. Accounting and Quarterly Reporting for the Mechanism of the Settlement Agreement approved by Order No. 04 in Docket No. UG-060518. Subsequent to the pilot period the Company was granted an interim extension of the Decoupling Mechanism in Order No. 07 in Dockets UE-090134, UG-090135, and UG-060518 (consolidated) until such time as a final decision is entered in the Company's natural gas general rate case. As the Quarterly Reports were part of the Pilot Program, they are hereby continued during this interim period.

The report consists of a spreadsheet showing the monthly revenue deferral calculation for the fiscal deferral period July 2009 through June 2010 with monthly entries July through September 2009 and monthly general ledger balance summaries for the deferral accounts and related accumulated deferred federal income tax for the third quarter. Also included are monthly general ledger balance summaries for the expense accounts used to record the deferral and surcharge amortization entries.

Questions regarding this filing should be directed to Tara Knox at (509) 495-4325.

Sincerely,

A handwritten signature in black ink that reads "Brian Hirschorn". The signature is written in a cursive style with a large initial "B".

Brian Hirschorn
Manager, Retail Pricing
Enc.

Avista Corporation Natural Gas Decoupling Mechanism
Docket No. UG-060518
Quarterly report for 3rd Quarter 2009

AVISTA UTILITIES
Washington - Gas
Interim Decoupling Mechanism pending Resolution in Docket No. UG-090135
2009/2010 compared to 2007 Test Year until new base rates become effective
Adjusted for Actual New Customer Usage and Schedule Shifting
Period July 2009 - June 2010

	2009 July	2009 August	2009 September	2009 October	2009 November	2009 December	2010 January	2010 February	2010 March	2010 April	2010 May	2010 June	Period to Date Total
12 Months Ended June 2010 Actual Schedule 101													
Schedule 101 Billed Therms	2,373,945	2,111,270	2,274,191										6,759,406
Deduct New Customer Usage(1)	(68,969)	(62,393)	(67,659)										(199,021)
Schedule Shifting Adjustment (2)	27,454	20,086	17,540										(6,169,142)
Deduct Prior Month Unbilled Therms	(1,646,524)	(1,261,285)	(1,348,002)	(1,913,331)									4,522,618
Add Current Month Unbilled Therms	1,261,285	1,348,002	1,913,331										
Add Weather Adjustment													
Weather Adj Calendar Therms	1,947,191	2,155,680	2,789,401	(1,913,331)									4,913,861
Weather Adj Calendar Therms	1,947,191	2,155,680	2,789,401	(1,913,331)									4,978,941
Less Test Year Therms	1,958,680	2,065,128	3,366,957	8,401,998	13,830,005	20,708,858	20,189,483	18,089,596	13,420,523	7,791,044	4,652,911	2,115,994	116,591,177
Therm Difference	(11,489)	90,552	(577,556)										(498,493)
Times Current Margin Rate per Therm	0.24201	0.24201	0.24201	0.24201	0.24201	0.24201	0.24201	0.24201	0.24201	0.24201	0.24201	0.24201	0.24201
Revenue Excess (Shortfall)	(\$2,780)	\$21,914	(\$139,774)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
90% Limitation	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Deferred Revenue Account Entry	(\$2,502)	\$19,723	(\$125,797)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$108,576)
407328 or (407428)													
July Amount Journalized (3)													
Adjustment for July Schedule Shifting (3)													
August Journal Entry (3)		\$5,980											
		\$25,703											

- (1) Per monthly reports - current month usage for new services opened since that month of the test year.
- (2) The schedule shifting adjustment adds back test year usage of customers that have shifted away from Schedule 101 and deducts the current month usage of customers that were on a different schedule during the test year and have shifted to Schedule 101.
- (3) The schedule shifting query was under construction at the time of the July close, therefore a true-up to reflect the corrected July entry was recorded with the August Journal.

