



Received  
Records Management  
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February 13, 2024

Mr. Jeff Killip  
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, January 2024  
Docket No. UE-140188, Monthly REC Report, January 2024

Dear Mr. Killip:

Enclosed for electronic filing is Avista Corporation’s Power Cost Deferral Report for the month of January 2024. The report includes journals related to the monthly Energy Recovery Mechanism (ERM) together with supporting work papers. Please note that after the January ERM accounting was completed, a correction was made and an additional non-standard journal (NSJ) was created to reflect the change<sup>1</sup>. For ease of reference, the NSJ and associated workpapers have been included at the beginning of the Report, Attachment A, as it is the final source of the general ledger balance. The original journal and workpapers have been included as Attachment B.

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 January 31, 2024 (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%	\$ 10,727,777	\$ 1,072,778	\$ 9,654,999
	\$ 20,727,777	\$ 8,072,778	\$ 12,654,999

<sup>1</sup> While importing the billed sales data from the Company’s accounting system, an error occurred which omitted a portion of the revenue used in calculating the Retail Revenue Credit calculation. The correcting journal modifies the “WA Retail Revenue Adjustment” amount on page 6 (line 25), from a \$2,088,363 rebate to a \$719,372 rebate, a \$1,368,991 reduction in rebate which increases the overall ERM balance.

As summarized on page 6 (line 26) of the Power Cost Deferral report, actual net power supply costs, including the retail revenue adjustment, for January were higher than authorized net power costs for Washington by \$20,727,777. The Company absorbed \$8,072,778, and \$12,654,999 was deferred in the surcharge direction for customers.

For the month of January, total actual power supply costs were higher than authorized by approximately \$20.7 million as illustrated above. This was a result of a combination of factors including extreme cold, high demand, and lack of supply in the region.

In early January, the Pacific Northwest experienced an extreme cold weather event that resulted in several load-serving entities, including Avista, setting new peak demand records. The sustained subzero temperatures also impacted wholesale natural gas costs, as well as stream flows, which reduced the availability of hydroelectric generation. With a lack of regional wind and other transmission intertie constraints coming from California, wholesale power prices were under substantial pressures – for all Northwest utilities. The result of these regional conditions were extremely high power prices, with energy market pricing hitting the Western Electricity Coordinating Council’s \$1,000/MW soft cap as load-serving entities looked to meet customer demand.

As it relates to the Company’s Solar Select program, tracking and recording of the program is consolidated into account 186295 (see page 20). 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 \$215,682.

The report also includes the monthly renewable energy credits (RECs) accounting journal together with backup work papers (Attachment C). 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 \$209,814.

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

