



Avista Corp.

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August 16, 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 July 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	\$ (1,534,096)
Approved for Rebate	6	ERM deferrals through 2018 approved for rebate in UE-190334, UG-190335 and UE-190222 (consol.)	\$ (13,429,590)
Current Year Deferral	7	Cumulative YTD Balance for difference between actual and authorized during 2021	\$ 4,518,430
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 \$8,381,928. A deferral entry was recorded for the month in the amount of \$4,515,115 in the surcharge direction. As illustrated below, year-to-date the Company has absorbed \$7,168,346 million.

	Total	Absorbed (Avista)	Deferred (Customer)
First \$4M at 100%	\$ 4,000,000	\$ 4,000,000	\$ -
\$4M to \$10M at 25% (rebate)	\$ -	\$ -	\$ -
\$4M to \$10M at 50% (surcharge)	\$ 6,000,000	\$ 3,000,000	\$ 3,000,000
Over \$10M at 10%	\$ 1,683,461	\$ 168,346	\$ 1,515,115
	\$ 11,683,461	\$ 7,168,346	\$ 4,515,115

For the month of July, the primary contributor to the surcharge variance was high loads resulting from record heat, combined with reduced hydro generation which resulted in an increase in market purchases to replace this generation for approximately \$27.2 million (system). This was offset partially from increased generation at the thermal, wind and natural gas plants as compared to authorized for \$7.7 million, and retail revenue credit of \$1.0 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 \$396,171 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