Avista Corporation Natural Gas Decoupling Mechanism
Docket No. UG-060518
Quarterly report for 3rd Quarter 2009

2007 Test Year Factors, 2009 Actual Weather and Cycle Days
Weather Normalization

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Total
Normal DDH	1,105	912	768	536	324	139	37	34	189	543	894	1,171	6,852
Actual DDH	1,204	957	936	586	303	93	17	23	103	543	894	1,171	6,830
Degree Day Adjustment	(99)	(45)	(168)	(50)	21	46	20	11	86	-	-	-	(178)
Monthly													
Res 101	0.1005	0.1005	0.1005	0.0896	0.0896	0.0896	0.0000	0.0000	0.0000	0.0896	0.0896	0.1005	0.1005
Com 101	0.2427	0.2427	0.2427	0.1688	0.1688	0.1688	0.0000	0.0000	0.0000	0.1688	0.1688	0.2427	0.2427
Ind 101	0.4222	0.4222	0.4222	0.3055	0.3055	0.3055	0.0000	0.0000	0.0000	0.3055	0.3055	0.4222	0.4222
Sch. 101													
Res 101	(1,266,432)	(576,804)	(2,152,541)	(571,325)	239,744	524,329	-	-	-	-	-	-	(3,803,029)
Com 101	(274,151)	(126,121)	(466,858)	(96,798)	40,694	89,326	-	-	-	-	-	-	(833,908)
Ind 101	(3,595)	(1,862)	(6,526)	(1,405)	597	1,335	-	-	-	-	-	-	(11,456)
Total 101	(1,544,178)	(704,787)	(2,625,925)	(669,528)	281,035	614,990	-	-	-	-	-	-	(4,648,393)

Monthly Unbilled Calculation

	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Unbilled DDH (6)	952.4	740.5	571.1	535.7	355.5	141.4	56.4	7.0	13.0	78.9	-	-	-
Unbilled Factor (6)	68.63%	59.75%	60.62%	60.11%	62.51%	62.23%	62.04%	61.62%	65.75%	67.24%	0.00%	0.00%	0.00%
07 Baseaid(1)													
Res 101	0.1005	0.1005	0.1005	0.0951	0.0896	0.0896	0.0448	0.0000	0.0000	0.0448	0.0896	0.0951	0.1005
Com 101	0.2427	0.2427	0.2427	0.2058	0.1688	0.1688	0.0844	0.0000	0.0000	0.0844	0.1688	0.2058	0.2427
Ind 101	0.4222	0.4222	0.4222	0.3639	0.3055	0.3055	0.1528	0.0000	0.0000	0.1528	0.3055	0.3639	0.4222
Sch. 101													
Res 101	13,471,627	10,613,457	8,480,016	7,641,086	5,257,890	2,803,632	1,505,300	1,176,227	1,257,291	1,742,063	-	-	-
Com 101	2,746,681	2,132,408	1,684,627	1,344,613	774,267	359,736	140,406	85,058	90,711	170,123	-	-	-
Ind 101	37,396	26,887	23,630	17,932	9,992	4,017	818	-	-	1,145	-	-	-
Total	16,255,704	12,772,752	10,188,273	9,003,631	6,042,149	3,167,385	1,646,524	1,261,285	1,348,002	1,913,331	-	-	-

Revenue Run Customers (Meters Billed)

Class	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	2007 Total
Residential 101	127,078	127,286	127,541	127,490	127,528	127,415	127,215	127,256	127,482	127,898	128,371	129,218	129,424	1,534,124
Commercial 101	11,474	11,410	11,548	11,450	11,469	11,480	11,504	11,503	11,497	11,551	11,552	11,597	11,702	138,263
Industrial 101	93	86	98	92	92	93	95	94	93	95	93	92	93	1,116
Interdepartmental 101	22	22	23	23	24	24	24	24	24	24	23	23	23	281
Total	138,667	138,804	139,210	139,055	139,113	139,012	138,838	138,877	139,096	139,568	140,039	140,930	141,242	1,673,784

Avista Corporation Natural Gas Decoupling Mechanism
Docket No. UG-060518
Quarterly Report for 3rd Quarter 2009

Balance Sheet Accounts

GL Account Balance Accounting Period : '200907, 200908, 200909'

