

Avista Corp.
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February 7, 2011

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.

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

Also included in the report are the monthly general ledger balances resulting from the deferral and amortization activity during the fourth 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 4th Quarter 2010

AVISTA UTILITIES
Washington - Gas

Approved Decoupling Mechanism per Order No. 10 Docket No. UG-090135
July through November 2010 compared to 12 ME September 2008 Test Year - UG-090135 rates
December 2010 through June 2011 compared to 12 ME December 2009 Test Year - UG-100468 rates
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 Billed Therms	3,313,811	2,388,155	2,436,473	3,588,712	8,096,570	18,685,652	-	-	-	-	-	-	38,509,373
Deduct New Customer Usage(1)	(79,496)	(50,724)	(49,513)	(129,126)	(296,150)	(196,517)	-	-	-	-	-	-	(801,526)
Schedule Shifting Adjustment (2)	9,435	15,624	20,369	38,447	76,828	68,912	(14,149,481)	-	-	-	-	-	229,615
Deduct Prior Month Unbilled Therms	(2,290,886)	(1,475,600)	(1,470,836)	(2,167,427)	(6,369,870)	(12,632,762)	-	-	-	-	-	-	(40,556,862)
Add Current Month Unbilled Therms	1,475,600	1,470,836	2,167,427	6,369,870	13,112,916	14,149,481	-	-	-	-	-	-	38,746,130
Add Weather Adjustment	-	-	-	911,825	(651,522)	989,755	-	-	-	-	-	-	1,250,058
Weather Adj Calendar Therms	2,428,464	2,348,291	3,103,920	8,612,301	13,968,772	21,064,521	(14,149,481)	-	-	-	-	-	37,376,788
Weather Adj Calendar Therms	2,428,464	2,348,291	3,103,920	8,612,301	13,968,772	21,064,521	(14,149,481)	-	-	-	-	-	37,376,788
Less Test Year Therms	2,287,103	2,287,617	3,079,647	8,101,726	13,914,616	21,404,351	21,165,181	16,641,322	14,487,057	8,175,548	5,149,629	3,543,438	120,237,234
Therm Difference	141,361	60,674	24,273	510,575	54,156	(339,830)	-	-	-	-	-	-	451,210
Times Current Margin Rate per Therm	0.24216	0.24216	0.24216	0.24216	0.24216	0.27088	0.27088	0.27088	0.27088	0.27088	0.27088	0.27088	0.27088
Revenue Excess (Shortfall)	\$34,232	\$14,693	\$5,878	\$123,641	\$13,114	(\$2,063)	\$0	\$0	\$0	\$0	\$0	\$0	\$99,506
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	\$55,638	\$5,901	(\$41,424)	\$0	\$0	\$0	\$0	\$0	\$0	\$44,776
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

Avista Corporation Natural Gas Decoupling Mechanism Washington Jurisdiction Quarterly Report for 4th Quarter 2010

UG-090135 Base Rates Effective January 1, 2010 through November 30, 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	472	948	1160	1136	914	770	542	323	144	48	47	158	6,662
Degree Day Adjustment (1,6)	69	-49	0	0	0	0	0	0	0	-12	-12	31	27
Monthly													
Res 101	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	
Com 101	0.2961	0.2961	0.4266	0.4266	0.4266	0.4266	0.2961	0.2961	0.2961	0.0000	0.0000	0.0000	
Ind 101													
Sch. 101													
Res 101	776,811	(555,289)	-	-	-	-	-	-	-	-	-	-	221,522
Com 101	133,114	(94,898)	-	-	-	-	-	-	-	-	-	-	38,216
Ind 101	1,900	(1,335)	-	-	-	-	-	-	-	-	-	-	565
Total 101	911,825	(651,522)	-	-	-	-	-	-	-	-	-	-	260,303

Monthly Unbilled Calculation

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jun-10	Jul-10	Aug-10	Sep-10
Unbilled DDH (current period cycle day workshe	374.9	792.5	0.0	0.0	0	0.0	0.0	0.0	0.0	116.8	18.0	47.6	106.9
Unbilled Factor (current period cycle day workshe	68.58%	75.31%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	72.51%	70.82%	70.57%	69.46%
08 BaseId(6) 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	0.0000	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	0.0000	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	0.0000	0.1481
Sch. 101													
Res 101	5,541,227	11,080,686	-	-	-	-	-	-	2,073,044	1,376,305	1,371,764	1,964,246	
Com 101	818,319	2,005,884	-	-	-	-	-	-	216,355	99,295	99,072	201,820	
Ind 101	10,324	26,346	-	-	-	-	-	-	1,487	-	-	1,361	
Total	6,369,870	13,112,916	-	-	-	-	-	-	2,290,886	1,475,600	1,470,836	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	01	127,898	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	11,699	140,104
Industrial 101	31	93	92	93	92	90	90	87	87	86	87	87	86	1,070
Interdepartmental 101	80	24	23	23	23	23	23	23	23	23	24	24	25	280
Total		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 4th Quarter 2010

UG-100468 Base Rates Effective 12/1/2010

**2009 Test Year Factors, 2010 - 2011 Actual Weather and Unbilled
12 Months Ended December 2009 Monthly Data**

Weather Normalization

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-10	Total
Normal Degree Days (30 Year Average 1980 - 2009)	1,120	913	776	542	323	143	35	34	185	540	889	1,157	6,657
Actual Degree Days	1,120	913	776	542	323	143	35	34	185	540	889	1,096	6,596
Degree Day Adjustment (1.7)	-	-	-	-	-	-	-	-	-	-	-	61	61

