



Avista Corp.

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

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February 15, 2019

Mark L. Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Re: Docket No. UE-011595, Monthly Power Cost Deferral Report, January 2019
Docket No. UE-140188, Monthly REC Report, January 2019

Dear Mr. Johnson:

Enclosed for electronic filing is Avista Corporation’s Power Cost Deferral Report for the month of January 2019. The report includes the monthly Energy Recovery Mechanism (ERM) accounting journal together with supporting work papers (Attachment A). The native format of the Excel worksheets for the deferral calculation and the journal in “pdf” format are attached to the electronic filing. Please note “pdf” is the native form for the deferral journal.

As summarized on page 14 of the January 2019 Power Cost Deferral report, actual net power supply costs were lower than authorized net power costs for the Washington jurisdiction by \$1,719,936. No deferral entry was recorded in the month because we are within the \$4 million deadband. The table below illustrates the monthly activity.

	Total	Absorbed (Avista)	Deferred (Customer)
First \$4M at 100%	\$ (1,417,264)	\$ (1,417,264)	\$ -
\$4M to \$10M at 25% (rebate)		\$ -	\$ -
\$4M to \$10M at 50% (surcharge)	\$ -	\$ -	\$ -
Over \$10M at 10%		\$ -	\$ -
	\$ (1,417,264)	\$ (1,417,264)	\$ -

Actual power supply expense was lower than the authorized level due primarily to higher hydro generation and lower natural gas prices. Hydro generation was 29 aMW above the authorized

level. The average natural gas price was \$1.83/dth compared to an authorized price of \$2.91/dth. The average power price was \$30.42/MWh compared to an authorized price of \$22.91/MWh.

Colstrip and Kettle Falls generation was 16 aMW and 2 aMW above the authorized level respectively. Gas-fired generation was 60 aMW below the authorized level. The net transmission expense (transmission expense less transmission revenue) was below the authorized level. Washington retail sales were 22 aMW below the authorized level.

The report also includes the monthly renewable energy credits (REC) accounting journal together with backup work papers (Attachment B). Per Order 05, Docket UE-140188, the Company defers 100% of the net monthly renewable energy credits (REC) not associated with compliance for the Washington Energy Independence Act. The amount of net revenues/(expense) for January 2019 was \$93,629.

Interest for the ERM is calculated pursuant to the Settlement Stipulation approved by the Commission's Fifth Supplemental Order in Docket No. UE-011595, dated December 18, 2002. Interest is applied to the average of the beginning and ending month deferral balances net of associated deferred federal income tax. The Company's actual cost of debt is used as the interest rate. The interest rate is updated semi-annually and interest is compounded semi-annually.

If you have any questions, please contact Bill Johnson at (509) 495-4046 or Annette Brandon at (509) 495-4324.

Sincerely,



Patrick D. Ehrbar
Director of Regulatory Affairs