Ferc Acct:186328	Ferc Acct Desc:REG ASSET-DECOUPLING DEFERRED	Service:GD	Jurisdiction:WA
Accounting Period			
200907	Beginning Balance	Monthly Activity	Ending Balance
	683,564.00	-675,082.00	8,482.00
200908	8,482.00	-25,703.00	-17,221.00
200909	-17,221.00	125,797.00	108,576.00
	Sum: -574,988.00		

GL Account Balance Accounting Period : '200907, 200908, 200909'

Ferc Acct:182328	Ferc Acct Desc:REG ASSET- DECOUPLING SURCHARG	Service:GD	Jurisdiction:WA
Accounting Period			
200907	Beginning Balance	Monthly Activity	Ending Balance
	48,621.45	-20,004.33	28,617.12
200908	28,617.12	-12,688.88	15,928.24
200909	15,928.24	-14,619.63	1,308.61
	Sum: -47,312.84		

GL Account Balance Accounting Period : '200907, 200908, 200909'

Ferc Acct:182329	Ferc Acct Desc:REG ASSET- DECOUPLING PRIOR YE	Service:GD	Jurisdiction:WA
Accounting Period			
200907	Beginning Balance	Monthly Activity	Ending Balance
	0.00	683,564.00	683,564.00
200908	683,564.00	0.00	683,564.00
200909	683,564.00	0.00	683,564.00
	Sum: 683,564.00		

GL Account Balance Accounting Period : '200907, 200908, 200909'

Ferc Acct:283328	Ferc Acct Desc:ADFIT DECOUPLING DEFERRED REV	Service:GD	Jurisdiction:WA
Accounting Period			
200907	Beginning Balance	Monthly Activity	Ending Balance
	-256,264.96	4,032.82	-252,232.14
200908	-252,232.14	13,437.16	-238,794.98
200909	-238,794.98	-38,912.08	-277,707.06
	Sum: -21,442.10		

Avista Corporation Natural Gas Decoupling Mechanism
Docket No. UG-060518
Quarterly Report for 3rd Quarter 2009

Income Statement Accounts

GL Account Balance Accounting Period : '200907, 200908, 200909' See Note 1

Ferc Acct:407428	Ferc Acct Desc:REG CREDIT DECOUPLING DEF REV	Service:GID	Jurisdiction:WA
Accounting Period			
200907	Beginning Balance	Monthly Activity	Ending Balance
	-438,632.00	0.00	-438,632.00
200908	-438,632.00	0.00	-438,632.00
200909	-438,632.00	0.00	-438,632.00
Sum: 0.00			

GL Account Balance Accounting Period : '200907, 200908, 200909' See Note 1

Ferc Acct:407328	Ferc Acct Desc:REG DEBIT DECOUPLING DEF REV	Service:GID	Jurisdiction:WA
Accounting Period			
200909	Beginning Balance	Monthly Activity	Ending Balance
	345,005.00	0.00	345,005.00
200907	345,005.00	0.00	345,005.00
200908	345,005.00	0.00	345,005.00
Sum: 0.00			

GL Account Balance Accounting Period : '200907, 200908, 200909'

Ferc Acct:407329	Ferc Acct Desc:REG DEBIT AMT DECOUPLING SURCH	Service:GID	Jurisdiction:WA
Accounting Period			
200907	Beginning Balance	Monthly Activity	Ending Balance
	437,749.80	20,174.53	457,924.33
200908	457,924.33	12,787.82	470,712.15
200909	470,712.15	14,664.48	485,376.63
Sum: 47,626.83			

Note 1 In order to maintain conservative books of record during this interim period, the income statement side of the deferral entries (normally recorded in account 407428 (credits) or 407328 (debits)) have been recorded in the balance sheet account 186000 for miscellaneous suspense items. Upon resolution of this issue in Docket No. UG-090135, expected prior to the end of December 2009, the accumulated deferred revenue from July through November will be reversed from Account 186000 and either 1) moved to Account 186328 to bring the deferral balance to \$0 if continuation of the mechanism is denied, or 2) moved to Account 407428 / 407328 if continuation of the mechanism is approved.