



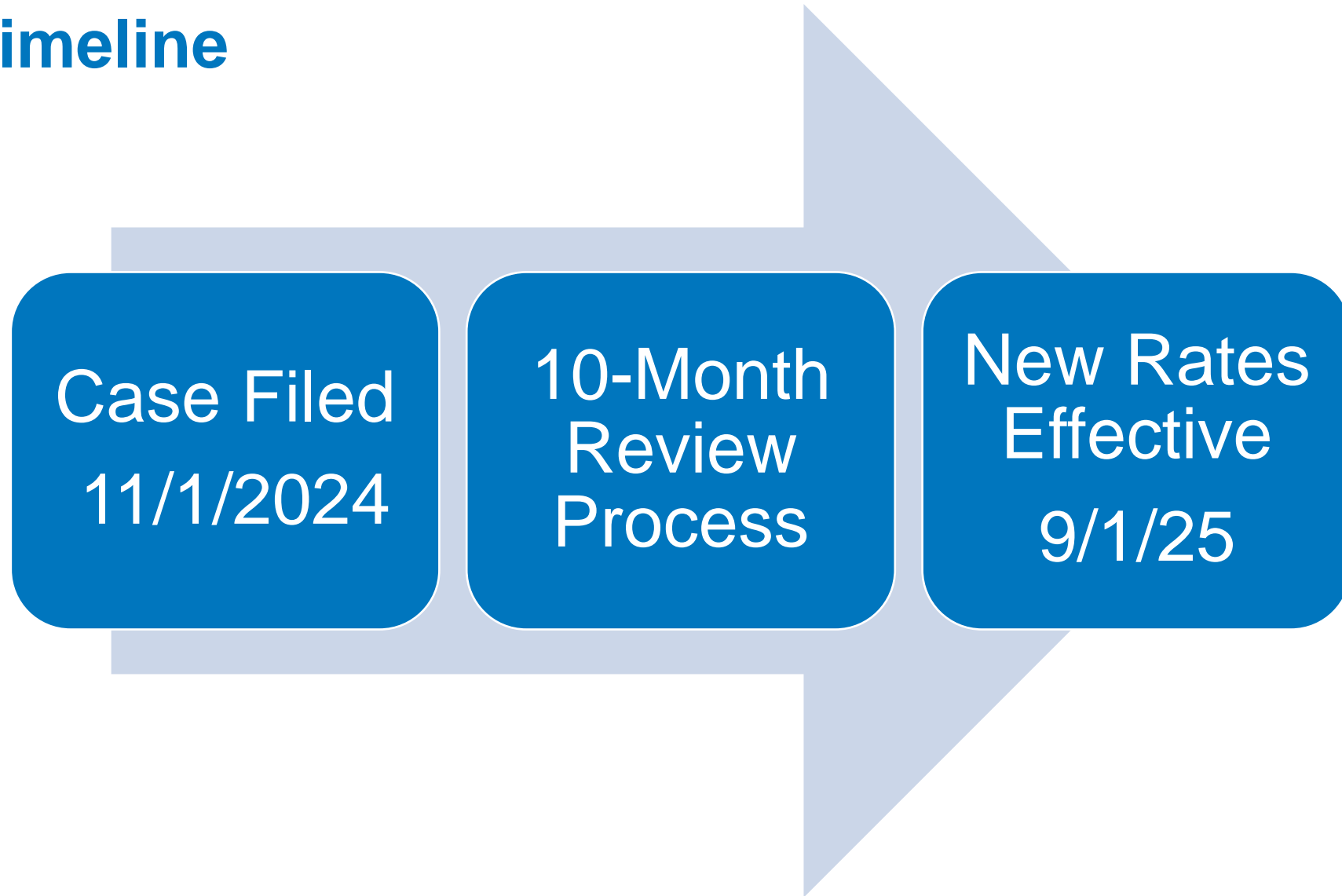
Avista 2024 General Rate Case Environmental Justice Workshop

