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,

Patrick Ehrbar

Manager, Rates and Tariffs

Enc.