

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET UE-240006

DOCKET UG-240007

EXH. EMA-3

ELIZABETH M. ANDREWS

REPRESENTING AVISTA CORPORATION

Direct and Indirect - Offsets Matrix

Efficiency Adj	ROR/CF					Direct Offsets O&M			Indirect Offsets O&M		Direct Offsets - Capital		Indirect Offsets Capital	
2%	0.101132256					O&M	O&M	O&M	O&M	O&M	capital	capital	capital	capital
Forecasted TTP						2024 Direct	2025 Direct	2026 Direct	2024 Indirect	2025 Indirect	2024 Direct	2025 Direct	2024 Indirect	2025 Indirect
	2024	2025	2026			2% x	2% x	2% x						
						Return on Investment	Return on Investment	Return on Investment						
\$	409,247,188	\$ 457,512,047	\$ 551,511,322			System								
						2024 Eff. Adj	2025 Eff. Adj	2026 Eff. Adj	2024 DO	2025 DO	2026 DO			
Total Offsets		System Amount:	\$ 541,247	\$ 650,248	\$ 811,420	\$ 609,174	\$ 696,605	\$ 1,067,991	\$ 158,279,926	\$ 160,781,859	\$ 3,602,994	\$ 979,594	\$ 8,881,101	\$ 9,246,942

O&M - ALLOCATED									
Direct					Indirect				
2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G	2026 WA-E	2026 WA-G	2025 WA-E	2025 WA-G	2026 WA-E	2026 WA-G
\$ 559,338	\$ 186,710	\$ 714,946	\$ 183,993	\$ 945,719	\$ 217,765	\$ 88,574,486	\$ 14,949,848	\$ 88,550,559	\$ 14,604,625
2022 WA-E Direct	2022 WA-G Direct	2023 WA-E Direct	2023 WA-G Direct	2024 WA-E Direct	2024 WA-G Direct	2022 WA-E Indirect	2022 WA-G Indirect	2023 WA-E Indirect	2023 WA-G Indirect

WA E 2025	WA G 2025
\$ 916,811	\$ 278,707

Total WA 2025
\$ 1,195,518

WA E 2026	WA G 2026
\$ 830,332	\$ 200,879

Total WA 2026 Total 2025-2026
\$ 1,031,211 \$ 2,226,729

Growth Revenue per Adjustment 4.03 and 5.09
See Revenue Data

Total WA Electric		Total WA Natural Gas	
Indirect	Indirect	Indirect	Indirect
\$ 88,574,486	\$ 88,550,559	\$ 14,949,848	\$ 14,604,625
RY1	RY2	RY1	RY2
2022-2023	2023-2024	2022-2023	2023-2024

Direct and Indirect - Offsets Matrix

(ROI = Return on Investment)

#	Witness	Business Case	Forecasted TTP (System)			Efficiency Adj			Direct Offsets O&M		
			2024	2025	2026	2024 2% x ROI	2025 2% x ROI	2026 2% x ROI	O&M 2024 Direct	O&M 2025 Direct	O&M 2026 Direct
Efficiency Adj		2%									
ROR/CF		0.101132256									
1	Alexander	Automation Replacement	588,220	-	-	1,190	-	-			
2	Alexander	Base Load Hydro	461,474	-	-	933	-	-			
3	Alexander	Base Load Thermal Program	-	482,311	-	-	976	-			
4	Manuel	Basic Workplace Technology Delivery	799,996	799,998	800,002	1,618	1,618	1,618	-	-	-
5	Alexander	Cabinet Gorge Dam Fishway	600,000	399,879	72,902	NA -	NA -	NA -	-	-	-
6	Alexander	Cabinet Gorge Station Service	-	11,259,147	-	-	22,773	-	-	-	-
7	DiLuciano	Central 24 HR Operations Facility	-	-	3,499,757	-	-	7,079	-	-	-
8	Alexander	Clark Fork Settlement Agreement	3,027,380	2,663,700	3,291,708	NA - Required	NA - Required	NA - Required	-	-	-
9	DiLuciano	Colstrip Transmission	650,119	569,999	99,997	NA - Required	NA - Required	NA - Required	-	-	-
10	Manuel	Control and Safety Network Infrastructure	1,516,187	941,295	2,647,447	3,067	1,904	5,355	-	-	-
11	Hydzik	Customer Experience Platform Program	5,013,000	4,775,000	4,375,000	10,140	9,658	8,849	-	-	-
12	Hydzik	Customer Facing Technology Program	4,596,642	4,175,000	4,375,000	9,297	8,445	8,849	-	-	-
13	Hydzik	Customer Transactional Systems	4,492,738	3,550,000	3,750,000	9,087	7,180	7,585	-	-	-
14	Manuel	Data Center Compute and Storage Systems	4,159,903	2,299,701	3,853,902	8,414	4,651	7,795	152,000	152,000	350,000

#	Witness	Business Case	Forecasted TTP (System)			Efficiency Adj			Direct Offsets O&M		
			2024	2025	2026	2024	2025	2026	O&M	O&M	O&M
						2% x ROI	2% x ROI	2% x ROI	2024 Direct	2025 Direct	2026 Direct
15	Manuel	Digital Grid Network	2,064,528	2,606,425	4,284,116	4,176	5,272	8,665	-	-	-
16	DiLuciano	Distribution Grid Modernization	987,476	979,842	911,763	1,997	1,982	1,844	-	165,900	267,700
17	DiLuciano	Distribution Minor Rebuild	12,999,990	12,999,991	12,204,154	26,294	26,294	24,685	-	-	-
18	DiLuciano	Distribution System Enhancements	10,162,656	7,499,982	9,999,987	20,555	15,170	20,226	-	-	-
19	DiLuciano	Downtown Network - Asset Condition	2,000,000	2,000,000	2,000,000	4,045	4,045	4,045	75,000	75,000	75,000
20	DiLuciano	Downtown Network - Performance & Capacity	1,200,021	1,200,022	1,200,753	2,427	2,427	2,429	40,000	40,000	40,000
21	DiLuciano	Elec Relocation and Replacement Program	7,000,011	7,000,013	7,000,005	NA - Required	NA - Required	NA - Required	-	-	-
22	DiLuciano	Electric Storm	4,975,634	5,000,005	5,000,008	NA -	NA -	NA -	-	-	-
23	Hydzik	Electric Transportation	2,859,000	2,965,000	3,000,000	5,783	5,997	6,068	-	-	-
24	Manuel	Endpoint Compute and Productivity Systems	4,180,369	6,154,490	3,034,582	8,455	12,448	6,138	-	-	-

#	Witness	Business Case	Forecasted TTP (System)			Efficiency Adj			Direct Offsets O&M		
			2024	2025	2026	2024	2025	2026	O&M	O&M	O&M
						2% x ROI	2% x ROI	2% x ROI	2024 Direct	2025 Direct	2026 Direct
25	Manuel	Energy Markets Modernization & Operational Efficiency	500,001	598,920	500,000	1,011	1,211	1,011	-	-	-
26	Manuel	Energy Delivery Modernization & Operational Efficiency	4,656,442	10,032,632	7,948,051	9,418	20,292	16,076	100,000	-	-
27	Manuel	Energy Resources Modernization & Operational Efficiency	2,798,585	2,429,392	3,357,757	5,661	4,914	6,792	-	-	-
28	Manuel	Enterprise Business Continuity	100,081	100,000	100,075	202	202	202	-	-	-
29	Manuel	Enterprise Communication Systems	1,786,541	1,369,738	2,212,730	3,614	2,770	4,476	-	-	-
30	Manuel	Enterprise Network Infrastructure	2,221,684	2,000,003	1,051,084	4,494	4,045	2,126	-	-	-
31	Manuel	Enterprise Security	1,771,645	2,387,292	2,000,689	3,583	4,829	4,047	-	-	-
32	Manuel	Environmental Control & Monitoring Systems	978,615	909,147	977,102	1,979	1,839	1,976	-	-	-
33	Manuel	ET Modernization & Operational Efficiency - Technology	2,970,407	2,609,026	2,804,725	6,008	5,277	5,673	-	-	-
34	Manuel	Facilities and Storage Location Security	380,134	399,999	399,999	769	809	809	-	-	-
35	Manuel	Fiber Network Lease Service Replacement	7,316	1,461,811	878,940	15	2,957	1,778	-	-	-

#	Witness	Business Case	Forecasted TTP (System)			Efficiency Adj			Direct Offsets O&M		
			2024	2025	2026	2024	2025	2026	O&M	O&M	O&M
						2% x ROI	2% x ROI	2% x ROI	2024 Direct	2025 Direct	2026 Direct
36	Manuel	Financial & Accounting Technology	4,260,001	4,144,998	3,140,001	8,616	8,384	6,351	-	-	-
37	DiLuciano	Fleet Services Capital Plan	6,850,000	5,748,784	7,092,857	13,855	11,628	14,346	-	-	-
38	DiLuciano	Gas Above Grade Pipe Remediation Program	650,004	650,004	650,004	NA - Required	NA - Required	NA - Required	7,983	9,677	11,371
39	DiLuciano	Gas Cathodic Protection Program	665,000	665,000	665,000	NA - Required	NA - Required	NA - Required	-	-	-
40	DiLuciano	Gas Facility Replacement Program (GFRP) Aldyl A Pipe Replacement	27,187,249	27,999,995	29,999,998	NA - Required	NA - Required	NA - Required	104,630	112,037	119,389
41	DiLuciano	Gas Isolated Steel Replacement Program	2,000,000	2,000,000	2,000,000	NA - Required	NA - Required	NA - Required	-	-	-
42	DiLuciano	Gas Non-Revenue Program	9,682,000	9,972,000	10,272,000	19,583	20,170	20,777	-	-	-
43	DiLuciano	Gas PMC Program	3,200,000	3,200,000	3,000,000	NA - Required	NA - Required	NA - Required	-	-	-
44	DiLuciano	Gas Regulator Station Replacement Program	1,069,995	1,069,995	1,069,995	2,164	2,164	2,164	3,400	5,300	7,200

#	Witness	Business Case	Forecasted TTP (System)			Efficiency Adj			Direct Offsets O&M		
			2024	2025	2026	2024	2025	2026	O&M	O&M	O&M
						2% x ROI	2% x ROI	2% x ROI	2024 Direct	2025 Direct	2026 Direct
45	DiLuciano	Gas Reinforcement Program	1,577,830	1,000,000	1,000,000	3,191	2,023	2,023	22,800	22,800	22,800
46	DiLuciano	Gas Replacement Street and Highway Program	3,718,000	3,830,000	3,945,000	NA - Required	NA - Required	NA - Required	-	-	-
47	DiLuciano	Gas Telemetry Program	100,000	100,000	100,000	202	202	202	7,561	7,561	7,561
48	DiLuciano	Gas Transient Voltage Mitigation Program	500,001	-	-	NA - Required	NA - Required	NA - Required	8,500	8,700	9,000
49	Alexander	Generation Masonry Building Rehabilitation	490,303	232,932	-	992	471	-	-	-	-
50	Manuel	Generation, Substation & Gas Location Security	3,830,156	7,751,644	1,449,994	7,747	15,679	2,933	-	-	-
51	Alexander	HMI Control Software	2,676,153	2,078,530	132,015	5,413	4,204	267	-	-	-
52	Manuel	Human Resources Technology	391,207	490,344	613,801	791	992	1,242	16,300	16,300	16,300
53	Manuel	Identity and Access Governance	303,024	649,022	194,984	NA - Required	NA - Required	NA - Required	-	-	-
54	DiLuciano	Joint Use	3,999,996	3,999,996	3,000,000	NA - Required	NA - Required	NA - Required	-	-	-
55	Manuel	Land Mobile Radio & Real Time Communication Systems	4,597,501	1,999,046	1,944,767	9,299	4,043	3,934	-	-	-
56	DiLuciano	LED Change-Out Program	200,003	199,999	199,999	405	405	405	-	-	-

