



Avista Corp.

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

Dear Mr. Johnson:

Enclosed for electronic filing is Avista Corporation’s Power Cost Deferral Report for the month of June 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	\$ (1,529,523)
Approved for Rebate	6	ERM deferrals through 2018 approved for rebate in UE-190334, UG-190335 and UE-190222 (consol.)	\$ (14,996,229)
Current Year Deferral	7	Cumulative YTD Balance for difference between actual and authorized during 2021	\$ (3,822)
Pending Amortization	8	Balance for difference between actual and authorized during 2020 (excl interest) inc. Solar Select year end transfer, plus Jan 2021 interest	\$ (11,584,686)

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 \$7,263,580. No deferral entry was recorded for the month as the deferral is within the \$4.0 deadband. As illustrated below, year-to-date the Company has absorbed approximately \$3.3 million.

	Total	Absorbed (Avista)*	Deferred (Customer)
First \$4M at 100%	\$ 3,301,533	\$ 3,301,533	\$ -
\$4M to \$10M at 25% (rebate)	\$ -	\$ -	\$ -
\$4M to \$10M at 50% (surcharge)	\$ -	\$ -	\$ -
Over \$10M at 10%	\$ -	\$ -	\$ -
	\$ 3,301,533	\$ 3,301,533	\$ -

*includes \$2,000 true up from May

For the month of June, actual power supply expenses were \$12.95 million (system) and \$7.3 million (Washington only) higher than authorized power supply expenses on a system level primarily due to increase in loads and power purchase prices. For the month of June, the Pacific Northwest experienced record high temperatures, with actual temperatures on average 9 degrees above normal. This resulted in a significant increase in load of approximately 140 aMW, at high electric prices, contributing to approximately \$6.4 million (system) of the surcharge variance. Net power prices averaged \$62.41 for the month versus the authorized level of \$13.76. Net power purchases also contributed to this surcharge variance in the amount of \$6.5 million primarily due to these higher electric prices.

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 \$344,569 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

