

Avista Corp.
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November 1, 2010

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: UG-090135/UG-060518
Natural Gas Decoupling Mechanism
Quarterly Report

Attached for filing with the Commission is an electronic copy of the Natural Gas Decoupling Mechanism Quarterly Report for the period July through September 2010. The Commission approved the continuation of Avista's Natural Gas Decoupling Mechanism with the modifications delineated by Order No. 10 from WUTC Docket No. UE-090134, UG-090135 and UG-060518 (consolidated). As reflected in this filing, the Company continues to submit quarterly reports containing the same information required during the pilot period.

The report consists of a spreadsheet showing the monthly revenue deferral calculation for the period July 2010 through September 2010.

Also included in the report are the monthly general ledger balances resulting from the deferral and amortization activity during the third quarter of 2010.

Questions regarding this filing should be directed to Tara Knox at (509) 495-4325.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick Ehrbar", with a long horizontal line extending to the right.

Patrick Ehrbar
Manager, Rates and Tariffs
Enc.

Avista Corporation Natural Gas Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 3rd Quarter 2010

AVISTA UTILITIES
 Washington - Gas
 Approved Decoupling Mechanism per Order No. 10 Docket No. UG-090135/JUG-060518
 2010/2011 compared to 12 ME September 2008 Test Year
 Adjusted for Actual New Customer Usage and Schedule Shifting
 Period July 2010 - June 2011

	2010 July	2010 August	2010 September	2010 October	2010 November	2010 December	2011 January	2011 February	2011 March	2011 April	2011 May	2011 June	Period to Date Total
12 Months Ended June 2011 Forecast													
Schedule 101													
Schedule 101 Billed Therms	3,313,811	2,388,155	2,436,473										8,138,439
Deduct New Customer Usage(1)	(79,496)	(50,724)	(49,513)										(179,733)
Schedule Shifting Adjustment (2)	9,435	15,624	20,369										
Deduct Prior Month Unbilled Therms	(2,290,886)	(1,475,600)	(1,470,836)	(2,167,427)									(7,404,749)
Add Current Month Unbilled Therms	1,475,600	1,470,836	2,167,427										5,113,863
Add Weather Adjustment													
Weather Adj Calendar Therms	2,428,464	2,348,291	3,103,920	(2,167,427)									5,667,820
Weather Adj Calendar Therms	2,428,464	2,348,291	3,103,920	(2,167,427)									5,713,248
Less Test Year Therms	2,287,103	2,287,617	3,079,647	8,101,726	13,914,616	20,622,099	19,880,758	18,737,627	12,345,740	9,427,301	5,654,823	2,402,374	118,641,430
Therm Difference	141,361	60,674	24,273										226,308
Times Current Margin Rate per Therm	0.24216	0.24216	0.24216	0.24216	0.24216	0.24216	0.24216	0.24216	0.24216	0.24216	0.24216	0.24216	0.24216
Revenue Excess (Shortfall)	\$34,232	\$14,693	\$5,878	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$54,803
45% Limitation	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%
Deferred Revenue Account Entry	\$15,404	\$6,612	\$2,645	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,661
407328 or (407428)													

(1) Per monthly reports - current month usage for new services opened since that month of the test year.

(2) The schedule shifting adjustment adds back test year usage of customers that have shifted away from Schedule 101 and deducts the current month usage of customers that were on a different schedule during the test year and have shifted to Schedule 101.

Avista Corporation Natural Gas Decoupling Mechanism

Washington Jurisdiction

Quarterly Report for 3rd Quarter 2010

2008 Test Year Factors, 2010-2011 Actual Weather and Cycle Days
Weather Normalization

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-10	Aug-10	Sep-10	Total
Normal Degree Days (30 Year Average 1979 - 2008)	541	899	1160	1136	914	770	542	323	144	36	35	189	6,689
Actual Degree Days	541	899	1160	1136	914	770	542	323	144	48	47	158	6,682
Degree Day Adjustment (1.6)	0	0	0	0	0	0	0	0	0	-12	-12	31	7
Monthly													
Use/DD/Cust(6)	0.0877	0.0877	0.1002	0.1002	0.1002	0.1002	0.0877	0.0877	0.0877	0.0000	0.0000	0.0000	
Use/DD/Cust(6)	0.1670	0.1670	0.2467	0.2467	0.2467	0.2467	0.1670	0.1670	0.1670	0.0000	0.0000	0.0000	
Use/DD/Cust(6)	0.2961	0.2961	0.4266	0.4266	0.4266	0.4266	0.2961	0.2961	0.2961	0.0000	0.0000	0.0000	
Sch. 101													
Res 101	-	-	-	-	-	-	-	-	-	-	-	-	-
Com 101	-	-	-	-	-	-	-	-	-	-	-	-	-
Ind 101	-	-	-	-	-	-	-	-	-	-	-	-	-
Total 101	-	-	-	-	-	-	-	-	-	-	-	-	-

