



Avista Corp.

1411 East Mission P.O. Box 3727
Spokane, Washington 99220-0500
Telephone 509-489-0500
Toll Free 800-727-9170

November 13, 2020

Mark L. Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

Re: Docket No. UE-011595, Monthly Power Cost Deferral Report, October 2020
Docket No. UE-140188, Monthly REC Report, October 2020

Dear Mr. Johnson:

Enclosed for electronic filing is Avista Corporation’s Power Cost Deferral Report for the month of October 2020. The report includes the monthly Energy Recovery Mechanism (ERM) accounting journal together with supporting work papers (Attachment A). The native format of the Excel worksheets for the deferral calculation and the journal in “pdf” format are attached to the electronic filing. Please note “pdf” is the native form for the deferral journal. In summary, the following cumulative balances relate to the ERM as of October 2020:

Account	Report Page	Description	Balance Surcharge/ (Rebate)
Amortizing Deferral Balance	5	Balance approved for prudence for 2019, but not yet approved for rebate	\$ (1,473,903)
Approved for Rebate	6	ERM deferrals through 2018 approved for rebate in UE-190334, UG-190335 and UE-190222 (consol.)	\$ (26,860,008)
Current Year Deferral (2020)	7	Cumulative YTD Balance for difference between actual and authorized during 2020	\$ (8,501,645)

As summarized on page 8 of the October 2020 Power Cost Deferral report, actual net power supply costs, including the retail revenue adjustment, were lower than authorized net power costs for

Received
Records Management
11/13/20 09:25
State Of WASH.
UTIL. AND TRANSP.
COMMISSION

Washington by \$847,552. A deferral entry was recorded in the amount of \$762,797 in the rebate direction for the month. Year-to-date actual net power supply costs are lower than authorized power supply costs by \$14,446,272, with \$5,944,627 retained by the Company and \$8,501,645 recorded in the deferral (customer benefit), as illustrated in the table below.

	<u>Total</u>	<u>Absorbed (Avista)</u>	<u>Deferred (Customer)</u>
First \$4M at 100%	\$ (4,000,000)	\$ (4,000,000)	\$ -
\$4M to \$10M at 25% (rebate)	\$ (6,000,000)	\$ (1,500,000)	\$ (4,500,000)
\$4M to \$10M at 50% (surcharge)	\$ -	\$ -	\$ -
Over \$10M at 10%	\$ (4,446,272)	\$ (444,627)	\$ (4,001,645)
	\$ (14,446,272)	\$ (5,944,627)	\$ (8,501,645)

Actual power supply expense was slightly lower than the authorized level due primarily to lower fuel costs (account 501 and 547), and higher transmission revenue (account 456 and 565). Colstrip was down for the annual four-year cycle overhaul, which resulted in lower than authorized fuel costs for October of approximately \$833,000 (account 501). This overhaul was originally scheduled to be completed in the Spring but was rescheduled due to COVID pandemic concerns. The lower amount of generation at Colstrip was primarily offset by increased generation at our gas-fired generation plants. However, given actual gas prices were lower than authorized, the net result was a rebate in overall fuel costs for approximately \$158,374 (account 546). Finally, transmission sales and revenue were higher than authorized by approximately \$555,398 (accounts 456 and 565).

The report also includes the monthly renewable energy credits (RECs) accounting journal together with backup work papers (Attachment B). Per Order 05, Docket UE-140188, the Company defers 100% of the net monthly RECs not associated with compliance for the Washington Energy Independence Act. For a summary of beginning and ending balances, as well as monthly activity including net revenues for the month of \$212,882 and interest, please see page 19 of the Power Cost Deferral Report.

Interest for the ERM is calculated pursuant to the Settlement Stipulation approved by the Commission's Fifth Supplemental Order in Docket No. UE-011595, dated December 18, 2002. Interest is applied to the average of the beginning and ending month deferral balances net of associated deferred federal income tax. The Company's actual cost of debt is used as the interest rate. The interest rate is updated semi-annually and interest is compounded semi-annually.

If you have any questions, please contact Annette Brandon at (509) 495-4324.

Sincerely,

/s/Patrick D. Ehrbar

Patrick D. Ehrbar
Director of Regulatory Affairs

