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September 15, 2020

Mark L. Johnson  
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, August 2020  
Docket No. UE-140188, Monthly REC Report, August 2020

Dear Mr. Johnson:

Enclosed for electronic filing is Avista Corporation’s Power Cost Deferral Report for the month of August 2020. 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 August 2020 Power Cost Deferral report, actual net power supply costs, including the retail revenue adjustment, were lower than authorized net power costs for the Washington jurisdiction by \$2,602,599. A deferral entry was recorded in the amount of \$2,344,139 in the rebate direction for the month. Year-to-date actual net power supply costs were lower than authorized power supply costs in the amount of \$13,524,267, with \$5,852,427 retained by the Company and \$7,671,840 recorded in the deferral (customer benefit), as illustrated in the table below.

	Total	Absorbed (Avista)	Deferred (Customer)
First \$4M at 100%	\$ (4,000,000)	\$ (4,000,000)	\$ -
\$4M to \$10M at 25% (rebate)	\$ (6,000,000)	\$ (1,500,000)	\$ (4,500,000)
\$4M to \$10M at 50% (surcharge)	\$ -	\$ -	\$ -
Over \$10M at 10%	\$ (3,524,267)	\$ (352,427)	\$ (3,171,840)
	\$ (13,524,267)	\$ (5,852,427)	\$ (7,671,840)

Actual power supply expense was lower than authorized power supply expense primarily due to variances net purchases/sales (account 555 and 447), lower CT fuel costs (account 547), and higher transmission revenue (account 456 and 565). Prices in August were higher than authorized due to warmer than normal weather which contributed to higher resale revenue, offset by higher purchase costs for a net benefit of \$1.74 million (system). Actual natural gas prices were lower than authorized by \$0.77 per Dth which contributed to lower fuel costs to run our natural-gas fired generation for approximately \$1.75 million (system). Finally, transmission sales and revenue were higher than authorized by approximately \$0.93 million (system).

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 August 2020 of \$121,774 and interest, please see page 19 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 Annette Brandon at (509) 495-4324.

Sincerely,

*/s/Patrick D. Ehrbar*

Patrick D. Ehrbar  
Director of Regulatory Affairs

