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April 25, 2022

Public Utility Commission of Oregon
201 High St SE, Suite 100
Salem, OR 97301

Re: **UM 2069 (RG89) - Avista COVID-19 Deferred Accounting Quarterly Report**

Avista Corporation, dba Avista Utilities (Avista or the Company), hereby submits its Q1 2022 COVID-19 deferred accounting quarterly report. As described in the Stipulation related to energy utilities in Docket UM 2114, approved October 27, 2020 per Order No. 20-378, this quarterly report complies with the following condition:

> *Each Utility shall provide the Commission with reports that itemize the utility costs, savings, and benefits resulting from COVID-19 described in paragraph 25. The first report will be for the period between March 1, 2020 and September 30, 2020, and shall be filed by November 1, 2020. Thereafter, reports will be due 30 days after the close of each quarter and shall include information from previous quarter. Each Utility shall file a Report for every quarter until the quarter ending December 31, 2023, unless waived by the Commission.*

As of March 31, 2022, the Company has identified and/or deferred the following direct costs and benefits associated with the COVID-19 pandemic resulting in an Oregon net asset balance of $1,085,806. The table below provides a summary as of March 31, 2022.

Oregon COVID Deferral Summary as of 3/31/2022

Deferral Type	Amount
Bad Debt Expense	$ 750,786
COVID Debt Relief Program	970,429
Term Loan Interest/Fees	59,991
Other Direct COVID Costs	47,805
Late Fees	641,809
Total 182.3	2,470,820
Other Direct COVID Benefits	(436,311)
CARES Act Tax Benefit	(948,703)
Total 254	(1,385,014)
Total Ending Balance at 3.31.2022	**$ 1,085,806**

The Company will continue to defer certain COVID-19 related deferred costs, as discussed below on a go-forward basis as appropriate, impacting the net balances shown, and will update these Oregon balances in future reports, 30 days after the close of each quarter-end, as required.

Bad Debt Expense

The Company's bad debt expense has significantly increased as a result of the COVID-19 pandemic. In order to determine the incremental impact on bad debt expense, the Company compared the actual bad debt expense incurred to the amounts set in each of its jurisdiction's most recent general rate cases. In all instances, bad debt exceeded the levels built into customers' rates. As of March 31, 2022, actual bad debt expense incurred for Oregon has exceeded the amount authorized by $1,721,215. This balance has been separately recorded as "Bad Debt Expense" of $750,786, and "COVID Debt Relief Program" of $970,429, as noted in the table above. See also section "COVID Debt Relief Program" below. Incremental bad debt expense is being deferred to account 182.3 Regulatory Assets.

COVID Debt Relief Program

The Company filed a tariff for its temporary COVID-19 Debt Relief Program per the Stipulation in Docket UM 2114 on February 3, 2021, which the Commission approved with an effective date of March 26, 2021. The costs to fund the program, approximately $890,000 or one percent of the Company's 2019 Commission Basis Report, were deferred as funds were provided to customers. As of March 31, 2022, funds were distributed to customers in the amount of $889,873, which was recorded as a reduction to the bad debt deferral. In additional, bill payment assistance administration costs of $80,556 were deferred. Therefore, total COVID Debt Relief Program deferred totaled $970,429, as shown in the table above. These bill payment assistance costs have been deferred to account 182.3 Regulatory Assets.

Term Loan Interest/Fees

In April 2020, the Company entered into a short-term credit agreement in the amount of $100 million to provide additional liquidity to the Company due to the pandemic. The incremental interest expense and loan fees associated with obtaining the term loan were analyzed. For Oregon, as short-term debt is excluded in the authorized capital structure and debt costs, actual costs of the term loan, net of interest income, was $59,991 as of March 31, 2022 and were deferred to account 182.3 Regulatory Assets.

Other Direct COVID Costs

Other direct costs identified by the Company as of March 31, 2022 include those charged directly to specific pandemic projects set up to capture costs incurred to protect the health and safety of utility employees, including personal protective equipment, janitorial services, cleaning supplies and additional hardware/software and other equipment not capitalized to allow employees to work from home. Oregon's share of these direct costs is $47,805 and were deferred to account 182.3 Regulatory Assets.

Late Fees

The Company's late fee revenues have decreased $641,809 (Oregon share) from March 1, 2020 through March 31, 2022 as compared to 2019. These lost revenues have been deferred to account 182.3 Regulatory Assets.

Other Direct COVID Benefits

Other direct benefits (reductions in costs as a result of the pandemic) identified by the Company as of March 31, 2022 were identified as employee expenses related to travel and training due to COVID-19 restrictions, as well as a reduction in fleet fuel consumption at the beginning of the pandemic when crews were at limited capacity. Oregon's share of these direct benefits are $436,311 and has been deferred to account 254 Other Regulatory Liabilities, offsetting deferred expenses.

CARES Act Tax Benefit

As described in the Supplemental filing on May 1, 2020 in Docket No. UM 2069, the Company will receive a benefit from carrying back its 2019 NOL to the five prior tax years. The benefit is approximately $7.9M on a system basis, or $948,703 allocated to Oregon. The Company filed the carry back form during Q4 2020 and recorded this benefit as an offset to COVID-19 deferral costs. Oregon's share of this benefit has been deferred to account 254 Other Regulatory Liabilities.

The Company filed several accounting method changes for tax purposes with its 2019 federal tax return. The IRS Tax Forms 3115, Application for a Change in Accounting Method, were filed with the Commission on October 19, 2020. The method changes provided a significant amount of deductions that resulted in a 2019 net operating loss. Without these method change deductions, the Company would not have recognized a net operating loss and would therefore not have received this benefit. The service allocations from these additional method change deductions are being used to allocate the benefit.

Reconnection Charges

Reconnection charges are being analyzed and a deferral determination will be made at a later date.

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