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August 3, 2009

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 2009. 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 June 2009 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 Hirschorn". The signature is written in a cursive, flowing style.

Brian Hirschorn
Manager, Retail Pricing
Enc.

Avista Corporation Natural Gas Decoupling Mechanism
Docket No. UG-060518
Quarterly report for 2nd Quarter 2009

AVISTA UTILITIES
Washington - Gas
Approved Decoupling Mechanism
2008/2009 compared to 2006 Test Year Jul to Dec, compared to 2007 Test Year Jan to Jun
Adjusted for Actual New Customer Usage
3rd Year Pilot Period July 2008 - June 2009

New Rates Effective 01/01/2009 with 2007 Test Year

	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
12 Months Ended June 2009 Actual													
Schedule 101													
Schedule 101 Billed Therms	2,763,613	2,223,233	2,487,966	3,933,329	8,603,159	15,345,278	24,885,757	21,106,338	17,754,612	12,666,299	7,615,545	3,714,717	123,099,846
Deduct New Customer Usage(1)	(82,104)	(66,736)	(78,849)	(127,362)	(276,318)	(599,812)	(837,285)	(628,669)	(571,631)	(395,852)	(224,303)	(101,872)	(3,990,793)
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)	(12,772,752)	(10,188,273)	(9,003,631)	(6,042,149)	(3,167,385)	(79,452,163)
Add Current Month Unbilled Therms	1,267,630	1,309,729	1,930,178	6,206,433	9,576,840	16,255,704	12,772,752	10,188,273	9,003,631	6,042,149	3,167,385	1,646,524	79,367,228
Add Weather Adjustment	-	-	-	331,716	1,494,158	(2,505,968)	(1,544,178)	(704,787)	(2,625,925)	(669,528)	281,035	614,990	(5,328,487)
Weather Adj Calendar Therms	2,217,680	2,198,596	3,029,566	8,413,938	13,191,406	18,918,362	19,021,342	17,188,403	13,372,414	8,639,437	4,797,513	2,706,974	113,895,631
Weather Adj Calendar Therms	2,217,680	2,198,596	3,029,566	8,413,938	13,191,406	18,918,362	19,021,342	17,188,403	13,372,414	8,639,437	4,797,513	2,706,974	113,895,631
Less Test Year Therms	1,983,193	2,049,321	3,228,950	8,830,784	14,228,112	20,663,191	20,189,463	18,089,596	13,420,523	7,791,044	4,652,911	2,115,994	117,243,102
Therm Difference	234,487	149,275	(199,384)	(416,846)	(1,036,706)	(1,744,829)	(1,168,141)	(901,193)	(48,109)	848,393	144,602	590,980	(3,547,471)
Times Current Margin Rate per Therm	0.21748	0.21748	0.21748	0.21748	0.21748	0.21748	0.24201	0.24201	0.24201	0.24201	0.24201	0.24201	0.24201
Revenue Excess (Shortfall)	\$50,996	\$32,464	(\$43,362)	(\$90,656)	(\$225,463)	(\$379,465)	(\$282,702)	(\$218,098)	(\$11,643)	\$205,320	\$34,995	\$143,023	(\$784,590)
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)	(\$81,590)	(\$202,917)	(\$341,519)	(\$254,432)	(\$196,288)	(\$10,479)	\$184,788	\$31,496	\$128,721	(\$706,131)
407328 or (407428)													
Correction for December 2007 New Customer Report Error							\$22,567						\$22,567
January 2009 Net Journal Entry													
(1) Per monthly reports - current month usage for new services opened since that month of the test year (2006 for July through December and 2007 for January through June)							\$	(231,865)					(\$683,564)

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2007 Test Year													
Weather Normalization													
	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Total
Normal DDH	1,105	912	768	536	324	139	37	34	189	543	894	1,171	6,652
Actual DDH	1,204	957	936	586	303	93	37	34	189	543	894	1,171	6,947
Degree Day Adjustment	(99)	(45)	(168)	(50)	21	46	-	-	-	-	-	-	(295)
Monthly													
Res 101	0.1005	0.1005	0.1005	0.0896	0.0896	0.0896	0.0000	0.0000	0.0000	0.0896	0.0896	0.1005	0.1005
Com 101	0.2427	0.2427	0.2427	0.1688	0.1688	0.1688	0.0000	0.0000	0.0000	0.1688	0.1688	0.2427	0.2427
Ind 101	0.4222	0.4222	0.4222	0.3055	0.3055	0.3055	0.0000	0.0000	0.0000	0.3055	0.3055	0.4222	0.4222
Sch. 101													
Res 101	(1,266,432)	(576,804)	(2,152,541)	(571,325)	239,744	524,329	-	-	-	-	-	-	(3,803,029)
Com 101	(274,151)	(126,121)	(466,858)	(96,798)	40,694	89,326	-	-	-	-	-	-	(833,908)
Ind 101	(3,595)	(1,862)	(6,526)	(1,405)	597	1,335	-	-	-	-	-	-	(11,456)
Total 101	(1,544,178)	(704,787)	(2,625,925)	(669,528)	281,035	614,990	-	-	-	-	-	-	(4,648,393)

