Avista Corp.
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July 31, 2026

Commission Secretary
State of Idaho
Idaho Public Utilities Commission
11331 W. Chinden Blvd. Building 8, Suite 201-A
Boise, Idaho 83702-5983

RE: Case No. AVU-E-26-05
Power Cost Adjustment (PCA) Annual Rate Adjustment Filing of Avista Corporation

Dear Commission Secretary:

Attached for electronic filing with the Commission is the annual Power Cost Adjustment Rate Filing.[1] The Company requests that the Commission issue an order approving recovery of power costs deferred for the period July 1, 2025 through June 30, 2026, and approving a PCA surcharge of 0.157¢ per kilowatt-hour to be effective October 1, 2026.

Under the Company's proposal, the PCA rebate rate for all customers, including residential customers, would increase from an existing <u>rebate</u> rate of 0.301¢ per kilowatt-hour to a proposed <u>surcharge</u> rate of 0.157¢ per kilowatt-hour, or <u>an increase in the rate of</u> 0.458¢ per kilowatt-hour. Since PCA rate adjustments are spread on a uniform cents per kilowatt-hour basis, the resulting percentage change varies by rate schedule. The overall increase is approximately $14.6 million or 4.2%. Residential customers using an average of 939 kilowatt-hours per month would see their monthly bills decrease from $119.52 to $123.83, an increase of $4.31 per month, or 3.6%.

Certain supporting documents are CONFIDENTIAL, rendering these documents exempt from public inspection, examination and copying pursuant to Sections 74-101 through 74-126 of the Idaho Code. Avista believes that the identified CONFIDENTIAL supporting documents contain valuable commercial information.

As such, Avista is submitting a separate electronic filing containing the electronic form of the CONFIDENTIAL supporting documents, in compliance with Rule 067.02.b.

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[1] Case No. GNR-U-20-01, Order No. 35375

Please direct any questions regarding this filing to Ryan Finesilver at ryan.finesilver@avistacorp.com and (509) 495-4873 or Annette Brandon at annette.brandon@avistacorp.com or (509) 495-4324

Sincerely,

/s/ Patrick Ehrbar

Patrick D. Ehrbar
Director of Regulatory Affairs

Enclosures

ANNI GLOGOVAC
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AVISTA CORPORATION
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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE POWER COST	)	
ADJUSTMENT (PCA) ANNUAL RATE	)	CASE NO. AVU-E-26-05
ADJUSTMENT FILING OF AVISTA	)	APPLICATION OF AVISTA
CORPORATION	)	CORPORATION

I. INTRODUCTION

In accordance with Idaho Code §61-502 and Idaho Public Utilities Commission ("Commission") Rule of Procedure ("RP") 052, Avista Corporation, doing business as Avista Utilities (hereinafter "Avista" or "Company"), at 1411 East Mission Avenue, Spokane, Washington, respectfully files its Power Cost Adjustment (PCA) annual rate adjustment filing in the above referenced case. The Company requests the Commission issue an order approving the level of power costs deferred <u>in the surcharge direction</u> for the period July 1, 2025 through June 30, 2026, and approving a PCA surcharge rate of 0.157¢ per kilowatt-hour to be effective October 1, 2026. The Company requests that this filing be processed under the Commission's Modified Procedure Rules through the use of written comments.

Avista is a utility that provides service to approximately 423,000 retail electric customers and 383,000 natural gas customers in a 30,000 square-mile service territory covering portions of northern Idaho, eastern Washington, and Oregon. The largest community served by Avista is Spokane, Washington, which is the location of its corporate headquarters. The Company requests that all correspondence related to this Application be directed to:

Anni Glogovac	Annette Brandon
Counsel for Regulatory Affairs	Strategic Initiatives Manager
Avista Corporation	Avista Corporation
P.O. Box 3727	P.O. Box 3727
1411 E. Mission Avenue, MSC 27	1411 E. Mission Avenue, MSC 27
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Telephone: (509) 495-7341	Telephone: (509) 495-4324
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Avista Dockets (Electronic Only) - AvistaDockets@avistacorp.com

II. BACKGROUND

Avista's PCA is used to track changes in revenues and costs associated with variations in hydroelectric generation, secondary prices, thermal fuel costs, and changes in power contract revenues and expenses. Avista's existing PCA methodology and method of recovery were approved in Case No. AVU-E-07-01 by Order No. 30361, dated June 29, 2007. In that case, the Commission approved a change in the PCA methodology from a "trigger and cap" mechanism to a single annual PCA rate adjustment filing requirement.

