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November 5, 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 July 2012 through September 2012.

Also included in the report are the monthly general ledger balances resulting from the deferral and amortization activity during the third quarter of 2012.

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 2012

AVISTA UTILITIES  
Washington - Gas  
Approved Decoupling Mechanism per Order No. 10 Docket No. UG-090135  
2012/2013 Actual compared to 2010 Test Year (UG-110877 Settlement)  
Adjusted for Actual New Customer Usage and Schedule Shifting  
Period July 2012 - June 2013

	2012 July	2012 August	2012 September	2012 October	2012 November	2012 December	2013 January	2013 February	2013 March	2013 April	2013 May	2013 June	Period to Date Total
<b>12 Months Ended June 2013 Actual</b>													
<b>Schedule 101</b>													
Schedule 101 Billed Therms	2,891,517	1,968,467	2,118,366										6,978,350
Deduct New Customer Usage(1)	(45,841)	(26,926)	(31,301)										(104,068)
<b>Schedule Shifting Adjustment (2)</b>	67,880	59,359	54,444										181,683
Deduct Prior Month Unbilled Therms	(2,262,676)	(1,531,667)	(1,559,475)										(5,353,818)
Add Current Month Unbilled Therms	1,531,667	1,559,475	1,754,476										4,845,618
Add Weather Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
Weather Adj Calendar Therms	2,182,547	2,028,708	2,336,510										6,547,765
Weather Adj Calendar Therms	2,182,547	2,028,708	2,336,510										6,547,765
Less Test Year Therms	2,485,506	2,292,317	2,800,829										7,578,652
Therm Difference	(302,959)	(263,609)	(464,319)										(1,030,887)
Times Current Margin Rate per Therm	0.29592	0.29592	0.29592										0.29592
Revenue Excess (Shortfall)	(\$89,652)	(\$78,007)	(\$137,401)										(\$305,060)
45% Limitation	45%	45%	45%										45%
Deferred Revenue Account Entry	(\$40,343)	(\$35,103)	(\$61,831)										(\$137,277)
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, 2012-2013 Actual Weather and Unbilled  
12 Months Ended December 2010 Test Year Monthly Data**

		Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Total
<b>Weather Normalization</b>														
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		1,105	908	774	547	327	142	20	14	68	548	882	1,168	6,503
Degree Day Adjustment		-	-	-	-	-	-	15	20	117	-	-	-	152
<b>Monthly</b>														
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		-	-	-	-	-	-	-	-	-	-	-	-	-
Res 101		-	-	-	-	-	-	-	-	-	-	-	-	-
Com 101		-	-	-	-	-	-	-	-	-	-	-	-	-
Ind 101		-	-	-	-	-	-	-	-	-	-	-	-	-
Total 101		-	-	-	-	-	-	-	-	-	-	-	-	-

**Test Year Revenue Run Customers (Meters Billed)**

Class	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Annual Total
Residential 101	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	11,827	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	325
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-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
Unbilled Sch 101 per Books	2,297,148	1,555,877	1,578,708	1,785,642	-	1	1	1	1	1	1	1	1
Rev Run Customers (Meters Billed)	146,339	146,524	146,433	147,360	-	-	-	-	-	-	-	-	-
Average Unbilled per Customer	15.70	10.62	10.78	12.12	-	-	-	-	-	-	-	-	-
Test Year Customer Current Unbilled	2,262,676	1,531,667	1,559,475	1,754,476	-	-	-	-	-	-	-	-	-

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**Balance Sheet Accounts**

GL Account Balance Accounting Period : '201207, 201208, 201209'

Ferc Acct Desc:REG ASSET-DECOUPLING DEFERRED Service:GD Jurisdiction:WA Acct:186328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201207	-6,676.00	47,019.00	40,343.00
201208	40,343.00	35,103.00	75,446.00
201209	75,446.00	61,831.00	137,277.00
<b>Sum: 143,953.00</b>			

GL Account Balance Accounting Period : '201207, 201208, 201209'

Ferc Acct Desc:REG ASSET- DECOUPLING SURCHARG Service:GD Jurisdiction:WA Acct:182328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201207	39,492.91	-4,780.71	34,712.20
201208	34,712.20	-4,432.36	30,279.84
201209	30,279.84	-5,203.57	25,076.27
<b>Sum: -14,416.64</b>			

GL Account Balance Accounting Period : '201207, 201208, 201209'

Ferc Acct Desc:REG ASSET- DECOUPLING PRIOR YE Service:GD Jurisdiction:WA Acct:182329			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201207	0.00	-6,676.00	-6,676.00
201208	-6,676.00	0.00	-6,676.00
201209	-6,676.00	0.00	-6,676.00
<b>Sum: -6,676.00</b>			

GL Account Balance Accounting Period : '201207, 201208, 201209'

Ferc Acct Desc:ADFIT DECOUPLING DEFERRED REV Service:GD Jurisdiction:WA Acct:283328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201207	-11,485.98	-12,446.80	-23,932.78
201208	-23,932.78	-10,734.72	-34,667.50
201209	-34,667.50	-19,819.60	-54,487.10
<b>Sum: -43,001.12</b>			

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**Income Statement Accounts**

GL Account Balance Accounting Period : '201207, 201208, 201209'

Ferc Acct Desc:REG CREDIT DECOUPLING DEF REV Service:GD Jurisdiction:WA Acct:407428			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201207	-176,648.00	-40,343.00	-216,991.00
201208	-216,991.00	-35,103.00	-252,094.00
201209	-252,094.00	-61,831.00	-313,925.00
<b>Sum: -137,277.00</b>			

GL Account Balance Accounting Period : '201207, 201208, 201209'

Ferc Acct Desc:REG DEBIT DECOUPLING DEF REV Service:GD Jurisdiction:WA Acct:407328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201207	163,472.00	0.00	163,472.00
201208	163,472.00	0.00	163,472.00
201209	163,472.00	0.00	163,472.00
<b>Sum: 0.00</b>			

GL Account Balance Accounting Period : '201207, 201208, 201209'

Ferc Acct Desc:REG DEBIT AMT DECOUPLING SURCH Service:GD Jurisdiction:WA Acct:407329			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201207	151,907.16	4,881.06	156,788.22
201208	156,788.22	4,520.25	161,308.47
201209	161,308.47	5,278.43	166,586.90
<b>Sum: 14,679.74</b>			