#	Witness	Business Case	Forecasted TTP (System)			Efficiency Adj			Direct Offsets O&M		
			2024	2025	2026	2024	2025	2026	O&M	O&M	O&M
						2% x ROI	2% x ROI	2% x ROI	2024 Direct	2025 Direct	2026 Direct
57	Manuel	Legal & Compliance Technology	465,000	420,000	405,500	941	850	820	-	-	-
58	Alexander	Long Lake Plant Upgrade	500,000	1,500,000	45,000,000	1,011	3,034	91,019	-	50,000	100,000
59	Alexander	Monroe Street Abandoned Penstock Stabilization	747,811	-	-	1,513	-	-	-	-	-
60	Manuel	Network Backbone	4,188,193	3,140,876	1,844,292	8,471	6,353	3,730	-	-	-
61	DiLuciano	New Revenue - Growth	78,505,094	73,745,609	75,985,327	See Other Revenue Offset included in			-	-	-
62	Alexander	Nine Mile Units 3 & 4 Control Upgrade	-	5,292,874	-	-	10,706	-	-	-	-
63	DiLuciano	Oil Storage Improvements	169,614	-	-	343	-	-	-	-	-
64	Manuel	Outage Management System & Advanced Distribution Management System (OMS & ADMS)	1,364,878	24,099,250	700,000	2,761	48,744	1,416	-	-	-
65	Alexander	Peaking Generation Business Case	285,728	-	-	578	-	-	-	-	-
66	Alexander	Post Falls North Channel Spillway Rehabilitation	-	5,000,000	25,800,000	-	10,113	52,184	-	-	-
67	Alexander	Regulating Hydro	703,845	-	-	1,424	-	-	-	-	-
68	DiLuciano	Saddle Mountain 230/115kV Station (New) Integration Project Phase 2	716,783	-	-	1,450	-	-	-	-	-
69	DiLuciano	SCADA - SOO and BuCC	700,000	700,000	701,014	NA - Required	NA - Required	NA - Required	-	-	-
70	Manuel	Security Compliance	99,683	100,106	101,654	NA - Required	NA - Required	NA - Required	-	-	-
71	Alexander	Spokane River License Implementation	838,800	954,600	909,600	NA - Required	NA - Required	NA - Required	-	-	-
72	DiLuciano	Structures and Improvements/Furniture	5,348,646	4,238,511	4,399,224	10,818	8,573	8,898	11,000	11,330	11,670
73	Manuel	Technology Failed Assets	659,782	660,002	660,004	1,335	1,335	1,335	-	-	-
74	DiLuciano	Transmission - Minor Rebuild- Asset Condition	3,343,420	3,343,420	3,343,419	6,763	6,763	6,763	-	-	-

#	Witness	Business Case	Forecasted TTP (System)			Efficiency Adj			Direct Offsets O&M		
			2024	2025	2026	2024	2025	2026	O&M	O&M	O&M
						2% x ROI	2% x ROI	2% x ROI	2024 Direct	2025 Direct	2026 Direct
75	DiLuciano	Transmission - Performance & Capacity	100,000	1,400,000	500,000	202	2,832	1,011	-	-	-
76	DiLuciano	Transmission Construction - Compliance	500,000	500,000	250,000	NA - Required	NA - Required	NA - Required	-	-	-
77	DiLuciano	Transmission Major Rebuild - Asset Condition	8,250,000	9,040,634	10,000,000	16,687	18,286	20,226	-	-	10,000
78	DiLuciano	Transmission NERC Low-Risk Priority Lines Mitigation	1,133,452	-	-	NA - Required	NA - Required	NA - Required	-	-	-
79	Alexander	Upper Falls Trash Rake Replacement	185,540	-	-	375	-	-	-	-	-
80	Alexander	Use Permits	250,002	250,000	249,996	NA - Required	NA - Required	NA - Required	-	-	-
81	DiLuciano	Westside 230/115kV Station Brownfield Rebuild Project	4,717,625	-	-	9,542	-	-	-	-	-
82	Howell	Wildfire Resiliency Plan	33,749,996	35,249,997	60,249,995	68,264	71,298	121,864	-	-	-
83	DiLuciano	Wood Pole Management	13,000,004	9,999,994	9,999,994	26,294	20,226	20,226	-	-	-
84	DiLuciano	WSDOT Control Zone Mitigation	999,998	999,998	2,000,002	NA - Required	NA - Required	NA - Required	-	-	-
85	Alexander	WSDOT Franchises	150,000	149,999	150,000	NA - Required	NA - Required	NA - Required	-	-	-
86	Manuel	NexGen Control Systems Networks	5,798,065	3,168,636	2,704,701	11,727	6,409	5,471	10,000	20,000	20,000
87	Alexander	Coyote Springs 2 CT Rotor Replacement	-	14,891,744	-	-	30,121	-	-	-	-
88	Alexander	Asset Lifecycle Management	868,123	1,813,667	1,450,001	1,756	3,668	2,933	-	-	-
89	Alexander	Operational Safety and Compliance	637,698	1,967,828	4,365,255	1,290	3,980	8,829	-	-	-
90	Alexander	Operational Sustainment	7,976,356	6,264,758	8,788,005	16,133	12,671	17,775	-	-	-
91	Alexander	Long Lake Stability Enhancement	1,000,000	-	-	2,023	-	-	-	-	-
92	Alexander	Nine Mile Unit 3 Mechanical Overhaul	5,554,098	-	-	11,234	-	-	50,000	-	-
93	Alexander	Noxon Rapids Gantry Crane Refurbishment	-	-	19,500,000	-	-	39,442	-	-	-

#	Witness	Business Case	Forecasted TTP (System)			Efficiency Adj			Direct Offsets O&M		
			2024	2025	2026	2024	2025	2026	O&M	O&M	O&M
						2% x ROI	2% x ROI	2% x ROI	2024 Direct	2025 Direct	2026 Direct
94	Alexander	Noxon Rapids Unit 2 Generator Rewind	299,321	-	-	605	-	-	-	-	-
95	Alexander	Post Falls HED Redevelopment Program	-	-	5,000,000	-	-	10,113	-	-	-
96	DiLuciano	Capital Equipment Program	2,074,003	2,079,010	2,085,001	4,195	4,205	4,217	-	-	-
97	DiLuciano	Local Reps Office Program	248,981	248,983	-	504	504	-	-	-	-
98	DiLuciano	Palouse Service Center	746,533	750,011	-	1,510	1,517	-	-	-	-
99	Manuel	Telecommunication & Network Distribution location Security	113,768	112,898	112,592	230	228	228	-	-	-

#	Witness	Business Case	Forecasted TTP (System)			Efficiency Adj			Direct Offsets O&M		
			2024	2025	2026	2024	2025	2026	O&M	O&M	O&M
						2% x ROI	2% x ROI	2% x ROI	2024 Direct	2025 Direct	2026 Direct
100	DiLuciano	Generation Interconnection	-	38,006	554,008	-	77	1,121	-	-	-
101	DiLuciano	Metro Substation	6,000,000	3,200,004	38,700,000	12,136	6,472	78,276	-	-	-
102	DiLuciano	Substation - Performance and Capacity	8,621,160	7,399,007	1,350,006	17,438	14,966	2,731	-	-	-
103	DiLuciano	Transmission Critical Crossing Reinforcement	1,000,000	1,000,000	2,000,000	2,023	2,023	4,045	-	-	-
104	DiLuciano	Jackson Prairie Natural Gas Storage Facility	2,397,000	2,386,000	2,386,000	4,848	4,826	4,826	-	-	-
105	DiLuciano	Meter Minor Blanket	250,001	250,001	250,001	506	506	506	-	-	-
106	DiLuciano	Gas Overbuilt Pipe Replacement Program	412,000	-	-	833	-	-	-	-	-
107	Alexander	KF 4160 V Station Service Replacement	1,134,952	-	-	2,296	-	-	-	-	-
108	Alexander	KF Secondary Superheater Replacement	99,888	3,473,234	-	202	7,025	-	-	-	-
109	Alexander	KF_Ash Landfill Expansion	-	-	11,076,524	NA - Required	NA - Required	NA - Required	-	-	-
110	Alexander	KF_ID Fan & Motor Replacement	2,008,437	-	-	4,062	-	-	-	-	-
111	Alexander	Little Falls Crane Pad & Barge Landing	498,893	-	-	1,009	-	-	-	-	-
112	Alexander	Nine Mile Powerhouse Roof Replacement	1,312,654	-	-	2,655	-	-	-	-	-
113	Alexander	Noxon Rapids Spillgate Refurbishment	194,036	-	-	392	-	-	-	-	-
114	Alexander	Post Street Substation Crane Rehab	1,614,227	-	-	3,265	-	-	-	-	-
115	DiLuciano	Substation - Asset Condition (formerly, Substation Station Rebuilds)	25,772,370	44,265,853	34,666,286	52,128	89,534	70,118	-	-	-
116	DiLuciano	West Plains System Reinforcement (formerly, West Plains New 230kV Substation)	-	-	3,950,000	-	-	7,989	-	-	-
117	Manuel	Infrastructure as Code (formerly, Dynamic Infrastructure Program)	485,512	1,014,488	1,220,271	982	2,052	2,468	-	-	-

#	Efficiency Adj 2%		Forecasted TTP (System)			Efficiency Adj			Direct Offsets O&M		
	ROR/CF 0.101132256								O&M	O&M	O&M
	Witness	Business Case	2024	2025	2026	2024 2% x ROI	2025 2% x ROI	2026 2% x ROI	2024 Direct	2025 Direct	2026 Direct
			409,247,188	457,512,047	551,511,322	541,247	650,248	811,420	609,174	696,605	1,067,991
						Total					

Growth Revenue - included in other revenues

* No offsets provided for projects starting in 2024; 2% efficiency adjustment applied.