The Commission also approved a change in the method of the PCA deferral rate adjustment from a uniform percentage basis, to a uniform cents per kilowatt-hour basis, effective with the October 1, 2007 PCA rate change. By Order No. 32206 in Case No. GNR-E-10-03, dated March 15, 2011, the Commission modified the retail revenue credit methodology and approved a Load Change Adjustment Rate (LCAR) based on the energy classified portion of embedded production revenue requirement, effective April 1, 2011. The Commission approved the following procedural schedule for administering the annual PCA filings:

August 1:	Company filing for prior July – June deferral period
September 1:	Review and comments by Staff and other interested parties
October 1:	Commission Order/effective date of PCA rate adjustment

The present PCA rebate was made effective on October 1, 2025. On July 31, 2025, Avista filed its annual PCA rate adjustment for the period July 1, 2025, through June 30, 2026, and requested a PCA rebate rate of 0.301¢ per kilowatt-hour effective October 1, 2025. The Commission approved that request in Case No. AVU-E-25-07, by Order No. 36777, dated September 29, 2025.

The proposed PCA rate adjustment of 0.157¢ per kilowatt-hour would surcharge to customers approximately $14.6 million, or 4.2%, effective October 1, 2026. The surcharge is primarily related to the expiration of the existing rebate rate and actual power supply costs that were higher than the level of costs embedded in customer rates. These higher costs were primarily related to a downward shift in market energy pricing which had impacts throughout the portfolio but most directly to “Net Power Purchases Expense” 2) wind generation resources excluded from the authorized base for the September 2025 through August 2026 period and, 3) higher customer loads during several months of the year.

III. DEFERRALS – JULY 1, 2025 THROUGH JUNE 30, 2026

The amount of power cost deferrals for the period July 1, 2025, through June 30, 2026, is shown in Table No. 1 below, as well as interest for the same period. Company witness Mr. Holland's testimony provides an explanation of the factors causing the deferral entries for the period. Company witness Ms. Brandon's testimony addresses the deferral, Renewable Energy Credit Benefit, and interest amount.

Table No. 1 – Summary of Deferral Balance

Power Supply Deferrals (July 2025 - June 2026)	$	8,032,648
Energy Imbalance Market Operations and Maintenance Expense	$	194,495
Renewable Energy Credit Retirement Benefit	$	(2,717,969)
Interest	$	56,428
Total Deferral Balance	**$**	**5,565,602**

Quarterly reports have been filed with the Commission regarding actual PCA deferral entries to date.[1] An additional copy of those reports for the quarters of Q3 2025, Q4 2025, Q1 2026 and Q2 2026 have been included with this filing and have also been provided to Clearwater Paper Corporation and Idaho Forest Group.

IV. PROPOSED RATE TO BE EFFECTIVE OCTOBER 1, 2026

The Company is proposing a uniform cents per kilowatt-hour PCA surcharge rate of 0.157¢ to be effective October 1, 2026 (from the present rebate rate of 0.301¢ per kilowatt-hour). See page 1 of Ms. Brandon's Exhibit No. AMB-1 for the calculation of the proposed rate. Attached to this Application as Exhibit "A" is a copy of the proposed tariff, Schedule 66, which contains the proposed PCA rate. Exhibit "A" also includes the proposed changes to Schedule 66 in strike out/underline format. The proposed rate is

[1] In Case No. AVU-E-23-08, Order No. 35937, the Company was directed to submit PCA reports, which must include the Power Transaction Register (PTR) and Gas Accounting Data Download (GADD) in Staff's recommended file formats, to the Commission on a quarterly basis. The Company filed its first quarterly report on October 13, 2023, beginning with 3rd Quarter of 2023, which included the confidential PTR and GADD reports for that quarter. Subsequent quarterly filings of the alike have been made to date.

designed to rebate the following:

<u>Table No. 2 – Amortization Balance Calculation</u>[2]

Power Supply Deferrals & EIM (July 2025 - June 2026)	$	8,227,143
Renewable Energy Credit Retirement Benefit	$	(2,717,969)
Interest	$	56,428
Total Deferral Balance	**$**	**5,565,602**
Unamortized Balance from Previous Deferrals (prior to July 1, 2025)	$	(11,302,437)
Amortization July 2025 - June 2026	$	8,705,513
Interest	$	(354,457)
Total Remaining Amortization Balance	**$**	**(2,951,381)**
PCA Year Ending June 30, 2026	**$**	**2,614,221**
Projected Amortization and Total Interest (July 2026-September 2026)	$	2,365,097
TOTAL BALANCE FOR AMORTIZATION	$	4,979,318

After applying the conversion factor related to commission fees and uncollectible customer accounts to the "Total Balance for Amortization" shown above, the resulting credit balance of $5,001,017 is divided by forecasted kilowatt-hours to derive the proposed rebate rate of 0.157¢ per kilowatt-hour.[3]

Since PCA rate changes are spread on a uniform cents per kilowatt-hour basis, the resulting percentage decreases vary by rate schedule. Page 1 of Ms. Brandon's Exhibit No. AMB-1 shows the effect of the proposed PCA rebate by rate schedule. <u>The overall increase</u> in revenue, after accounting for the expiration of the existing rebate, and the new rebate, is approximately <u>$14.6 million or 4.2%</u>. The revenue impact by rate schedule is as follows:

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[2] Power Supply Deferrals like item is combination of Power Supply Deferrals of $8,032,648 + EIM Operations and Maintenance of $194,495 as shown in Table No. 1 for a total of $8,227,143

[3] Total Balance for Amortization $4,979,318 divided by conversion factor 0.995661 = $5,001,017.