Docket UG-519

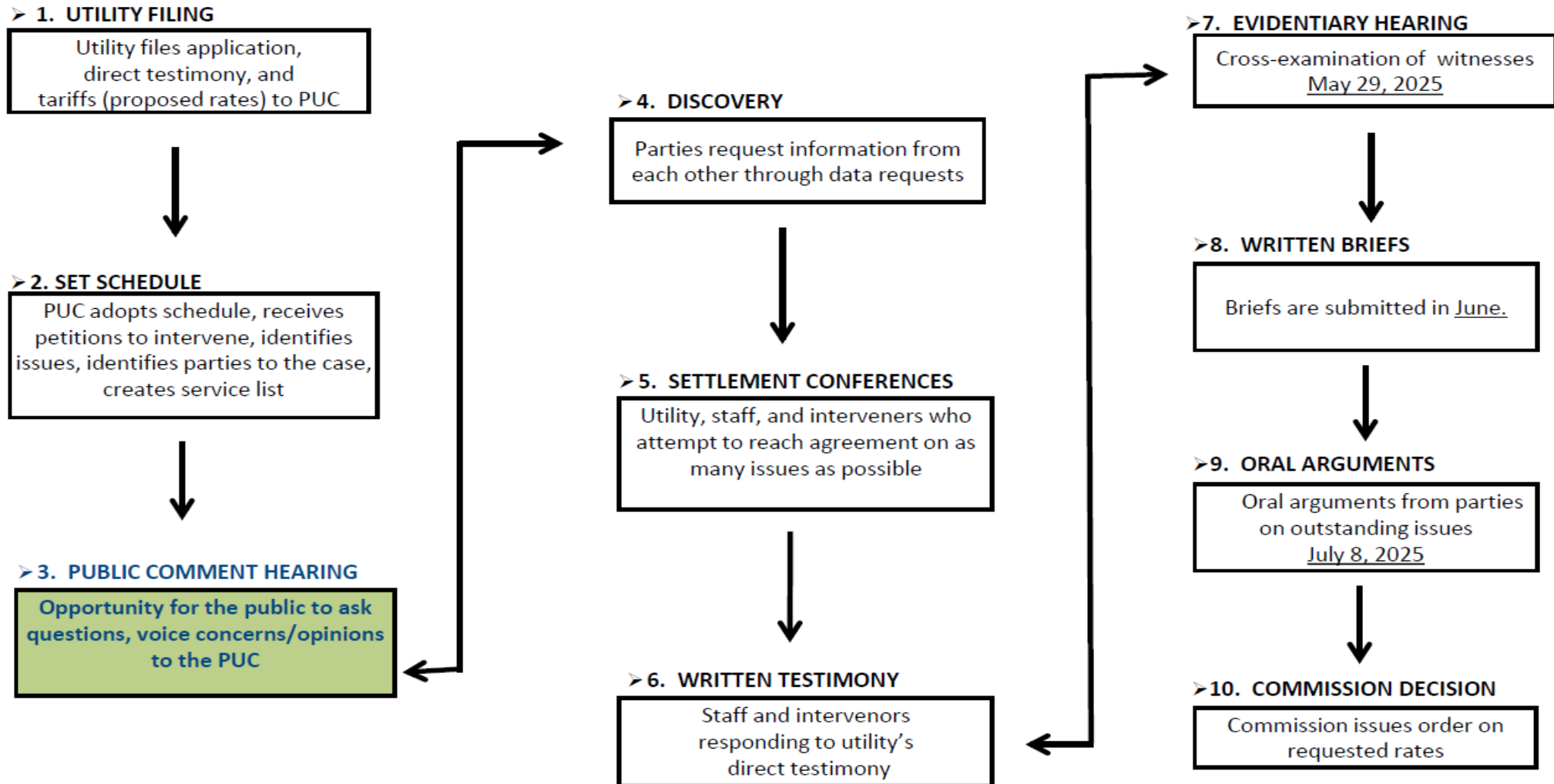
Kaylene Schultz, Manager of Regulatory Affairs