Direct and Indirect - Offsets Matrix

Efficiency Adj 2%		Indirect Offsets O&M		Direct Offsets - Capital		Indirect Offsets Capital				
ROR/CF 0.101132256		O&M	O&M	Capital	Capital	Capital	Capital			
		2024 Indirect	2025 Indirect	2024 Direct	2025 Direct	2024 Indirect	2025 Indirect	Purpose	Svc.Jur	Allocation
Witness	Business Case									
Alexander	Automation Replacement								EDAN	P/T Ratio
Alexander	Base Load Hydro								EDAN	P/T Ratio
Alexander	Base Load Thermal Program								EDAN	P/T Ratio
Manuel	Basic Workplace Technology Delivery	1,000,000	1,000,000	-	-	-	-		CDA	CDA
Alexander	Cabinet Gorge Dam Fishway	-	-	-	-	-	-	Regulation	EDAN	Required
Alexander	Cabinet Gorge Station Service	-	-	-	-	-	-		EDAN	P/T Ratio
DiLuciano	Central 24 HR Operations Facility	-	-	-	-	-	-		CDA	Required
Alexander	Clark Fork Settlement Agreement	-	-	-	-	-	-	Regulation	EDAN	Required
DiLuciano	Colstrip Transmission	-	-	-	-	-	-	Compliance	EDAN	Required
Manuel	Control and Safety Network Infrastructure	-	-	-	-	-	-	Compliance /Reliability	CDA	CDA
Hydzik	Customer Experience Platform Program	1,007,949	1,007,949	-	-	-	-		CDA	CDA
Hydzik	Customer Facing Technology Program	7,700,000	7,800,000	-	-	-	-		CDA	CDA
Hydzik	Customer Transactional Systems	-	-	-	-	-	-	Compliance	CDA	CDA
Manuel	Data Center Compute and Storage Systems	50,000	50,000	2,674,000	-	-	-		CDA	CDA

Efficiency Adj 2%		Indirect Offsets O&M		Direct Offsets - Capital		Indirect Offsets Capital				
ROR/CF 0.101132256		O&M	O&M	Capital	Capital	Capital	Capital			
		2024 Indirect	2025 Indirect	2024 Direct	2025 Direct	2024 Indirect	2025 Indirect	Allocation		
Witness	Business Case							Purpose	Svc.Jur	
Manuel	Digital Grid Network	1,333,333	1,333,333	-	-	-	-	Compliance /Reliability	CDA	CDA
DiLuciano	Distribution Grid Modernization	-	-	-	-	483,800	209,800		EDAN	4 factor
DiLuciano	Distribution Minor Rebuild	-	-	-	-	-	-	Reliability/	EDAN	4 factor
DiLuciano	Distribution System Enhancements	-	-	504,913	504,913	28,683	28,683		EDAN	4 factor
DiLuciano	Downtown Network - Asset Condition	33,000	33,000	250,000	250,000	-	-	Reliability/safety	EDWA	Elec Direct
DiLuciano	Downtown Network - Performance & Capacity	60,000	60,000	40,000	40,000	20,000	20,000	Reliability	EDWA	Elec Direct
DiLuciano	Elec Relocation and Replacement Program	-	-	-	-	-	-	Regulation	EDAN	Required
DiLuciano	Electric Storm	-	-	-	-	-	-	Reliability/	EDAN	Required
Hydzik	Electric Transportation	-	-	-	-	-	-		EDWA	Elec Direct
Manuel	Endpoint Compute and Productivity Systems	1,000,000	1,000,000	-	-	-	-		CDA	CDA

Efficiency Adj 2%		Indirect Offsets O&M		Direct Offsets - Capital		Indirect Offsets Capital		Allocation	
ROR/CF 0.101132256		O&M	O&M	Capital	Capital	Capital	Capital		
Witness	Business Case	2024 Indirect	2025 Indirect	2024 Direct	2025 Direct	2024 Indirect	2025 Indirect	Purpose	Svc.Jur
Manuel	Energy Markets Modernization & Operational Efficiency	26,000,000	26,000,000	-	-	-	-	EDAN	P/T Ratio
Manuel	Energy Delivery Modernization & Operational Efficiency	2,667,500	2,667,500	-	-	-	-	CDAA	CDAA
Manuel	Energy Resources Modernization & Operational Efficiency	20,000,000	20,000,000	-	-	-	-	EDAN	P/T Ratio
Manuel	Enterprise Business Continuity	936,000	936,000	-	-	104,000	104,000	Security/Reliability	CDAA CDAA
Manuel	Enterprise Communication Systems	1,000,000	1,000,000	-	-	-	-	CDAA	CDAA
Manuel	Enterprise Network Infrastructure	-	-	-	-	-	-	Compliance	CDAA CDAA
Manuel	Enterprise Security	936,000	936,000	-	-	104,000	104,000	Security	CDAA CDAA
Manuel	Environmental Control & Monitoring Systems	-	-	-	-	-	-	CDAA	CDAA
Manuel	ET Modernization & Operational Efficiency - Technology	382,000	632,000	-	-	-	-	CDAA	CDAA
Manuel	Facilities and Storage Location Security	6,000	6,000	-	-	594,000	594,000	Safety/security	CDAA CDAA
Manuel	Fiber Network Lease Service Replacement	-	-	-	-	-	-	CDAA	CDAA

Efficiency Adj 2%		Indirect Offsets O&M		Direct Offsets - Capital		Indirect Offsets Capital		Allocation		
ROR/CF 0.101132256		O&M	O&M	Capital	Capital	Capital	Capital			
		2024 Indirect	2025 Indirect	2024 Direct	2025 Direct	2024 Indirect	2025 Indirect	Purpose	Svc.Jur	
Witness	Business Case									
Manuel	Financial & Accounting Technology	230,000	173,000	-	-	-	-		CDA	CDA
DiLuciano	Fleet Services Capital Plan	-	37,945	-	-	-	-		CDA	CDA
DiLuciano	Gas Above Grade Pipe Remediation Program	162,831	162,831	-	-	12,500	12,500	Compliance	GDA	GDA
DiLuciano	Gas Cathodic Protection Program	10,018,000	10,018,000	-	-	-	-		GDA	GDA
DiLuciano	Gas Facility Replacement Program (GFRP) Aldyl A Pipe Replacement	-	-	-	-	35,150	69,991	Regulation	GDA	GDA
DiLuciano	Gas Isolated Steel Replacement Program	3,000	3,000	-	-	-	-	Regulation	GDA	GDA
DiLuciano	Gas Non-Revenue Program	3,995,000	3,995,000	-	-	-	-		GDA	GDA
DiLuciano	Gas PMC Program	-	-	-	-	5,200,000	5,300,000		GDA	Required
DiLuciano	Gas Regulator Station Replacement Program	76,960	76,960	-	-	-	-		GDA	GDA

Efficiency Adj 2%		Indirect Offsets O&M		Direct Offsets - Capital		Indirect Offsets Capital			
ROR/CF 0.101132256		O&M	O&M	Capital	Capital	Capital	Capital		
		2024 Indirect	2025 Indirect	2024 Direct	2025 Direct	2024 Indirect	2025 Indirect	Purpose	Allocation
Witness	Business Case							Svc.Jur	
DiLuciano	Gas Reinforcement Program	414,000	828,000	-	-	-	-	GDA	GDA
DiLuciano	Gas Replacement Street and Highway Program	-	-	-	-	-	-	Regulation	GDA Required
DiLuciano	Gas Telemetry Program	189,615	189,615	-	-	67,168	67,168	GDA	GDA
DiLuciano	Gas Transient Voltage Mitigation Program	3,600	3,700	-	-	-	-	Regulation	GDA
Alexander	Generation Masonry Building Rehabilitation			-	-			EDAN	P/T Ratio
Manuel	Generation, Substation & Gas Location Security	175,200	175,200	-	-	351,800	351,800	Safety/security	CDA
Alexander	HMI Control Software	-	-	-	-	-	-	CDA	CDA
Manuel	Human Resources Technology	400,000	400,000	-	-	-	-	CDA	CDA
Manuel	Identity and Access Governance	936,000	936,000	-	-	104,000	104,000	Regulation	GDA Required
DiLuciano	Joint Use	-	-	-	-	-	-	Regulation/Reliability	EDAN Required
Manuel	Land Mobile Radio & Real Time Communication Systems	1,000,000	1,000,000	-	-	-	-	Safety	CDA
DiLuciano	LED Change-Out Program	-	-	-	-	-	-	EDAN	4 factor

Efficiency Adj 2%		Indirect Offsets O&M		Direct Offsets - Capital		Indirect Offsets Capital		Allocation	
ROR/CF 0.101132256		O&M	O&M	Capital	Capital	Capital	Capital	Purpose	Allocation
Witness	Business Case	2024 Indirect	2025 Indirect	2024 Direct	2025 Direct	2024 Indirect	2025 Indirect		
Manuel	Legal & Compliance Technology	135,000	135,000	-	-	-	-	CDAA	CDAA
Alexander	Long Lake Plant Upgrade	100,000	150,000	50,000	100,000	-	250,000	EDAN	P/T Ratio
Alexander	Monroe Street Abandoned Penstock Stabilization	300,000						EDAN	P/T Ratio
Manuel	Network Backbone	-	-	-	-	-	-	Compliance Regulation	CDAA
DiLuciano	New Revenue - Growth	-	-	-	-	-	-		CDAA
Alexander	Nine Mile Units 3 & 4 Control Upgrade	-	-	-	-	-	-	EDAN	P/T Ratio
DiLuciano	Oil Storage Improvements	-	-	-	-	-	-	CDAA	CDAA
Manuel	Outage Management System & Advanced Distribution Management System (OMS & ADMS)	-	285,000	-	-	-	255,000	EDAN	4 factor
Alexander	Peaking Generation Business Case							EDAN	P/T Ratio
Alexander	Post Falls North Channel Spillway Rehabilitation	-	-	-	-	-	-	EDAN	P/T Ratio
Alexander	Regulating Hydro							EDAN	P/T Ratio
DiLuciano	Saddle Mountain 230/115kV Station (New) Integration Project Phase 2	8,000	8,000	-	-	-	-	Reliability	EDAN
DiLuciano	SCADA - SOO and BuCC	-	-	-	-	-	-	Compliance	CDAA
Manuel	Security Compliance	1,884,000	1,884,000	-	-	1,396,000	1,396,000	Regulation	CDAA
Alexander	Spokane River License Implementation	-	-	-	-	-	-	Regulation	EDAN
DiLuciano	Structures and Improvements/Furniture	292,958	301,746	20,000	20,600	-	-	CDAA	CDAA
Manuel	Technology Failed Assets	1,000,000	1,000,000	-	-	-	-	CDAA	CDAA
DiLuciano	Transmission - Minor Rebuild- Asset Condition	2,720	2,720	-	-	-	-	EDAN	P/T Ratio

