

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



March 30, 2017

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-17\_\_\_\_\_ Energy Recovery Mechanism (ERM)  
Avista's Annual Filing to Review Deferrals (2016 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 2016 calendar year. Also enclosed is a Certificate of Service and an "Attorney's Claim of Confidentiality". The filing consists of the direct testimony and exhibits of William G. Johnson, and Patrick D. Ehrbar. 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 Mr. Ehrbar'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 2016 calendar year, actual net power costs were less than authorized net power costs for the Washington jurisdiction by \$8,426,688. The deferral in the rebate direction for 2016 amounted to \$3,320,016 (excluding interest). The Company absorbed \$5,106,672 in reduced net power costs in 2016. The deferral rebate is primarily due to lower wholesale power prices and optimization of the Company's natural gas-fired generating facilities. The actual average natural gas price was slightly higher compared to the authorized price, however, the average short term power purchases price was lower compared to the authorized price.

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 cursive script that reads "Kelly Norwood".

Kelly Norwood  
Vice President State and Federal Regulation