Shawn Bonfield, Sr. Manager of Regulatory Policy & Strategy

GRC Timeline



GRC Process



Proposed Overall Rate Impact

*Scenario	Total Revenues	Total Increase (\$)	Total Increase (%)	Residential Revenues	Residential Increase (\$)	Residential Increase (%)
Proposed Base Rates	\$92,525,345	\$7,822,000	9.23%	\$60,430,453	\$4,959,237	8.21%
Proposed Base Rates + Commodity	\$118,505,327	\$7,822,000	6.6%	\$74,007,892	\$4,959,237	6.7%

*Distinguishes Cost to Serve vs. Cost to Serve Plus the Pass Thru Cost of Natural Gas

GRC Cost Drivers

Category	Revenue Change (\$ 000s)	% of Change
Operating Expenses (inclusive of Taxes)	\$ 2,531	32%
New Plant Investments at Current ROR	\$ 2,953	38%
Rate of Return Increase	\$ 2,338	30%
Total	\$ 7,822	100%

Proposed Rate of Return

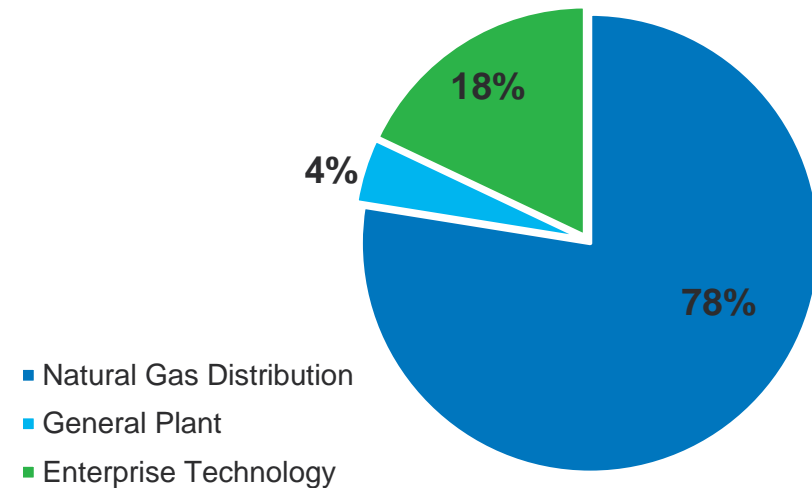
- Cost of Capital Definition
 - Required return to recover both debt and equity financing costs.
- Return on Equity (ROE) Definition
 - A financial ratio measuring the Company's profitability relative to its shareholder's equity.
- Proposed Cost of Capital
 - Proposed ROE: 10.4%
 - Proposed Long Term Debt: 4.930%
 - Proposed Rate of Return: 7.67%

Oregon Capital Investments

**Oregon Plant Investment
Capital Investment Transfers to Plant (TTP)
For January 1, 2024 through August 31, 2025
In Thousands (\$000's)**

Functional Area	Oregon TTP
Natural Gas Distribution	\$ 46,437
General Plant	\$ 2,705
Enterprise Technology	\$ 10,751
Total Transfers to Plant	<u>\$ 59,893</u>

Oregon Transfers to Plant



Proposed Residential Rate Impacts

Residential Single Family	Avg. Usage Therms/Mo.	Basic Charge \$/Mo	Volumetric Rate \$/Therm	Avg. Bill \$/Mo*
Current	47	\$11.25	\$0.76603	\$64.30
Proposed	47	\$13.00	\$0.82176	\$68.67
Difference		+\$1.75	+7.3%	+\$4.37

Residential Multi-Family	Avg. Usage Therms/Mo.	Basic Charge \$/Mo	Volumetric Rate \$/Therm	Avg. Bill \$/Mo*
Current	47	\$9.75	\$0.76603	\$62.80
Proposed	47	\$10.50	\$0.81748	\$65.97
Difference		\$0.75	+6.7%	+\$3.17

