



Avista Corp.

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February 15, 2021

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, January 2021
Docket No. UE-140188, Monthly REC Report, January 2021

Dear Mr. Johnson:

Enclosed for electronic filing is Avista Corporation’s Power Cost Deferral Report for the month of January 2021. 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 relate to the ERM as of January 2021:

Account	Report Page	Description	Balance Surcharge/ (Rebate)
Amortizing Deferral Balance	5	Balance approved for prudence for 2019, but not yet approved for rebate	\$ (1,507,093)
Approved for Rebate	6	ERM deferrals through 2018 approved for rebate in UE-190334, UG-190335 and UE-190222 (consol.)	\$ (22,967,463)
Current Year Deferral	7	Cumulative YTD Balance for difference between actual and authorized during 2021	\$ -
Pending Amortization	7	Cumulative YTD Balance for difference between actual and authorized during 2020 (excl interest) inc. Solar	\$ (11,416,821)

As summarized on page 9 of the January Power Cost Deferral report, actual net power supply costs, including the retail revenue adjustment, were lower than authorized net power costs for

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Washington by \$1,361,385. No deferral entry was recorded for the month. As illustrated below, 100% the total difference was retained by the Company given it was within the first \$4.0 million “deadband), as illustrated in the table below:

	Total	Absorbed (Avista)	Deferred (Customer)
First \$4M at 100%	\$ (1,361,385)	\$ (1,361,385)	\$ -
\$4M to \$10M at 25% (rebate)	\$ -	\$ -	\$ -
\$4M to \$10M at 50% (surcharge)	\$ -	\$ -	\$ -
Over \$10M at 10%	\$ -	\$ -	\$ -
	\$ (1,361,385)	\$ (1,361,385)	\$ -

Actual power supply expense was lower than the authorized level due primarily due to lower CT (combustion turbine) fuel expense (account 547), and lower net purchase power expense (account 555/447). Lower than authorized average natural gas prices, combined with reduced thermal generation, contributed to a favorable variance in actual CT fuel expense of approximately \$2.6 million (system) as compared to authorized power supply expense. In addition, more of our overall load was served via our hydro plants resulting in lower purchased power expense at higher power prices than included in authorized. This resulted in net favorable power supply expense of approximately \$1.6 million (system). This was slightly offset by lower loads via the retail revenue credit of approximately \$0.9 million.

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 the month of \$159,385 plus interest, please see page 22 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

