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February 2, 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 October through December 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 December 2008 and monthly general ledger balance summaries for the deferral accounts and related accumulated deferred federal income tax for the fourth 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 written in a cursive style with a long horizontal line extending from the end.

Brian Hirschorn
Manager, Retail Pricing
Enc.

Avista Corporation Natural Gas Decoupling Mechanism
Docket No. UG-060518
Quarterly Report for 4th Quarter 2008

AVISTA UTILITIES
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

12 Months Ended June 2009 Actual
Schedule 101

	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
Schedule 101 Billed Therms	2,763,613	2,223,233	2,487,966	3,933,329	8,603,159	15,345,278							35,356,578
Deduct New Customer Usage(1)	(82,104)	(66,736)	(78,849)	(127,362)	(276,318)	(599,812)							(1,231,181)
Deduct Prior Month Unbilled Therms	(1,731,459)	(1,267,630)	(1,309,729)	(1,930,178)	(6,206,433)	(9,576,840)	(16,255,704)						(38,277,973)
Add Current Month Unbilled Therms	1,267,630	1,309,729	1,930,178	6,206,433	9,576,840	16,255,704							36,546,514
Add Weather Adjustment	-	-	-	331,716	1,494,158	(2,505,966)							(680,094)
Weather Adj Calendar Therms	2,217,680	2,198,596	3,029,566	8,413,938	13,191,406	18,918,362	(16,255,704)						31,713,844
Weather Adj Calendar Therms	2,217,680	2,198,596	3,029,566	8,413,938	13,191,406	18,918,362	(16,255,704)						31,713,844
Less Test Year Therms	1,983,193	2,049,321	3,228,950	8,830,784	14,228,112	20,663,191							50,983,551
Therm Difference	234,487	149,275	(199,384)	(416,846)	(1,036,706)	(1,744,829)							(3,014,003)
Times Current Margin Rate per Therm (2)	0.21748	0.21748	0.21748	0.21748	0.21748	0.21748							
Revenue Excess (Shortfall)	\$50,996	\$32,464	(\$43,362)	(\$90,656)	(\$225,463)	(\$379,465)	\$0	\$0	\$0	\$0	\$0	\$0	(\$655,485)
90% Limitation	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	
Deferred Revenue Account Entry	\$45,897	\$29,218	(\$39,026)	(\$81,590)	(\$202,917)	(\$341,519)	\$0	\$0	\$0	\$0	\$0	\$0	(\$589,937)
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	529	785	1,328	1,169	945	790	557	338	149	6,792
Degree Day Adjustment	36	(10)	54	25	112	(160)	-	-	-	-	-	-	-
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	0.849
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	1.649
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	3.006
Sch. 101													
Res 101	-	-	-	283,203	1,275,453	(2,053,580)	-	-	-	-	-	-	-
Com 101	-	-	-	47,840	215,552	(446,109)	-	-	-	-	-	-	-
Ind 101	-	-	-	673	3,153	(6,279)	-	-	-	-	-	-	-
Total 101	-	-	-	331,716	1,494,158	(2,505,968)	-	-	-	-	-	-	-

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	369.6	567.2	952.4	-	-	-	-	-	-
Unbilled Factor	63.30%	63.32%	65.28%	62.81%	65.31%	69.16%	68.63%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Res 101	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
Com 101	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
Ind 101	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
Sch. 101													
Res 101	1,577,451	1,182,330	1,221,209	1,746,939	5,401,331	8,134,346	13,471,627	-	-	-	-	-	-
Com 101	153,018	85,300	88,520	181,828	795,166	1,423,507	2,746,681	-	-	-	-	-	-
Ind 101	990	-	-	1,411	9,936	18,987	37,396	-	-	-	-	-	-
Total	1,731,459	1,267,630	1,309,729	1,930,178	6,206,433	9,576,840	16,255,704	-	-	-	-	-	-

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	124,602	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	11,225	11,247	11,225	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
Interdepart	22	22	22	22	23	23	23	23	23	23	22	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 : '200810, 200811, 200812'

Ferc Acct: 186328	Ferc Acct Desc: REG ASSET-DECOUPLING DEFERRED	Service: GD	Jurisdiction: WA
Accounting Period			
200810	Beginning Balance	Monthly Activity	Ending Balance
200811	-36,089.00	81,590.00	45,501.00
200812	45,501.00	202,917.00	248,418.00
	248,418.00	341,519.00	589,937.00
		Sum: 626,026.00	

GL Account Balance Accounting Period : '200810, 200811, 200812'

Ferc Acct: 182328	Ferc Acct Desc: REG ASSET- DECOUPLING SURCHARG	Service: GD	Jurisdiction: WA
Accounting Period			
200810	Beginning Balance	Monthly Activity	Ending Balance
200811	12,263.46	-18,449.06	-6,185.60
200812	-6,185.60	614,092.30	607,906.70
	607,906.70	-128,313.48	479,593.22
		Sum: 467,329.76	

GL Account Balance Accounting Period : '200810, 200811, 200812'

Ferc Acct: 182329	Ferc Acct Desc: REG ASSET- DECOUPLING PRIOR YE	Service: GD	Jurisdiction: WA
Accounting Period			
200810	Beginning Balance	Monthly Activity	Ending Balance
200811	678,013.00	0.00	678,013.00
200812	678,013.00	-678,013.00	0.00
	0.00	0.00	0.00
		Sum: -678,013.00	

GL Account Balance Accounting Period : '200810, 200811, 200812'

Ferc Acct: 283328	Ferc Acct Desc: ADFIT DECOUPLING DEFERRED REV	Service: GD	Jurisdiction: WA
Accounting Period			
200810	Beginning Balance	Monthly Activity	Ending Balance
200811	-228,965.66	-22,099.33	-251,064.99
200812	-251,064.99	-48,648.71	-299,713.70
	-299,713.70	-74,621.93	-374,335.63
		Sum: -145,369.97	

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Income Statement Accounts

GL Account Balance Accounting Period : '200810, 200811, 200812'

Ferc Acct:407428	Ferc Acct Desc:REG CREDIT DECOUPLING DEF REV	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200810	-551,715.00	-81,590.00	-633,305.00
200811	-633,305.00	-202,917.00	-836,222.00
200812	-836,222.00	-341,519.00	-1,177,741.00
	Sum: -626,026.00		

GL Account Balance Accounting Period : '200810, 200811, 200812'

Ferc Acct:407328	Ferc Acct Desc:REG DEBIT DECOUPLING DEF REV	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200810	504,233.00	0.00	504,233.00
200811	504,233.00	0.00	504,233.00
200812	504,233.00	0.00	504,233.00
	Sum: 0.00		

GL Account Balance Accounting Period : '200810, 200811, 200812'

Ferc Acct:407329	Ferc Acct Desc:REG DEBIT AMT DECOUPLING SURCH	Service:GD	Jurisdiction:WA
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
200810	216,193.55	18,461.70	234,655.25
200811	234,655.25	65,158.82	299,814.07
200812	299,814.07	131,838.23	431,652.30
	Sum: 215,458.75		