

**Avista Corp.**

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Received
 Records Management
 Aug 15, 2023

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Amanda Maxwell
 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, July 2023
 Docket No. UE-140188, Monthly REC Report, July 2023

Dear Ms. Maxwell:

Enclosed for electronic filing is Avista Corporation's Power Cost Deferral Report for the month of July 2023. 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 ending July 31, 2023 (excluding interest) related to the ERM are as follows:

| | 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% | \$ 3,480,636 | \$ 348,064 | \$ 3,132,572 |
| | \$ 13,480,636 | \$ 7,348,064 | \$ 6,132,572 |

As summarized on page 10 (line 26) of the Power Cost Deferral report, actual net power supply costs, including the retail revenue adjustment, for July were higher than authorized net power costs for Washington by \$4,390,174 resulting in an accounting entry in the surcharge direction in the amount of \$3,587,341. As illustrated in the table above, year to date actual expenses exceed authorized by \$13,480,636. The Company absorbed \$7,348,064 and \$6,132,572 was deferred in the surcharge direction for customers.

The primary factors impacting the ERM balance for July were lower-than-normal hydro generation resulting from hotter than normal temperatures which led to increased use of thermal and CT fuel to meet an increase in customer load. This contributed an additional \$3 million to the July variance.

In addition, tracking and recording of the Solar Select program is consolidated into account 186295 (see page 7). The Company consolidated the impacts of the program into one general ledger account to provide additional transparency for annual ERM reporting. For ease of reference and budget purposes the Company is crediting the monthly net benefit/costs for this program monthly (rather than annually). The Solar Select program was in the rebate direction for the month in the amount of \$310,173.

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. The total recorded deferral for the month (excluding interest) was \$73,550.

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