Type of Service	Schedule Number	Percent change on Billed Revenue
Residential	1	3.6%
General Service	11,12	4.3%
Large General Service	21,22	3.9%
Extra Large General Service	25	6.6%
Clearwater	25P	7.9%
Pumping Service	31,32	3.5%
Street & Area Lights	41-49	1.0%
Total		4.2%

Residential customers using an average of 939 kilowatt-hours per month would see their monthly bills decrease from $119.52 to $123.83, a decrease of $4.31 per month, or 3.6%. This bill impact does not consider the effects of other filings Avista has made that will go into effect on October 1, 2026.

V. REQUEST FOR RELIEF

The Company requests that the Commission issue an order approving power costs deferred for the period July 1, 2025 through June 30, 2026, and approving a PCA surcharge rate of 0.157¢ per kilowatt-hour to be effective October 1, 2026. Under the Company's proposal, the PCA rate for all customers, including residential customers, would increase from a rebate rate of 0.301¢ per kilowatt-hour to a surcharge rate of 0.157¢ per kilowatt-hour. The Company requests that the matter be processed under the Commission's Modified Procedure rules through the use of written comments.

Dated at Spokane, Washington this 31st day of July 2026.

AVISTA CORPORATION

By: ______________________
Counsel for Regulatory Affairs
ISB #13010

CASE NO. AVU-E-26-05

2026 Idaho PCA Filing

Exhibit “A”

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 66

TEMPORARY POWER COST ADJUSTMENT - IDAHO

APPLICABLE:

To Customers in the State of Idaho where the Company has electric service available. This Power Cost Adjustment shall be applicable to all retail customers for charges for electric energy sold. This Rate Adjustment is designed to recover or rebate a portion of the difference between actual and allowed net power supply costs.

MONTHLY RATE:

The energy charges of electric Schedules 1, 11, 12, 21, 22, 25, 25P, 31, 32, and 42-49 are to be increased by 0.157¢ per kilowatt-hour in all blocks of these rate schedules.

SPECIAL TERMS AND CONDITIONS:

The rates set forth under this Schedule are subject to periodic review and adjustment by the IPUC based on the actual balance of deferred power costs.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

Issued July 31, 2026 Effective October 1, 2026

Issued by Avista Utilities
By Patrick Ehrbar – Director of Regulatory Affairs

Patrick D. Ehrbar

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 66

TEMPORARY POWER COST ADJUSTMENT - IDAHO

APPLICABLE:
To Customers in the State of Idaho where the Company has electric service available. This Power Cost Adjustment shall be applicable to all retail customers for charges for electric energy sold. This Rate Adjustment is designed to recover or rebate a portion of the difference between actual and allowed net power supply costs.

MONTHLY RATE:
The energy charges of electric Schedules 1, 11, 12, 21, 22, 25, 25P, 31, 32, and 4~~1~~-49 are to be ~~de~~creased by ~~0.301¢~~ per kilowatt-hour in all blocks of these rate schedules.

SPECIAL TERMS AND CONDITIONS:

The rates set forth under this Schedule are subject to periodic review and adjustment by the IPUC based on the actual balance of deferred power costs.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

Issued July 31, 2025 Effective October 1, 2025

Issued by Avista Utilities
By Patrick Ehrbar – Director of Regulatory Affairs

Twenty-Eighth Revision Sheet 66
Canceling
I.P.U.C. No.28 Twenty-Seventh Revision Sheet 66

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 66

TEMPORARY POWER COST ADJUSTMENT - IDAHO

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To Customers in the State of Idaho where the Company has electric service available. This Power Cost Adjustment shall be applicable to all retail customers for charges for electric energy sold. This Rate Adjustment is designed to recover or rebate a portion of the difference between actual and allowed net power supply costs.

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The energy charges of electric Schedules 1, 11, 12, 21, 22, 25, 25P, 31, 32, and 42-49 are to be increased by 0.157¢ per kilowatt-hour in all blocks of these rate schedules.

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Service under this schedule is subject to the Rules and Regulations contained in this tariff.

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Issued July 31, 2026 Effective October 1, 2026

Issued by Avista Utilities
By Patrick Ehrbar – Director of Regulatory Affairs