



Avista Corp.

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March 15, 2017

Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Re: Docket No. UE-011595, Monthly Power Cost Deferral Report, February 2017
Docket No. UE-140188, Monthly REC Report, February 2017

Dear Mr. King:

Enclosed are an original and five copies of Avista Corporation's Power Cost Deferral Report for the month of February 2017. Attached to this electronic filing are the native format of this cover letter, Excel worksheets for pages 2-8, and the journals in "pdf format" – pages 9-24. Please note the journals in pdf format are the native form.

The report includes the monthly energy recovery mechanism (ERM) accounting journal together with backup work papers (Attachment A). In February, Washington actual net power costs were lower than authorized costs by \$2,260,745. No deferral entry was recorded. Washington YTD actual net power costs were lower than authorized by \$1,147,419, resulting in a net power cost rebate in the amount of \$2,181,511.

Actual power supply expense was lower than the authorized level due primarily to higher hydro generation and lower power purchase prices. Hydro generation was 89 aMW above the authorized level. The average purchased power price was \$17.23/MWh compared to an authorized price of \$26.09/MWh. The average natural gas price was \$2.75/dth compared to an authorized price of \$2.91/dth.

Colstrip and Kettle Falls generation was 15 aMW below and 10 aMW above the authorized level, respectively. Gas-fired generation was 222 aMW below the authorized level. The net transmission expense (transmission expense less transmission revenue) was below the authorized level. Washington retail sales were 13 aMW above the authorized level.

The report also includes the monthly renewable energy credits (REC) accounting journal together with backup work papers (Attachment B). Per Order 05, Docket UE-140188, the Company defers 100% of the net monthly renewable energy credits (REC) not associated with compliance for the Washington Energy Independence Act. The amount of net revenues/(expense) for February 2017 is (\$1,889).

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.

There were no new contracts entered into this month.

If you have any questions, please contact Bill Johnson at (509) 495-4046 or Annette Brandon at (509) 495-4324.

Sincerely,



Kelly Norwood
Vice President, State and Federal Regulation

AB

Enclosure

C: Public Counsel
Industrial Customers of Northwest Utilities

