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February 5, 2010

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: 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 October through December 2009. The Commission approved the continuation of Avista's Natural Gas Decoupling Mechanism with the modifications delineated by Order No. 10 from WUTC Docket No. UE-090134, UG-090135 and UG-060518 (consolidated). As reflected in this filing, the Company will continue to submit quarterly reports containing the same information required during the pilot period.

The report consists of a spreadsheet showing the monthly revenue deferral calculation for the period July through December 2009. As shown on page 1 of the report, in compliance with Order No. 10, the deferral amount was re-computed to reflect the 45% deferral level beginning July 2009. The difference between the originally recorded 90% deferral level under the interim mechanism (approved by Order No. 07) and the final approved level gave rise to an adjustment of \$92,534.

Also included in the report are the monthly general ledger balances resulting from the deferral and amortization activity during the fourth quarter of 2009.

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

Sincerely,

A handwritten signature in cursive script that reads "Brian Hirsch Korn".

Brian Hirsch Korn
Manager, Retail Pricing
Enc.

Avista Corporation Natural Gas Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 4th Quarter 2009

AVISTA UTILITIES
Washington - Gas
Approved Decoupling Mechanism per Order No. 10 Docket No. UG-090135
2009 compared to 2007 Test Year and 2010 compared to 12 ME Sept 2008 Test Year
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	4,129,665	9,700,573	15,883,296							36,472,940
Deduct New Customer Usage(1)	(68,969)	(62,393)	(67,659)	(102,155)	(244,802)	(382,445)							(928,423)
Schedule Shifting Adjustment (2)	27,454	20,086	17,540	35,254	66,463	109,275							(24,872,275)
Deduct Prior Month Unbilled Therms	(1,646,524)	(1,261,285)	(1,348,002)	(1,913,331)	(7,622,740)	(11,080,393)							39,203,387
Add Current Month Unbilled Therms	1,261,285	1,348,002	1,913,331	7,622,740	11,080,393	15,977,636							(2,158,039)
Add Weather Adjustment				(1,685,053)	813,816	(1,286,802)							47,717,590
Weather Adj Calendar Therms	1,947,191	2,155,680	2,789,401	8,087,120	13,793,703	19,220,567							
Weather Adj Calendar Therms	1,947,191	2,155,680	2,789,401	8,087,120	13,793,703	19,220,567							47,993,662
Less Test Year Therms	1,958,680	2,065,128	3,366,957	8,401,998	13,830,005	20,708,858	19,880,758	18,737,627	12,345,740	9,427,301	5,554,823	2,402,374	118,680,249
Therm Difference	(11,489)	90,552	(577,556)	(314,878)	(36,302)	(1,488,291)							(2,337,964)
Times Current Margin Rate per Therm	0.24201	0.24201	0.24201	0.24201	0.24201	0.24201	0.24216	0.24216	0.24216	0.24216	0.24216	0.24216	0.24216
Revenue Excess (Shortfall)	(\$2,780)	\$21,914	(\$139,774)	(\$76,204)	(\$8,785)	(\$360,181)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
45% Limitation	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%
407328 or (407428)	(\$1,251)	\$9,862	(\$62,898)	(\$34,292)	(\$3,953)	(\$162,082)							(\$254,614)
90% Limitation	90%	90%	90%	90%	90%	90%							
Journalized through November	(\$2,502)	\$19,723	(\$125,797)	(\$68,583)	(\$7,907)								
407328 or (407428)													
Cumulative Adjustment for Approved percentage Limitation				July - November Approved	July - November Interim	(\$92,532) (4)							
July Amount Journalized (3)	(\$8,482)			July - November Adjustment		(\$185,066) (4)							
Adjustment for July Schedule Shifting (3)		\$5,980				92,534 (4)							
		\$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 is recorded with the August Journal.

(4) Per Order No. 10 of Docket No. UE-090134, UG-090135 & UG-060518 (consolidated) the approved margin deferral percentage is 45% to be applied to deferrals beginning July 1, 2009. The interim order allowed journalization of the proposed mechanism, this adjustment trues up the mechanism entries for July through November to the approved amount.

Avista Corporation Natural Gas Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 4th 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	6,652
Actual DDH	1,204	957	936	586	303	93	17	23	103	668	834	1,252	6,976
Degree Day Adjustment	(99)	(45)	(168)	(50)	21	46	20	11	86	(125)	60	(81)	(324)
	See Note 1												
	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	
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	
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	
	Use/DD/Cust(6)												
	Use/DD/Cust(6)												
	Use/DD/Cust(6)												
Sch. 101													
Res 101	(1,266,432)	(576,804)	(2,152,541)	(571,325)	239,744	524,329	-	-	-	(1,437,755)	694,676	(1,053,576)	(5,599,684)
Com 101	(274,151)	(126,121)	(466,858)	(96,798)	40,694	89,326	-	-	-	(243,747)	117,454	(230,046)	(1,190,247)
Ind 101	(3,595)	(1,862)	(6,526)	(1,405)	597	1,335	-	-	-	(3,551)	1,686	(3,180)	(16,501)
Total 101	(1,544,178)	(704,787)	(2,625,925)	(669,528)	281,035	614,990	-	-	-	(1,685,053)	813,816	(1,286,802)	(6,806,432)

