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,

Patrick Ehrbar

Manager, Rates and Tariffs

Enc.