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February 8, 2013

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 2012 through December 2012.

Also included in the report are the monthly general ledger balances resulting from the deferral and amortization activity during the fourth quarter of 2012 and a summary of the November 2011 through October 2012 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 2012

AVISTA UTILITIES
 Washington - Gas
 Approved Decoupling Mechanism per Order No. 10 Docket No. UG-090135
 2012 Actual compared to 2010 Test Year (UG-110877 Settlement)
 2013 Actual compared to 2011 Test Year (UG-120437 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
12 Months Ended June 2013 Actual													
Schedule 101	2,891,517	1,968,467	2,118,366	3,134,468	8,101,674	14,671,902							32,886,394
Schedule 101 Billed Therms	(45,841)	(26,926)	(31,301)	(52,994)	(155,626)	(299,967)							(612,655)
Deduct New Customer Usage(1)	67,880	59,359	54,444	65,006	98,180	150,986							495,855
Schedule Shifting Adjustment (2)	(2,262,676)	(1,531,667)	(1,559,475)	(1,754,476)	(5,155,795)	(9,689,477)							(5,353,818)
Deduct Prior Month Unbilled Therms	1,531,667	1,559,475	1,754,476	5,155,795	9,689,477	13,047,089							32,737,979
Add Current Month Unbilled Therms	-	-	-	686,288	1,610,719	2,223,188							4,520,195
Add Weather Adjustment	2,182,547	2,028,708	2,336,510	7,234,087	14,188,629	20,103,721							64,673,950
Weather Adj Calendar Therms	2,182,547	2,028,708	2,336,510	7,234,087	14,188,629	20,103,721							64,673,950
Less Test Year Therms	2,485,506	2,292,317	2,800,829	7,769,516	14,571,786	21,490,622							7,578,652
Therm Difference	(302,959)	(263,609)	(464,319)	(535,429)	(363,157)	(1,386,901)							(3,336,374)
Times Current Margin Rate per Therm	0.29592	0.29592	0.29592	0.29592	0.29592	0.29592							
Revenue Excess (Shortfall)	(\$89,652)	(\$78,007)	(\$137,401)	(\$168,444)	(\$113,384)	(\$410,412)	\$0	\$0	\$0	\$0	\$0	\$0	(\$987,300)
45% Limitation	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	\$0
Deferred Revenue Account Entry	(\$40,343)	(\$35,103)	(\$61,831)	(\$71,300)	(\$51,023)	(\$184,685)	\$0	\$0	\$0	\$0	\$0	\$0	(\$444,285)
407328 or (407426)													

(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
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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
Weather Normalization													
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	504	779	1,040	6,228
Degree Day Adjustment													
Monthly													
Use/DD/Cust	0.1066	0.1066	0.1066	0.0965	0.0965	0.0966	0.0000	0.0000	0.0000	0.0965	0.0965	0.1066	
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	
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	-	-	-	-	-	-	-	-	-	564,650	1,324,955	1,825,142	3,714,747
Com 101	-	-	-	-	-	-	-	-	-	120,340	282,725	393,447	796,512
Ind 101	-	-	-	-	-	-	-	-	-	1,298	3,039	4,599	8,936
Total 101										686,288	1,610,719	2,223,188	4,520,195

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	11,927	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	325
Total	144,558	144,489	144,456	144,390	144,232	144,143	144,244	144,649	144,768	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	5,223,329	9,816,614	13,199,087	-	-	-	-	-	-
Rev Run Customers (Meters Billed)	146,339	146,524	146,433	147,360	146,875	147,245	147,536	1	1	1	1	1	1
Average Unbilled per Customer	15.70	10.62	10.78	12.12	35.56	66.67	89.46	-	-	-	-	-	-
Test Year Customer Current Unbilled	2,262,676	1,531,667	1,559,475	1,754,476	5,155,795	9,689,477	13,047,089	-	-	-	-	-	-

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Balance Sheet Accounts

GL Account Balance Accounting Period : '201210, 201211, 201212'

Ferc Acct Desc:REG ASSET-DECOUPLING DEFERRED Service:GD Jurisdiction:WA Acct:186328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201210	137,277.00	71,300.00	208,577.00
201211	208,577.00	51,023.00	259,600.00
201212	259,600.00	-259,600.00	0.00
Sum: -137,277.00			

Note 1

GL Account Balance Accounting Period : '201210, 201211, 201212'

Ferc Acct Desc:REG ASSET- DECOUPLING SURCHARG Service:GD Jurisdiction:WA Acct:182328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201210	25,076.27	-14,871.08	10,205.19
201211	10,205.19	-1,709.87	8,495.32
201212	8,495.32	-1,172.36	7,322.96
Sum: -17,753.31			

GL Account Balance Accounting Period : '201210, 201211, 201212'

Ferc Acct Desc:REG ASSET- DECOUPLING PRIOR YE Service:GD Jurisdiction:WA Acct:182329			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201210	-6,676.00	0.00	-6,676.00
201211	-6,676.00	6,676.00	0.00
201212	0.00	0.00	0.00
Sum: 6,676.00			

GL Account Balance Accounting Period : '201210, 201211, 201212'