*Includes cost of gas and adjustment schedules

Full Party Settlement Reached - All Issues in GRC Resolved

Settlement Revenue Requirement Terms

- Revenue increase of \$4.195M (\$7.822M originally proposed)
- Significant adjustments agreed to by Parties in case:
 - Rate of Return (ROR) = 7.219% (7.67% originally proposed) – reduced requested amount by \$2.424M
 - Return on Equity (ROE) = 9.5%
 - Property Taxes – reduced by \$75k
 - Cost Allocations – removed \$81k of certain expenses directly assigned to Oregon
 - Rate Base Related Expenses – reduced by \$400k
 - Insurance – reduced by \$227k
 - Membership & Dues – reduced by \$89k
 - Legal Fees – reduced by \$83k
 - Oregon Corporate Activity Tax – increase of \$101k

Settlement Rate Spread

Type of Service	Schedule Number	General Rate Case Revenue Increase	Incremental Tax Customer Credit	Total Billed Revenue Increase	Total Billed Revenue Percentage Increase
Single-Family Residential	410	\$2,651	(\$1,163)	\$1,488	2.0%
Multi-Family Residential	411	\$32	(\$49)	-\$17	-0.7%
General Service	420	\$1,315	(\$379)	\$936	2.5%
Large General Service	424/425	\$42	(\$11)	\$30	1.2%
Interruptible Service	439/440	\$74	(\$31)	\$43	0.7%
Seasonal Service	444	\$1	(\$0)	\$1	0.8%
Transportation Service	456	\$80	(\$33)	\$47	1.6%
Total		\$4,195	(\$1,667)	\$2,528	2.0%

* Billed Revenue includes base rate revenue plus revenues associated with natural gas supply, energy efficiency, intervenor funding, and other items.

Settlement Aldyl-A Pipe & Non-Pipe Alternatives Terms

- Aldyl-A Pipe
 - Avista will complete a study of its Aldyl-A pipeline replacement program to determine if and where capping, or pruning, of its system may be an option for a targeted voluntary electrification (TVE) pilot as a cost effective alternative to Aldyl-A pipeline replacement.
 - Avista agrees to implement a 2-year TVE pilot that will begin 1/1/27.
- Non-Pipe Alternatives (NPAs)
 - Avista agrees to reduce its threshold for when a NPA analysis is required to \$500,000
 - Avista will complete an NPA analysis on two capital projects by 9/1/26
 - Avista must complete an NPA analysis for any new plan to systematically replace service pipes

Settlement Low-Income Terms

- Avista Oregon Low-Income Energy Efficiency Program (AOLIEE)
 - Avista agrees to discuss with its Equity Advisory Group (EAG) and Implementing Organizations the 20% health, safety, and repair (HSR) expenditures cap.
 - Avista will continue to discuss with its EAG and Implementing Organizations how all available AOLIEE funding may be spent.
- Low-Income Needs Assessment (LINA)
 - Avista agrees to contract an independent 3rd-party to complete a new LINA published in 2026.
- Arrearage Management Program
 - Avista agrees to establish a process to alert AMP participants of a first missed payment more immediately.
 - Avista agrees to develop a survey for AMP participants (or include questions within its existing annual customer survey) regarding reasons why customers are unable to meet AMP payment requirements.

Settlement Miscellaneous Residential Issues

- No change to residential basic charge
- Multifamily – Avista will do additional outreach to identify additional multifamily customers and move them to rate Schedule 411
- Customer Tax Credits – Avista will return to customers an additional \$5M of tax credits over a three-year period beginning 9/1/25, which offsets the agreed upon base rate change

Residential Bill Impacts



Schedule 410 – avg. of 48 therms per month = \$1.36 increase from \$69.55 to \$70.91

Schedule 410 winter bill impact – at 80 therms per month = \$2.27 increase from \$108.42 to \$110.69



Schedule 411 – avg. of 30 therms per month = \$0.30 decrease from \$46.20 to \$45.90

Energy Assistance

Affordability	Zero to 60% SMI Bill Discount			
	Zero to 5% SMI 90% discount	6 to 20% SMI 60% discount	21 to 40% SMI 25% discount	41 to 60% SMI 15% discount
Past Due Balances	Zero to 20% SMI Arrearage Forgiveness		21 to 60% SMI Arrearage Management Program	
Hardship/ Emergency	Customers experiencing hardship or energy emergency Project Share			

Next Steps

- Modified procedural schedule
- Target order date of August 25, 2025
- New rates effective September 1, 2025