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February 13, 2012

State of Washington
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive
Olympia, Washington 98504-8002

Attention: Mr. David Danner, Executive Director and Secretary

RE: WN U-29 – Natural Gas Service
Avista's Annual Purchased Gas Adjustment (PGA)

Enclosed for filing with the Commission is a copy of the following proposed tariff sheet:

Eleventh Revision Sheet 150 canceling Tenth Revision Sheet 150

In order to provide the benefit to customers as soon as possible, the Company requests that the proposed tariff change be made effective on March 1, 2012, with less than statutory notice. A Less Than Statutory Notice and Waiver of Customer Notice Rules is attached.

This filing reflects the Company's proposed out of period Purchased Gas Cost Adjustment (PGA) to pass through to customers changes in the estimated cost of natural gas (Schedule 150) for the forthcoming eight months of March 2012 through October 2012. Below is a table summarizing the proposed changes reflected in this filing.

<u>Service</u>	<u>Sch. No.</u>	<u>Commodity Change per therm</u>	<u>Demand Change per thm</u>	<u>Total Change Sch. 150</u>	<u>Sch. 155 Amort. per therm</u>	<u>Total Rate Change per therm</u>	<u>Percent Change</u>
General	101	(\$0.05818)	\$0.00000	(\$0.05818)	\$0.00000	(\$0.05818)	(6.03%)
Large General	111	(\$0.05818)	\$0.00000	(\$0.05818)	\$0.00000	(\$0.05818)	(7.55%)
Ex. Large General	121	(\$0.05818)	\$0.00000	(\$0.05818)	\$0.00000	(\$0.05818)	(8.20%)
Interruptible	131	(\$0.05818)	\$0.00000	(\$0.05818)	\$0.00000	(\$0.05818)	(9.46%)
Transportation	146	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	0.0%

Commodity Costs

As shown in the table above, the estimated commodity cost (WACOG) change is a *decrease* of 5.8 cents per therm. The proposed WACOG is 37.6 cents per therm compared to the present WACOG of 43.4 cents per therm included in rates.

In its 2011 PGA filing, the Company used a 30-day historical average of forward prices (ending August 22, 2011) by supply basin to develop an estimated cost associated with index/spot purchases.

The estimated monthly volumes to be purchased by basin are multiplied by the (30-day) average historical forward price for the corresponding month and basin. These index/spot volumes represent approximately 30% of estimated annual load requirements for the PGA year.

Since that filing, on average, daily wholesale prices of natural gas have declined substantially over the past several months. While a majority of the WACOG is fixed either through fixed price hedges or storage injections, the one variable that is not fixed is the approximately 30% of estimated index/spot volumes. While we are now four months in to the present twelve month PGA year (November 2011 through October 2012), the Company believes that it is in the best interest of customers to update the pricing of the remaining estimated index/spot volumes and pass those lower index prices to customers now through a lower overall rate. This filing updates the 30-day historical average of forward prices to February 5, 2012.

Demand Costs and Schedule 155 / Amortization Rate Change

The Company is not requesting any changes related to demand charges or Schedule 155 (Amortization Rate) in this filing.

Other Information

The annual revenue change reflected in this filing is an decrease of \$9.9 million, or a decrease in annual gas revenue of 6.43%. The average residential or small commercial customer using 67 therms per month will see a decrease of \$3.90 per month, or approximately 6.03%. The present bill for 67 therms is \$64.63 while the proposed bill is \$60.73.

Also enclosed are the workpapers supporting the proposed rate changes and a media release which will be issued coincident with this filing. If you have any questions regarding this filing, please call Craig Bertholf at 509-495-4124 or Patrick Ehrbar at 509-495-8620.

Sincerely,



Kelly O. Norwood
Vice President, State & Federal Regulation

enclosures

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have served Avista Corporation's Tariff WUTC WN-U-29 Natural Gas Service by mailing a copy thereof, postage prepaid to the following:

Chad M. Stokes
Cable Huston Benedict Haagensen & Lloyd, LLP
1001 SW 5th, Suite 2000
Portland, OR 97204-1136

Paula Pyron
Northwest Industrial Gas Users
4113 Wolfberry Court
Lake Oswego, OR 97035-1827

Washington Utilities & Transportation Commission
David W. Danner, Executive Director and Secretary
1300 Evergreen Park Dr. SW
Olympia, WA 98504
Sent via the UTC Web Portal

Mr. Simon ffitc
Office of the Attorney General
800 Fifth Avenue, Suite 2000
Seattle, WA 98164

Spokane County
Ron Oscarson, Director of Facilities
1211 W. Gardner Avenue
Spokane, WA 99260-0060

SCC and SFCC-Purchasing
2000 N Greene Street
Spokane, WA 99207

Gonzaga University
PO Box 3464
Spokane, WA 99220

Washington Department of Corrections
PO Box 1899
Airway Heights, WA 99001

Franz Bakery
Attn: Jim Groenthal
110 N. Fancher
Spokane, WA 99212

St. Lukes
Attn: Accounts Payable
PO Box 469
Spokane, WA 99210

Quarry Tile
6328 East Utah
Spokane Valley, WA 99212

Dated at Spokane, Washington this 13th day of February 2012.



Patrick Ehrbar
Manager, Rates & Tariffs