

Avista Corp.

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January 15, 2025

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, 2024 Annual Power Cost Deferral Report
Docket No. UE-140188, 2024 REC Report

Dear Mr. Killip:

Enclosed for electronic filing is Avista Corporation's Power Cost Deferral Report for the year ended December 31, 2024.¹ The report includes the individual monthly Energy Recovery Mechanism (ERM) accounting journals 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 December 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%	\$ 12,932,503	\$ 1,293,250	\$ 11,639,253
	\$ 22,932,503	\$ 8,293,250	\$ 14,639,253

As illustrated in the table above and summarized on page 250 of attachment A, actual expenses exceed authorized by \$22,932,503. The Company absorbed \$8,293,250 and \$14,639,253 was deferred in the surcharge direction for customers. Several factors throughout the year contributed

¹ In Docket U-210151, Order 01 the Commission modified the requirement that Avista file a monthly ERM Deferral Report, established in the 5th Supplemental Order of Docket UE-011595 (approving the Settlement Stipulation in that Docket), from a monthly filing frequency to an annual filing frequency.

to the 2024 ERM variance including lower than estimated hydro production, lower mid-c pricing and a higher reliance on market transactions. The Company intends to provide a thorough narrative of the various factors that contributed to the 2024 variance within its ERM filing due March 31, 2025.

In addition, tracking and recording of the Solar Select program is consolidated into account 186295 (see page 248). 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 activity in the Solar Select program contributed to its rebate direction for 2024 in the amount of \$582,149².

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 year (excluding interest) was \$913,082 (page 322).

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

² Total of "other activity" column on page 248

