

Purchased Gas Cost Adjustment (PGA)

PGA requests are typically filed annually to balance the actual cost of wholesale natural gas purchased by Avista to serve customers with the amount presently included in customer's rates. Avista does not make a profit on, or markup, the wholesale cost of natural gas. PGAs ensure customers pay what Avista pays, dollar for dollar, only at a more predictable and stable rate throughout the year. These rate adjustments are driven primarily by lower wholesale natural gas prices observed during this past winter, which were below the amounts included in rates.

Rate Application Procedure

The Company's applications are proposals, subject to public review and a Commission decision. Copies of the applications are available for public review at the offices of both the Commission and Avista, and on the Commission's website (puc.idaho.gov). Customers may file with the Commission written comments related to the Company's filings. Customers may also subscribe to the Commission's RSS feed on the Commission's website to receive periodic updates via e-mail about the case. Copies of rate filings are also available on our website, myavista.com/rates.

If you would like to submit comments on the proposed rate change, you can do so by going to the Commission website puc.idaho.gov/Form/CaseComment or mailing comments to:

Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074

When filing comments reference the appropriate Case Number.

Avista offers a number of programs and services to help customers manage their energy use and costs. Visit myavista.com for information on these programs which include Comfort Level Billing, bill payment options, automated payment service, assistance programs, conservation tips, and energy efficiency rebates.

Important Notice for Idaho Electric and Natural Gas Customers (August 2026)

Avista has made annual rate adjustment filings with the Idaho Public Utilities Commission (IPUC or Commission) that if approved, are designed to increase overall electric revenues by approximately \$18.3 million or 5.3% effective Oct. 1, 2026 and decrease overall natural gas revenue by approximately \$1.5 million or 1.8% effective Nov. 1, 2026. These annual filings have no impact on Avista's earnings.

Electric Adjustment Filings

Three annual electric adjustments were filed, that if approved, are designed to change overall electric revenues effective Oct. 1, 2026 as follows:

1. Power Cost Adjustment (PCA): an increase of approximately \$14.6 million or 4.2%
2. Fixed Cost Adjustment (FCA): an increase of approximately \$4.0 million or 1.1%
3. Bonneville Power Administration Residential Exchange (ResEx) Program: a decrease of approximately \$0.3 million or 0.1%

Natural Gas Adjustment Filing

Three annual natural gas adjustments were filed, that if approved, are designed to change overall natural gas revenues effective Nov. 1, 2026 as follows:

1. Purchased Gas Cost Adjustment (PGA): a decrease of approximately \$2.5 million or 3.0%
2. Fixed Cost Adjustment (FCA): an increase of approximately \$2.3 million or 2.8%
3. Natural Gas Energy Efficiency: a decrease of approximately \$1.4 million or 1.6%

Customer Bills Resulting from these Filings

If the electric PCA (AVU-E-26-05), FCA (AVU-E-26-06) and ResEx (AVU-E-26-07) filings are approved, residential electric customers in Idaho using an average of 939 kilowatt hours per month would see their monthly bills increase from \$119.52 to \$127.28, an increase of \$7.76 per month, or approximately 6.5%. The proposed electric rate change would be effective Oct. 1, 2026.

The requested electric rate change by rate schedule are as follows:

Schedule No.	Rate Schedule	% Change in Billed Revenue
1	Residential	6.4%
11 & 12	General Service	3.2%
21 & 22	Large General Service	2.9%
25	Ex. Lg. General Service	6.6%
25P	Ex. Lg. General Service	7.9%
31 & 32	Pumping Service	2.6%
42-49	Street and Area Lights	1.0%
Overall		5.3%

If the natural gas FCA (AVU-G-26-02), Energy Efficiency (AVU-G-26-05) and PGA (AVU-G-26-03) filings are approved, residential natural gas customers in Idaho using an average of 66 therms per month would see their monthly bills decrease from \$59.28 to \$58.38, a decrease of \$0.90 per month, or approximately 1.5%. The proposed natural gas rate change would be effective Nov. 1, 2026.

The requested natural gas rate change by rate schedule are as follows:

Schedule No.	Rate Schedule	% Change Billed Revenue
101	General Service	-1.5%
111 & 112	Large General Service	-3.1%
131 & 132	Interruptible Sales Service	0.0%
146	Transportation Service	0.0%
Overall		-1.8%

Power Cost Adjustment (PCA)

The PCA is an annual rate adjustment made to reflect the difference between the actual cost of generating and purchasing electric power to serve customers and the cost currently included in customer rates. The biggest reason for this year’s proposed increase is due to the expiration of a rate credit associated with the 2025 PCA, that expires October 1, 2026. That expiration, coupled with higher power costs and increased electricity use experienced this PCA year are the reasons for the rate increase.

Fixed Cost Adjustment (FCA)

The electric and natural gas FCA is a mechanism designed to break the link between a utility’s revenues and customers’ energy usage. Avista’s actual revenue, based on kilowatt hour or therm sales, will vary, up or down, from the level included in a general rate case and approved by the Commission. This could be caused by changes in weather, energy conservation or other factors. Generally, under the FCA, Avista’s revenues are adjusted each month based on the number of customers. The annual difference between revenues based on sales and the number of customers is surcharged or rebated to customers beginning in the following year. The proposed FCA rate adjustments are primarily driven by variations in 2025 customer usage related to weather and savings from participating in efficiency programs. The FCA mechanisms do not apply to Avista’s Electric Extra Large General and Street Lighting Service Schedules, nor to its Natural Gas Interruptible and Transportation Service Schedules.

Energy Efficiency Adjustment

The Energy Efficiency Adjustment is related to the funding of Avista’s natural gas energy efficiency programs, which are designed to provide a financial incentive or rebate for cost-effective energy efficiency measures. This adjustment aligns the amount that is collected in customer rates with the actual costs to operate the programs. The rate changes proposed reflect the Company’s request to set all collection rates to \$0.00 per therm of usage effective November 1, 2026, in alignment with the Company’s recent request to suspend operations of its natural gas programs at the end of 2026. This temporary pause in Avista’s natural gas energy efficiency programs is to ensure these programs continue to deliver the greatest value to customers; the Company anticipates bringing these programs back as soon as the strong cost-effectiveness standards expected from such programs are once again achievable.

Residential Exchange Adjustment

The Residential Exchange Program provides a share of the benefits of the federal Columbia River power system to the residential and small farm customers of the investor-owned utilities in the Pacific Northwest, including Avista. Avista applies the benefits it receives, which typically fluctuate from year to year, to customers as a credit in their monthly electric rates. Due to fluctuations in usage, Avista rebated to customers a level of benefits that was slightly lower than the level of benefits received from BPA. Through this filing Avista is seeking to slightly increase the level of benefits provided to qualifying customers in order to return the under-rebated balance.