

**Avista Corp.**  
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October 29, 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 July through October 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 third year pilot period July 2008 through June 2009 with monthly entries through September 2008 and monthly general ledger balance summaries for the deferral accounts and related accumulated deferred federal income tax for the third 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 Hirschorn". The signature is fluid and cursive, with the first name being the most prominent.

Brian Hirschorn  
Manager, Retail Pricing  
Enc.

Avista Corporation Natural Gas Decoupling Mechanism  
Docket No. UG-060518  
Quarterly Report for 3rd Quarter 2008

	2008 July	2008 August	2008 September	2008 October	2008 November	2008 December	2009 January	2009 February	2009 March	2009 April	2009 May	2009 June	Period to Date Total
<b>AVISTA UTILITIES</b>													
Washington - Gas													
Approved Decoupling Mechanism													
2008/2009 with 2008 compared to 2006 Test Year													
Adjusted for Actual New Customer Usage													
3rd Year Pilot Period July 2008 - June 2009													
<b>12 Months Ended June 2009 Actual</b>													
Schedule 101													
Schedule 101 Billed Therms	2,763,613	2,223,233	2,487,966										7,474,812
Deduct New Customer Usage(1)	(82,104)	(66,736)	(78,849)										(227,688)
Deduct Prior Month Unbilled Therms	(1,731,459)	(1,267,630)	(1,309,729)	(1,930,178)									(6,238,996)
Add Current Month Unbilled Therms	1,267,630	1,309,729	1,930,178										4,507,537
Add Weather Adjustment													
Weather Adj Calendar Therms	2,217,680	2,198,596	3,029,566	(1,930,178)									5,515,664
Weather Adj Calendar Therms	2,217,680	2,198,596	3,029,566	(1,930,178)									5,515,664
Less Test Year Therms	1,983,193	2,049,321	3,228,950	8,830,784	14,228,112	20,663,191	20,193,658	16,744,930	14,101,624	9,347,535	5,032,140	2,400,167	118,803,605
Therm Difference	234,487	149,275	(199,384)										184,378
Times Current Margin Rate per Therm (2)	0.21748	0.21748	0.21748	0.21748	0.21748	0.21748	0.21748	0.21748	0.21748	0.21748	0.21748	0.21748	0.21748
Revenue Excess (Shortfall)	\$50,996	\$32,464	(\$43,362)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,099
90% Limitation	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Deferred Revenue Account Entry	\$45,897	\$29,218	(\$39,026)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$36,089
407328 or (407428)													

(1) Per monthly reports - current month usage for new services opened since that month of the 2006 test year  
(2) Margin Rate per Therm from UG-070805 is exclusive of incremental revenue related cost items.

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**2006 Test Year  
Weather Normalization**

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Total
Normal DDH	44	42	196	554	897	1,168	1,169	945	790	557	338	149	6,849
Actual DDH	8	52	142	554	897	1,168	1,169	945	790	557	338	149	6,769
Degree Day Adjustment	36	(10)	54	-	-	-	-	-	-	-	-	-	-
Res 101	0.000	0.000	0.000	0.090	0.090	0.101	0.101	0.101	0.101	0.090	0.090	0.090	0.090
Com 101	0.000	0.000	0.000	0.169	0.169	0.243	0.243	0.243	0.243	0.169	0.169	0.169	0.169
Ind 101	0.000	0.000	0.000	0.306	0.306	0.422	0.422	0.422	0.422	0.306	0.306	0.306	0.306
<b>Sch. 101</b>													
Res 101	-	-	-	-	-	-	-	-	-	-	-	-	-
Com 101	-	-	-	-	-	-	-	-	-	-	-	-	-
Ind 101	-	-	-	-	-	-	-	-	-	-	-	-	-
Total 101	-	-	-	-	-	-	-	-	-	-	-	-	-

