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February 1, 2012

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 2011 through December 2011.

Also included in the report are the monthly general ledger balances resulting from the deferral and amortization activity during the fourth quarter of 2011 and a summary of the November 2010 through October 2011 surcharge recovery.

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 2011

AVISTA UTILITIES
Washington - Gas
Approved Decoupling Mechanism per Order No. 10 Docket No. UG-090135
July 2011 through December 2011 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
12 Months Ended June 2012 Actual													
Schedule 101 Billed Therms	2,994,883	2,297,477	2,203,697	3,443,780	9,785,451	17,742,907							38,468,195
Deduct New Customer Usage(1)	(49,759)	(34,107)	(30,476)	(54,227)	(177,501)	(344,503)							(690,573)
Schedule Shifting Adjustment (2)	26,551	32,412	35,901	57,052	97,309	138,807							388,032
Deduct Prior Month Unbilled Therms	(2,686,086)	(1,938,225)	(1,753,255)	(2,017,341)	(5,387,066)	(11,014,159)							(24,796,132)
Add Current Month Unbilled Therms	1,938,225	1,753,255	2,017,341	5,387,066	11,014,159	13,692,992							35,803,038
Add Weather Adjustment	-	-	-	325,160	(13,586)	632,794							944,358
Weather Adj Calendar Therms	2,223,814	2,110,812	2,473,208	7,141,490	15,318,756	20,848,838							50,116,918
Weather Adj Calendar Therms	2,223,814	2,110,812	2,473,208	7,141,490	15,318,756	20,848,838							50,116,918
Less Test Year Therms	2,139,181	2,250,396	2,694,230	7,654,861	13,811,030	21,404,351							49,954,049
Therm Difference	84,633	(139,584)	(221,022)	(513,371)	1,507,726	(555,513)							162,869
Times Current Margin Rate per Therm	0.27088	0.27088	0.27088	0.27088	0.27088	0.27088							
Revenue Excess (Shortfall)	\$22,925	(\$37,810)	(\$59,870)	(\$139,061)	\$408,410	(\$150,476)							\$44,118
45% Limitation	45%	45%	45%	45%	45%	45%							45%
Deferred Revenue Account Entry	\$10,316	(\$17,015)	(\$26,942)	(\$62,578)	\$183,785	(\$67,714)							\$19,852
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 4th Quarter 2011

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

Weather Normalization		Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	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	516	890	1,118	6,488
Degree Day Adjustment (1,7)		-	-	-	-	-	-	(5)	26	86	24	(1)	39	169
Monthly														
Res 101	Use/DD/Cust(7)	0.1002	0.1002	0.1002	0.0877	0.0877	0.0877	0.0000	0.0000	0.0000	0.0877	0.0877	0.1002	0.1002
Com 101	Use/DD/Cust(7)	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	Use/DD/Cust(7)	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														
Res 101		-	-	-	-	-	-	-	-	-	277,223	(11,589)	517,428	783,062
Com 101		-	-	-	-	-	-	-	-	-	47,326	(1,982)	113,935	159,279
Ind 101		-	-	-	-	-	-	-	-	-	611	(25)	1,431	2,017
Total 101		-	-	-	-	-	-	-	-	-	325,160	(13,596)	632,794	944,358

Test Year 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

Current Monthly Unbilled Calculation

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
Unbilled Sch 101 per Books	1,968,733	1,782,575	2,045,955	5,466,092	11,177,935	13,906,881
Rev Run Customers (Meters Billed)	145,196	145,489	145,435	145,737	146,263	146,618
Average Unbilled per Customer	13.55	12.25	14.07	37.51	76.42	94.85
Test Year Customer Current Unbilled	1,938,225	1,753,255	2,017,341	5,387,066	11,014,159	13,692,992

Avista Corporation Natural Gas Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 4th Quarter 2011
Balance Sheet Accounts

GL Account Balance Accounting Period : '201110, 201111, 201112'

Ferc Acct Desc:REG ASSET-DECOUPLING DEFERRED Service:GD Jurisdiction:WA Acct:186328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201110	33,641.00	62,578.00	96,219.00
201111	96,219.00	-183,785.00	-87,566.00
201112	-87,566.00	67,714.00	-19,852.00
Sum: -53,493.00			

GL Account Balance Accounting Period : '201110, 201111, 201112'

Ferc Acct Desc:REG ASSET- DECOUPLING SURCHARG Service:GD Jurisdiction:WA Acct:182328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201110	99,482.87	-31,965.93	67,516.94
201111	67,516.94	-36,990.24	30,526.70
201112	30,526.70	159,754.72	190,281.42
Sum: 90,798.55			

See Note 1

GL Account Balance Accounting Period : '201110, 201111, 201112'

Ferc Acct Desc:REG ASSET- DECOUPLING PRIOR YE Service:GD Jurisdiction:WA Acct:182329			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201110	205,773.00	0.00	205,773.00
201111	205,773.00	0.00	205,773.00
201112	205,773.00	-205,773.00	0.00
Sum: -205,773.00			

See Note 1

GL Account Balance Accounting Period : '201110, 201111, 201112'

Ferc Acct Desc:ADFIT DECOUPLING DEFERRED REV Service:GD Jurisdiction:WA Acct:283328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201110	-118,613.97	-10,714.22	-129,328.19
201111	-129,328.19	77,271.33	-52,056.86
201112	-52,056.86	-7,593.50	-59,650.36
Sum: 58,963.61			

Avista Corporation Natural Gas Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 4th Quarter 2011
Income Statement Accounts

