

**Avista Corp.**

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January 14, 2022

Amanda Maxwell
 Executive Director & Secretary
 Washington Utilities and Transportation Commission
 621 Woodland Square Loop SE
 Lacey, Washington 98503

RE: Compliance Filing- Avista Corporation – Dockets UE-200900, UG-200901 and UE-200894 (consolidated)

Avista Corporation, dba Avista Utilities (Avista or the Company), hereby submits its 2nd capital expenditure report for its Energy Imbalance Market (EIM) investments for the period ending December 31, 2021, per Order 08/05, in Dockets UE-200900, UG-200901 and UE-200894 (consolidated).¹

In Order 08/05 in the above referenced dockets, at Paragraph 38, the Commission stated with regards to EIM:

Avista committed to “communicating with the other Parties through periodic ‘expenditure reports’ filed on a quarterly basis, commencing October 15, 2021,” for the provisional portion of the EIM pro forma adjustment. We consider this agreement implicit in the Settling Parties’ agreement because, as we stated in our Used and Useful Policy Statement, such reporting is a necessary condition of allowing

¹ The previous report filed on October 15, 2021 provided EIM and Wildfire Resiliency Plan capital expenditures for the period ending September 30, 2021, completing the Wildfire reporting requirement. That report showed that, actual system wildfire net rate base through September 30, 2021 of \$9.980 million was greater than that authorized by this Commission of \$9.406 million in Order 08/05 of Docket UE-200900, by approximately \$574,000, resulting in an understated Washington revenue requirement of \$5,000, including return-of and return-on this investment, per that authorized. Therefore, no further Wildfire capital additional reporting is required beyond September 30, 2021.

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any provisional portion of a pro forma adjustment in rates. [footnotes omitted]

Also, at Paragraph 252, the Commission stated with regards to Wildfire:

In its brief, Avista proposes that, in placing wildfire capital from April 2021 through September 2021 in rates effective October 1, 2021, the Company supports engaging in a retrospective review — including quarterly expenditure reports commencing October 15, 2021 — in its next GRC for prudence and any offsetting cost savings, and possible refund with interest of any amounts deemed imprudent or unknown and measurable. Under this proposal, the Commission retains authority to order these measures, with or without a proposal from a party. [footnotes omitted]

ENERGY IMBALANCE MARKET (EIM) CAPITAL INVESTMENT

Included as Attachment A are actual transaction detail for Avista's EIM capital investment through December 31, 2021. Attachment A, page 1, summarizes the actual activity, and shows that the Company has transferred to plant \$13.4 million (system) and has a construction work in progress (CWIP) EIM balance of \$7.0 million (system) through December 31, 2021, compared to \$15.2 million capital investment authorized by the Commission in the Company's most recent general rate case (Docket UE-200900) through December 31, 2021. The Company anticipates the remaining pro forma or provisional capital additions to materialize through completion of the project in 2022.

As discussed by Mr. Kinney at Exh. SJK-13T in Docket UE-200900, Avista needed to complete all its EIM equipment upgrades/replacements and integrate all new software by July 1, 2021 per the CAISO implementation schedule. However, although the equipment-related projects were completed by July 1, 2021, the software applications (while complete) would not officially transfer-to-plant until all testing is complete and the Company officially joins the EIM in March 2022.

Therefore, the Company will provide actual transfers-to-plant, as well as transactional CWIP balances, as required, through these quarterly reports, until EIM go-live, and all investments have transferred to plant-in-service.² The Company's final report after go-live, provided on or before July 2022, will provide total actual capital transfers to plant, versus that included by the Company and approved by this Commission, for review by Parties to Docket UE-200900, et. al. Any Washington-share amount of actual EIM transfer-to-plant balances, less than Washington's-

² Per Order 08/05, the Commission's authorized electric base rate revenue requirement, effective October 1, 2021, included the Company's EIM pro forma/provisional capital adjustment 3.18. These adjustments included capital additions starting in 2020 through go-live of March 2022, plus trailing invoices capitalized in 2022. Additional quarterly reports will be filed by Avista in January 2022, April 2022, and a final report in July 2022, to report on quarterly transfer-to-plant results for the EIM project through completion.

share of expected EIM transfer-to-plant amounts approved by this Commission, will be subject to refund in our next general rate case.

Please direct any questions regarding this report to me at 509-495-8601 or liz.andrews@avistacorp.com.

Sincerely,

/s/ Elizabeth Andrews

Elizabeth Andrews
Sr. Manager, Revenue Requirements

