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 COMMISSION

March 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, February 2023
 Docket No. UE-140188, Monthly REC Report, February 2023

Dear Ms. Maxwell:

Enclosed for electronic filing is Avista Corporation's Power Cost Deferral Report for the month of February 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 February 28, 2023 (excluding interest) related to the ERM are as follows:

	<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)		\$ -	\$ -
\$4M to \$10M at 50% (surcharge)	\$ 6,000,000	\$ 3,000,000	\$ 3,000,000
Over \$10M at 10%	\$ 2,886,990	\$ 288,699	\$ 2,598,291
	\$ 12,886,990	\$ 7,288,699	\$ 5,598,291

As summarized on page 10 of the Power Cost Deferral report, actual net power supply costs, including the retail revenue adjustment, for February were higher than authorized net power costs for Washington by \$7,134,786 resulting in an accounting entry in the surcharge direction in the amount of \$4,722,189. Year to date actual expenses exceed authorized by \$12,886,990 with \$7,288,699 absorbed by the Company and \$5,598,291 deferred in the surcharge direction for customers.

For the month of February, actual power supply expense exceeded authorized power supply expense primarily due to a price variance related to natural gas generation. The authorized level of natural gas generation was based on a natural gas price of \$3.99 per Dth, versus actual of \$5.07 per Dth, resulting in a price variance of approximately \$9.3 million (system), accounting for almost the entire variance.

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 \$90,957.

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. REC revenue was recorded in February for both the months of January and February due to a system error in January. The total recorded in February for both months (excluding interest) was \$585,737.11.

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

