



Avista Corp.

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

March 31, 2021

Mark L. Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

Re: Docket No. UE-21_____ Energy Recovery Mechanism (ERM)
Avista's Annual Filing to Review Deferrals (2020 Calendar Year)

Dear Mr. Johnson:

Enclosed for electronic filing is Avista's Annual Energy Recovery Mechanism for calendar year 2020.

Avista is making this annual filing in accordance with Docket No. UE-011595, which requires Avista to file annual testimony and support workpapers on or before April 1 of each year in order for prudence to be determined for the power costs deferred in the previous calendar year.

This filing consists of the direct testimony and exhibits of Annette M. Brandon and Kaylene J. Schultz. Ms. Brandon's testimony describes the supporting documentation that is being provided. Ms. Schultz's testimony describes the accounting associated with the ERM and a summary of the 2020 Solar Select program approved in Docket UE-180102.

2020 ERM Deferrals

For the 2020 calendar year, actual net power costs were less than authorized net power costs for the Washington jurisdiction by \$17,479,519 (excluding interest). The deferral in the customer rebate direction for 2020 amounted to \$11,231,567. Pursuant to the mechanics of the ERM, the Company retained \$6,247,952 in 2020.

Received
Records Management
03/31/21 08:13
State Of WASH.
UTIL. AND TRANSP.
COMMISSION

The primary contributors to the 2020 ERM rebate are related to changes in natural gas fired generation and natural gas prices, as well as changes in net power purchase expense. In 2020, the actual average cost of natural gas was \$1.72 per dekatherm vs. authorized of \$2.33 per dekatherm. This lower priced natural gas, coupled with generation above the authorized level, contributed approximately \$13.5 million to the deferral in the rebate direction. In addition, power purchase sales revenue exceeded purchased power expense, resulting in a net benefit to customers of \$11.3 million. This is primarily a function of differences in timing and prices. When Avista was a net seller, power prices deviated from the authorized prices to a greater degree than prices deviated from the authorized level when Avista was a net purchaser. These rebates were offset somewhat by lower hydro generation and increased fuel expense. Both the Avista owned generation, as well as Mid-C generation, were lower than authorized resulting in a \$6.1 million surcharge. All other factors, netted together, accounted for an additional \$1.2 million in increased power supply expense for 2020. The cumulative effects of the primary contributors discussed above resulted in a total deferral of \$17.5 million in the rebate direction.

Avista, through its Direct Testimony and Exhibits is disclosing certain information that is CONFIDENTIAL and constitutes VALUABLE COMMERCIAL INFORMATION as defined by WAC 480-07-160. Enclosed are confidential position reports, a transaction detail report, and variance analysis reporting that are Confidential pursuant to WAC 480-07-160. Please direct any questions related to this filing to Annette Brandon at (509) 495-4324 or Kaylene Schultz at (509) 495-2482.

Sincerely,



Patrick D. Ehrbar
Director of Regulatory Affairs

