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June 15, 2022

Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

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State Of WASH.
UTIL. AND TRANSP.
COMMISSION

Re: Docket No. UE-011595, Monthly Power Cost Deferral Report, May 2022
Docket No. UE-140188, Monthly REC Report, May 2022

Dear Ms. Maxwell:

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

	<u>Total</u>	<u>Absorbed (Avista)</u>	<u>Deferred (Customer)</u>
First \$4M at 100%	\$ 2,675,418	\$ 2,675,418	\$ -
\$4M to \$10M at 25% (rebate)	\$ -	\$ -	\$ -
\$4M to \$10M at 50% (surcharge)		\$ -	\$ -
Over \$10M at 10%		\$ -	\$ -
	\$ 2,675,418	\$ 2,675,418	\$ -

As summarized on page 10 of the Power Cost Deferral report, actual net power supply costs, including the retail revenue adjustment, for May were lower than authorized net power costs for Washington by \$1,918,072. A deferral entry was recorded in the rebate direction for \$296,745 (excluding interest). Year to date the deferral balance is \$2,675,418 in the surcharge direction. The May deferral includes a correction (see page 15 for detail) recorded in account 447 Sales for Resale and 547 Fuel resulting from a systems error exporting this data from operations to the

general ledger in April in the amount of \$2,458,090 (WA Only). Absent this correction, the deferral for May would have been higher than authorized net power supply costs by \$540,018 with a deferral entry of \$566,754.

As described in the April 2022 WA ERM Report, the Company’s authorized level of power supply expense inadvertently allocated system costs twice to Washington, resulting in an overstated base power supply cost. The Company is correcting for this error in a separate balance sheet account (254303) included with this filing on page 18. The balance through May is \$521,718. We anticipate filing an accounting petition in June 2022. Please see page 19 for this calculation.

The primary factor impacting the favorable variances this month was a combination of being in a long position (more resources than load) and being able to sell this excess load into the market at prices higher than authorized. Net power sales (purchases net of sales) for the month averaged \$33.15 as compared to the authorized level at \$20.99.

The following table illustrates all deferral balances related to the ERM Mechanism.

Account	Report Page	Description	Balance Surcharge/ (Rebate)
Current Year Deferral	6	Cumulative YTD Balance for difference between actual and authorized during 2022	\$ -
Amortizing Deferral - Approved for Rebate	7	ERM deferrals through 2018 approved for rebate in UE-190334, UG-190335 and UE-190222 (consol.)	\$ (751,541)
Amortizing Deferral Balance	8	Balance approved for prudence for 2019-2020, but not yet approved for rebate	\$ (13,360,255)
Pending Deferral Balances from 2021	9	2021 Pending Approval	\$ (8,950,347)

In addition, tracking and recording of the Solar Select program is consolidated into a new account 186295 (see page 26). The Company consolidated the impacts of the program into one general ledger account to provide additional transparency for annual ERM reporting. In addition, for ease of reference and budget purposes the Company is crediting the monthly net benefit/costs for this program monthly (rather than annually).

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 \$95,177 plus interest. Please see page 33 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