Efficiency Adj 2%		Indirect Offsets O&M		Direct Offsets - Capital		Indirect Offsets Capital				
ROR/CF 0.101132256		O&M	O&M	Capital	Capital	Capital	Capital			
		2024 Indirect	2025 Indirect	2024 Direct	2025 Direct	2024 Indirect	2025 Indirect	Purpose	Svc.Jur	Allocation
Witness	Business Case									
DiLuciano	Transmission - Performance & Capacity	-	-	-	-	-	-		EDAN	P/T Ratio
DiLuciano	Transmission Construction - Compliance	-	-	5,000	5,000	-	-	Compliance	CDAA	Required
DiLuciano	Transmission Major Rebuild - Asset Condition	-	-	-	-	-	-		EDAN	4 factor
DiLuciano	Transmission NERC Low-Risk Priority Lines Mitigation	-	-	-	-	-	-	Regulation	EDAN	Required
Alexander	Upper Falls Trash Rake Replacement	30,000	30,000						EDAN	P/T Ratio
Alexander	Use Permits	-	-	-	-	-	-	Regulation	EDAN	Required
DiLuciano	Westside 230/115kV Station Brownfield Rebuild Project	-	-	-	-	-	-	Regulation	EDAN	P/T Ratio
Howell	Wildfire Resiliency Plan	53,000,000	53,000,000	-	-	-	-	Reliability/safety	EDAN	4 factor
DiLuciano	Wood Pole Management	12,700,000	12,700,000	-	-	-	-		EDAN	4 factor
DiLuciano	WSDOT Control Zone Mitigation	1,058,000	949,000	-	-	-	-	Regulation	EDWA	EDWA
Alexander	WSDOT Franchises	-	-	-	-	-	-	Regulation	EDWA	Required
Manuel	NexGen Control Systems Networks	-	-	54,081	54,081	-	-		CDAA	CDAA
Alexander	Coyote Springs 2 CT Rotor Replacement	-	-	-	-	-	-		EDAN	P/T Ratio
Alexander	Asset Lifecycle Management	-	-	-	-	-	-		EDAN	P/T Ratio
Alexander	Operational Safety and Compliance	-	-	-	-	-	-		EDAN	P/T Ratio
Alexander	Operational Sustainment	-	-	-	-	-	-		EDAN	P/T Ratio
Alexander	Long Lake Stability Enhancement	-	-	-	-	-	-		EDAN	P/T Ratio
Alexander	Nine Mile Unit 3 Mechanical Overhaul	-	-	-	-	-	-		EDAN	P/T Ratio
Alexander	Noxon Rapids Gantry Crane Refurbishment	-	-	-	-	-	-		EDAN	P/T Ratio

Efficiency Adj 2%		Indirect Offsets O&M		Direct Offsets - Capital		Indirect Offsets Capital		Allocation	
ROR/CF 0.101132256		O&M	O&M	Capital	Capital	Capital	Capital		
		2024 Indirect	2025 Indirect	2024 Direct	2025 Direct	2024 Indirect	2025 Indirect	Purpose	Svc.Jur
Witness	Business Case								
Alexander	Noxon Rapids Unit 2 Generator Rewind	-	-	-	-	-	-	EDAN	P/T Ratio
Alexander	Post Falls HED Redevelopment Program	-	-	-	-	-	-	EDAN	P/T Ratio
DiLuciano	Capital Equipment Program	3,900,000	5,700,000	-	-	-	-	CDAA	CDAA
DiLuciano	Local Reps Office Program	-	22,100	-	-	-	-	CDWA	CDWA
DiLuciano	Palouse Service Center	-	-	-	-	-	-	CDAN	CDAN
Manuel	Telecommunication & Network Distribution location Security	22,260	22,260	-	-	370,000	370,000	CDAA	CDAA

Efficiency Adj 2%		Indirect Offsets O&M		Direct Offsets - Capital		Indirect Offsets Capital		Allocation	
ROR/CF 0.101132256		O&M	O&M	Capital	Capital	Capital	Capital	Purpose	Svc.Jur
Witness	Business Case	2024 Indirect	2025 Indirect	2024 Direct	2025 Direct	2024 Indirect	2025 Indirect		
DiLuciano	Generation Interconnection	-	-	-	-	-	-	EDAN	P/T Ratio
DiLuciano	Metro Substation	180,000	180,000	-	-	10,000	10,000	EDAN	P/T Ratio
DiLuciano	Substation - Performance and Capacity	-	-	-	-	-	-	EDAN	4 factor
DiLuciano	Transmission Critical Crossing Reinforcement	-	-	5,000	5,000	-	-	EDAN	P/T Ratio
DiLuciano	Jackson Prairie Natural Gas Storage Facility	-	-	-	-	-	-	GDA	GDA
DiLuciano	Meter Minor Blanket	-	-	-	-	-	-	EDAN	4 factor
DiLuciano	Gas Overbuilt Pipe Replacement Program	-	-	-	-	-	-	GDA	GDA
Alexander	KF 4160 V Station Service Replacement	-	-	-	-	-	-	EDAN	P/T Ratio
Alexander	KF Secondary Superheater Replacement	-	-	-	-	-	-	EDAN	P/T Ratio
Alexander	KF_Ash Landfill Expansion	-	-	-	-	-	-	Compliance EDAN	Required
Alexander	KF_ID Fan & Motor Replacement	-	-	-	-	-	-	EDAN	P/T Ratio
Alexander	Little Falls Crane Pad & Barge Landing	-	-	-	-	-	-	EDAN	P/T Ratio
Alexander	Nine Mile Powerhouse Roof Replacement	-	-	-	-	-	-	EDAN	P/T Ratio
Alexander	Noxon Rapids Spillgate Refurbishment	-	-	-	-	-	-	EDAN	P/T Ratio
Alexander	Post Street Substation Crane Rehab	-	-	-	-	-	-	EDAN	P/T Ratio
DiLuciano	Substation - Asset Condition (formerly, Substation Station Rebuilds)	1,951,000	1,951,000	-	-	-	-	EDAN	4 factor
DiLuciano	West Plains System Reinforcement (formerly, West Plains New 230kV Substation)	-	-	-	-	-	-	EDAN	P/T Ratio
Manuel	Infrastructure as Code (formerly, Dynamic Infrastructure Program)	-	-	-	-	-	-	CDA	CDA

Efficiency Adj 2%		Indirect Offsets O&M		Direct Offsets - Capital		Indirect Offsets Capital		Allocation	
ROR/CF 0.101132256		O&M	O&M	Capital	Capital	Capital	Capital	Purpose	Svc.Jur
Witness Business Case		2024 Indirect	2025 Indirect	2024 Direct	2025 Direct	2024 Indirect	2025 Indirect		
		158,279,926	160,781,859	3,602,994	979,594	8,881,101	9,246,942		Total

Growth Revenue - included in other revenues
 * No offsets provided for projects starting in 2024; 2% effic

Allocation Factors		
	WA E	WA G
P/T Ratio	0.644	0
4 factor	0.66943	0
CDAA	0.4694	0.14857
CDAN	0.5164	0.16398
CDWA	0.7714	0.2286
Elec Direct	1	0
Gas Direct	0	1
GDAA	0	0.69035
Required	0	0

Direct and Indirect - Offsets Matrix

Efficiency Adj 2% ROR/CF 0.101132256		O&M Direct						O&M Indirect			
		2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G	2026 WA-E	2026 WA-G	2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G
Witness	Business Case										
Alexander	Automation Replacement	766	-	-	-	-	-	-	-	-	-
Alexander	Base Load Hydro	601	-	-	-	-	-	-	-	-	-
Alexander	Base Load Thermal Program	-	-	628	-	-	-	-	-	-	-
Manuel	Basic Workplace Technology Delivery	759	240	759	240	759	240	469,351	148,572	469,351	148,572
Alexander	Cabinet Gorge Dam Fishway	-	-	-	-	-	-	-	-	-	-
Alexander	Cabinet Gorge Station Service	-	-	14,666	-	-	-	-	-	-	-
DiLuciano	Central 24 HR Operations Facility	-	-	-	-	-	-	-	-	-	-
Alexander	Clark Fork Settlement Agreement	-	-	-	-	-	-	-	-	-	-
DiLuciano	Colstrip Transmission	-	-	-	-	-	-	-	-	-	-
Manuel	Control and Safety Network Infrastructure	1,439	456	894	283	2,513	796	-	-	-	-
Hydzik	Customer Experience Platform Program	4,759	1,506	4,533	1,435	4,153	1,315	473,082	149,753	473,082	149,753
Hydzik	Customer Facing Technology Program	4,364	1,381	3,963	1,255	4,153	1,315	3,614,001	1,144,001	3,660,936	1,158,859
Hydzik	Customer Transactional Systems	4,265	1,350	3,370	1,067	3,560	1,127	-	-	-	-
Manuel	Data Center Compute and Storage Systems	71,341	22,583	71,341	22,583	164,273	52,000	23,468	7,429	23,468	7,429

Efficiency Adj 2% ROR/CF 0.101132256		O&M Direct						O&M Indirect			
		2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G	2026 WA-E	2026 WA-G	2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G
Witness	Business Case										
Manuel	Digital Grid Network	1,960	620	2,474	783	4,067	1,287	625,801	198,095	625,801	198,095
DiLuciano	Distribution Grid Modernization	1,337	-	111,058	-	179,206	-	-	-	-	-
DiLuciano	Distribution Minor Rebuild	17,602	-	17,602	-	16,525	-	-	-	-	-
DiLuciano	Distribution System Enhancements	13,760	-	10,155	-	13,540	-	-	-	-	-
DiLuciano	Downtown Network - Asset Condition	75,000	-	75,000	-	75,000	-	33,000	-	33,000	-
DiLuciano	Downtown Network - Performance & Capacity	40,000	-	40,000	-	40,000	-	60,000	-	60,000	-
DiLuciano	Elec Relocation and Replacement Program	-	-	-	-	-	-	-	-	-	-
DiLuciano	Electric Storm	-	-	-	-	-	-	-	-	-	-
Hydzik	Electric Transportation	5,783	-	5,997	-	6,068	-	-	-	-	-
Manuel	Endpoint Compute and Productivity Systems	3,969	1,256	5,843	1,849	2,881	912	469,351	148,572	469,351	148,572

Efficiency Adj 2% ROR/CF 0.101132256		O&M Direct						O&M Indirect			
		2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G	2026 WA-E	2026 WA-G	2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G
Witness	Business Case										
Manuel	Energy Markets Modernization & Operational Efficiency	651	-	780	-	651	-	17,040,400	-	17,040,400	-
Manuel	Energy Delivery Modernization & Operational Efficiency	46,935	14,857	9,524	3,015	7,545	2,388	1,251,993	396,315	1,251,993	396,315
Manuel	Energy Resources Modernization & Operational Efficiency	3,645	-	3,164	-	4,374	-	12,880,000	-	12,880,000	-
Manuel	Enterprise Business Continuity	95	30	95	30	95	30	439,312	139,063	439,312	139,063
Manuel	Enterprise Communication Systems	1,696	537	1,300	412	2,101	665	469,351	148,572	469,351	148,572
Manuel	Enterprise Network Infrastructure	2,109	668	1,899	601	998	316	-	-	-	-
Manuel	Enterprise Security	1,682	532	2,266	717	1,899	601	439,312	139,063	439,312	139,063
Manuel	Environmental Control & Monitoring Systems	929	294	863	273	928	294	-	-	-	-
Manuel	ET Modernization & Operational Efficiency - Technology	2,820	893	2,477	784	2,663	843	179,292	56,754	296,630	93,897
Manuel	Facilities and Storage Location Security	361	114	380	120	380	120	2,816	891	2,816	891
Manuel	Fiber Network Lease Service Replacement	7	2	1,388	439	834	264	-	-	-	-

