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February 6, 2014

Mr. Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
PO Box 47250
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

Dear Mr. King:

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 through December 2013.

Also included in the report are the monthly general ledger balances resulting from the deferral and amortization activity during the fourth quarter of 2013 and a summary of the November 2012 through October 2013 rebate results.

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 2013

AVISTA UTILITIES
Washington - Gas
Approved Decoupling Mechanism per Order No. 10 Docket No. UG-090135
Actual compared to 2011 Test Year (UG-120437 Settlement)
Adjusted for Actual New Customer Usage and Schedule Shifting
Period July 2013 - June 2014

	2013 <u>July</u>	2013 <u>August</u>	2013 <u>September</u>	2013 <u>October</u>	2013 <u>November</u>	2013 <u>December</u>	2014 <u>January</u>	2014 <u>February</u>	2014 <u>March</u>	2014 <u>April</u>	2014 <u>May</u>	2014 <u>June</u>	Period to Date <u>Total</u>
12 Months Ended June 2014 Actual Schedule 101													
Schedule 101 Billed Therms	2,615,171	1,994,193	2,083,557	5,217,693	10,206,179	19,810,399							41,927,192
Deduct New Customer Usage(1)	(47,344)	(34,574)	(36,282)	(98,911)	(222,096)	(467,634)							(906,841)
Schedule Shifting Adjustment (2)	28,650	22,507	23,407	33,193	55,834	79,652							243,243
Deduct Prior Month Unbilled Therms	(2,038,665)	(1,510,487)	(1,565,932)	(2,121,593)	(6,085,923)	(10,875,393)	-	-	-	-	-	-	(24,197,993)
Add Current Month Unbilled Therms	1,510,487	1,565,932	2,121,593	6,085,923	10,875,393	13,643,535	-	-	-	-	-	-	35,802,863
Add Weather Adjustment	-	-	-	(535,232)	(158,638)	(665,202)	-	-	-	-	-	-	(1,359,072)
Weather Adj Calendar Therms	2,068,299	2,037,571	2,626,343	8,581,073	14,670,749	21,525,357	-	-	-	-	-	-	51,509,392
Weather Adj Calendar Therms	2,068,299	2,037,571	2,626,343	8,581,073	14,670,749	21,525,357	-	-	-	-	-	-	51,509,392
Less Test Year Therms	2,238,206	2,111,319	2,467,077	7,228,847	15,436,280	21,347,972							50,829,701
Therm Difference	(169,907)	(73,748)	159,266	1,352,226	(765,531)	177,385							679,691
Times Current Margin Rate per Therm	<u>0.29838</u>	<u>0.29838</u>	<u>0.29838</u>	<u>0.29838</u>	<u>0.29838</u>	<u>0.29838</u>							
Revenue Excess (Shortfall)	(\$50,697)	(\$22,005)	\$47,522	\$403,477	(\$228,419)	\$52,928	\$0	\$0	\$0	\$0	\$0	\$0	\$202,806
45% Limitation	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	
Deferred Revenue Account Entry 407328 or (407428)	(\$22,814)	(\$9,902)	\$21,385	\$181,565	(\$102,789)	\$23,818	\$0	\$0	\$0	\$0	\$0	\$0	\$91,263

(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 4th Quarter 2013

**2011 Test Year Factors, 2013 -2014 Actual Weather and Unbilled
12 Months Ended December 2011 Test Year Monthly Data**

Weather Normalization

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Total
Normal Degree Days (30 Year Average 1982 - 2011)	1,109	913	775	551	327	140	36	33	184	546	885	1,172	6,671
Actual Degree Days	1,109	913	775	551	327	140	-	7	160	590	898	1,213	6,683
Degree Day Adjustment (7)	-	-	-	-	-	-	36	26	24	(44)	(13)	(41)	(12)
	<u>Monthly</u>												
Res 101	<u>Use/DD/Cust(7)</u> 0.0980	0.0980	0.0980	0.0760	0.0760	0.0760	0.0000	0.0000	0.0000	0.0760	0.0760	0.0980	
Com 101	<u>Use/DD/Cust(7)</u> 0.2520	0.2520	0.2520	0.1663	0.1663	0.1663	0.0000	0.0000	0.0000	0.1663	0.1663	0.2520	
Ind 101	<u>Use/DD/Cust(7)</u> 0.4123	0.4123	0.4123	0.2742	0.2742	0.2742	0.0000	0.0000	0.0000	0.2742	0.2742	0.4123	

Sch. 101

Res 101	-	-	-	-	-	-	-	-	-	(447,200)	(132,666)	(540,867)	(1,120,733)
Com 101	-	-	-	-	-	-	-	-	-	(86,994)	(25,655)	(122,847)	(235,496)
Ind 101	-	-	-	-	-	-	-	-	-	(1,038)	(317)	(1,488)	(2,843)
Total 101	-	-	-	-	-	-	-	-	-	(535,232)	(158,638)	(665,202)	(1,359,072)

