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 UTIL. AND TRANSP.
 COMMISSION

August 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, July 2019
 Docket No. UE-140188, Monthly REC Report, July 2019

Dear Mr. Johnson:

Enclosed for electronic filing is Avista Corporation's Power Cost Deferral Report for the month of July 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 10 of the July 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 \$742,996. 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.

	Total	Absorbed (Avista)	Deferred (Customer)
First \$4M at 100%	\$ (2,739,380)	\$ (2,739,380)	\$ -
\$4M to \$10M at 25% (rebate)	\$ -	\$ -	\$ -
\$4M to \$10M at 50% (surcharge)	\$ -	\$ -	\$ -
Over \$10M at 10%	\$ -	\$ -	\$ -
	\$ (2,739,380)	\$ (2,739,380)	\$ -

Actual power supply expense was higher than the authorized level due primarily to low hydro generation, partially offset by low natural gas prices. Hydro generation was 200 aMW below the

authorized level. The average natural gas price was \$1.65/dth compared to an authorized price of \$2.49/dth. The average power price was \$22.60/MWh compared to an authorized price of \$19.93/MWh.

Colstrip and Kettle Falls generated 14 aMW and 22 aMW above the authorized level respectively. Gas-fired generation was 149 aMW above 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 (RECs) accounting journal together with backup work papers (Attachment B). Per Order 05, Docket UE-140188, the Company defers 100% of the net monthly RECs 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 July 2019 of \$158,513 and interest, please see page 29 of the Power Cost Deferral Report.

The Company also recorded the annual adjustment that compensates the Idaho jurisdiction for REC revenue it would have received had the Company not been required to maintain these credits per I-937. This adjustment reflects retirement of RECs from 2016 and 2017 as required for compliance with I-937. The Renewable Portfolio Standards (RPS) compliance journal and backup work papers are included as Attachment C, beginning on page 41 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,

A handwritten signature in black ink, appearing to read "Patrick D. Ehrbar", with a long horizontal line extending to the right.

Patrick D. Ehrbar
Director of Regulatory Affairs

