

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



July 28, 2008

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 April through June 2008. 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 for the second year pilot period July 2007 through June 2008 with monthly entries through June 2008 and monthly general ledger balance summaries for the deferral accounts and related accumulated deferred federal income tax for the second 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 Hirsch Korn". The signature is written in a cursive, flowing style.

Brian Hirsch Korn
Manager, Retail Pricing
Enc.

	2007 July	2007 August	2007 September	2007 October	2007 November	2007 December	2008 January	2008 February	2008 March	2008 April	2008 May	2008 June	Period to Date Total
New Base Rates January 1, 2008													
12 Months Ended June 2006 Actual													
Schedule 101													
Schedule 101 Billed Therms	2,462,636	2,010,203	2,332,936	4,484,817	9,398,517	18,392,852	20,755,627	22,514,347	14,859,076	13,629,159	8,714,627	4,232,714	123,787,511
Deduct New Customer Usage(1)	(180,683)	(141,329)	(161,990)	(277,602)	(613,037)	(1,548,327)	(840,804)	(933,547)	(590,323)	(544,390)	(304,416)	(134,597)	(6,271,045)
Deduct Prior Month Unbilled Therms	(1,688,657)	(512,729)	(861,827)	(3,069,728)	(6,526,099)	(10,839,346)	(11,907,095)	(12,692,443)	(9,661,573)	(9,011,346)	(6,832,115)	(3,107,922)	(76,710,880)
Add Current Month Unbilled Therms	512,729	861,827	3,069,728	6,526,099	10,839,346	11,778,585	12,692,443	9,661,573	9,011,346	6,832,115	3,107,922	1,731,459	76,625,172
Add Weather Adjustment	692,582	236,742	31,659	15,894	47,991	673,724	(1,132,969)	(107,342)	(1,381,024)	(1,653,998)	840,841	(354,262)	(2,090,162)
Weather Adj Calendar Therms	1,798,607	2,454,713	4,410,505	7,679,480	13,146,718	18,457,489	19,567,202	18,442,588	12,237,502	9,251,540	5,526,859	2,367,392	115,340,596
Weather Adj Calendar Therms	1,798,607	2,454,713	4,410,505	7,679,480	13,146,718	18,457,489	19,567,202	18,442,588	12,237,502	9,251,540	5,526,859	2,367,392	115,340,596
Less Test Year Therms	1,992,869	2,626,004	3,962,139	9,013,668	14,551,772	19,133,174	20,193,658	16,744,930	14,101,624	9,347,535	5,032,140	2,400,167	119,099,680
Therm Difference	(194,262)	(171,291)	448,366	(1,334,188)	(1,405,054)	(675,685)	(626,456)	1,697,658	(1,864,122)	(95,995)	494,719	(32,775)	(3,759,085)
Times Current Margin Rate per Therm (2)	0.19822	0.19822	0.19822	0.19822	0.19822	0.19822	0.21748	0.21748	0.21748	0.21748	0.21748	0.21748	0.21748
Revenue Excess (Shortfall)	(\$38,507)	(\$33,953)	\$88,875	(\$264,463)	(\$278,510)	(\$133,934)	(\$136,242)	\$369,207	(\$405,409)	(\$20,877)	\$107,591	(\$7,128)	(\$753,349)
90% Limitation	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Deferred Revenue Account Entry	(\$34,656)	(\$30,558)	\$79,988	(\$238,016)	(\$250,659)	(\$120,541)	(\$122,617)	\$332,286	(\$364,868)	(\$18,789)	\$96,832	(\$6,415)	(\$678,014)
407328 or (407428)													
Original Journal Entries	(36,007)	(31,750)	83,107										
Correction July through September	1,351	1,192	(3,119)	(576)									

(1) Per monthly reports - current month usage for new services opened since that month of the test year (2004 for July through December, 2006 for January through June)
(2) Revised Margin Rate per Therm corrected in October per agreement with Staff and Public Counsel in Docket No. UG-071863, margin rate January through June from UG-070805 is exclusive of incremental revenue related cost items.

Sch 101 Base Rate/therm	\$1,12076
Times: 1 minus Revenue Related Items	0.956922
Revenue prior to gross up	\$1,07248
Less: Weighted Average Gas Cost/therm	(\$0.85500)
Margin Rate/therm	\$0.21748

2006 Test Year
Weather Normalization

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Total
Normal DDH	1,169	945	790	557	338	149	44	42	196	554	897	1,168	6,849
Actual DDH	1,243	952	880	683	274	176	44	42	196	554	897	1,168	7,109
Degree Day Adjustment	(74)	(7)	(90)	(126)	64	(27)	-	-	-	-	-	-	(260)
Res 101	0.101	0.101	0.101	0.090	0.090	0.090	0.000	0.000	0.000	0.090	0.090	0.101	0.101
Com 101	0.243	0.243	0.243	0.169	0.169	0.169	0.000	0.000	0.000	0.169	0.169	0.243	0.243
Ind 101	0.422	0.422	0.422	0.306	0.306	0.306	0.000	0.000	0.000	0.306	0.306	0.422	0.422
Sch. 101	(927,934)	(87,884)	(1,130,678)	(1,410,719)	717,708	(302,190)	-	-	-	-	-	-	(3,141,697)
Res 101	(202,100)	(19,186)	(246,890)	(239,770)	121,410	(51,320)	-	-	-	-	-	-	(637,856)
Com 101	(2,935)	(272)	(3,456)	(3,509)	1,723	(752)	-	-	-	-	-	-	(9,201)
Ind 101	(1,132,969)	(107,342)	(1,381,024)	(1,653,988)	840,841	(354,262)	-	-	-	-	-	-	(3,788,754)
Total 101													