Efficiency Adj 2% ROR/CF 0.101132256		O&M Direct						O&M Indirect			
		2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G	2026 WA-E	2026 WA-G	2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G
Witness	Business Case										
Manuel	Financial & Accounting Technology	4,044	1,280	3,935	1,246	2,981	944	107,951	34,171	81,198	25,703
DiLuciano	Fleet Services Capital Plan	6,503	2,058	5,457	1,728	6,733	2,131	-	-	17,810	5,638
DiLuciano	Gas Above Grade Pipe Remediation Program	-	5,511	-	6,681	-	7,850	-	112,410	-	112,410
DiLuciano	Gas Cathodic Protection Program							-	6,915,926	-	6,915,926
DiLuciano	Gas Facility Replacement Program (GFRP) Aldyl A Pipe Replacement	-	72,231	-	77,345	-	82,420	-	-	-	-
DiLuciano	Gas Isolated Steel Replacement Program							-	2,071	-	2,071
DiLuciano	Gas Non-Revenue Program	-	13,519	-	13,924	-	14,343	-	2,757,948	-	2,757,948
DiLuciano	Gas PMC Program							-	-	-	-
DiLuciano	Gas Regulator Station Replacement Program	-	2,347	-	3,659	-	4,971	-	53,129	-	53,129

Efficiency Adj 2% ROR/CF 0.101132256		O&M Direct					O&M Indirect				
		2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G	2026 WA-E	2026 WA-G	2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G
Witness	Business Case										
DiLuciano	Gas Reinforcement Program	-	15,740	-	15,740	-	15,740	-	285,805	-	571,610
DiLuciano	Gas Replacement Street and Highway Program	-	-	-	-	-	-	-	-	-	-
DiLuciano	Gas Telemetry Program	-	5,220	-	5,220	-	5,220	-	130,901	-	130,901
DiLuciano	Gas Transient Voltage Mitigation Program	-	5,868	-	6,006	-	6,213	-	2,485	-	2,554
Alexander	Generation Masonry Building Rehabilitation	639	-	303	-	-	-	-	-	-	-
Manuel	Generation, Substation & Gas Location Security	3,636	1,151	7,359	2,329	1,377	436	82,230	26,030	82,230	26,030
Alexander	HMI Control Software	2,541	804	1,973	625	125	40	-	-	-	-
Manuel	Human Resources Technology	7,650	2,422	7,650	2,422	7,650	2,422	187,740	59,429	187,740	59,429
Manuel	Identity and Access Governance	-	-	-	-	-	-	-	-	-	-
DiLuciano	Joint Use	-	-	-	-	-	-	-	-	-	-
Manuel	Land Mobile Radio & Real Time Communication Systems	4,365	1,382	1,898	601	1,846	584	469,351	148,572	469,351	148,572
DiLuciano	LED Change-Out Program	271	-	271	-	271	-	-	-	-	-

Efficiency Adj 2% ROR/CF 0.101132256		O&M Direct						O&M Indirect			
		2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G	2026 WA-E	2026 WA-G	2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G
Witness	Business Case										
Manuel	Legal & Compliance Technology	441	140	399	126	385	122	63,362	20,057	63,362	20,057
Alexander	Long Lake Plant Upgrade	651	-	32,200	-	64,400	-	64,400	-	96,600	-
Alexander	Monroe Street Abandoned Penstock Stabilization	974	-	-	-	-	-	193,200	-	-	-
Manuel	Network Backbone	3,976	1,259	2,982	944	1,751	554	-	-	-	-
DiLuciano	New Revenue - Growth	-	-	-	-	-	-	-	-	-	-
Alexander	Nine Mile Units 3 & 4 Control Upgrade	-	-	6,894	-	-	-	-	-	-	-
DiLuciano	Oil Storage Improvements	161	51	-	-	-	-	-	-	-	-
Manuel	Outage Management System & Advanced Distribution Management System (OMS & ADMS)	1,848	-	32,631	-	948	-	-	-	190,788	-
Alexander	Peaking Generation Business Case	372	-	-	-	-	-	-	-	-	-
Alexander	Post Falls North Channel Spillway Rehabilitation	-	-	6,513	-	33,607	-	-	-	-	-
Alexander	Regulating Hydro	917	-	-	-	-	-	-	-	-	-
DiLuciano	Saddle Mountain 230/115kV Station (New) Integration Project Phase 2	971	-	-	-	-	-	5,355	-	5,355	-
DiLuciano	SCADA - SOO and BuCC	-	-	-	-	-	-	-	-	-	-
Manuel	Security Compliance	-	-	-	-	-	-	-	-	-	-
Alexander	Spokane River License Implementation	-	-	-	-	-	-	-	-	-	-
DiLuciano	Structures and Improvements/Furniture	5,163	1,634	5,318	1,683	5,477	1,734	137,500	43,525	141,625	44,831
Manuel	Technology Failed Assets	626	198	627	198	627	198	469,351	148,572	469,351	148,572
DiLuciano	Transmission - Minor Rebuild- Asset Condition	4,355	-	4,355	-	4,355	-	1,752	-	1,752	-

Efficiency Adj 2% ROR/CF 0.101132256		O&M						O&M			
		Direct						Indirect			
Witness Business Case		2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G	2026 WA-E	2026 WA-G	2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G
DiLuciano	Transmission - Performance & Capacity	130	-	1,824	-	651	-	-	-	-	-
DiLuciano	Transmission Construction - Compliance							-	-	-	-
DiLuciano	Transmission Major Rebuild - Asset Condition	11,171	-	12,241	-	6,694	-	-	-	-	-
DiLuciano	Transmission NERC Low-Risk Priority Lines Mitigation	-	-	-	-	-	-	-	-	-	-
Alexander	Upper Falls Trash Rake Replacement	242	-	-	-	-	-	19,320	-	19,320	-
Alexander	Use Permits	-	-	-	-	-	-	-	-	-	-
DiLuciano	Westside 230/115kV Station Brownfield Rebuild Project	6,145	-	-	-	-	-	-	-	-	-
Howell	Wildfire Resiliency Plan	45,698	-	47,729	-	81,580	-	35,479,790	-	35,479,790	-
DiLuciano	Wood Pole Management	17,602	-	13,540	-	13,540	-	8,501,761	-	8,501,761	-
DiLuciano	WSDOT Control Zone Mitigation							1,058,000	949,000	-	-
Alexander	WSDOT Franchises	-	-	-	-	-	-	-	-	-	-
Manuel	NexGen Control Systems Networks	4,694	1,486	9,387	2,971	9,387	2,971	-	-	-	-
Alexander	Coyote Springs 2 CT Rotor Replacement	-	-	19,398	-	-	-	-	-	-	-
Alexander	Asset Lifecycle Management	1,131	-	2,362	-	1,889	-	-	-	-	-
Alexander	Operational Safety and Compliance	831	-	2,563	-	5,686	-	-	-	-	-
Alexander	Operational Sustainment	10,390	-	8,160	-	11,447	-	-	-	-	-
Alexander	Long Lake Stability Enhancement	1,303	-	-	-	-	-	-	-	-	-
Alexander	Nine Mile Unit 3 Mechanical Overhaul	32,200	-	-	-	-	-	-	-	-	-
Alexander	Noxon Rapids Gantry Crane Refurbishment	-	-	-	-	25,400	-	-	-	-	-

Efficiency Adj 2% ROR/CF 0.101132256		O&M Direct						O&M Indirect			
		2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G	2026 WA-E	2026 WA-G	2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G
Witness	Business Case										
Alexander	Noxon Rapids Unit 2 Generator Rewind	390	-	-	-	-	-	-	-	-	-
Alexander	Post Falls HED Redevelopment Program	-	-	-	-	6,513	-	-	-	-	-
DiLuciano	Capital Equipment Program	1,969	623	1,974	625	1,979	627	1,830,468	579,429	2,675,299	846,858
DiLuciano	Local Reps Office Program	388	115	389	115	-	-	-	-	-	-
DiLuciano	Palouse Service Center	780	248	783	249	-	-	-	-	-	-
Manuel	Telecommunication & Network Distribution location Security	108	34	107	34	107	34	10,448	3,307	10,448	3,307

Efficiency Adj	2%	O&M						O&M			
		Direct						Indirect			
ROR/CF	0.101132256	2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G	2026 WA-E	2026 WA-G	2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G
Witness	Business Case										
DiLuciano	Generation Interconnection	-	-	50	-	722	-	-	-	-	-
DiLuciano	Metro Substation	7,816	-	4,168	-	50,410	-	115,920	-	115,920	-
DiLuciano	Substation - Performance and Capacity	11,673	-	10,018	-	1,828	-	-	-	-	-
DiLuciano	Transmission Critical Crossing Reinforcement	1,303	-	1,303	-	2,605	-	-	-	-	-
DiLuciano	Jackson Prairie Natural Gas Storage Facility	-	3,347	-	3,332	-	3,332	-	-	-	-
DiLuciano	Meter Minor Blanket	339	-	339	-	339	-	-	-	-	-
DiLuciano	Gas Overbuilt Pipe Replacement Program	-	575	-	-	-	-	-	-	-	-
Alexander	KF 4160 V Station Service Replacement	1,478	-	-	-	-	-	-	-	-	-
Alexander	KF Secondary Superheater Replacement	130	-	4,524	-	-	-	-	-	-	-
Alexander	KF_Ash Landfill Expansion	-	-	-	-	-	-	-	-	-	-
Alexander	KF_ID Fan & Motor Replacement	2,616	-	-	-	-	-	-	-	-	-
Alexander	Little Falls Crane Pad & Barge Landing	650	-	-	-	-	-	-	-	-	-
Alexander	Nine Mile Powerhouse Roof Replacement	1,710	-	-	-	-	-	-	-	-	-
Alexander	Noxon Rapids Spillgate Refurbishment	253	-	-	-	-	-	-	-	-	-
Alexander	Post Street Substation Crane Rehab	2,103	-	-	-	-	-	-	-	-	-
DiLuciano	Substation - Asset Condition (formerly, Substation Station Rebuilds)	34,896	-	59,937	-	46,939	-	1,306,058	-	1,306,058	-
DiLuciano	West Plains System Reinforcement (formerly, West Plains New 230kV Substation)	-	-	-	-	5,145	-	-	-	-	-
Manuel	Infrastructure as Code (formerly, Dynamic Infrastructure Program)	461	146	963	305	1,158	367	-	-	-	-

Efficiency Adj ROR/CF	O&M Direct						O&M Indirect			
	2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G	2026 WA-E	2026 WA-G	2024 WA-E	2024 WA-G	2025 WA-E	2025 WA-G
2%										
0.101132256										
Witness										
Business Case										
Growth Revenue - included in other revenues	559,338	186,710	714,946	183,993	945,719	217,765	88,574,486	14,949,848	88,550,559	14,604,625
* No offsets provided for projects starting in 2024; 2% effi	2024 WA-E Direct	2024 WA-G Direct	2025 WA-E Direct	2025 WA-G Direct	2026 WA-E Direct	2026 WA-G Direct	2024 WA-E Indirect	2024 WA-G Indirect	2025 WA-E Indirect	2025 WA-G Indirect

WA E 2025	WA G 2025
\$ 916,811	\$ 278,707

WA E 2026	WA G 2026
\$ 830,332	\$ 200,879

Total WA 2025
\$ 1,195,518

Total WA 2026 Total 2024-2026 Direct Offsets
\$ 1,031,211 \$ 2,226,729

	<u>WA E 2025</u>	<u>WA G 2025</u>
WA P/T	141,319	-
E Dist	496,210	-
G Dist	-	190,312
A&G	\$ 279,281	\$ 88,395
	916,811	278,707

