

Avista Corp.  
1411 East Mission P.O. Box 3727  
Spokane, Washington 99220-0500  
Telephone 509-489-0500  
Toll Free 800-727-9170



April 29, 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 January through March 2010. 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 2009 through March 2010. 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.

Also included in the report are the monthly general ledger balances resulting from the deferral and amortization activity during the first quarter of 2010.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick Ehrbar", with a long horizontal flourish extending to the right.

Patrick Ehrbar  
Manager, Rates and Tariffs  
Enc.

Avista Corporation Natural Gas Decoupling Mechanism  
Washington Jurisdiction  
Quarterly Report for 1st Quarter 2010

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
<b>12 Months Ended June 2010 Actual</b>													
Schedule 101													
Schedule 101 Billed Therms	2,373,945	2,111,270	2,274,191	4,129,665	9,700,573	15,883,296	20,975,430	15,686,649	13,792,342				86,927,361
Deduct New Customer Usage(1)	(68,969)	(62,393)	(67,659)	(102,155)	(244,802)	(382,445)	(578,999)	(416,628)	(354,157)				(2,278,207)
Schedule Shifting Adjustment (2)	27,454	20,086	17,540	35,254	66,463	109,275	138,991	139,341	75,413				629,817
Deduct Prior Month Unbilled Therms	(1,646,524)	(1,261,285)	(1,348,002)	(1,913,331)	(7,622,740)	(11,080,393)	(15,985,245)	(12,235,405)	(10,818,958)				(63,911,883)
Add Current Month Unbilled Therms	1,261,285	1,348,002	1,913,331	7,622,740	11,080,393	15,977,636	12,235,405	10,818,958	9,303,529				71,561,279
Add Weather Adjustment	-	-	-	(1,685,053)	813,816	(1,286,802)	3,456,046	2,598,652	589,994				4,486,653
Weather Adj Calendar Therms	1,947,191	2,155,680	2,789,401	8,087,120	13,793,703	19,220,567	20,241,628	16,591,567	12,588,163				97,415,020
Weather Adj Calendar Therms	1,947,191	2,155,680	2,789,401	8,087,120	13,793,703	19,220,567	20,241,628	16,591,567	12,588,163				97,415,020
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)	360,870	(2,146,060)	242,423				(3,880,731)
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)	\$87,388	(\$519,690)	\$58,705	\$0	\$0	\$0	(\$939,407)
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)	\$39,325	(\$233,860)	\$26,417	\$0	\$0	\$0	(\$422,732)
90% Limitation	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Journalized through November	(\$2,502)	\$19,723	(\$125,797)	(\$68,583)	(\$7,907)	(\$92,532)	\$87,388	(\$519,690)	\$58,705	\$0	\$0	\$0	(\$939,407)
407328 or (407428)	(\$2,502)	\$19,723	(\$125,797)	(\$68,583)	(\$7,907)	(\$92,532)	\$87,388	(\$519,690)	\$58,705	\$0	\$0	\$0	(\$939,407)
Cumulative Adjustment for Approved percentage Limitation				July - November Approved	July - November Interim	(\$92,532)	(\$87,388)	(\$519,690)	(\$58,705)	(\$0)	(\$0)	(\$0)	(\$939,407)
July Amount Journalized (3)	(\$8,482)			July - November Adjustment	92,534	(4)							
Adjustment for July Schedule Shifting (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 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 true up the mechanism entries for July through November to the approved amount.

Avista Corporation Natural Gas Decoupling Mechanism  
Washington Jurisdiction  
Quarterly Report for 1st Quarter 2010

**12 ME Sept 2008 Test Year Factors, 2010 Actual Weather and Cycle Days  
Weather Normalization**

	Oct-10	Nov-10	Dec-10	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Total
Normal Degree Days (30 Year Average 1979 - 2008)	541	899	1160	1136	914	770	542	323	144	36	35	189	6,689
Actual Degree Days	541	899	1160	919	751	733	542	323	144	36	35	189	6,272
Degree Day Adjustment (1/6)	0	0	0	217	163	37	0	0	0	0	0	0	417
	Monthly												
Res 101	0.0877	0.0877	0.1002	0.1002	0.1002	0.1002	0.0877	0.0877	0.0877	0.0000	0.0000	0.0000	0.0000
Com 101	0.1670	0.1670	0.2467	0.2467	0.2467	0.2467	0.1670	0.1670	0.1670	0.0000	0.0000	0.0000	0.0000
Ind 101	0.2961	0.2961	0.4266	0.4266	0.4266	0.4266	0.2961	0.2961	0.2961	0.0000	0.0000	0.0000	0.0000
	Sch. 101												
Res 101	-	-	-	2,821,771	2,122,274	481,777	-	-	-	-	-	-	5,425,822
Com 101	-	-	-	625,758	470,120	106,796	-	-	-	-	-	-	1,202,674
Ind 101	-	-	-	8,517	6,258	1,421	-	-	-	-	-	-	16,196
Total 101	-	-	-	3,456,046	2,598,652	589,994	-	-	-	-	-	-	6,644,692

