



Avista Corp.

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COMMISSION

February 15, 2023

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 2023
Docket No. UE-140188, Monthly REC Report, January 2023

Dear Ms. Maxwell:

Enclosed for electronic filing is Avista Corporation’s Power Cost Deferral Report for the month of January 2023. 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 ending January 31, 2023 (excluding interest) relate to the ERM:

	Total	Absorbed (Avista)	Deferred (Customer)
First \$4M at 100%	\$ 4,000,000	\$ 4,000,000	\$ -
\$4M to \$10M at 25% (rebate)		\$ -	\$ -
\$4M to \$10M at 50% (surcharge)	\$ 1,752,203	\$ 876,102	\$ 876,102
Over \$10M at 10%	\$ -	\$ -	\$ -
	\$ 5,752,203	\$ 4,876,102	\$ 876,102

As summarized on page 10 of the Power Cost Deferral report, actual net power supply costs, including the retail revenue adjustment, for January were higher than authorized net power costs for Washington by \$5,752,203 resulting in an accounting entry in the surcharge direction in the amount of \$876,102.

For the month of January, net power supply cost was higher compared to authorized primarily due to lower hydro generation as compared to authorized, accounting for \$3.5 million of the total

Washington variance of \$5.7 million. Total net expense for natural gas generation was higher than authorized primarily due to increased natural gas prices. While electric wholesale market prices were also higher than authorized, this was offset by lower sales volumes, netting to approximately \$200,000 favorable variance for the month. generation contributed approximately \$1.3 million in higher costs. The remaining \$1.0 million in higher power supply costs was due to a combination of smaller variances.

In addition, tracking and recording of the Solar Select program is consolidated into account 186295 (see page 7). The Company consolidated the impacts of the program into one general ledger account to provide additional transparency for annual ERM reporting. For ease of reference and budget purposes the Company is crediting the monthly net benefit/costs for this program monthly (rather than annually). The Solar Select program was in the rebate direction for the month in the amount of \$108,940.

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 the month of January there were no REC sales due to the uncertainty related to the Climate Commitment Act which was effective January 2023. Avista continues to monitor and evaluate the impact of this legislation and will begin to sell RECs again, if possible, in the future.

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

