



Received
 Records Management
 Oct 13, 2023

Avista Corp.
 1411 East Mission P.O. Box 3727
 Spokane, Washington 99220-0500
 Telephone 509-489-0500
 Toll Free 800-727-9170

October 13, 2023

Kathy Hunter
 Acting 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, September 2023
 Docket No. UE-140188, Monthly REC Report, September 2023

Dear Ms. Hunter:

Enclosed for electronic filing is Avista Corporation’s Power Cost Deferral Report for the month of September 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 September 30, 2023 (excluding interest) related to the ERM are as follows:

	<u>Total</u>	<u>Absorbed (Avista)</u>	<u>Deferred (Customer)</u>
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%	\$ 7,857,833	\$ 785,783	\$ 7,072,050
	\$ 17,857,833	\$ 7,785,783	\$ 10,072,050

As summarized on page 7 (line 26) of the Power Cost Deferral report, actual net power supply costs, including the retail revenue adjustment, for September were lower than authorized net power costs for Washington by \$2,453,679 resulting in an accounting entry in the rebate direction in the amount of \$2,208,311. As illustrated in the table above, year to date actual expenses exceed authorized by \$17,857,833. The Company absorbed \$7,785,783 and \$10,072,050 was deferred in the surcharge direction for customers.

The variance for the month of September was caused by net purchases valued at \$6.9 million lower than authorized. This was mainly due to purchased power being approximately 40% lower than authorized for the month of September. However, net purchases were partially offset by continued unfavorable hydroelectric conditions valued at approximately \$3.6 million higher than authorized.

In addition, tracking and recording of the Solar Select program is consolidated into account 186295 (see page 6). 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 \$66,337.

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 \$61,285.40.

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 Ryan Finesilver at (509) 495-4873.

Sincerely,

/s/Patrick D. Ehrbar

Patrick D. Ehrbar
Director of Regulatory Affairs

