

Avista Corp.  
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November 4, 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 July 2011 through September 2011.

Also included in the report are the monthly general ledger balances resulting from the deferral and amortization activity during the third quarter of 2011.

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 2011**

**AVISTA UTILITIES  
Washington - Gas**

Approved Decoupling Mechanism per Order No. 10 Docket No. UG-090135  
July 2011 through June 2012 compared to 12 ME December 2009 Test Year - UG-100468 rates

**Adjusted for Actual New Customer Usage and Schedule Shifting  
Period July 2011 - June 2012**

	2011 July	2011 August	2011 September	2011 October	2011 November	2011 December	2012 January	2012 February	2012 March	2012 April	2012 May	2012 June	Period to Date Total
<b>12 Months Ended June 2012 Actual</b>													
Schedule 101	2,994,883	2,297,477	2,203,697										7,496,057
Schedule 101 Billed Therms	(49,759)	(34,107)	(30,476)										(114,342)
<b>Deduct New Customer Usage(1)</b>	26,551	32,412	35,901										94,864
<b>Schedule Shifting Adjustment (2)</b>	(2,686,086)	(1,938,225)	(1,753,255)	(2,017,341)									(6,377,566)
Deduct Prior Month Unbilled Therms	1,938,225	1,753,255	2,017,341										5,708,821
Add Current Month Unbilled Therms													
Add Weather Adjustment													
Weather Adj Calendar Therms	2,223,814	2,110,812	2,473,208	(2,017,341)									6,807,834
Weather Adj Calendar Therms	2,223,814	2,110,812	2,473,208	(2,017,341)									6,807,834
Less Test Year Therms	2,139,181	2,250,396	2,694,230	7,654,861	13,811,030	21,404,351	21,165,181	16,641,322	14,487,057	8,175,548	5,149,629	3,543,438	7,063,807
Therm Difference	84,633	(139,584)	(221,022)										(275,973)
Times Current Margin Rate per Therm	0.27088	0.27088	0.27088	0.27088	0.27088	0.27088	0.27088	0.27088	0.27088	0.27088	0.27088	0.27088	0.27088
Revenue Excess (Shortfall)	\$22,925	(\$37,810)	(\$59,870)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
45% Limitation	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%
<b>Deferred Revenue Account Entry</b>	<b>\$10,316</b>	<b>(\$17,015)</b>	<b>(\$26,942)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$33,641)</b>
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 2011

**2009 Test Year Factors, 2011 - 2012 Actual Weather and Unbilled  
12 Months Ended December 2009 Test Year Monthly Data**

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	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	40	8	99	540	889	1,157	6,550
<b>Degree Day Adjustment (1.7)</b>	-	-	-	-	-	-	(5)	26	86	-	-	-	107

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-10	Total
<b>Weather Normalization</b>													
Use/DD/Cust(Z)	0.1002	0.1002	0.1002	0.0877	0.0877	0.0877	0.0000	0.0000	0.0000	0.0877	0.0877	0.1002	
Use/DD/Cust(Z)	0.2467	0.2467	0.2467	0.1670	0.1670	0.1670	0.0000	0.0000	0.0000	0.1670	0.1670	0.2467	
Use/DD/Cust(Z)	0.4266	0.4266	0.4266	0.2961	0.2961	0.2961	0.0000	0.0000	0.0000	0.2961	0.2961	0.4266	
Sch. 101	-	-	-	-	-	-	-	-	-	-	-	-	-
Res 101	-	-	-	-	-	-	-	-	-	-	-	-	-
Com 101	-	-	-	-	-	-	-	-	-	-	-	-	-
Ind 101	-	-	-	-	-	-	-	-	-	-	-	-	-
Total 101	-	-	-	-	-	-	-	-	-	-	-	-	-

	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
<b>Test Year Revenue Run Customers (Meters Billed)</b>													
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

	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
<b>Current Monthly Unbilled Calculation</b>													
Unbilled Sch 101 per Books	2,725,410	1,968,733	1,782,575	2,045,955	-	-	-	-	-	-	-	-	-
Rev Run Customers (Meters Billed)	145,196	145,263	145,489	145,435	1	1	1	1	1	1	1	1	1
Average Unbilled per Customer	18.77	13.55	12.25	14.07	-	-	-	-	-	-	-	-	-
Test Year Customer Current Unbilled	2,686,086	1,938,225	1,753,255	2,017,341	-	-	-	-	-	-	-	-	-

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**Balance Sheet Accounts**

GL Account Balance Accounting Period : '201107, 201108, 201109'

Ferc		Ferc Acct Desc:REG ASSET-DECOUPLING DEFERRED		Service:GD	Jurisdiction:WA
Acct:186328					
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance		
201107	264,564.00	-274,880.00	-10,316.00		
201108	-10,316.00	17,015.00	6,699.00		
201109	6,699.00	26,942.00	33,641.00		
<b>Sum: -230,923.00</b>					

GL Account Balance Accounting Period : '201107, 201108, 201109'

Ferc		Ferc Acct Desc:REG ASSET- DECOUPLING SURCHARG		Service:GD	Jurisdiction:WA
Acct:182328					
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance		
201107	130,516.58	-10,157.92	120,358.66		
201108	120,358.66	-9,589.53	110,769.13		
201109	110,769.13	-11,286.26	99,482.87		
<b>Sum: -31,033.71</b>					

GL Account Balance Accounting Period : '201107, 201108, 201109'

Ferc		Ferc Acct Desc:REG ASSET- DECOUPLING PRIOR YE		Service:GD	Jurisdiction:WA
Acct:182329					
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance		
201107	0.00	264,564.00	264,564.00		
201108	264,564.00	-58,791.00	205,773.00		
201109	205,773.00	0.00	205,773.00		
<b>Sum: 205,773.00</b>					

GL Account Balance Accounting Period : '201107, 201108, 201109'

Ferc		Ferc Acct Desc:ADFIT DECOUPLING DEFERRED REV		Service:GD	Jurisdiction:WA
Acct:283328					
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance		
201107	-138,278.27	7,165.87	-131,112.40		
201108	-131,112.40	17,977.94	-113,134.46		
201109	-113,134.46	-5,479.51	-118,613.97		
<b>Sum: 19,664.30</b>					

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**Income Statement Accounts**

GL Account Balance Accounting Period : '201107, 201108, 201109'

Ferc Acct Desc:REG CREDIT DECOUPLING DEF REV Service:GD Jurisdiction:WA Acct:407428			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201107	-420,622.00	0.00	-420,622.00
201108	-420,622.00	-17,015.00	-437,637.00
201109	-437,637.00	-26,942.00	-464,579.00
<b>Sum: -43,957.00</b>			

GL Account Balance Accounting Period : '201107, 201108, 201109'

Ferc Acct Desc:REG DEBIT DECOUPLING DEF REV Service:GD Jurisdiction:WA Acct:407328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201107	111,282.00	10,316.00	121,598.00
201108	121,598.00	58,791.00	180,389.00
201109	180,389.00	0.00	180,389.00
<b>Sum: 69,107.00</b>			

GL Account Balance Accounting Period : '201107, 201108, 201109'

Ferc Acct Desc:REG DEBIT AMT DECOUPLING SURCH Service:GD Jurisdiction:WA Acct:407329			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201107	345,209.03	10,497.19	355,706.22
201108	355,706.22	9,902.09	365,608.31
201109	365,608.31	11,570.59	377,178.90
<b>Sum: 31,969.87</b>			