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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,

Patrick Ehrbar
Manager, Rates and Tariffs
Enc.