Monthly Unbilled Calculation													
	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Unbilled DDH	952.4	740.5	571.1	535.7	355.5	141.4	56.4	-	-	-	-	-	-
Unbilled Factor	68.63%	59.75%	60.62%	60.11%	62.51%	62.23%	62.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
07 Baseload													
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	13,471,627	10,613,457	8,480,016	7,641,086	5,257,890	2,803,632	1,505,300	-	-	-	-	-	-
Com 101	2,746,691	2,132,408	1,684,627	1,344,613	774,267	359,736	140,406	-	-	-	-	-	-
Ind 101	37,396	26,887	23,630	17,932	9,992	4,017	818	-	-	-	-	-	-
Total	16,255,704	12,772,752	10,188,273	9,003,631	6,042,149	3,167,385	1,646,524	-	-	-	-	-	-

Revenue Run Customers (Meters Billed)														
Class	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	2007 Total
Residential 101	127,078	127,286	127,541	127,490	127,528	127,415	127,215	127,256	127,482	127,898	128,371	129,218	129,424	1,534,124
Commercial 101	11,474	11,410	11,548	11,450	11,469	11,480	11,504	11,503	11,497	11,551	11,552	11,597	11,702	138,263
Industrial 101	86	86	98	92	92	93	95	94	93	95	93	92	93	1,116
Interdepartmental 101	22	22	23	23	24	24	24	24	24	24	23	23	23	281
Total	138,667	138,804	139,210	139,055	139,113	139,012	138,838	138,877	139,096	139,568	140,039	140,930	141,242	1,673,784

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Balance Sheet Accounts

GL Account Balance Accounting Period : '200904, 200905, 200906'

Ferc Acct:186328	Ferc Acct Desc:REG ASSET-DECOUPLING DEFERRED	Service:GD	Jurisdiction:WA
Accounting Period			
200904	Beginning Balance	Monthly Activity	Ending Balance
	1,028,569.00	-184,788.00	843,781.00
200905	843,781.00	-31,496.00	812,285.00
200906	812,285.00	-128,721.00	683,564.00
	Sum: -345,005.00		

GL Account Balance Accounting Period : '200904, 200905, 200906'

Ferc Acct:182328	Ferc Acct Desc:REG ASSET- DECOUPLING SURCHARG	Service:GD	Jurisdiction:WA
Accounting Period			
200904	Beginning Balance	Monthly Activity	Ending Balance
	163,443.95	-72,208.69	91,235.26
200905	91,235.26	-27,777.79	63,457.47
200906	63,457.47	-14,836.02	48,621.45
	Sum: -114,822.50		

GL Account Balance Accounting Period : '200904, 200905, 200906'

Ferc Acct:182329	Ferc Acct Desc:REG ASSET- DECOUPLING PRIOR YE	Service:GD	Jurisdiction:WA
Accounting Period			
200904	Beginning Balance	Monthly Activity	Ending Balance
	0.00	0.00	0.00
200905	0.00	0.00	0.00
200906	0.00	0.00	0.00
	Sum: 0.00		

GL Account Balance Accounting Period : '200904, 200905, 200906'

Ferc Acct:283328	Ferc Acct Desc:ADFIT DECOUPLING DEFERRED REV	Service:GD	Jurisdiction:WA
Accounting Period			
200904	Beginning Balance	Monthly Activity	Ending Balance
	-417,204.59	89,948.84	-327,255.75
200905	-327,255.75	20,745.83	-306,509.92
200906	-306,509.92	50,244.96	-256,264.96
	Sum: 160,939.63		

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Income Statement Accounts

GL Account Balance Accounting Period : '200904, 200905, 200906'

Ferc Acct:407428	Ferc Acct Desc:REG CREDIT DECOUPLING DEF REV	Service:GD	Jurisdiction:WA
Accounting Period			
200904	Beginning Balance	Monthly Activity	Ending Balance
	-438,632.00	0.00	-438,632.00
200905	-438,632.00	0.00	-438,632.00
200906	-438,632.00	0.00	-438,632.00
	Sum: 0.00		

GL Account Balance Accounting Period : '200904, 200905, 200906'

Ferc Acct:407328	Ferc Acct Desc:REG DEBIT DECOUPLING DEF REV	Service:GD	Jurisdiction:WA
Accounting Period			
200904	Beginning Balance	Monthly Activity	Ending Balance
	0.00	184,788.00	184,788.00
200905	184,788.00	31,496.00	216,284.00
200906	216,284.00	128,721.00	345,005.00
	Sum: 345,005.00		

GL Account Balance Accounting Period : '200904, 200905, 200906'

Ferc Acct:407329	Ferc Acct Desc:REG DEBIT AMT DECOUPLING SURCH	Service:GD	Jurisdiction:WA
Accounting Period			
200904	Beginning Balance	Monthly Activity	Ending Balance
	321,750.03	72,794.98	394,545.01
200905	394,545.01	28,122.63	422,667.64
200906	422,667.64	15,082.16	437,749.80
	Sum: 115,999.77		