**Monthly Unbilled Calculation**

	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
Unbilled DDH	71.2	4.7	45.3	101.5	-	-	-	-	-	-	-	-	-
Unbilled Factor	63.30%	63.32%	65.28%	62.81%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
06 Baseeld(1)													
15 DD/Cust(1)	0.0448	0.0000	0.0000	0.0448	0.0896	0.0951	0.1005	0.1005	0.1005	0.0951	0.0896	0.0896	0.0448
12 DD/Cust(1)	0.0844	0.0000	0.0000	0.0844	0.1688	0.2058	0.2427	0.2427	0.2427	0.2058	0.1688	0.1688	0.0844
0 DD/Cust(1)	0.1528	0.0000	0.0000	0.1528	0.3055	0.3639	0.4222	0.4222	0.4222	0.3639	0.3055	0.3055	0.1528
<b>Sch. 101</b>													
Res 101	1,577,451	1,182,330	1,221,209	1,746,939	-	-	-	-	-	-	-	-	-
Com 101	153,018	85,300	88,520	181,828	-	-	-	-	-	-	-	-	-
Ind 101	990	-	-	1,411	-	-	-	-	-	-	-	-	-
Total	1,731,459	1,267,630	1,309,729	1,930,178	-	-	-	-	-	-	-	-	-

**Revenue Run Customers (Meters Billed)**

Class	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	124,155	124,306	124,387	124,402	124,358	124,358	124,482	124,715	125,061	125,868	126,533	127,078	1,499,947
Commercial	11,239	11,279	11,289	11,260	11,275	11,247	11,226	11,300	11,291	11,323	11,388	11,474	135,541
Industrial 10	94	92	91	91	88	91	91	90	91	88	92	93	1,092
Interdepartn	22	22	22	22	23	23	23	23	23	23	23	22	271
Total	135,510	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

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Balance Sheet Accounts  
GL Account Balance Accounting Period : '200807, 200808, 200809'

Ferc Acct: 186328	Ferc Acct Desc: REG ASSET-DECOUPLING DEFERRED	Service: GD	Jurisdiction: WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200807	678,013.00	-723,910.00	-45,897.00
200808	-45,897.00	-29,218.00	-75,115.00
200809	-75,115.00	39,026.00	-36,089.00
		<b>Sum: -714,102.00</b>	

GL Account Balance Accounting Period : '200807, 200808, 200809'

Ferc Acct: 182328	Ferc Acct Desc: REG ASSET - DECOUPLING SURCHARG	Service: GD	Jurisdiction: WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200807	36,301.22	-5,448.33	30,852.89
200808	30,852.89	-5,862.29	24,990.60
200809	24,990.60	-12,727.14	12,263.46
		<b>Sum: -24,037.76</b>	

GL Account Balance Accounting Period : '200807, 200808, 200809'

Ferc Acct: 182329	Ferc Acct Desc: REG ASSET - DECOUPLING PRIOR YE	Service: GD	Jurisdiction: WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200807	0.00	678,013.00	678,013.00
200808	678,013.00	0.00	678,013.00
200809	678,013.00	0.00	678,013.00
		<b>Sum: 678,013.00</b>	

GL Account Balance Accounting Period : '200807, 200808, 200809'

Ferc Acct: 283328	Ferc Acct Desc: ADFIT DECOUPLING DEFERRED REV	Service: GD	Jurisdiction: WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200807	-250,010.03	17,970.87	-232,039.16
200808	-232,039.16	12,278.10	-219,761.06
200809	-219,761.06	-9,204.60	-228,965.66
		<b>Sum: 21,044.37</b>	

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Income Statement Accounts  
GL Account Balance Accounting Period : '200807, 200808, 200809'

Ferc Acct:407428	Ferc Acct Desc:REG CREDIT DECOUPLING DEF REV	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200807	-512,689.00	0.00	-512,689.00
200808	-512,689.00	0.00	-512,689.00
200809	-512,689.00	-39,026.00	-551,715.00
		<b>Sum: -39,026.00</b>	

GL Account Balance Accounting Period : '200807, 200808, 200809'

Ferc Acct:407328	Ferc Acct Desc:REG DEBIT DECOUPLING DEF REV	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200807	429,118.00	45,897.00	475,015.00
200808	475,015.00	29,218.00	504,233.00
200809	504,233.00	0.00	504,233.00
		<b>Sum: 75,115.00</b>	

GL Account Balance Accounting Period : '200807, 200808, 200809'

Ferc Acct:407329	Ferc Acct Desc:REG DEBIT AMT DECOUPLING SURCH	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200807	191,802.68	5,596.30	197,398.98
200808	197,398.98	5,985.34	203,384.32
200809	203,384.32	12,809.23	216,193.55
		<b>Sum: 24,390.87</b>	