	<u>WA E 2026</u>	<u>WA G 2026</u>
	108,928	-
	241,239	-
	-	70,044
	\$ 480,166	\$ 130,835
	830,332	200,879

Direct and Indirect - Offsets Matrix

Efficiency Adj 2%		Comments	#
ROR/CF 0.101132256			
Witness	Business Case		
Alexander	Automation Replacement	See Business Case for Description. No direct or indirect offsets quantified.	1
Alexander	Base Load Hydro	See Business Case for Description. No direct or indirect offsets, see Business Case - As work is accomplished indirect savings are realized in some instances by creating opportunities to re-direct existing labor and expense away from damaged or sub-optimal performing equipment.	2
Alexander	Base Load Thermal Program	See Business Case for Description. No direct or indirect offsets quantified.	3
Manuel	Basic Workplace Technology Delivery	The primary driver for this program is performance and capacity, whereby the Company balances the need to meet job function requirements and technology availability. To do so, it requires historical trend analyses, technology inventory management, and cost per unit control measures. The costs associated with each solution can vary by the type of solution and number deployed. The Company does not have a method to quantify such a broad indirect saving. \$100k-\$10M in savings. (Company used \$5M conservative annual savings divide by 5 Business Cases with similar indirect savings quantified.)	4
Alexander	Cabinet Gorge Dam Fishway	See Business Case for Description. No direct or indirect offsets quantified.	5
Alexander	Cabinet Gorge Station Service	See Business Case for Description. No direct or indirect offsets quantified.	6
DiLuciano	Central 24 HR Operations Facility	There are several current problems that are meant to be addressed by this business case. The primary business problem is space limitations within each group. Compounding the issue is that departments have grown and plan to continue to grow. The 24-Hr shift jobs all have unique and specific tasks that require "operator style" workstations that are larger and more complex than the standard 6x9 office cubicle. The modern operator workstation requires 600 square feet (SF) of total space. Due to this, and future growth, their current allocated square footage cannot be reconfigured or remodeled to accommodate these future needs. In 2023 a new five-year lease expense of \$160,000/year commenced. In 2026 a \$15,000/year parking increase will hit. There are no indirect offsets identified related to the business case. Direct offsets include Merging the GCC into the new Critical Operations Facility would save in ongoing annual lease expenses are expected for years 2027-2031. No quantifiable indirect offsets.	7
Alexander	Clark Fork Settlement Agreement	See Business Case for Description. No direct or indirect offsets quantified. Capital requirement enforceable under the Clark Fork Federal Energy Regulatory Agency (FERC) License, for Project #2058, required under the Federal Power Act.	8
DiLuciano	Colstrip Transmission	See Business Case for description. Colstrip Project Transmission Agreement, NERC - NERC may assess penalties of up to \$1 million per day, per violation for non-compliance.	9
Manuel	Control and Safety Network Infrastructure	See Business Case for Description. No direct or indirect offsets quantified.	10
Hydzik	Customer Experience Platform Program	The purpose of the Customer Experience Platform (CXP) Business Case is to implement the technology supporting the emphasis on Customer Experience at Avista. Indirect savings of \$1,007,949 annually - Due to the deflection of cases and case resolution time, this investment will reduce the number of calls made to the contact center; thus, resulting in less Contact Center Representatives (CSRs) needed to answer calls and maintain the grade of service than would be needed absent CXP and faster onboarding.	11
Hydzik	Customer Facing Technology Program	The Customer Facing Technology business case focuses on delivering value, ease and transparency to all customers (ID, WA, and OR) through our various digital channels including but not limited to MyAvista.com, text/SMS, inbound and outbound voice phone systems, and our mobile app. Indirect savings are due to avoided call cost offsets. There are no direct O&M reductions due to this capital business case, this business case supports customer expectations related to availability of self-service transactions that support customer value, ease and transparency.	12
Hydzik	Customer Transactional Systems	See Business Case for Description. No direct or indirect offsets.	13
Manuel	Data Center Compute and Storage Systems	The Data Center Compute and Storage Systems Business Case is driven by managing technology replacement according to manufacturer product roadmaps or changes in business requirements with an objective to maintain infrastructure performance and align infrastructure assets with business demand for capacity. Therefore, it falls under the Performance and Capacity investment driver. Direct capital offsets of \$2,674,000 is for Corporate Storage end of life refresh 2024. The Direct O&M offset is for Corporate Storage extended support required by not refreshing the end of life storage. In addition, when data center devices break down it can result in the inability of employees to access essential technology systems such as our meter data, customer billing and our mapping data. This can result in a productivity reduction across all areas of the business. Indirect O&M savings(per year) related to avoiding these down time issues could range from \$100k -\$10M a year representing at least 1 full time employee up to 100 full time employees needed to implement manual processes.	14

Efficiency Adj 2%		Comments	#
ROR/CF 0.101132256			
Witness	Business Case		
Manuel	Digital Grid Network	For this business case, funding is being requested over five years to upgrade or replace approximately 1600 network communication systems within the field area network. For assets connected to third party wireless services, such as commercial LTE, tracking of carrier orientation, usage, and cost are also maintained for each individual asset. Analysis of current traffic profiles and future use-cases is reconciled to reliability metrics and supportability requirements to generate the desired mix of private and leased services to support the Field Area Networks. According to the Company Enterprise Risk Register, under the "Loss of Communication or Network Technologies" and the "Cyber Intrusion" risks the probability of this failure has an income statement score of 3, which equates to a \$10-\$20 million avoided cost over a period of 2-3 years. For annual indirect O&M, Company used \$10M * 40%O&M / 3 years)	15
DiLuciano	Distribution Grid Modernization	See Business Case for description. The Grid Modernization Business Case (GMP) was developed to address the aging and failing infrastructure found throughout the electric distribution system. Other issues that are addressed include sub-optimal system performance and inaccessible facilities that drive increased routine maintenance costs. Upon the completion of GMP projects which are defined per distribution feeder, Washington and Idaho customers benefit from improved system reliability, safety, and performance. These can be measured by a reduction in outage frequencies and durations in addition to power quality metrics. Feeder health addresses how asset condition affects reliability where there are direct O&M savings due to a reduction in the average number of equipment outage events incurred per year based on asset condition. Indirect capital offsets represent the deferred amount of work that the Grid Modernization completed that satisfies Wood Pole Management program scope.	16
DiLuciano	Distribution Minor Rebuild	See Business Case for description. Unquantified indirect cost for this business case is avoidance of outages by replacing failing equipment.	17
DiLuciano	Distribution System Enhancements	See Business Case for description. This business case as well as Minor Rebuilds, Wood Pole Management, Grid Hardening, etc. are needed to keep our electric system's reliability and subsequent metrics within acceptable parameters. Not funding this business case or failing to fund it at an adequate level will limit our ability to proactively work on system issues resulting in a decline in our electric system's reliability. The direct capital offset shown in the table below was calculated using the 2020 cost value for our Wood Pole Management (WPM) program to complete 1 mile worth of work (\$39,570/mile). Next, our average miles of reconductor performed through this business case (12.76 miles) were calculated. This value was calculated using actual miles of reconductor completed through this business case every year from 2018 to 2022. These two values multiplied together produced the yearly average WPM offset value, \$504,913. Indirect offsets calculated value assumes each year we have at least one reconductor/feeder tie job that differs the need for substation capacity.	18
DiLuciano	Downtown Network - Asset Condition	See Business Case for description. The Downtown Network Asset Condition budget is intended to deal with proactive and reactive replacements of equipment due to age and condition. The budget covers both electrical and structural elements of the Downtown Network system. Adequate investment in the Asset Condition category will result in reduced investment in an adjacent category – Failed Plant (Capital Replacements, ~\$250k annually, and Maintenance Responses, ranging from \$50k-\$100k). Downtown Network's Failed Plant is, by definition, unplanned failures, so predicting future years can be difficult. Quantifiable indirect offsets include a reduction in training/expertise -- Replacement of obsolete equipment classes such as PILC (Paper Insulated Lead Cable) and live-front network protectors reduces the skillset that our cablemen must learn, and keep up to date through annual training. Downtown Networks are a rare system and much of the training available is on the East Coast (Con-Ed in New York, Eaton in South Carolina).	19
DiLuciano	Downtown Network - Performance & Capacity	See Business Case for description. The Downtown Network Performance & Capacity budget is intended to enable the installation of new and upgraded equipment to cover deficiencies in Avista's ability to serve customers inside the Downtown Network service territory, located in Spokane, WA. Direct savings associated with labor reductions for remote work versus in-person verification of switching work; indirect savings related to avoided need for increases in FTEs to support ongoing construction and O&M work.	20
DiLuciano	Elec Relocation and Replacement Program	See Business Case for description. Required work - franchise agreements with the state, county, and city jurisdictions within our service territories.	21
DiLuciano	Electric Storm	See Business Case for description. No direct or indirect offsets, see business case.	22
Hydzik	Electric Transportation	See Business Case for Description. No direct or indirect offsets.	23
Manuel	Endpoint Compute and Productivity Systems	Avista's office, call center, and field staff require on demand information to meet customer expectations when providing gas and electric service to customers across our service territory. The information can be critical to prevent, reduce, affect, or optimize an outcome that benefits our customers. Technology investments under the Endpoint Compute and Productivity Systems business case enable our staff with information to optimize our business and be responsive to our customers. When endpoint devices break down it can result in the inability of an employee to access essential technology systems such as our meter data, customer billing and our mapping data. This can result in a productivity reduction across all areas of the business. Savings related to avoiding these down time issues could range from \$100k - \$10M a year representing at least 1 full time employee up to 100 full time employees needed to implement manual processes. (Company used \$5M conservative annual savings divide by 5 Business Cases with similar indirect savings quantified.)	24

