

Avista Corp.
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August 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 April 2012 through June 2012.

Also included in the report are the monthly general ledger balances resulting from the deferral and amortization activity during the second quarter of 2012 and a summary of the November 2011 through October 2012 surcharge recovery actual to date remainder forecast.

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 flourish extending to the right.

Patrick Ehrbar
Manager, Rates and Tariffs
Enc.

Avista Corporation Natural Gas Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 2nd Quarter 2012

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
January 2012 through June 2012 compared to 12 ME December 2010 Test Year - UG-110877 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													
Schedule 101 Billed Therms	2,984,883	2,297,477	2,203,697	3,443,780	9,785,451	17,742,907	19,159,880	18,497,044	16,479,012	12,880,191	7,048,243	4,464,819	116,997,384
Deduct New Customer Usage(1)	(49,759)	(34,107)	(30,476)	(54,227)	(177,501)	(344,503)	(391,409)	(374,597)	(313,338)	(241,626)	(128,096)	(76,868)	(2,216,507)
Schedule Shifting Adjustment (2)	26,551	32,412	35,901	57,052	97,309	138,807	173,989	106,583	88,555	97,953	82,636	79,663	1,017,411
Deduct Prior Month Unbilled Therms	(2,686,086)	(1,938,225)	(1,753,255)	(2,017,341)	(5,387,066)	(11,014,159)	(13,692,992)	(14,146,354)	(12,498,564)	(10,065,833)	(5,191,177)	(3,275,329)	(83,666,381)
Add Current Month Unbilled Therms	1,938,225	1,753,255	2,017,341	5,387,066	11,014,159	13,692,992	14,146,354	12,498,564	10,065,833	5,191,177	3,275,329	2,262,676	83,242,971
Add Weather Adjustment	-	-	-	325,160	(13,596)	632,794	465,034	(378,738)	(602,381)	824,008	(279,491)	(512,151)	460,639
Weather Adj Calendar Therms	2,223,814	2,110,812	2,473,208	7,141,490	15,318,756	20,848,838	19,860,856	16,202,502	13,219,117	8,685,870	4,807,444	2,942,810	115,835,517
Weather Adj Calendar Therms	2,223,814	2,110,812	2,473,208	7,141,490	15,318,756	20,848,838	19,860,856	16,202,502	13,219,117	8,685,870	4,807,444	2,942,810	115,835,517
Less Test Year Therms	2,139,181	2,250,396	2,694,230	7,654,861	13,811,030	21,404,351	20,646,199	16,093,346	12,720,921	9,227,091	4,357,280	2,772,711	115,771,597
Therm Difference	84,633	(139,584)	(221,022)	(513,371)	1,507,726	(555,513)	(785,343)	109,156	488,196	(541,221)	450,164	170,099	63,920
Times Current Margin Rate per Therm	0.27088	0.27088	0.27088	0.27088	0.27088	0.27088	0.29592	0.29592	0.29592	0.29592	0.29592	0.29592	0.29592
Revenue Excess (Shortfall)	\$22,925	(\$37,810)	(\$59,870)	(\$139,061)	\$408,410	(\$150,476)	(\$232,396)	\$32,301	\$147,425	(\$160,156)	\$133,211	\$50,335	\$14,837
45% Limitation	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%
Deferred Revenue Account Entry	\$10,316	(\$17,015)	(\$26,942)	(\$62,578)	\$183,785	(\$67,714)	(\$104,578)	\$14,535	\$66,341	(\$72,070)	\$59,945	\$22,651	\$6,676
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 2nd Quarter 2012

