



**Avista Corp.**

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

Dear Mr. Johnson:

Enclosed for electronic filing is Avista Corporation’s Power Cost Deferral Report for the month of May 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:<sup>1</sup>

| Account                     | Report Page | Description   | Balance Surcharge/<br>(Rebate) |
|-----------------------------|-------------|---|--------------------------------|
| Amortizing Deferral Balance | 5           | Balance approved for prudence for 2019, but not yet approved for rebate   | \$ (1,524,821)                 |
| Approved for Rebate         | 6           | ERM deferrals through 2018 approved for rebate in UE-190334, UG-190335 and UE-190222 (consol.)  | \$ (16,257,832)                |
| 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 | \$ (11,551,113)                |

<sup>1</sup> 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 lower than authorized net power costs for Washington by \$1,250,115. No deferral entry was recorded for the month. As illustrated below, year-to-date the Company has absorbed approximately \$4.0 million.

|                                  | Total          | Absorbed (Avista) | Deferred (Customer) |
|----------------------------------|----------------|-------------------|---------------------|
| First \$4M at 100%               | \$ (3,960,383) | \$ (3,960,383)    | \$ -                |
| \$4M to \$10M at 25% (rebate)    | \$ -           | \$ -              | \$ -                |
| \$4M to \$10M at 50% (surcharge) | \$ -           | \$ -              | \$ -                |
| Over \$10M at 10%                | \$ -           | \$ -              | \$ -                |
|                                  | \$ (3,960,383) | \$ (3,960,383)    | \$ -                |

Actual power supply expense was lower than authorized primarily due to favorable net transmission expense (account 456/565) of approximately \$0.6 million, combined with optimization revenue related to natural gas contracts (account 557/456) of approximately \$0.6 million. In addition, for the month of May, Avista was able to generate above what was required for load, and sell off into the higher priced electric market, capturing that benefit for customers. This resulted in a favorable variance of approximately \$2.5 million. This increase in generation, however, resulted in an unfavorable fuel variance, of approximately \$2.3 million. The net impact of the increase in generation and associated off-system sales was approximately \$0.2 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 \$305,965 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