Efficiency Adj 2%		Comments	#
ROR/CF 0.101132256			
Witness	Business Case		
Manuel	Energy Markets Modernization & Operational Efficiency	For Avista to maintain operations within the CAISO markets, it must remain compliant in making required operational improvements and market design changes. Failure to comply with the upgrades in the given timeframe will disrupt Avista's ability to gain access to cost efficient power in the market, lead to missed benefit opportunities, and may impact Avista's ability to reliably operate the electric grid. The value generated from operating in the CAISO market, with software updates/enhancements supported by this BC, does provide indirect expense offsets. There are no direct capital offsets.	25
Manuel	Energy Delivery Modernization & Operational Efficiency	See Business Case for direct/indirect offset discussion. This business case supports technologies that are used to automate and augment business solutions bringing efficiencies and capabilities to support the delivery of energy to our customers. This support includes the following: 1) improving the performance and capacity of business resources by implementing new functionality in existing technologies. 2) improving the performance and capacity of business resources by implementing overall new technologies. 3) modernizing existing technologies in accordance with product lifecycles and technical roadmaps, typically through product or system upgrades. Due to an increase in vendor-driven planned obsolescence, if these systems are not refreshed on a regular cadence, the ability of Avista to meet customer, regulatory and compliance requirements will be at risk. Direct savings associated with this project relate to the reduction in extended support costs of approximately \$100K/year. Indirect savings relate to reduction in risk and avoided labor increases due to work load efficiencies. See indirect offsets matrix in Business Case for indirect O&M detail.	26
Manuel	Energy Resources Modernization & Operational Efficiency	The Energy Resources Modernization and Operational Efficiency Technology Program Business Case sponsors the technology related applications that support the Energy Resources business areas operational and strategic initiatives. Direct savings are not reasonably quantifiable here. However, benefits associated with commodity energy savings and maintenance planning and scheduling are identified indirect O&M savings. (Range \$8.5M to \$44M annual indirect savings, Company used conservative \$20M)	27
Manuel	Enterprise Business Continuity	Avista's Enterprise Business Continuity program business case is similar, whereby readiness is critical before, during, and after an incident. Although many of Avista's technology systems have built-in redundancy or high availability requirements, there are some gaps that necessitate further investment. The projects in this business case support continued disaster recovery investments to continue operating Avista's critical system by ensuring we have the right recovery capabilities to sustain operations in the event of a disaster. The indirect cost of the pending pending risk results in avoided cost per event is \$12.9M. There are no direct offsets related to this business case.	28
Manuel	Enterprise Communication Systems	The Enterprise Communication Program1 Business Case sponsors the tools and systems used by all areas of the company to support business operations and delivery of safe and reliable energy. Indirect O&M offsets range \$100k-\$10M related to operating expense savings. (Company used \$5M conservative annual savings divide by 5 Business Cases with similar indirect savings quantified.)	29
Manuel	Enterprise Network Infrastructure	See Business Case for Description. No direct or indirect offsets quantified.	30
Manuel	Enterprise Security	In response to the growing trend of cybersecurity threats, federal agencies overseeing the reliability of electrical and gas infrastructure are increasing their call for utilities like Avista to step up their requirements around security best practices to mitigate the eminent risk. These risks can affect both Information Technology systems and Industrial Control Systems that can potentially impact the ability to provide energy in a secure, safe, and reliable manner to our customers. Investments in cyber security tools like firewalls, security incident and event monitoring, intrusion prevention, and endpoint protection systems help identify, detect, protect, respond, and recover from a cybersecurity incident. The indirect avoided cost a Cybersecurity event is \$12.9M per event.	31
Manuel	Environmental Control & Monitoring Systems	See Business Case for Description. No direct or indirect offsets quantified.	32
Manuel	ET Modernization & Operational Efficiency - Technology	The Enterprise Technology Modernization and Operational Efficiency (ETMOE) Program1 Business Case sponsors the tools and systems used by the technology teams to support business application implementation, development, operations, support, automation, and data to deliver solutions to the rest of the organization. Avista's Enterprise technology systems are a necessity, as they provide essential functions to our employees and customers throughout all service territories. These vital systems require systematic upgrades and enhancements to maintain reliability, compatibility, and reduce security vulnerabilities. Investments in these technology upgrades, enhancements and licenses provide indirect savings by quantifying the efficiencies based on assumptions on minutes of efficiency, percent of users, etc. noted in the above projects.	33
Manuel	Facilities and Storage Location Security	To protect people and assets at these various locations, Avista must invest in layered physical security enhancements that denies, deters, detects, or delays an intruder or attack. The current security measures are either inadequate or have run their useful life. Indirect offsets include the cost avoidance from lost, stolen, or damage equipment, tools, and material.	34
Manuel	Fiber Network Lease Service Replacement	For this business case, funding is being requested over five years to complete the installation of Avista fiber. Avista utilizes leased fiber optic cable to transport primarily safety and control data between offices, substations, and generation facilities. The leased fiber incurs an operating expense with lease rates that were established during the sale of an Avista Communication's subsidiary. Direct offsets include \$60,000 annual lease cost avoided starting 2027 - 2032. No indirect offsets for this business case.	35

Efficiency Adj 2%		Comments	#
ROR/CF 0.101132256			
Witness	Business Case		
Manuel	Financial & Accounting Technology	The Finance and Accounting Technology Program1 Business Case sponsors the financial applications that are critical to Avista’s financial health, regulatory compliance, and supports the business areas operational and strategic initiatives. Indirect benefits relate to operational efficiencies, see business case.	36
DiLuciano	Fleet Services Capital Plan	See Business Case for description. This business case allows us to optimize our vehicle life so that we extract the right amount of useful value from our vehicles and replace them before they experience a rapid rise in the amount of repair expenses they incur. The program we have built affords us the ability to plan our labor and maximize our internal mechanic resources while having a fleet of vehicles that are available for any job, planned or unplanned operational response. O&M indirect savings related to crew down time that would occur if fleet was unreliable. Specifically, there is annual labor savings by maintaining the capital plan and having a predictable labor requirement.	37
DiLuciano	Gas Above Grade Pipe Remediation Program	See Business Case for full description of project and detailed direct/indirect description. Above ground piping is required to be inspected once every three years for atmospheric corrosion per CFR 192.481. Several above grade pipeline locations per year require O&M maintenance to repair pipe coatings, warning markers, pipe hangers, etc. Over the next 40 years it is estimated that every high risk above grade pipe location will require at least two maintenance projects to keep the pipeline operational and compliant. It is expected over the next 10 years of this program that 35 sites will be relocated belowground, 3 sites will be remediated with aboveground piping, and 4 sites will be remediated with O&M maintenance (~42 high risk sites in total). Relocating these high-risk pipelines belowground eliminates the need for two future maintenance projects and replacing with aboveground pipe eliminates one future O&M maintenance project. In addition to saving O&M dollars, this will allow employees to focus on higher priority work.	38
DiLuciano	Gas Cathodic Protection Program	Cathodic Protection (CP) systems are used to stop corrosion on buried steel gas pipes. CP system compliance is mandated by Federal Rules within the Department of Transportation code 49 CFR 192, Subpart I. Failure to meet code requirements can result in financial penalties up to \$2,675,627 per violation. Indirect savings relate to Avista's approximately 4,000 miles of buried steel pipe. If no CP systems were used, the pipe would readily corrode. Replacing 5% of the system each year to address corrosion damage would cost approximately \$60M annually. Not all pipe repair and replacement work is a capital expenditure. Approximately \$10M in O&M budget would be spent annually to repair leaks.	39
DiLuciano	Gas Facility Replacement Program (GFRP) Aldyl A Pipe Replacement	See Business Case for full direct/indirect offset description. Regulatory mandate to complete - US Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) mandates gas distribution pipeline operators to implement Integrity Management Plans, or in Avista’s case, a Distribution Integrity Management Plan (DIMP) in which pipeline operators are required to identify and mitigate the highest risks within their system.	40
DiLuciano	Gas Isolated Steel Replacement Program	See Business Case for description. This program is to maintain compliance with the Code of Federal Regulations 49 CFR 192.455, 192.457 and 192.465. US Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) mandates gas distribution pipeline operators to implement Integrity Management Plans, or in Avista’s case, a Distribution Integrity Management Plan (DIMP) in which pipeline operators are required to identify and mitigate the highest risks within their system.	41
DiLuciano	Gas Non-Revenue Program	The work in this annual program is mostly reactionary, unscheduled work and is difficult to predict aside from using historical trends. The following situations are typical triggers for work in the program: shallow facilities found by excavation (the excavation may or may not be related to gas construction), relocation of facilities as requested by others (except for road and highway relocations), leak repairs on mains or services, farm tap elimination, and overbuilds. Indirect savings from repairing leaks in a permanent manner as opposed to a temporary manner. Leaks that are repaired temporarily require future permanent work as well. Indirect cost savings based on avoided labor that would have occurred and charged to expense to do repairs if the capital item had not been completed. CFR 192.465 & CFR192.720 determine how a gas utility manages leaks.	42
DiLuciano	Gas PMC Program	See Business Case for description. Avista is required by state commission rules and tariffs to annually test gas meters for accuracy and ensure proper metering performance. Execution of this program on an annual basis ensures the continuation of reliable gas measurement for our customers and compliance with the applicable state tariffs. Customers benefit from this program because it ensures their gas meter remains accurate throughout its service life.	43
DiLuciano	Gas Regulator Station Replacement Program	See Business Case for full direct/indirect offset description. This annual program will replace or upgrade existing at-risk Gate Stations, Regulator Stations, Single Service Farm Taps, and Industrial Meter Sets (“stations”) located throughout Avista’s gas territory in WA, ID, and OR that are at the end of their service life and/or not up to current Avista standards. Direct savings relate to O&M savings due to reduced station maintenance time. Indirect savings relate to outage avoidance.	44

Efficiency Adj 2%		Comments	#
ROR/CF 0.101132256			
Witness	Business Case		
DiLuciano	Gas Reinforcement Program	The intent of this program is to add capacity to the gas distribution system to ensure firm gas customers can receive an adequate supply of natural gas according to design day conditions. Without these reinforcements, customers will remain at risk of losing natural gas service when it is needed most, on the coldest winter days. Direct savings will result from the elimination of the Cold Weather Action Plan (CWAP) if this project is completed as scoped. Based on historical weather data and expected active CWAP occurrences, this equates to \$2,400 annually. Indirect savings would result by eliminating the likely outage response that would occur from a cold weather outage in this part of the system if this project were not complete. Other quantifiable benefits provided but not included in the matrix relate to impacts to customer safety and property with an outage.	45
DiLuciano	Gas Replacement Street and Highway Program	See Business Case for description. Required per franchise agreements with State, County, and City agencies related to gas facilities located in public right of ways, violation of those agreements by not relocating when required to do so, would result in fines.	46
DiLuciano	Gas Telemetry Program	This business case provides funding for additions, improvements, and replacements to our Gas Telemetry system. Telemetry equipment includes flow computers, electronic volume correctors, and electronic pressure monitors. The system provides safety related pressure monitoring and alarms at Gate Stations, Regulator Stations, Pipelines, Odorizers, and Transportation Customers. Direct benefits associated with dial up phone troubleshooting. Successful replacement of the equipment at these dial-up sites will allow us to convert to IP cellular communications and eliminate this troubleshooting labor. Indirect benefits associated with regulatory fine avoidance, customer outage avoidance, unplanned replacement avoidance, etc.	47
DiLuciano	Gas Transient Voltage Mitigation Program	See Business Case for full direct/indirect offset description. CFR 49 192-467(f) states that pipelines in close proximity to electric systems must be protected against damage from fault currents. The purpose of this program is to investigate and mitigate AC voltage hazards on steel gas piping systems. Avista is mitigating these high voltage conditions because they are a safety risk for both company employees, as well as the general public. The installation of mitigation equipment reduced O&M expenses. The two main reductions in these costs are due to fewer fault damage incidents that require emergency response, and the reduced need to follow special safety procedures when doing construction or maintenance on the system.	48
Alexander	Generation Masonry Building Rehabilitation	Projects in this business case remedy crumbling masonry to maintain safety, reliability, and availability of the hydroelectric generating facilities. Indirect costs relate to emergency maintenance on buildings covered by this on-going business case are not incremental, as savings occurred in test period are reflective of savings expected on updated buildings in 2023 and beyond.	49
Manuel	Generation, Substation & Gas Location Security	The security of our electric and natural gas infrastructure is a significant priority at a national and regional level and is of critical importance to Avista customers across our service territory. Keeping the systems at these locations performing is critical to delivering electric and gas service to our customers. No direct offsets identified. Indirect offsets are achieved through cost avoidance associated with a physical security incident at a generation, substation, and gas location.	50
Alexander	HMI Control Software	Avista's Human Machine Interface (HMI) system is used to safely, reliably, and securely operate generating systems in accordance with NERC Critical Infrastructure Protection (CIP) Standards, and includes cyber assets that allows operator to control generation systems from various physical locations within Avista's secured generation control network. Direct and indirect offsets have been identified, however, they are not quantifiable at this time.	51
Manuel	Human Resources Technology	The Human Resources Technology (HRT) Program Business Case sponsors the technology related applications that support the Human Resources (HR) business areas operational and strategic initiatives. Direct savings related to reductions in printing, copier maintenance and filing of paper documents. Indirect savings related to labor efficiencies and productivity, allowing existing staff to be more productive, and avoid need for future hiring.	52
Manuel	Identity and Access Governance	Mandatory & Compliance is the main driver behind the IAG program in response to meeting Sarbanes-Oxley (SOX) compliance requirements. It ensures that Avista has the internal controls to limit access to individuals only to information and resources necessary to perform their current and intended job functions.	53
DiLuciano	Joint Use	See Business Case for description. Required per Joint Use licenses. Direct capital savings - Joint use licensees pay for up to half of the cost of pole replacements and infrastructure upgrades. Indirect benefit quantified associated with reliability of network and avoided future outage cost to customers.	54
Manuel	Land Mobile Radio & Real Time Communication Systems	The Land Mobile Radio & Real Time Communication Systems Program Business Case sponsors the tools and systems used by gas and electric crews to communicate. This communication is with Dispatch and System operations as well as direct communication between crews. Avista's service territory consists of urban and rural environments with topologically difficult to reach areas. There are no direct savings identified. Indirect savings related to avoiding these downtime issues could range from \$100k - \$10M a year representing at least 1 full-time employee up to 100 full-time employees needed to implement manual processes. (Company used \$5M conservative annual savings divide by 5 Business Cases with similar indirect savings quantified.)	55
DiLuciano	LED Change-Out Program	No quantified direct or indirect offsets, see business case.	56

