

**Avista Corp.**

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July 15, 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 4th and final capital expenditure report for its Energy Imbalance Market (EIM) investments for the period ending June 30, 2022, 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

¹ A 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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Parties' agreement because, as we stated in our Used and Useful Policy Statement, such reporting is a necessary condition of allowing 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 June 30, 2022.² Attachment A, page 3, summarizes the actual activity, and shows that the Company has transferred to plant \$24.0 million (system), with a final balance expected of \$24.17 million, compared to \$26.69 million capital investment authorized by the Commission in the Company's most recent general rate case (Docket UE-200900, et. al). This lower cost for the EIM investment of approximately \$2.5 million (system spend), is related to unspent contingency funds anticipated for the project.

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 committed to provide actual transfers-to-plant, as well as transactional CWIP balances, as required, through these quarterly reports, until EIM go-live, and all

² An incremental \$171,000 of final trailing invoices are expected beyond June 30, 2022 have been included in the total amount. Due to this immateriality to the overall project and ultimate revenue requirement owed, the Company has included this estimate to complete the final report as of July 15, 2022.



investments have transferred to plant-in-service.³ This final report after go-live in March 2022, including all trailing costs, provides 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.

As provided in Attachment A page 1, the net overall EIM rate base authorized in UE-200900 for Washington electric results, on an AMA basis for the rate effective period (twelve-months ending 09/30/2022), totaled \$12,577,000. However, the actual EIM rate base for Washington electric results, on an AMA basis for the rate effective period, totaled \$11,227,000, a net rate base difference of \$1,350,000. The overall impact associated with this understatement of net rate base, related depreciation expense, debt interest and return on investment, results in an annual revenue requirement owed customers of \$284,000.⁴

The Company, therefore, proposes to defer \$347,000 for amounts owed customers for the period October 1, 2021 through December 20, 2022, in liability FERC account 229 (Accumulated Provision for Rate Refunds) and expense FERC account 449.1 (Provision for Rate Refunds), for later return to customers. Future return of any refunded amounts may be through a separate tariff or other future proceeding. The deferred amount will accrue interest at the Company's authorized rate of return.

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

³ 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. Including this report, additional quarterly reports were filed by Avista in January 2022 and April 2022 to incorporate all trailing (final) invoices in 2022, to report on quarterly transfer-to-plant results for the EIM project through completion.

⁴ Annual amount to be deferred until a change in rates has occurred reflecting the necessary change in net rate base. This will occur on December 21, 2022 with new rates in effect in the current GRC Docket UE-220053. et. al.