GL Account Balance Accounting Period : '201110, 201111, 201112'

Ferc Acct Desc:REG CREDIT DECOUPLING DEF REV Service:GD Jurisdiction:WA Acct:407428			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201110	-464,579.00	-62,578.00	-527,157.00
201111	-527,157.00	0.00	-527,157.00
201112	-527,157.00	-67,714.00	-594,871.00
Sum: -130,292.00			

GL Account Balance Accounting Period : '201110, 201111, 201112'

Ferc Acct Desc:REG DEBIT DECOUPLING DEF REV Service:GD Jurisdiction:WA Acct:407328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201110	180,389.00	0.00	180,389.00
201111	180,389.00	183,785.00	364,174.00
201112	364,174.00	0.00	364,174.00
Sum: 183,785.00			

GL Account Balance Accounting Period : '201110, 201111, 201112'

Ferc Acct Desc:REG DEBIT AMT DECOUPLING SURCH Service:GD Jurisdiction:WA Acct:407329			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201110	377,178.90	32,191.77	409,370.67
201111	409,370.67	37,214.13	446,584.80
201112	446,584.80	47,432.25	494,017.05
Sum: 116,838.15			

Note 1: The pending surcharge balance (Account 182329) should have been transferred to the authorized surcharge account (Account 182328) at the beginning of November 2011. The oversight was corrected in December 2011, including an adjustment to interest as if the transfer had occurred at the proper time.

Avista Utilities
Calculation of Decoupling Surcharge/Amortization Rate
Effective Nov. 1, 2010 - Oct. 31, 2011

Avista Utilities
Decoupling Surcharge/Amortization Actual Results
Effective Nov. 1, 2010 - Oct. 31, 2011

	Unamortized Balance(1)	Interest(2)	Forecast Sch. 101 Use	Deferral Balance(1)	Amortization	Interest	Actual Interest Rates	Actual Sch. 101 Use	Difference from Forecast
	\$ 0.00463	3.25%(3)		\$ 0.00469		3.25%			
Nov-10	\$577,061	\$1,475	14,044,876	Nov-10 \$631,405	-\$71,845	\$1,613	3.25%	15,318,675	1,273,799
Dec-10	\$511,971	\$1,256	20,789,417	Dec-10 \$561,174	-\$93,023	\$1,394	3.25%	19,834,406	(955,011)
Jan-11	\$415,623	\$985	22,412,886	Jan-11 \$469,544	-\$96,130	\$1,142	3.25%	20,496,873	(1,916,013)
Feb-11	\$311,752	\$733	17,661,394	Feb-11 \$374,555	-\$85,890	\$898	3.25%	18,313,336	651,942
Mar-11	\$229,901	\$530	14,764,507	Mar-11 \$289,564	-\$65,246	\$696	3.25%	13,911,731	(852,776)
Apr-11	\$161,476	\$377	9,604,176	Apr-11 \$225,014	-\$53,375	\$537	3.25%	11,380,608	1,776,432
May-11	\$116,965	\$281	5,634,966	May-11 \$172,176	-\$28,240	\$428	3.25%	6,021,388	366,422
Jun-11	\$90,850	\$224	3,545,340	Jun-11 \$144,363	-\$14,219	\$372	3.25%	3,031,683	(513,657)
Jul-11	\$74,420	\$187	2,273,379	Jul-11 \$130,517	-\$10,497	\$339	3.25%	2,238,206	(35,173)
Aug-11	\$63,884	\$149	3,831,847	Aug-11 \$120,359	-\$9,902	\$313	3.25%	2,111,319	(1,720,528)
Sep-11	\$46,125	\$112	2,071,758	Sep-11 \$110,769	-\$11,571	\$284	3.25%	2,467,077	395,319
Oct-11	\$36,524	\$49	7,880,958	Oct-11 \$99,483	-\$32,192	\$226	3.25%	6,863,917	221,152
Nov-11	\$0			Nov-11 \$67,517	-\$3,944	\$178	3.25%	841,024	October Therms billed in November in excess of October unbilled reversal.
Total		\$6,359	124,515,503	Dec-11 \$63,750	-\$1,863	\$170	3.25%	397,169	October Therms billed in December.
Incremental Rate to Recover Est. Interest		\$0.00005		Jan-12 \$62,058					
Est. Rate to Recover Deferral Balance		\$0.00463	123,227,412	Total	-\$577,937	\$8,589		123,227,412	(1,288,092)
Rate before Gross-up for Revenue-related items		\$0.00469	\$585,650	Deferral + Actual Interest	\$62,058			\$ 577,936.56	Principal
Times: Gross-up for Revenue-related items(4)		1.046197	\$54,344	Prior Surcharge rollover				\$ 7,393.64	Interest
Proposed decoupling rate		0.00490	\$577,937	Amount Recovered through surcharge					
			\$62,058	Amount rolled into following surcharge					
			\$7,713	Current Undercollection including November and December Unbilled True-ups					

An estimate of the prior surcharge rollover balance of \$62,853 was included in the determination of the November 2011 - October 2012 surcharge rate. As shown here, the actual amount rolled over into the following surcharge was \$62,058 which is \$795 less than the estimate.

(1) Deferral balance at beginning of the month / Rate of \$0.00490 is rate to recover deferral balance of \$577,061 over 12 months
(2) Interest computed on average balance between beginning and end of month.
(3) FERC rate @ July '10 - changes quarterly (<http://ferc.gov/legal/acct-matts/interest-rates.asp>)