



Avista Corp.

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

March 28, 2018

Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P. O. Box 47250
Olympia, Washington 98504-7250

Re: Docket No. UE-18_____ Energy Recovery Mechanism (ERM)
Avista's Annual Filing to Review Deferrals (2017 Calendar Year)

Dear Mr. King:

Enclosed for filing are an original and 12 copies of Avista Corporation's annual filing to review ERM deferrals for the 2017 calendar year. Also enclosed is a Certificate of Service and an "Attorney's Claim of Confidentiality".

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 year. As such, this filing consists of the direct testimony and exhibits of William G. Johnson, and Annette M. Brandon. Mr. Johnson's testimony describes the supporting documentation that is being provided. Due to the extensive amount of supporting material being provided, the material is being provided in electronic format on two compact discs. One compact disc contains non-confidential material (three copies provided). That compact disc also contains Ms. Brandon's workpapers. The other compact disc contains confidential material, filed under seal, per Protective Order in Docket No. UE-011595 and WAC 480-07-160 (three copies provided).

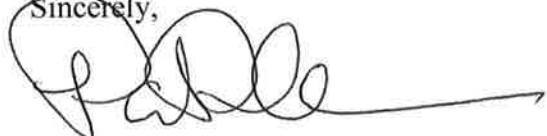
For the 2017 calendar year, actual net power costs were less than authorized net power costs for the Washington jurisdiction by \$6,219,740. The deferral in the rebate direction for 2017 amounted to \$1,664,805 (excluding interest). The Company retained \$4,554,935 in reduced net power costs in 2017. The deferral rebate is primarily due to lower wholesale natural gas and power prices and optimization of the Company's natural gas-fired generating facilities. Both the actual average

Received
Records Management
03/28/18 14:13
State Of WASH.
UTIL. AND TRANSP.
COMMISSION

natural gas price and the average short-term physical power purchase price were lower than authorized prices. The lower natural gas and power prices and optimization more than offset the lower than authorized contract revenue and higher contract expense.

Please note that the Company included both native and “pdf” versions of the Cover Letter, Certificate of Service, testimony and exhibits with the exception of PDE-2 whose native format is pdf. Please direct any questions related to this filing to Annette Brandon at (509) 495-4324.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Ehrbar', with a long horizontal line extending to the right.

Patrick D. Ehrbar
Director of Regulatory Affairs