Monthly

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-10	Total
Res 101	0.1002	0.1002	0.1002	0.0877	0.0877	0.0877	0.0000	0.0000	0.0000	0.0877	0.0877	0.1002	0.0000
Com 101	0.2467	0.2467	0.2467	0.1670	0.1670	0.1670	0.0000	0.0000	0.0000	0.1670	0.1670	0.2467	0.2467
Ind 101	0.4266	0.4266	0.4266	0.2961	0.2961	0.2961	0.0000	0.0000	0.0000	0.2961	0.2961	0.4266	0.4266
Sch. 101	-	-	-	-	-	-	-	-	-	-	-	809,310	809,310
Res 101	-	-	-	-	-	-	-	-	-	-	-	178,207	178,207
Com 101	-	-	-	-	-	-	-	-	-	-	-	2,238	2,238
Ind 101	-	-	-	-	-	-	-	-	-	-	-	989,755	989,755
Total 101	-	-	-	-	-	-	-	-	-	-	-	-	-

Revenue Run Customers (Meters Billed)

Class	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Annual Total
Residential 101	131,823	131,816	131,750	131,579	131,420	131,217	131,144	131,208	131,483	131,710	132,145	132,409	1,579,704
Commercial 101	11,811	11,804	11,787	11,774	11,768	11,773	11,757	11,776	11,805	11,808	11,866	11,842	141,571
Industrial 101	86	88	86	83	85	85	85	86	87	86	83	86	1,026
Interdepartmental 101	27	26	26	26	26	26	26	26	26	26	26	26	313
Total	143,747	143,734	143,649	143,462	143,299	143,101	143,012	143,096	143,401	143,630	144,120	144,363	1,722,614

Monthly Unbilled Calculation

	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Annual Total
Unbilled Sch 101 per Books	12,739,525	14,293,952	1	1	1	1	1	1	1
Rev Run Customers (Meters Billed)	145,338	145,837	-	-	-	-	-	-	-
Average Unbilled per Customer	87.65	98.01	-	-	-	-	-	-	-
Test Year Customer Current Unbilled	12,632,762	14,149,481	-	-	-	-	-	-	-

Avista Corporation Natural Gas Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 4th Quarter 2010
Balance Sheet Accounts

GL Account Balance Accounting Period : '201010, 201011, 201012'

Ferc Acct Desc:REG ASSET-DECOUPLING DEFERRED Service:GD Jurisdiction:WA Acct:186328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201010	-24,661.00	-55,638.00	-80,299.00
201011	-80,299.00	-5,901.00	-86,200.00
201012	-86,200.00	41,424.00	-44,776.00
Sum:			-20,115.00

GL Account Balance Accounting Period : '201010, 201011, 201012'

Ferc Acct Desc:REG ASSET- DECOUPLING SURCHARG Service:GD Jurisdiction:WA Acct:182328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201010	88,838.34	-31,208.13	57,630.21
201011	57,630.21	506,396.09	564,026.30
201012	564,026.30	-92,367.77	471,658.53
Sum:			382,820.19

See Note 1

GL Account Balance Accounting Period : '201010, 201011, 201012'

Ferc Acct Desc:REG ASSET- DECOUPLING PRIOR YE Service:GD Jurisdiction:WA Acct:182329			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201010	577,061.00	0.00	577,061.00
201011	577,061.00	-577,061.00	0.00
201012	0.00	0.00	0.00
Sum:			-577,061.00

GL Account Balance Accounting Period : '201010, 201011, 201012'

Ferc Acct Desc:ADFIT DECOUPLING DEFERRED REV Service:GD Jurisdiction:WA Acct:283328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201010	-224,433.48	30,396.15	-194,037.33
201011	-194,037.33	26,798.07	-167,239.26
201012	-167,239.26	17,830.32	-149,408.94
Sum:			75,024.54

Avista Corporation Natural Gas Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 4th Quarter 2010
Income Statement Accounts

GL Account Balance Accounting Period : '201010, 201011, 201012'

Ferc Acct Desc:REG CREDIT DECOUPLING DEF REV Service:GD Jurisdiction:WA Acct:407428			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201010	-388,189.00	0.00	-388,189.00
201011	-388,189.00	0.00	-388,189.00
201012	-388,189.00	-41,424.00	-429,613.00
Sum: -41,424.00			

GL Account Balance Accounting Period : '201010, 201011, 201012'

Ferc Acct Desc:REG DEBIT DECOUPLING DEF REV Service:GD Jurisdiction:WA Acct:407328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201010	90,403.00	55,638.00	146,041.00
201011	146,041.00	5,901.00	151,942.00
201012	151,942.00	0.00	151,942.00
Sum: 61,539.00			

GL Account Balance Accounting Period : '201010, 201011, 201012'

Ferc Acct Desc:REG DEBIT AMT DECOUPLING SURCH Service:GD Jurisdiction:WA Acct:407329			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201010	296,618.72	31,406.20	328,024.92
201011	328,024.92	72,285.98	400,310.90
201012	400,310.90	93,768.36	494,079.26
Sum: 197,460.54			

Note 1 At this point in time three successive surcharges have been collected with rates each determined based on estimated usage and interest rates. Any over- or under-collection of prior surcharges automatically rolls over as the following surcharge balance is transferred into the 182328 general ledger account in November. The \$57,630 balance in this account at the end of October 2010 reflects the net under-recovery of the three surcharges (excluding true-up of unbilled October terms billed in November and December). Lower than expected consumption due to considerably warmer than normal weather January through March of 2010 contributed to this outstanding balance. The 11/2007 - 10/2008 surcharge over-collected by approximately \$10,500, the 11/2008 - 10/2009 surcharge over-collected by approximately \$17,000, and the 11/2009 - 10/2010 surcharge under-collected by approximately \$82,000 for a net roll-over at November 2010 of approximately \$54,500.