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	460.5	645.2	907.0
Unbilled Factor (6)	68.63%	59.75%	60.62%	60.11%	62.51%	62.23%	62.04%	61.62%	65.75%	67.24%	68.55%	76.74%	75.35%
	e/DD/Cust(6)												
	e/DD/Cust(6)												
	e/DD/Cust(6)												
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	6,616,665	9,412,389	13,260,266
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	992,992	1,646,405	2,681,757
Ind 101	37,396	26,887	23,630	17,932	9,992	4,017	818	-	-	1,145	13,083	21,599	35,613
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	7,622,740	11,080,393	15,977,636

Note 1 In order to maintain conservative books of record d

Revenue Run Customers (Meters Billed)

Class	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	2007 Total
Residential 101	127,078	127,286	127,541	127,528	127,415	127,215	127,256	127,482	127,898	128,371	129,218	129,424	129,424	1,534,124
Commercial 101	11,474	11,410	11,548	11,469	11,480	11,504	11,503	11,497	11,551	11,552	11,597	11,702	11,702	138,263
Industrial 101	93	86	98	92	93	95	94	93	96	93	92	93	93	1,116
Interdepartmental 101	22	22	23	24	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	139,588	140,039	140,930	141,242	1,673,784

Avista Corporation Natural Gas Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 4th Quarter 2009

Balance Sheet Accounts

GL Account Balance Accounting Period : '200910, 200911, 200912'

Ferc Acct:186328	Ferc Acct Desc:REG ASSET-DECOUPLING DEFERRED	Service:GD	Jurisdiction:WA
Accounting Period			
200910	108,576.00	68,583.00	177,159.00
200911	177,159.00	7,907.00	185,066.00
200912	185,066.00	69,548.00	254,614.00
Sum:			146,038.00

See Note 1

GL Account Balance Accounting Period : '200910, 200911, 200912'

Ferc Acct:182328	Ferc Acct Desc:REG ASSET- DECOUPLING SURCHARG	Service:GD	Jurisdiction:WA
Accounting Period			
200910	1,308.61	-50,007.98	-48,699.37
200911	-48,699.37	-69,623.38	-118,322.75
200912	-118,322.75	497,251.51	378,928.76
Sum:			377,620.15

Transfer to 182328 of \$605,105 in December should have occurred Nov 1 with implementation of the surcharge, interest was corrected in the December Journal.

GL Account Balance Accounting Period : '200910, 200911, 200912'

Ferc Acct:182329	Ferc Acct Desc:REG ASSET- DECOUPLING PRIOR YE	Service:GD	Jurisdiction:WA
Accounting Period			
200910	683,564.00	-78,549.00	605,015.00
200911	605,015.00	90.00	605,105.00
200912	605,105.00	-605,105.00	0.00
Sum:			-683,564.00

Reduction from 90% to 80% per UG-091399
Correction of input error in October
Transfer to 182328 in December should have occurred Nov 1 with implementation of the surcharge (UG-091399).

GL Account Balance Accounting Period : '200910, 200911, 200912'

Ferc Acct:283328	Ferc Acct Desc:ADFIT DECOUPLING DEFERRED REV	Service:GD	Jurisdiction:WA
Accounting Period			
200910	-277,707.06	20,990.89	-256,716.17
200911	-256,716.17	21,569.23	-235,146.94
200912	-235,146.94	13,406.92	-221,740.02
Sum:			55,967.04

Avista Corporation Natural Gas Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 4th Quarter 2009

Income Statement Accounts

GL Account Balance Accounting Period : '200910, 200911, 200912'

Ferc Acct:407428	Ferc Acct Desc:REG CREDIT DECOUPLING DEF REV	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200910	-438,632.00	0.00	-438,632.00
200911	-438,632.00	0.00	-438,632.00
200912	-438,632.00	-254,614.00	-693,246.00
	Sum: -254,614.00		

See Note 1

GL Account Balance Accounting Period : '200910, 200911, 200912'

Ferc Acct:407328	Ferc Acct Desc:REG DEBIT DECOUPLING DEF REV	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200910	345,005.00	78,549.00	423,554.00
200911	423,554.00	-90.00	423,464.00
200912	423,464.00	0.00	423,464.00
	Sum: 78,459.00		

Reduction from 90% to 80% per UG-091399
Correction of input error in October

GL Account Balance Accounting Period : '200910, 200911, 200912'

Ferc Acct:407329	Ferc Acct Desc:REG DEBIT AMT DECOUPLING SURCH	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200910	485,376.63	49,945.66	535,322.29
200911	535,322.29	64,100.25	599,422.54
200912	599,422.54	110,663.53	710,086.07
	Sum: 224,709.44		

Note 1 In order to maintain conservative books of record during the interim period, the income statement side of the deferral entries (normally recorded in account 407428 (credits) or 407328 (debits)) were recorded in the balance sheet account 186000 for miscellaneous suspense items. Per Order No. 10 of Docket No. UE-090134, UG-090135 & UG-060518 (consolidated), the approved accumulated deferred revenue from July through November was reversed from Account 186000 and recorded in Account 407428. The portion that was booked, but not approved was reversed from both 186000 and 186328.