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August 1, 2007

Carole Washburn
Executive Secretary
Washington Utilities and Transportation Commission
PO Box 47250
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

Dear Ms. Washburn:

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 April through June 2007. This report is 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.

The report consists of a spreadsheet showing the monthly revenue deferral calculation since the mechanism's inception January 2007 through the end of the second quarter and monthly general ledger balance summaries for the deferral account and related accumulated deferred federal income tax for the second quarter.

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

Sincerely,

A handwritten signature in cursive script that reads "Brian Hirschorn".

Brian Hirschorn
Manager, Retail Pricing
Enc.

AVISTA UTILITIES
 Washington - Gas
 Approved Decoupling Mechanism
 2007 compared to 2004 Test Year
 Adjusted for Actual New Customer Usage
 1st Year Pilot Period Jan - Jun 2007

	2007 January	2007 February	2007 March	2007 April	2007 May	2007 June	YTD Total
2007 Actual Schedule 101							
Schedule 101 Billed Therms	21,292,599	21,234,566	14,472,322	9,724,124	6,113,562	3,664,833	76,502,006
Deduct New Customer Usage(1)	(1,620,408)	(1,565,117)	(1,001,608)	(706,395)	(412,954)	(269,857)	(5,576,339)
Deduct Prior Month Unbilled Therms	(11,318,911)	(12,417,092)	(8,476,763)	(6,557,935)	(5,501,940)	(2,947,283)	(47,219,925)
Add Current Month Unbilled Therms	12,417,092	8,476,763	6,557,935	5,501,940	2,947,283	1,688,657	37,589,672
Add Weather Adjustment	(1,160,271)	817,052	1,664,981	141,329	1,068,395	204,307	2,735,794
Weather Adj Calendar Therms	19,610,101	16,546,172	13,216,866	8,103,064	4,214,346	2,340,657	64,031,207
Weather Adj Calendar Therms	19,610,101	16,546,172	13,216,866	8,103,064	4,214,346	2,340,657	64,031,207
Less Test Year Therms	20,224,840	16,393,846	14,157,246	8,557,146	4,587,478	1,965,936	65,886,492
Therm Difference	(614,739)	152,327	(940,379)	(454,083)	(373,132)	374,721	(1,855,285)
Times Current Margin Rate per Therm	0.20595	0.20595	0.20595	0.20595	0.20595	0.20595	0.20595
Revenue Excess (Shortfall)	(\$126,606)	\$31,372	(\$193,671)	(\$93,518)	(\$76,847)	\$77,174	(\$382,096)
90% Limitation	90%	90%	90%	90%	90%	90%	90%
Deferred Revenue Account Entry	(\$113,945)	\$28,235	(\$174,304)	(\$84,166)	(\$69,162)	\$69,456	(\$343,866)
407328 or (407428)							

(1) Per monthly reports - current month usage for new services opened since that month of the test year (2004)

Unbilled Calculation

	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07
Unbilled DDH	689.9	760.6	508.0	386.3	317.6	154.9	75.2
Unbilled Factor	62.23%	59.45%	59.81%	59.25%	62.20%	62.08%	61.25%
Sch. 101							
2004 Baseload							
Sensitivity							
Res 101	9,458,811	10,370,671	7,098,803	5,512,301	4,643,528	2,527,125	1,484,646
Com 101	1,832,603	2,016,429	1,358,145	1,030,566	846,024	414,050	201,142
Ind 101	27,497	29,992	19,816	15,069	12,389	6,108	2,870
	11,318,911	12,417,092	8,476,763	6,557,935	5,501,940	2,947,283	1,688,657

Weather Adjustment Calculation

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	YTD Total
Normal DDH	1,169	916	790	557	338	149	3,919
Actual DDH	1,243	864	684	548	270	136	3,745
Normal - Actual DDH	(74)	52	106	9	68	13	174

Sch. 101

	2004 Baseload	Sensitivity
Res 101	7	0.11
Com 101	0	0.249
Ind 101	0	0.424
	(1,160,271)	817,052
	117,004	1,378,060
	139,023	282,785
	2,028	4,135
	141,329	1,068,395
	169,039	883,949
	34,772	181,765
	496	2,681
	204,307	1,068,395
	2,262,882	883,949
	466,137	34,772
	6,774	2,681
	2,735,794	204,307

Test Year Number of Customers by Class

	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04
01 RESIDENTIAL	117,874	118,080	118,182	118,187	118,186	118,175	118,209
31 FIRM-MISCELLANEOUS INDI	10,668	10,647	10,737	10,714	10,698	10,735	10,742
80 INTERDEPARTMENT REVENUE	94	93	92	92	92	93	90
Total 101	128,636	128,840	129,031	129,013	128,996	129,023	129,061

GL Account Balance Ferc Account : '%328' , Accounting Period : '200704, 200705, 200706'

Ferc Acct:186328	Ferc Acct Desc:REG ASSET-DECOUPLING DEFERRED	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200704	260,014.00	84,166.00	344,180.00
200705	344,180.00	69,162.00	413,342.00
200706	413,342.00	-69,456.00	343,886.00
	Sum:	83,872.00	

Ferc Acct:283328	Ferc Acct Desc:ADFIT DECOUPLING DEFERRED REV	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200704	-91,005.00	-29,458.00	-120,463.00
200705	-120,463.00	-24,206.70	-144,669.70
200706	-144,669.70	24,309.60	-120,360.10
	Sum:	-29,355.10	