Revenue Run Customers (Meters Billed)

Class	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Annual Total
Residential 101 01 (8)	133,846	133,692	133,670	133,479	133,443	133,197	133,325	133,519	133,444	133,732	134,277	134,611	1,604,235
Commercial 101 21 (8)	11,925	11,939	11,910	11,896	11,896	11,884	11,825	11,854	11,878	11,889	11,867	11,890	142,653
Industrial 101 31 (8)	82	80	80	82	84	85	83	86	83	86	89	88	1,008
Interdepartmental 101 80 (8)	29	32	31	30	29	30	30	30	30	30	30	29	360
Total	145,882	145,743	145,691	145,487	145,452	145,196	145,263	145,489	145,435	145,737	146,263	146,618	1,748,256

Current Monthly Unbilled Calculation

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
Unbilled Sch 101 per Books	2,068,502	1,535,630	1,588,072	2,152,053	6,178,713	11,043,212	13,868,821						
Rev Run Customers (Meters Billed)	147,321	147,681	147,546	147,523	147,959	148,520	149,039	1	1	1	1	1	1
Average Unbilled per Customer	14.04	10.40	10.76	14.59	41.76	74.36	93.05	-	-	-	-	-	-
Test Year Customer Current Unbilled	2,038,665	1,510,487	1,565,932	2,121,593	6,085,923	10,875,393	13,643,535	-	-	-	-	-	-

Avista Corporation Natural Gas Decoupling Mechanism
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Balance Sheet Accounts

GL Account Balance Accounting Period : '201310, 201311, 201312'

Ferc Acct:186328 Ferc Acct Desc:REG ASSET-DECOUPLING DEFERRED Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201310	11,331.00	-181,565.00	-170,234.00
201311	-170,234.00	102,789.00	-67,445.00
201312	-67,445.00	-23,818.00	-91,263.00
Sum:			-102,594.00

GL Account Balance Accounting Period : '201310, 201311, 201312'

Ferc Acct:182329 Ferc Acct Desc:REG ASSET- DECOUPLING PRIOR YE Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201310	0.00	0.00	0.00
201311	0.00	0.00	0.00
201312	0.00	0.00	0.00
Sum:			0.00

GL Account Balance Accounting Period : '201310, 201311, 201312'

Ferc Acct:182328 Ferc Acct Desc:REG ASSET- DECOUPLING SURCHARG Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201310	7,503.40	20.32	7,523.72
201311	7,523.72	20.38	7,544.10
201312	7,544.10	20.43	7,564.53 (1)
Sum:			61.13

GL Account Balance Accounting Period : '201310, 201311, 201312'

Ferc Acct:254328 Ferc Acct Desc:REG LIABILITY DECOUPLING REBAT Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201310	-2,656.72	363.08	-2,293.64
201311	-2,293.64	10.40	-2,283.24
201312	-2,283.24	4.23	-2,279.01 (1)
Sum:			377.71

GL Account Balance Accounting Period : '201310, 201311, 201312'

Ferc Acct:283328 Ferc Acct Desc:ADFIT DECOUPLING DEFERRED REV Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201310	-5,662.25	63,413.56	57,751.31
201311	57,751.31	-35,986.92	21,764.39
201312	21,764.39	8,327.67	30,092.06
Sum:			35,754.31

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Income Statement Accounts

GL Account Balance Accounting Period : '201310, 201311, 201312'

Ferc Acct:407428 Ferc Acct Desc:REG CREDIT DECOUPLING DEF REV Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201310	-395,466.00	0.00	-395,466.00
201311	-395,466.00	-102,789.00	-498,255.00
201312	-498,255.00	0.00	-498,255.00
Sum: -102,789.00			

GL Account Balance Accounting Period : '201310, 201311, 201312'

Ferc Acct:407328 Ferc Acct Desc:REG DEBIT DECOUPLING DEF REV Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201310	384,135.00	181,565.00	565,700.00
201311	565,700.00	0.00	565,700.00
201312	565,700.00	23,818.00	589,518.00
Sum: 205,383.00			

GL Account Balance Accounting Period : '201310, 201311, 201312'

Ferc Acct:407329 Ferc Acct Desc:REG DEBIT AMT DECOUPLING SURCH Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201310	0.00	0.00	0.00
201311	0.00	0.00	0.00
201312	0.00	0.00	0.00
Sum: 0.00			

GL Account Balance Accounting Period : '201310, 201311, 201312'

Ferc Acct:407429 Ferc Acct Desc:REG CREDIT AMT DECOUPLING REBA Service:GD Jurisdiction:WA			
Accounting Period	Beginning Balance	Monthly Activity	Ending Balance
201310	-2,957.91	-369.77	-3,327.68
201311	-3,327.68	-16.59	-3,344.27
201312	-3,344.27	-10.40	-3,354.67
Sum: -396.76			

Note (1) In January the rebate balance will be transferred from the Regulatory Liability Account 254328 into the Regulatory Asset Account 182328, as the net roll-over balance is a surcharge of \$5,285.52 at December 31, 2013. As of November 1, 2013 the surcharge/rebate rate is \$0.00000.