Monthly Unbilled Calculation

	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Unbilled DDH	702.2	756.7	554.3	549.0	424.2	140.1	71.2	-	-	-	-	-	-
Unbilled Factor	61.00%	57.91%	59.90%	61.32%	64.25%	63.61%	63.30%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
06 BaseId(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	9,874,335	10,520,255	8,041,622	7,634,930	5,927,235	2,753,014	1,577,451	-	-	-	-	-	-
Com 101	2,005,485	2,142,157	1,598,421	1,358,238	893,087	351,142	153,018	-	-	-	-	-	-
Ind 101	27,275	30,031	21,530	18,178	11,793	3,766	990	-	-	-	-	-	-
Total	11,907,095	12,692,443	9,661,573	9,011,346	6,832,115	3,107,922	1,731,459	-	-	-	-	-	-

Revenue Run Customers (Meters Billed)

Class	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	2006 Total
Residential	123,861	124,155	124,306	124,387	124,402	124,602	124,358	124,482	124,715	125,061	125,868	126,533	127,078	1,499,947
Commercial	11,283	11,239	11,279	11,289	11,289	11,289	11,226	11,226	11,300	11,291	11,323	11,388	11,474	135,541
Industrial 1C	94	94	92	91	88	88	91	91	90	91	88	92	93	1,092
Interdepartn	22	22	22	22	22	23	23	23	23	23	23	23	22	271
Total	135,510	135,699	135,699	135,789	135,775	135,938	135,719	135,822	136,128	136,466	137,302	138,036	138,667	1,636,851

GL Account Balance Accounting Period : '200804, 200805, 200806'

Ferc Acct:186328 Ferc Acct Desc:REG ASSET-DECOUPLING DEFERRED Service:GD Jurisdiction:WA

Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200804	749,641.00	18,789.00	768,430.00
200805	768,430.00	-96,832.00	671,598.00
200806	671,598.00	6,415.00	678,013.00
Sum:			-71,628.00

GL Account Balance Accounting Period : '200804, 200805, 200806'

Ferc Acct:182328 Ferc Acct Desc:REG ASSET- DECOUPLING SURCHARG Service:GD Jurisdiction:WA

Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200804	84,370.22	-27,417.47	56,952.75
200805	56,952.75	-12,012.68	44,940.07
200806	44,940.07	-8,638.85	36,301.22
Sum:			-48,069.00

GL Account Balance Accounting Period : '200804, 200805, 200806'

Ferc Acct:182329 Ferc Acct Desc:REG ASSET- DECOUPLING PRIOR YE Service:GD Jurisdiction:WA

Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200804	0.00	0.00	0.00
200805	0.00	0.00	0.00
200806	0.00	0.00	0.00
Sum:			0.00

GL Account Balance Accounting Period : '200804, 200805, 200806'

Ferc Acct:283328 Ferc Acct Desc:ADFIT DECOUPLING DEFERRED REV Service:GD Jurisdiction:WA

Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200804	-291,903.98	3,019.96	-288,884.02
200805	-288,884.02	38,095.64	-250,788.38
200806	-250,788.38	778.35	-250,010.03
Sum:			41,893.95

GL Account Balance Accounting Period : '200804, 200805, 200806'

Ferc Acct:407428 Ferc Acct Desc:REG CREDIT DECOUPLING DEF REV Service:GD Jurisdiction:WA

Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200804	-487,485.00	-18,789.00	-506,274.00
200805	-506,274.00	0.00	-506,274.00
200806	-506,274.00	-6,415.00	-512,689.00
Sum: -25,204.00			

GL Account Balance Accounting Period : '200804, 200805, 200806'

Ferc Acct:407328 Ferc Acct Desc:REG DEBIT DECOUPLING DEF REV Service:GD Jurisdiction:WA

Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200804	332,286.00	0.00	332,286.00
200805	332,286.00	96,832.00	429,118.00
200806	429,118.00	0.00	429,118.00
Sum: 96,832.00			

GL Account Balance Accounting Period : '200804, 200805, 200806'

Ferc Acct:407329 Ferc Acct Desc:REG DEBIT AMT DECOUPLING SURCH Service:GD Jurisdiction:WA

Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200804	142,821.02	27,815.00	170,636.02
200805	170,636.02	12,299.29	182,935.31
200806	182,935.31	8,867.37	191,802.68
Sum: 48,981.66			