Ferc Acct Desc:REG LIABILITY DECOUPLING REBAT Service:GD Jurisdiction:WA Acct:254328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201211	0.00	-6,216.21	-6,216.21
201212	-6,216.21	685.25	-5,530.96
Sum: -5,530.96			

GL Account Balance Accounting Period : '201210, 201211, 201212'

Ferc Acct Desc:ADFIT DECOUPLING DEFERRED REV Service:GD Jurisdiction:WA Acct:283328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201210	-54,487.10	-19,750.12	-74,237.22
201211	-74,237.22	-17,420.52	-91,657.74
201212	-91,657.74	91,030.49	-627.25
Sum: 53,859.85			

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Income Statement Accounts

GL Account Balance Accounting Period : '201210, 201211, 201212'

Ferc Acct Desc:REG CREDIT DECOUPLING DEF REV Service:GD Jurisdiction:WA Acct:407428			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201210	-313,925.00	-71,300.00	-385,225.00
201211	-385,225.00	-51,023.00	-436,248.00
201212	-436,248.00	-184,685.00	-620,933.00
Sum: -307,008.00			

GL Account Balance Accounting Period : '201210, 201211, 201212'

Ferc Acct Desc:REG DEBIT DECOUPLING DEF REV Service:GD Jurisdiction:WA Acct:407328			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201210	163,472.00	0.00	163,472.00
201211	163,472.00	0.00	163,472.00
201212	163,472.00	444,285.00	607,757.00
Sum: 444,285.00			

Note 1

GL Account Balance Accounting Period : '201210, 201211, 201212'

Ferc Acct Desc:REG DEBIT AMT DECOUPLING SURCH Service:GD Jurisdiction:WA Acct:407329			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201210	166,586.90	14,918.79	181,505.69
201211	181,505.69	1,735.16	183,240.85
201212	183,240.85	1,193.75	184,434.60
Sum: 17,847.70			

GL Account Balance Accounting Period : '201210, 201211, 201212'

Ferc Acct Desc:REG CREDIT AMT DECOUPLING REBA Service:GD Jurisdiction:WA Acct:407429			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201211	0.00	-477.22	-477.22
201212	-477.22	-701.14	-1,178.36
Sum: -1,178.36			

Note 1 The Company recorded an impairment of this balance per books at December 31, 2012. The current deferral period is July 1, 2012 through June 30, 2013. The surcharge balance for July 1 through December 31, 2012 is \$444,285. However, the DSM Test is based on calendar year 2012. While the goal is 1,739,379 therms, actuals savings through November (11 months) is 611,612 therms, or 35.2% of the target. If actual DSM savings are below 70%, the surcharge recovery is 0%. Therefore there is little to no opportunity to collect this balance from our customers through future revenues making the year end asset impairment appropriate.

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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)	Deferral Balance(5)	Amortization Interest		
\$ 0.00224	3.25%(3)	\$ 0.00227	3.25%		
Nov-11	\$288,628	14,430,759	Nov-11	14,656,270	225,511
Dec-11	\$236,298	21,088,625	Dec-11	20,074,684	(1,013,941)
Jan-12	\$189,054	20,840,464	Jan-12	19,612,393	(1,228,071)
Feb-12	\$142,366	15,953,206	Feb-12	16,815,965	862,759
Mar-12	\$106,627	13,556,444	Mar-12	14,014,045	457,601
Apr-12	\$76,257	8,928,611	Apr-12	7,938,194	(990,417)
May-12	\$56,255	5,150,776	May-12	5,103,815	(46,961)
Jun-12	\$44,716	3,295,532	Jun-12	3,435,044	139,512
Jul-12	\$37,333	2,570,280	Jul-12	2,150,246	(420,034)
Aug-12	\$31,575	2,676,994	Aug-12	1,991,298	(685,696)
Sep-12	\$25,578	3,486,866	Sep-12	2,325,300	(1,161,566)
Oct-12	\$17,767	7,930,709	Oct-12	6,572,155	(68,287)
Nov-12	\$0	119,909,266	Nov-12	764,388	764,388
Total	\$2,974	115,979,676	Dec-12	525,879	525,879
Incremental Rate to Recover Est. Interest	\$0.00002	Actual Therns	Jan-13	Unbilled True-Up	
Est. Rate to Recover Deferral Balance	\$0.00224	\$271,392	Total	115,979,676	(3,929,591)
Rate before Gross-up for Revenue-related items	\$0.00227	Deferral + Actual Interest		\$ 263,273.86	
Times: Gross-up for Revenue-related items(4)	1.046023	-\$795		\$ 259,822.76	Principal
Proposed decoupling rate	0.00237	\$263,274		\$ 3,451.10	Interest

(1) Deferral balance at beginning of the month / Rate of \$0.00224 is rate to recover deferral balance of \$288,626 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/acc-dmatts/interest-rates.asp>)
(4) From page 2 of Exh. 2

An estimate of the prior surcharge rollover balance of \$1,940 was included in the determination of the November 2012 - October 2013 rebate rate. As shown here, the actual amount rolled over into the following rebate was \$7,323 which is \$5,383 greater than the estimate. The actual net balance to recover would have been a surcharge balance of \$647.