Monthly Unbilled Calculation

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-10	Aug-10	Sep-10
Unbilled DDH (current period cycle day workshe	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	116.8	47.6	106.9
Unbilled Factor (current period cycle day workshe	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	72.51%	70.57%	69.46%
Monthly												
Res 101	0.0877	0.0940	0.1002	0.1002	0.1002	0.0940	0.0877	0.0877	0.0439	0.0439	0.0000	0.0439
Com 101	0.1670	0.2069	0.2467	0.2467	0.2467	0.2069	0.1670	0.1670	0.0835	0.0835	0.0000	0.0835
Ind 101	0.2961	0.3614	0.4266	0.4266	0.4266	0.3614	0.2961	0.2961	0.1481	0.1481	0.0000	0.1481
Sch. 101												
Res 101	-	-	-	-	-	-	-	-	-	2,073,044	1,376,305	1,964,246
Com 101	-	-	-	-	-	-	-	-	-	216,355	99,072	201,820
Ind 101	-	-	-	-	-	-	-	-	-	1,487	-	1,361
Total	-	-	-	-	-	-	-	-	-	2,290,886	1,475,600	2,167,427

Revenue Run Customers (Meters Billed)

Class	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	12 ME Sept
Residential 101	127,898	128,371	129,218	129,424	129,776	129,941	129,950	129,861	129,773	129,580	129,559	129,589	130,026	1,555,068
Commercial 101	21	11,552	11,597	11,702	11,689	11,691	11,700	11,691	11,683	11,724	11,684	11,699	11,692	140,104
Industrial 101	95	93	92	93	92	90	90	87	87	86	87	87	86	1,070
Interdepartmental 101	24	23	23	23	23	23	23	23	23	23	24	24	25	280
Total	139,568	140,039	140,930	141,242	141,580	141,745	141,763	141,662	141,566	141,413	141,354	141,399	141,829	1,696,522

Avista Corporation Natural Gas Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 3rd Quarter 2010
Balance Sheet Accounts

GL Account Balance Accounting Period : '201007, 201008, 201009'

Ferc Acct Desc:REG ASSET-DECOUPLING DEFERRED Service:GD Jurisdiction:WA Acct:186328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201007	577,061.00	-592,465.00	-15,404.00
201008	-15,404.00	-6,612.00	-22,016.00
201009	-22,016.00	-2,645.00	-24,661.00
Sum: -601,722.00			

GL Account Balance Accounting Period : '201007, 201008, 201009'

Ferc Acct Desc:REG ASSET- DECOUPLING SURCHARG Service:GD Jurisdiction:WA Acct:182328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201007	124,120.29	-11,535.76	112,584.53
201008	112,584.53	-10,644.24	101,940.29
201009	101,940.29	-13,101.95	88,838.34
Sum: -35,281.95			

GL Account Balance Accounting Period : '201007, 201008, 201009'

Ferc Acct Desc:REG ASSET- DECOUPLING PRIOR YE Service:GD Jurisdiction:WA Acct:182329			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201007	0.00	577,061.00	577,061.00
201008	577,061.00	0.00	577,061.00
201009	577,061.00	0.00	577,061.00
Sum: 577,061.00			

GL Account Balance Accounting Period : '201007, 201008, 201009'

Ferc Acct Desc:ADFIT DECOUPLING DEFERRED REV Service:GD Jurisdiction:WA Acct:283328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201007	-245,413.51	9,428.92	-235,984.59
201008	-235,984.59	6,039.68	-229,944.91
201009	-229,944.91	5,511.43	-224,433.48
Sum: 20,980.03			

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Income Statement Accounts

GL Account Balance Accounting Period : '201007, 201008, 201009'

Ferc		Ferc Acct Desc:REG CREDIT DECOUPLING DEF REV	Service:GD	Jurisdiction:WA
Acct:407428				
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance	
201007	-388,189.00	0.00	-388,189.00	
201008	-388,189.00	0.00	-388,189.00	
201009	-388,189.00	0.00	-388,189.00	
Sum: 0.00				

GL Account Balance Accounting Period : '201007, 201008, 201009'

Ferc		Ferc Acct Desc:REG DEBIT DECOUPLING DEF REV	Service:GD	Jurisdiction:WA
Acct:407328				
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance	
201007	65,742.00	15,404.00	81,146.00	
201008	81,146.00	6,612.00	87,758.00	
201009	87,758.00	2,645.00	90,403.00	
Sum: 24,661.00				

GL Account Balance Accounting Period : '201007, 201008, 201009'

Ferc		Ferc Acct Desc:REG DEBIT AMT DECOUPLING SURCH	Service:GD	Jurisdiction:WA
Acct:407329				
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance	
201007	260,468.56	11,855.86	272,324.42	
201008	272,324.42	10,934.35	283,258.77	
201009	283,258.77	13,359.95	296,618.72	
Sum: 36,150.16				