**Monthly Unbilled Calculation**

	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10
Unbilled DDH (current period cycle day worksheet)	78.9	460.5	645.2	907.0	670.4	577.1	529.5	-	-	-	-	-	-
Unbilled Factor (current period cycle day worksheet)	67.24%	68.55%	76.74%	75.35%	74.67%	77.46%	73.71%	65.87%	65.75%	66.19%	65.28%	68.97%	70.63%
	Monthly												
Res 101	0.0439	0.0877	0.0940	0.1002	0.1002	0.1002	0.0940	0.0877	0.0877	0.0439	0.0000	0.0000	0.0439
Com 101	0.0835	0.1670	0.2069	0.2467	0.2467	0.2467	0.2069	0.1670	0.1670	0.0835	0.0000	0.0000	0.0835
Ind 101	0.1481	0.2961	0.3614	0.4266	0.4266	0.4266	0.3614	0.2961	0.2961	0.1481	0.0000	0.0000	0.1481
	Sch. 101												
Res 101	1,732,476	6,504,347	9,320,673	13,225,049	10,171,139	9,023,677	7,901,353	1,283,092	1,279,886	1,286,535	1,268,642	1,340,863	1,377,560
Com 101	169,303	983,416	1,654,636	2,724,212	2,037,955	1,773,124	1,384,956	92,410	92,179	93,121	91,528	96,826	99,097
Ind 101	1,110	12,681	21,451	35,984	26,311	22,157	17,220	-	-	-	-	-	-
Total	1,902,889	7,500,444	10,996,760	15,985,245	12,235,405	10,818,958	9,303,529	1,375,502	1,372,065	1,379,656	1,360,170	1,437,489	1,476,657

**Revenue Run Customers (Meters Billed)**

Class	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	12 ME Sept
Residential 101	127,896	128,371	129,218	129,424	129,941	129,941	129,950	129,861	129,773	129,580	129,559	129,589	130,026	1,555,068
Commercial 101	11,551	11,552	11,597	11,702	11,689	11,691	11,700	11,691	11,683	11,724	11,684	11,699	11,692	140,104
Industrial 101	95	93	92	93	92	90	90	87	87	86	87	87	86	1,070
Interdepartmental 101	24	23	23	23	23	23	23	23	23	23	24	24	25	280
Total	139,568	140,039	140,930	141,242	141,580	141,745	141,763	141,662	141,566	141,413	141,354	141,399	141,829	1,696,522

Avista Corporation Natural Gas Decoupling Mechanism  
 Washington Jurisdiction  
 Quarterly Report for 1st Quarter 2010

**Balance Sheet Accounts**

GL Account Balance Accounting Period : '201001, 201002, 201003'

Ferc Acct:186328	Ferc Acct Desc:REG ASSET-DECOUPLING DEFERRED	Service:GD	Jurisdiction:WA
Accounting Period		Monthly Activity	Ending Balance
201001	254,614.00	-39,325.00	215,289.00
201002	215,289.00	233,860.00	449,149.00
201003	449,149.00	-26,417.00	422,732.00
		<b>Sum: 168,118.00</b>	

GL Account Balance Accounting Period : '201001, 201002, 201003'

Ferc Acct:182328	Ferc Acct Desc:REG ASSET- DECOUPLING SURCHARG	Service:GD	Jurisdiction:WA
Accounting Period		Monthly Activity	Ending Balance
201001	378,928.76	-82,287.74	296,641.02
201002	296,641.02	-63,155.94	233,485.08
201003	233,485.08	-56,758.12	176,726.96
		<b>Sum: -202,201.80</b>	

GL Account Balance Accounting Period : '201001, 201002, 201003'

Ferc Acct:182329	Ferc Acct Desc:REG ASSET- DECOUPLING PRIOR YE	Service:GD	Jurisdiction:WA
Accounting Period		Monthly Activity	Ending Balance
201001		0.00	0.00
201002		0.00	0.00
201003		0.00	0.00
		<b>Sum: 0.00</b>	

Avista Corporation Natural Gas Decoupling Mechanism  
 Washington Jurisdiction  
 Quarterly Report for 1st Quarter 2010

GL Account Balance Accounting Period : '201001, 201002, 201003'

Ferc Acct:283328	Ferc Acct Desc:ADFIT DECOUPLING DEFERRED REV	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201001		-221,740.02	42,564.46
201002		-179,175.56	-59,746.42
201003		-238,921.98	29,111.29
		<b>Sum: 11,929.33</b>	

**Income Statement Accounts**

GL Account Balance Accounting Period : '201001, 201002, 201003'

Ferc Acct:407428	Ferc Acct Desc:REG CREDIT DECOUPLING DEF REV	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201001		0.00	0.00
201002		0.00	-233,860.00
201003		-233,860.00	0.00
		<b>Sum: -233,860.00</b>	

GL Account Balance Accounting Period : '201001, 201002, 201003'

Ferc Acct:407328	Ferc Acct Desc:REG DEBIT DECOUPLING DEF REV	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201001		0.00	39,325.00
201002		39,325.00	0.00
201003		39,325.00	26,417.00
		<b>Sum: 65,742.00</b>	

Avista Corporation Natural Gas Decoupling Mechanism  
 Washington Jurisdiction  
 Quarterly Report for 1st Quarter 2010

GL Account Balance Accounting Period : '201001, 201002, 201003'

Ferc Acct:407329	Ferc Acct Desc:REG DEBIT AMT DECOUPLING SURCH	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201001		0.00	83,201.34
201002		83,201.34	63,872.85
201003		147,074.19	57,312.86
<b>Sum: 204,387.05</b>			