**2010 Test Year Factors, 2011-2012 Actual Weather and Unbilled
12 Months Ended December 2010 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 1981 - 2010)		1,105	908	774	547	327	142	35	34	185	548	882	1,168	6,655
Actual Degree Days		1,078	930	809	494	345	175	35	34	185	548	882	1,168	6,683
Degree Day Adjustment		27	(22)	(35)	53	(18)	(33)	-	-	-	-	-	-	(28)
Monthly														
Res 101	Use/DD/Cust	0.1066	0.1066	0.1066	0.0965	0.0965	0.0965	0.0000	0.0000	0.0000	0.0965	0.0965	0.1066	
Com 101	Use/DD/Cust	0.2569	0.2569	0.2569	0.2302	0.2302	0.2302	0.0000	0.0000	0.0000	0.2302	0.2302	0.2569	
Ind 101	Use/DD/Cust	0.4329	0.4329	0.4329	0.3512	0.3512	0.3512	0.0000	0.0000	0.0000	0.3512	0.3512	0.4329	
Sch_101		381,505	(310,694)	(494,178)	676,909	(229,678)	(420,774)	-	-	-	-	-	-	(396,910)
Res 101		82,500	(67,234)	(106,945)	145,517	(49,288)	(90,392)	-	-	-	-	-	-	(85,842)
Com 101		1,029	(810)	(1,258)	1,582	(525)	(985)	-	-	-	-	-	-	(967)
Ind 101		465,034	(378,738)	(602,381)	824,008	(279,491)	(512,151)	-	-	-	-	-	-	(483,719)
Total 101														
Test Year Revenue Run Customers (Meters Billed)														Annual Total
Residential 101	Class	132,550	132,481	132,452	132,351	132,227	132,132	132,233	132,638	132,775	132,984	133,302	133,761	1,591,886
Commercial 101		11,894	11,896	11,894	11,927	11,895	11,899	11,900	11,900	11,901	11,881	11,924	11,965	142,876
Industrial 101		88	85	83	85	83	85	84	84	85	84	84	83	1,013
Interdepartmental 101		26	27	27	27	27	27	27	27	27	27	28	28	329
Total		144,558	144,489	144,456	144,390	144,232	144,143	144,244	144,649	144,788	144,976	145,338	145,837	1,736,100

Current Monthly Unbilled Calculation

	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
Unbilled Sch 101 per Books								13,906,881	12,678,315	10,213,348	5,271,351	3,326,923	2,297,148
Rev Run Customers (Meters Billed)	1	1	1	1	1	1	1	146,618	146,567	146,573	146,620	146,504	146,339
Average Unbilled per Customer							94.85	97.86	86.50	69.68	35.95	22.71	15.70
Test Year Customer Current Unbilled							13,692,992	14,146,354	12,498,564	10,065,833	5,191,177	3,275,329	2,262,676

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Balance Sheet Accounts

GL Account Balance Accounting Period : '201204, 201205, 201206'

Ferc Acct Desc:REG ASSET-DECOUPLING DEFERRED Service:GD Jurisdiction:WA Acct:186328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201204	3,850.00	72,070.00	75,920.00
201205	75,920.00	-59,945.00	15,975.00
201206	15,975.00	-22,651.00	-6,676.00
Sum: -10,526.00			

GL Account Balance Accounting Period : '201204, 201205, 201206'

Ferc Acct Desc:REG ASSET- DECOUPLING SURCHARG Service:GD Jurisdiction:WA Acct:182328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201204	76,452.90	-17,837.04	58,615.86
201205	58,615.86	-11,442.60	47,173.26
201206	47,173.26	-7,680.35	39,492.91
Sum: -36,959.99			

GL Account Balance Accounting Period : '201204, 201205, 201206'

Ferc Acct Desc:REG ASSET- DECOUPLING PRIOR YE Service:GD Jurisdiction:WA Acct:182329			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201204	0.00	0.00	0.00
201205	0.00	0.00	0.00
201206	0.00	0.00	0.00
Sum: 0.00			

GL Account Balance Accounting Period : '201204, 201205, 201206'

Ferc Acct Desc:ADFIT DECOUPLING DEFERRED REV Service:GD Jurisdiction:WA Acct:283328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201204	-28,106.07	-18,981.54	-47,087.61
201205	-47,087.61	24,985.66	-22,101.95
201206	-22,101.95	10,615.97	-11,485.98
Sum: 16,620.09			

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Quarterly Report for 2nd Quarter 2012

Income Statement Accounts

GL Account Balance Accounting Period : '201204, 201205, 201206'

