

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	2,994,883	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	498,196	(541,221)	450,164	170,099	63,920
Times Current Margin Rate per Therm	<u>0.27088</u>	<u>0.27088</u>	<u>0.27088</u>	<u>0.27088</u>	<u>0.27088</u>	<u>0.27088</u>	<u>0.29592</u>	<u>0.29592</u>	<u>0.29592</u>	<u>0.29592</u>	<u>0.29592</u>	<u>0.29592</u>	<u>0.29592</u>
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.

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**2010 Test Year Factors, 2011 -2012 Actual Weather and Unbilled
12 Months Ended December 2010 Test Year Monthly Data**

Weather Normalization

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Total</u>
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)
	<u>Monthly</u>												
Res 101	<u>Use/DD/Cust</u>	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	<u>Use/DD/Cust</u>	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	<u>Use/DD/Cust</u>	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													
Res 101		381,505	(310,694)	(494,178)	676,909	(229,678)	(420,774)	-	-	-	-	-	(396,910)
Com 101		82,500	(67,234)	(106,945)	145,517	(49,288)	(90,392)	-	-	-	-	-	(85,842)
Ind 101		1,029	(810)	(1,258)	1,582	(525)	(985)	-	-	-	-	-	(967)
Total 101		465,034	(378,738)	(602,381)	824,008	(279,491)	(512,151)	-	-	-	-	-	(483,719)

Test Year Revenue Run Customers (Meters Billed)

Class	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Annual Total</u>
Residential 101	01	132,550	132,481	132,452	132,351	132,227	132,132	132,233	132,638	132,775	132,984	133,302	1,591,886
Commercial 101	21	11,894	11,896	11,894	11,927	11,895	11,899	11,900	11,900	11,901	11,881	11,924	142,876
Industrial 101	31	88	85	83	85	83	85	84	84	85	84	84	1,013
Interdepartmental 101	80	26	27	27	27	27	27	27	27	27	27	28	325
Total		144,558	144,489	144,456	144,390	144,232	144,143	144,244	144,649	144,788	144,976	145,338	1,736,100

Current Monthly Unbilled Calculation

	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>
Unbilled Sch 101 per Books							13,906,881	14,359,394	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	146,618	146,735	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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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					Actual Forecast	Difference from Forecast
Unamortized Balance(1)	Interest(2)	Forecast Sch. 101 Use	Deferral Balance(5)	Amortization	Interest	Actual Interest Rates	Sch. 101 Use		
\$ 0.00224	3.25%(3)		\$ 0.00227		3.25%				
Nov/11	\$268,626	14,430,759	Nov/11	\$205,773			14,656,270	225,511	
Dec/11	\$236,298	21,088,625	Dec/11	\$173,016	-\$33,270	\$512	20,074,684	(1,013,941)	
Jan/12	\$189,054	20,840,464	Jan/12	\$189,910	-\$45,570	\$407	19,612,393	(1,228,071)	
Feb/12	\$142,366	15,953,206	Feb/12	\$145,844	-\$44,520	\$454	16,815,965	862,759	
Mar/12	\$106,627	13,556,444	Mar/12	\$108,015	-\$38,172	\$343	14,014,045	457,601	
Apr/12	\$76,257	8,928,611	Apr/12	\$76,453	-\$31,812	\$249	7,938,194	(990,417)	
May/12	\$56,255	5,150,776	May/12	\$58,616	-\$18,020	\$183	5,103,815	(46,961)	
Jun/12	\$44,716	3,295,532	Jun/12	\$47,173	-\$11,586	\$143	3,435,044	139,512	
Jul/12	\$37,333	2,570,280	Jul/12	\$39,493	-\$7,798	\$117	2,570,280	-	
Aug/12	\$31,575	2,676,994	Aug/12	\$33,757	-\$5,835	\$99	2,676,994	-	
Sep/12	\$25,578	3,486,866	Sep/12	\$27,764	-\$6,077	\$83	3,486,866	-	
Oct/12	\$17,767	<u>7,930,709</u>	Oct/12	\$19,913	-\$7,915	\$64	<u>7,930,709</u>	-	
Nov/12	\$0		Nov/12	\$1,940	-\$18,003	\$30		-	
Total	\$2,974	119,909,266							
Incremental Rate to Recover Est. Interest	\$0.00002		Total	-\$268,576	\$2,685		118,315,259	(1,594,008)	
Est. Rate to Recover Deferral Balance	\$0.00224	118,315,259 New Forecast Therms		\$1,940			\$ 268,575.64		
Rate before Gross-up for Revenue-related items	\$0.00227	\$271,311 Deferral + Actual Interest					\$ 265,055.04	Principal	
Times: Gross-up for Revenue-related items(4)	1.046023	-\$795 Prior Surcharge rollover true-up					\$ 3,520.60	Interest	
Proposed decoupling rate	0.00237	\$268,576 Amount Recovered through surcharge							
		\$1,940 Estimated amount rolled into following rebate							
		\$2,736 Estimated Current Undercollection with new Forecast							

(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

(5) November and December 2011 balances exclude Rollover to prevent double-counting interest calculated on the prior Surcharge unbilled true-ups. Total account balance should be the sum of 11-12 Surcharge and 10-11 Surcharge for these months.

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