



Avista Corp.

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February 15, 2022

Amanda Maxwell
 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, January 2022
 Docket No. UE-140188, Monthly REC Report, January 2022

Dear Ms. Maxwell:

Enclosed for electronic filing is Avista Corporation’s Power Cost Deferral Report for the month of January 2022. 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 (including interest) relate to the ERM:

	Total	Absorbed (Avista)	Deferred (Customer)
First \$4M at 100%	\$ (1,338,387)	\$ (1,338,387)	\$ -
\$4M to \$10M at 25% (rebate)	\$ -	\$ -	\$ -
\$4M to \$10M at 50% (surcharge)		\$ -	\$ -
Over \$10M at 10%		\$ -	\$ -
	\$ (1,338,387)	\$ (1,338,387)	\$ -

As summarized on page 9 of the Power Cost Deferral report, actual net power supply costs, including the retail revenue adjustment, for January were lower than authorized net power costs for Washington by \$1,338,387. As this is within the \$4,000,000 dead-band, no deferral entry was recorded for the month. The table below illustrates all deferral balances related to the ERM Mechanism.

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Account	Report Page	Description	Balance Surcharge/ (Rebate)
Current Year Deferral	5	Cumulative YTD Balance for difference between actual and authorized during 2022	\$ -
Approved for Rebate	6	ERM deferrals through 2018 approved for rebate in UE-190334, UG-190335 and UE-190222 (consol.)	\$ (4,748,018)
Amortizing Deferral Balance	7	Balance approved for prudence for 2019-2020, but not yet approved for rebate	\$ (13,404,794)
ERM Pending Balance	8	2021 Pending Approval	\$ 7,952,835

Actual electric prices were higher than authorized for the month of January. However, Avista was able to capture the benefit of these higher market prices through net market sales, resulting in a favorable variance as compared to authorized of approximately \$1.4 million (system). In addition, lower than authorized combustion turbine usage combined with lower natural gas prices resulted in an additional \$2.6 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 \$920,607 plus interest. Please see page 27 of the Power Cost Deferral Report for a summary of these accounting entries.

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