Ferc Acct Desc:REG CREDIT DECOUPLING DEF REV Service:GD Jurisdiction:WA Acct:407428			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201204	-104,578.00	-72,070.00	-176,648.00
201205	-176,648.00	0.00	-176,648.00
201206	-176,648.00	0.00	-176,648.00
Sum: -72,070.00			

GL Account Balance Accounting Period : '201204, 201205, 201206'

Ferc Acct Desc:REG DEBIT DECOUPLING DEF REV Service:GD Jurisdiction:WA Acct:407328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201204	80,876.00	0.00	80,876.00
201205	80,876.00	59,945.00	140,821.00
201206	140,821.00	22,651.00	163,472.00
Sum: 82,596.00			

GL Account Balance Accounting Period : '201204, 201205, 201206'

Ferc Acct Desc:REG DEBIT AMT DECOUPLING SURCH Service:GD Jurisdiction:WA Acct:407329			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201204	114,504.25	18,019.70	132,523.95
201205	132,523.95	11,585.66	144,109.61
201206	144,109.61	7,797.55	151,907.16
Sum: 37,402.91			

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Avista Utilities Calculation of Decoupling Surcharge/Amortization Rate Effective November 1, 2011 - October 31, 2012				Avista Utilities Decoupling Surcharge/Amortization Actual Effective November 1, 2011 - October 31, 2012				Difference from Forecast
Unamortized Balance(1)	Interest(2)	Forecast Sch. 101 Use	Deferral Balance(5)	Amortization	Interest	Actual Interest Rates	Actual Forecast Sch. 101 Use	
\$ 0.00224	3.25%(3)		\$ 0.00227		3.25%			
Nov-11	\$268,626	14,430,759	Nov-11	\$205,773	\$512	3.25%	14,656,270	225,511
Dec-11	\$236,298	21,088,625	Dec-11	\$173,016	\$407	3.25%	20,074,684	(1,013,941)
Jan-12	\$189,054	20,840,464	Jan-12	\$189,910	\$454	3.25%	19,612,393	(1,228,071)
Feb-12	\$142,366	15,953,206	Feb-12	\$145,844	\$343	3.25%	16,815,965	862,759
Mar-12	\$106,627	13,556,444	Mar-12	\$108,015	\$249	3.25%	14,014,045	457,601
Apr-12	\$76,257	8,928,611	Apr-12	\$76,453	\$183	3.25%	7,938,194	(990,417)
May-12	\$56,255	5,150,776	May-12	\$58,616	\$143	3.25%	5,103,815	(46,961)
Jun-12	\$44,716	3,295,532	Jun-12	\$47,173	\$117	3.25%	3,435,044	139,512
Jul-12	\$37,333	2,570,280	Jul-12	\$39,493	\$99	3.25%	2,570,280	-
Aug-12	\$31,575	2,676,994	Aug-12	\$33,757	\$83	3.25%	2,676,994	-
Sep-12	\$25,578	3,486,866	Sep-12	\$27,764	\$64	3.25%	3,486,866	-
Oct-12	\$17,767	7,930,709	Oct-12	\$19,913	\$30	3.25%	7,930,709	-
Nov-12	\$0		Nov-12	\$1,940				
Total		119,909,266						
Incremental Rate to Recover Est. Interest	\$0.00002							
Est. Rate to Recover Deferral Balance	\$0.00224							
Rate before Gross-up for Revenue-related items	\$0.00227							
Times: Gross-up for Revenue-related items(4)	1.046023							
Proposed decoupling rate	0.00237							

Forecast Sch. 101 Use	Actual Forecast Sch. 101 Use	Difference
118,315,259	118,315,259	(1,594,008)
\$271,311	\$268,575.64	\$2,685
	\$265,055.04	Principal
	\$3,520.60	Interest

(1) Deferral balance at beginning of the month / Rate of \$0.00224 is rate to recover deferral balance of \$268,626 over 12 months
(2) Interest computed on average balance between beginning and end of month.
(3) FERC rate @ July '11 - changes quarterly (<http://ferc.gov/legal/acct-matts/interest-rates.asp>)
(4) From page 2 of Exh. 2

Current Period Surcharge Balance	\$205,773
Prior Surcharge Rollover Balance	\$62,853 Estimated
Total Unamortized Balance	\$268,626