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March 15, 2019

Mark L. Johnson  
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 2019  
Docket No. UE-140188, Monthly REC Report, February 2019

Dear Mr. Johnson:

Enclosed for electronic filing is Avista Corporation’s Power Cost Deferral Report for the month of February 2019. 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.

As summarized on page 8 of the February 2019 Power Cost Deferral report, actual net power supply costs, including the retail revenue adjustment, were higher than authorized net power costs for the Washington jurisdiction by \$1,485,148. No deferral entry was recorded in the month because we are within the \$4 million deadband. The table below illustrates the monthly activity.

		<u>Total</u>	<u>Absorbed (Avista)</u>	<u>Deferred (Customer)</u>
First \$4M at 100%	\$	67,884	\$ 67,884	\$ -
\$4M to \$10M at 25% (rebate)	\$	-	\$ -	\$ -
\$4M to \$10M at 50% (surcharge)	\$	-	\$ -	\$ -
Over \$10M at 10%	\$	-	\$ -	\$ -
	\$	67,884	\$ 67,884	\$ -

Actual power supply expense was higher than the authorized level due primarily to higher loads in a high priced power and gas market. Washington sales were 32 aMW above the authorized level.

The average power price was \$75.57/MWh compared to an authorized price of \$20.40/MWh. The average natural gas price was \$4.52/dth compared to an authorized price of \$2.89/dth.

Hydro generation was 7 aMW above the authorized level. Colstrip and Kettle Falls generation was 16 aMW and 3 aMW above the authorized level respectively. Gas-fired generation was 33 aMW above the authorized level. The net transmission expense (transmission expense less transmission revenue) was below 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. For a summary of beginning and ending balances, as well as monthly activity including net revenues for February 2019 of \$68,407 and interest, please see page 17 of the Power Cost Deferral Report.

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 Bill Johnson at (509) 495-4046 or Annette Brandon at (509) 495-4324.

Sincerely,



Patrick D. Ehrbar  
Director of Regulatory Affairs