



**Avista Corp.**

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April 11, 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, March 2019  
Docket No. UE-140188, Monthly REC Report, March 2019

Dear Mr. Johnson:

Enclosed for electronic filing is Avista Corporation's Power Cost Deferral Report for the month of March 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 8 of the March 2019 Power Cost Deferral report, actual net power supply costs, including the retail revenue adjustment, were higher than authorized net power costs for the Washington jurisdiction by \$2,464,636. No deferral entry was recorded in the month because we are within the \$4 million deadband. The table below illustrates the year-to-date activity.

	<u>Total</u>	<u>Absorbed (Avista)</u>	<u>Deferred (Customer)</u>
First \$4M at 100%	\$ 2,532,520	\$ 2,532,520	\$ -
\$4M to \$10M at 25% (rebate)	\$ -	\$ -	\$ -
\$4M to \$10M at 50% (surcharge)	\$ -	\$ -	\$ -
Over \$10M at 10%	\$ -	\$ -	\$ -
	<u>\$ 2,532,520</u>	<u>\$ 2,532,520</u>	<u>\$ -</u>

Actual power supply expense was higher than the authorized level due primarily to low hydro generation and higher loads in a high priced power market. Hydro generation was 74 aMW below

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the authorized level. Washington sales were 46 aMW above the authorized level. The average power price was \$68.46/MWh compared to an authorized price of \$20.40/MWh. The average natural gas price was \$2.25/dth compared to an authorized price of \$2.83/dth.

Colstrip and Kettle Falls generation was 36 aMW above and 2 aMW below the authorized level respectively. Gas-fired generation was 147 aMW above the authorized level. The net transmission expense (transmission expense less transmission revenue) was below the authorized level.

In March, Avista signed a long term Purchase Power Agreement (PPA) for the Rattlesnake Flat Wind project located in Adams County, Washington. Rattlesnake Flat Wind, a wind energy facility permitted and being developed by renewable energy developer Clearway Energy Group, will provide Avista with approximately 50 average megawatts of renewable energy, or as much as 144 megawatts of nameplate wind capacity, under a 20-year PPA with deliveries beginning in 2020. The PPA provides Avista with additional renewable energy, capacity and environmental attributes, which will offset higher priced market purchases. The PPA aligns with Avista's 2017 Integrated Resource Plan, which identifies that the utility will consider acquiring additional resources if such resources have lower long-term cost than electric market alternatives. The wind farm will be the largest renewable energy facility in Adams County with the capacity to generate enough clean, renewable energy to power about 37,600 of Avista's customers' homes. Situated on 20,000 privately owned acres near Lind, WA, Rattlesnake Flat Wind will tie into Avista's electric system via Avista's Lind/Washtucna transmission line.

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. For a summary of beginning and ending balances, as well as monthly activity including net revenues for March 2019 of \$74,968 and interest, please see page 17 of the Power Cost Deferral Report.

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

