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August 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 April through June 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 June 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 second 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 line extending to the right.

Patrick Ehrbar
Manager, Rates and Tariffs
Enc.

Avista Corporation Natural Gas Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 2nd 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
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	15,885,296	20,975,430	15,686,649	13,792,342	12,118,647	8,026,903	5,208,692	112,281,603
Deduct New Customer Usage(1)	(68,969)	(62,393)	(67,659)	(102,155)	(244,802)	(382,445)	(578,999)	(416,628)	(354,157)	(324,373)	(200,578)	(120,766)	(2,923,924)
Schedule Shifting Adjustment(2)	27,454	20,086	17,540	35,254	66,463	109,275	138,991	139,341	75,413	66,617	44,721	17,289	758,444
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)	(10,818,968)	(9,303,529)	(6,426,971)	(5,316,462)	(84,958,845)
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	6,426,971	5,316,462	2,290,886	85,595,598
Add Weather Adjustment	-	-	-	(1,685,053)	813,816	(1,286,802)	3,456,046	2,598,652	589,994	53,468	(1,295,718)	(613,987)	2,630,416
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	9,037,801	5,464,819	1,465,652	113,383,292
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	9,037,801	5,464,819	1,465,652	113,383,292
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	(389,500)	(90,004)	(936,722)	(5,296,957)
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)	\$68,705	(\$94,321)	(\$21,795)	(\$226,837)	(\$1,282,360)
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	(\$42,445)	(\$9,808)	(\$102,076)	(\$577,061)
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)	(\$92,532)	(\$92,532)	(\$92,532)	(\$92,532)	(\$92,532)	(\$92,532)	(\$92,532)
407328 or (407428)													
Cumulative Adjustment for Approved percentage Limitation				July - November Approved	July - November Interim	(\$185,066)	(4)						
July Amount Journalized (3)	(\$8,482)	\$5,980		July - November Adjustment		92,534	(4)						
Adjustment for July Schedule Shifting (3)		\$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. 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 2nd 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	538	420	190	36	420	189	6,411
Degree Day Adjustment (1.6)	0	0	0	217	163	37	4	-97	-46	0	0	0	278
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	45,555	(1,103,966)	(522,752)	-	-	-	3,844,659
Com 101	-	-	-	625,758	470,120	106,796	7,810	(189,253)	(90,064)	-	-	-	931,167
Ind 101	-	-	-	8,517	6,258	1,421	103	(2,499)	(1,171)	-	-	-	12,629
Total 101	-	-	-	3,456,046	2,598,652	589,994	53,468	(1,295,718)	(613,987)	-	-	-	4,788,455

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	364.3	284.1	116.8	116.8	96.826	99.097
Unbilled Factor (current period cycle day worksheet)	67.24%	68.55%	76.74%	75.35%	74.67%	77.46%	73.71%	74.58%	72.91%	72.51%	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	5,601,698	4,652,630	2,073,044	1,268,642	1,340,663	1,377,560
Com 101	169,303	983,416	1,654,636	2,724,212	2,037,955	1,773,124	1,384,956	815,888	656,513	216,355	91,528	96,826	99,097
Ind 101	1,110	12,681	21,451	35,984	26,311	22,157	17,220	9,385	7,319	1,487	-	-	-
Total	1,902,889	7,500,444	10,996,760	15,985,245	12,235,405	10,818,958	9,303,529	6,426,971	5,316,462	2,290,886	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	127,898	128,371	129,218	129,424	129,776	129,941	129,950	129,861	129,773	129,580	129,559	129,589	130,026	1,555,068
Commercial 101	21	11,551	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	90	90	87	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

Balance Sheet Accounts

GL Account Balance Accounting Period : '201004, 201005, 201006'

Ferc Acct:186328	Ferc Acct Desc:REG ASSET-DECOUPLING DEFERRED	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201004	422,732.00	42,445.00	465,177.00
201005	465,177.00	9,808.00	474,985.00
201006	474,985.00	102,076.00	577,061.00
Sum: 154,329.00			

GL Account Balance Accounting Period : '201004, 201005, 201006'

Ferc Acct:182328	Ferc Acct Desc:REG ASSET- DECOUPLING SURCHARG	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201004	176,726.96	-42,925.84	133,801.12
201005	133,801.12	-27,347.37	106,453.75
201006	106,453.75	17,666.54	124,120.29
Sum: -52,606.67			

See Note (1)

GL Account Balance Accounting Period : '201004, 201005, 201006'

Ferc Acct:182329	Ferc Acct Desc:REG ASSET- DECOUPLING PRIOR YE	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201004	0.00	0.00	0.00
201005	0.00	0.00	0.00
201006	0.00	0.00	0.00
Sum: 0.00			

GL Account Balance Accounting Period : '201004, 201005, 201006'

Ferc Acct:283328	Ferc Acct Desc:ADFIT DECOUPLING DEFERRED REV	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201004	-209,810.69	168.29	-209,642.40
201005	-209,642.40	6,138.78	-203,503.62
201006	-203,503.62	-41,909.89	-245,413.51
Sum: -35,602.82			

Income Statement Accounts

GL Account Balance Accounting Period : '201004, 201005, 201006'

Ferc Acct:407428	Ferc Acct Desc:REG CREDIT DECOUPLING DEF REV	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201004	-233,860.00	-42,445.00	-276,305.00
201005	-276,305.00	-9,808.00	-286,113.00
201006	-286,113.00	-102,076.00	-388,189.00
	Sum: -154,329.00		

GL Account Balance Accounting Period : '201004, 201005, 201006'

Ferc Acct:407328	Ferc Acct Desc:REG DEBIT DECOUPLING DEF REV	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201004	65,742.00	0.00	65,742.00
201006	65,742.00	0.00	65,742.00
201005	65,742.00	0.00	65,742.00
	Sum: 0.00		

GL Account Balance Accounting Period : '201004, 201005, 201006'

Ferc Acct:407329	Ferc Acct Desc:REG DEBIT AMT DECOUPLING SURCH	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201004	204,387.05	43,345.78	247,732.83
201005	247,732.83	27,672.28	275,405.11
201006	275,405.11	-14,936.55	260,468.56
	Sum: 56,081.51		

Note (1) The June 2010 decoupling surcharge amortization journal entry included a correction for prior period decoupling surcharge amortization entry errors that occurred in April and July of 2009 totalling \$31,715.78 plus an accumulated interest correction of \$2,421.45 affecting the 182328 balance sheet account. The surcharge amortization errors were identified in the process of preparing a data response in WUTC Docket No. UG-100468.