Avista Corporation Natural Gas Decoupling Mechanism
Washington Jurisdiction
Quarterly Report for 4th Quarter 2013

Avista Utilities
Calculation of Decoupling Rebate/Amortization Rate
Effective November 1, 2012 - October 31, 2013

Avista Utilities
Decoupling Rebate/Amortization Actual
Effective November 1, 2012 - October 31, 2013

	Unamortized Balance(1)	Interest(2)	Forecast Sch. 101 Use		Deferral Balance(5)	Amortization	Interest	Actual Interest Rates	Actual Sch. 101 Use	Difference from Forecast
	\$ (0.00004)	3.25%(3)			\$ (0.00004)		3.25%			
Nov-12	-\$4,736		14,481,079	Nov-12	-\$6,676				11,930,588	(2,550,491)
Dec-12	-\$4,157	-\$12	20,462,590	Dec-12	-\$6,216	\$477	-\$17	3.25%	17,528,479	(2,934,111)
Jan-13	-\$3,340	-\$10	20,078,978	Jan-13	\$1,792	\$701	-\$16	3.25%	22,136,409	2,057,431
Feb-13	-\$2,538	-\$8	16,681,775	Feb-13	\$2,684	\$885	\$6	3.25%	16,585,315	(96,460)
Mar-13	-\$1,871	-\$6	13,671,554	Mar-13	\$3,355	\$663	\$8	3.25%	12,776,328	(895,226)
Apr-13	-\$1,325	-\$4	9,398,907	Apr-13	\$3,876	\$511	\$10	3.25%	8,689,955	(708,952)
May-13	-\$949	-\$3	5,460,040	May-13	\$4,235	\$348	\$11	3.25%	4,182,901	(1,277,139)
Jun-13	-\$731	-\$2	3,311,845	Jun-13	\$4,414	\$167	\$12	3.25%	2,800,295	(511,550)
Jul-13	-\$599	-\$2	2,459,549	Jul-13	\$4,538	\$112	\$12	3.25%	2,082,299	(377,250)
Aug-13	-\$501	-\$1	2,395,128	Aug-13	\$4,633	\$83	\$12	3.25%	2,046,635	(348,493)
Sep-13	-\$405	-\$1	2,971,220	Sep-13	\$4,728	\$82	\$13	3.25%	2,647,538	(323,682)
Oct-13	-\$286	-\$1	<u>7,160,855</u>	Oct-13	\$4,847	\$106	\$13	3.25%	9,244,353	2,758,246
Nov-13	\$0	\$0		Nov-13	\$5,230	\$370	\$14	3.25%	414,817	Unbilled True-Up
Total		-\$52	118,533,518	Dec-13	\$5,261	\$17	\$14	3.25%	259,931	October Billed in December
Incremental Rate to Recover Est. Interest		(\$0.00000)		Jan-14	\$5,286					
Est. Rate to Recover Deferral Balance		(\$0.00004)	113,325,843	Total		\$4,533	\$106		113,325,843	(5,207,676)
Rate before Gross-up for Revenue-related items		(\$0.00004)	-\$4,630	Actual Therms		\$5,286			\$ (4,533.03)	
Times: Gross-up for Revenue-related items(4)		1.046782	\$5,383	Deferral + Actual Interest					\$ (4,527.93) Principal	
Proposed decoupling rate		(0.00004)	-\$4,533	Prior Surcharge rollover true-up					\$ (5.11) Rounding	
			\$5,286	Amount refunded through rebate						
			-\$97	Amount rolled into following surcharge/rebate						
				Current Under-refund						

(1) Deferral balance at beginning of the month / Rate of -\$0.00004 is rate to rebate deferral balance of -\$4,736 over 12 months
(2) Interest computed on average balance between beginning and end of month.
(3) FERC rate @ July '12 - changes quarterly (<http://ferc.gov/legal/acct-matts/interest-rates.asp>)
(4) From page 2 of Exh. 2

(5) November and December 2012 balances exclude Rollover to prevent double-counting interest calculated on the prior Surcharge unbilled true-ups. Beginning in January 2013 these values represent the combined surcharge and rebate balances as if the surcharge had been rolled over into the rebate creating a net surcharge balance.

Current Period Rebate Balance	-\$6,676
Prior Surcharge Rollover Balance	\$1,940 Estimated
Total Unamortized Balance	-\$4,736

The August 2012 filing supporting this rate included the assumption that the 2011-2012 surcharge would have been reduced to \$1,940, however the actual amount remaining at the conclusion of that surcharge rate was \$7,323 causing a net surcharge balance that continued to rebate through October 2013. The December 31, 2013 net surcharge roll-over balance is \$5,286.