



Avista Corp.

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May 14, 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, April 2021
Docket No. UE-140188, Monthly REC Report, April 2021

Dear Mr. Johnson:

Enclosed for electronic filing is Avista Corporation’s Power Cost Deferral Report for the month of April 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 (including interest) relate to the ERM:¹

Account	Report Page	Description	Balance Surcharge/ (Rebate)
Amortizing Deferral Balance	5	Balance approved for prudence for 2019, but not yet approved for rebate	\$ (1,520,389)
Approved for Rebate	6	ERM deferrals through 2018 approved for rebate in UE-190334, UG-190335 and UE-190222 (consol.)	\$ (17,420,843)
Current Year Deferral	7	Cumulative YTD Balance for difference between actual and authorized during 2021	\$ (3,822)
Pending Amortization	8	Cumulative YTD Balance for difference between actual and authorized during 2020 (excl interest) inc. Solar Select year end transfer, plus Jan 2021 interest	\$ (11,517,540)

¹ Note the Current Year Deferral balance of \$3,822 deferral account is a summation of monthly interest deferral entries.

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As summarized on page 9 of the Power Cost Deferral report, actual net power supply costs, including the retail revenue adjustment, were higher than authorized net power costs for Washington by \$2,432,455. A deferral entry was recorded for the month in the amount of \$856,136. As illustrated below, the Company has absorbed approximately \$3.3 million.

	<u>Total</u>	<u>Absorbed (Avista)</u>	<u>Deferred (Customer)</u>
First \$4M at 100%	\$ (3,282,331)	\$ (3,282,331)	\$ -
\$4M to \$10M at 25% (rebate)	\$ -	\$ -	\$ -
\$4M to \$10M at 50% (surcharge)	\$ -	\$ -	\$ -
Over \$10M at 10%	\$ -	\$ -	\$ -
	\$ (3,282,331)	\$ (3,282,331)	\$ -

Actual power supply expense was higher than authorized due to primarily to higher net purchase power expense (account 555 and 447), offset by lower thermal fuel expense (account 547). Net Power Purchase expense was higher than authorized due primarily to higher amount of market purchases resulting from lower hydro and thermal generation, combined with higher electric power prices than embedded in authorized. This resulted in a net unfavorable expense of approximately \$3.5 million (system). This was offset by favorable fuel expense for our CS2 plant which is off-line for a transformer change-out and reconfiguration for a favorable expense of approximately \$0.8 million (system). This planned outage was not anticipated in the current authorized level of power supply expense, developed in Docket No. UE-170485. We anticipate this outage to continue through the month of June 2021.

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 \$294,849 plus interest, please see page 20 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

