



Avista Corp.

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September 15, 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, September 2020
Docket No. UE-140188, Monthly REC Report, September 2020

Dear Mr. Johnson:

Enclosed for electronic filing is Avista Corporation’s Power Cost Deferral Report for the month of September 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.

As summarized on page 8 of the September 2020 Power Cost Deferral report, actual net power supply costs, including the retail revenue adjustment, were lower than authorized net power costs for ~~the Washington jurisdiction~~ by \$74,453. A deferral entry was recorded in the amount of \$67,008 in the rebate direction for the month. Year-to-date actual net power supply costs ~~were~~ are lower than authorized power supply costs ~~in the amount of~~ by \$13,598,720, with \$5,859,872 retained by the Company and \$7,738,848 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%	\$ (3,598,720)	\$ (359,872)	\$ (3,238,848)
	\$ (13,598,720)	\$ (5,859,872)	\$ (7,738,848)

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Actual power supply expense was lower than the authorized level due primarily to variances in net purchases/sales (account 555 and 447), lower fuel costs (account 501 and 547), and higher transmission revenue (account 456 and 565). Electric prices and natural gas-fired generation was higher in September than authorized, resulting in a net increase in expense of \$1.~~28~~3 million (system) as compared to authorized. Offsetting this increase was approximately \$0.9~~3~~ million (system) in lower natural gas fuel expense resulting from gas prices \$0.83/dth lower than authorized, and lower Colstrip generation resulting in \$0.3~~0~~ million (system) in expense lower than authorized. Finally, transmission sales and revenue were higher than authorized by approximately \$0.~~75~~8 million (system).

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 \$113,168 and interest, please see page 22 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

