

**Avista Corp.**

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January 14, 2022

Amanda Maxwell  
 Executive Director and Secretary  
 Washington Utilities and Transportation Commission  
 621 Woodland Square Loop SE  
 Lacey, Washington 98503

Received  
 Records Management  
 01/14/22 08:20  
 State Of WASH.  
 UTIL. AND TRANSP.  
 COMMISSION

Re: Docket No. UE-011595, Monthly Power Cost Deferral Report, December 2021  
 Docket No. UE-140188, Monthly REC Report, December 2021

Dear Ms. Maxwell:

Enclosed for electronic filing is Avista Corporation's Power Cost Deferral Report for the month of December 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:

Account	Report Page	Description	Balance Surcharge/ (Rebate)
Current Year Deferral	18	Cumulative YTD Balance for difference between actual and authorized during 2021	\$ 8,822,069
Approved for Rebate	6	ERM deferrals through 2018 approved for rebate in UE-190334, UG-190335 and UE-190222 (consol.)	\$ (6,456,812)
Amortizing Deferral Balance	7	Balance approved for prudence for 2019-2020, but not yet approved for rebate	\$ (13,363,797)

As summarized on page 19 of the Power Cost Deferral report, actual net power supply costs, including the retail revenue adjustment, for December were higher than authorized net power costs for Washington by \$824,182.<sup>1</sup> A deferral entry was recorded for the month in the amount of

<sup>1</sup> Please note the Company recorded a late entry on a non-standard journal (NSJ) after the original journal was posted to the general ledger. In order to avoid any confusion, the original deferral calculation pages were deleted from DJ-481 WA ERM. The corrected deferral calculation is included in Attachment A to this report, at pages 19 through 23.

\$741,764 in the surcharge direction. As illustrated below, year-to-date the Company has absorbed \$7,636,079 and the year-to-date deferral for customers is \$8,724,712 in the surcharge direction.

	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%	\$ 6,360,791	\$ 636,079	\$ 5,724,712
	\$ 16,360,791	\$ 7,636,079	\$ 8,724,712

For the month of December, the primary variance is related to higher than authorized load, which when priced at market rates, contributed to an unfavorable \$4.2 million. The Company met this increase in loads through a combination of increased hydroelectric generation of approximately 135 aMW and increased net market purchases of 67 aMW, resulting in a favorable \$6.6 million variance. In addition, these favorable variances were offset by lower than authorized natural gas generation for approximately 91 aMW or \$3.3 million.

This report also includes the transfer for the Company’s Solar Select program in the amount of \$892,145 rebate (“in the money”). Per Docket UE-180102, 100% of the benefits or costs associated with the Solar Select program flow through to customers via the ERM deferral. The Company did not retain any benefits associated with the program. This transfer, combined with the 2022 deferral amount above, will be evaluated for prudence in the 2021 Annual ERM review to be filed on or before March 31, 2022.

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 \$427,506 plus interest. Please see page 26 of the Power Cost Deferral Report for a summary of these accounting entries.

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