Efficiency Adj 2%		Comments	#
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Witness	Business Case		
Manuel	Legal & Compliance Technology	This Business Case is necessary to fund the portfolio of components that maintain the technology and licenses required to meet the Legal and Compliance internal and external business processes and strategic objectives. The work under this business case enables improvements in these processes thus creating indirect labor efficiencies.	57
Alexander	Long Lake Plant Upgrade	The program includes a full plant condition assessment, replacement of all Generating Units, Generator Step-up Transformers (GSUs), Station Service, and many of the mechanical, electrical, and controls systems and equipment have met their end of useful life. Direct offsets include an increase in production and a reduction in labor and equipment for unplanned maintenance and breakdowns. Indirect offsets include savings for a reduction in forced outages that reduce generation and less risk of outages leading to greater ability to plan employees work rather than reacting to breakdowns and failures.	58
Alexander	Monroe Street Abandoned Penstock Stabilization	Equipment at end of its useful life and needs replaced to ensure that Monroe Street Dam continues to provide safe, reliable, and affordable energy to Avista's customers. Calculated indirect savings (Risk cost reduction) considers the condition of the asset, the probability of failure, the probable consequence of failure and other risk factors such as personnel and public safety, environmental impacts, and unplanned outages and repairs. Indirect amount based on lifetime amount, less 2022-2023, or approx. \$300,000.	59
Manuel	Network Backbone	See Business Case for Description. No direct or indirect offsets quantified.	60
DiLuciano	New Revenue - Growth	See Business Case for description. See Other Revenue Offset included in Adjustment PF 4.02 and PF 5.08.	61
Alexander	Nine Mile Units 3 & 4 Control Upgrade	See Business Case for Description. No direct or indirect offsets quantified.	62
DiLuciano	Oil Storage Improvements	No direct or indirect offsets quantified, see Business Case.	63
Manuel	Outage Management System & Advanced Distribution Management System (OMS & ADMS)	Avista can gain significant operations and business advantages by replacing the OMT and the DMS with an ADMS. No direct offsets identified. Indirect capital savings related to improved storm response and O&M savings related to field personnel, distribution operations personnel, and storm response.	64
Alexander	Peaking Generation Business Case	See Business Case for Description. No direct or indirect offsets quantified.	65
Alexander	Post Falls North Channel Spillway Rehabilitation	See Business Case for Description. No direct or indirect offsets quantified.	66
Alexander	Regulating Hydro	See Business Case for Description. No direct or indirect offsets quantified.	67
DiLuciano	Saddle Mountain 230/115kV Station (New) Integration Project Phase 2	This business case would replace the Othello City substation with a new station having 2-30MVA transformers. The business case also includes substantial upgrades to the transmission system in the area to integrate the new Othello City substation with the new Saddle Mountain substation. No direct savings identified. Indirect savings to customers, estimate based risk of 1 outage per year.	68
DiLuciano	SCADA - SOO and BuCC	See Business Case for description. NERC CIP-007 requires Avista to address security vulnerabilities within Electronic Security Perimeters, TOP-001-5 Real-time Assessment requirements, CIP-012 Protections, failure to meet these NERC requirements result in penalties	69
Manuel	Security Compliance	Maintaining compliance helps Avista reduce the likelihood of security breaches while also avoiding financial penalties from regulatory bodies. Regulatory bodies requiring increased security posture include the U.S. Department of Energy (FERC/NERC CIP Requirements), U.S. Department of Homeland Security (TSA SD1 and SD2), and potentially the U.S. Department of Defense (Cybersecurity Maturity Model Certification and Compliance).	70
Alexander	Spokane River License Implementation	Non-federal hydroelectric facilities must have a license from the Federal Energy Regulatory Commission (FERC) to operate. Avista's first Spokane River Project License expired in 2007, and after a multi-year process involving hundreds of stakeholders, FERC issued Avista a new 50-year license for the continued operation and maintenance of the Spokane River Project (No. 2545, effective June 18, 2009).	71
DiLuciano	Structures and Improvements/Furniture	This program is responsible for the capital maintenance, site improvement, and furniture budgets at over 75 Avista offices, Service Centers, storage buildings, and pole structures (1.2M total square feet) companywide. Direct O&M savings associated with energy efficiency of newer equipment, Direct Capital reduced due to reduced scope of work, Indirect O&M avoided due to unplanned failures if work not complete, more efficient workspace, etc.	72
Manuel	Technology Failed Assets	The Technology Failed Assets Program Business Case sponsors the tools and systems used by the technology teams to support business applications. Technology assets enable automated and necessary business processes in a modern innovative world. There are no direct offsets identified. Indirect savings related to operating expenses could range from \$100k - \$10M a year representing at least 1 full-time employee up to 100 full-time employees needed to implement manual processes. (Company used \$5M conservative annual savings divide by 5 Business Cases with similar indirect savings quantified.)	73
DiLuciano	Transmission - Minor Rebuild- Asset Condition	This business case covers the Transmission rebuild and reconductor work necessary to maintain compliance with NERC FAC-501-WECC-1 as applied through Avista's Transmission MAintenance Inspection Program (TMIP). There are no direct offsets identified. Indirect O&M offsets related to the changing out of conductor associated with the 2023 Metro Sunset Rebuild Project.	74

Efficiency Adj 2%		Comments	#
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Witness	Business Case		
DiLuciano	Transmission - Performance & Capacity	See Business Case for Description. No direct or indirect offsets quantified.	75
DiLuciano	Transmission Construction - Compliance	See Business Case for description. The solution to build, rebuild, or reconstruct transmission lines as identified in the Corrective Action Plans to stay in compliance with NERC mandatory and enforceable Reliability Standards (most notable TPL-001-4) and NESC code (via WAC).	76
DiLuciano	Transmission Major Rebuild - Asset Condition	This business case covers major rebuilds of transmission lines due to overall asset condition. Directs offsets are incremental costs with performing work under emergency conditions versus planned conditions (such as overtime wages and increases contractual expenditures). There are no indirect offsets associated with this project.	77
DiLuciano	Transmission NERC Low-Risk Priority Lines Mitigation	See Business Case for description. This program was undertaken in response to the October 7, 2012 North American Electric Reliability Corporations (NERC) "NERC Alert" - Recommendation to Industry, "Consideration of Actual Field Conditions in Determination of Facility Ratings". Mitigation brings lines in compliance with the National Electric Safety Code (NESC) minimum clearances values. These code minimums have also been adopted into the State of Washington's Administrative Code (WAC).	78
Alexander	Upper Falls Trash Rake Replacement	The replacement intake rake is not anticipated to be faster or more efficient but will address safety concerns. This project also will not impact operations and maintenances costs as the new rake will require similar maintenance as the existing. Calculated indirect savings (Risk cost reduction) considers the condition of the asset, the probability of failure, the probable consequence of failure and other risk factors such as personnel and public safety, environmental impacts, and unplanned outages and repairs. Indirect amount based on lifetime amount \$300,000 or approx. \$30,000 annually.	79
Alexander	Use Permits	Costs of acquiring legal rights to maintain and/or extend rights-of-way (ROW) for Avista's electric transmission/distribution and gas infrastructure across public lands.	80
DiLuciano	Westside 230/115kV Station Brownfield Rebuild Project	See Business Case for Description. No direct or indirect offsets quantified.	81
Howell	Wildfire Resiliency Plan	See Business Case for Description. Indirect offset assumes avoided future event. See business case section 2.4 in Exh DHR-5. Amounts based on "Optimistic indirect benefits of \$530M over the life of the plan, or \$53M annually.	82
DiLuciano	Wood Pole Management	WPM work encompasses Avista's electric distribution overhead facilities in Washington, Idaho, and Montana. In order to maintain a seventeen-year cycle for the next ten years, approximately 13,000 poles need to be inspected and follow-up work completed annually. There are no incremental direct savings beyond the test period. Indirect O&M savings are related to the interruption cost estimate. There are no capital direct or indirect savings identified.	83
DiLuciano	WSDOT Control Zone Mitigation	See Business Case for description. Required per RCW Title 47 Public Highways and Transportation. The quantified indirect savings for 2024 is \$1,058,000 and the lifetime indirect savings is \$5,656,750. This is based on mitigating approximately three franchise agreements per year.	84
Alexander	WSDOT Franchises	This program will renew expired franchises for Avista facilities located within Washington State highway rights of way. In accordance with Washington Administrative Code (WAC) 468-34 and Revised Code of Washington (RCW) 47.44, Avista enters into 25-year agreements with the Washington State Department of Transportation (WSDOT) to permit Avista to construct, operate and maintain electric and gas facilities within Washington highway rights of way.	85
Manuel	NexGen Control Systems Networks	This NexGen Control System Networks (NCSN) Program[1] Business Case will administer projects specifically scoped to replace products and services on our control system communication networks that have been designed and provisioned over time division multiplexing (TDM) methodologies. Direct capital and O&M offsets are related to LightRiver Envision Plus Licensing and Carrier MRCs savings that will be realized once these leased services are disconnected. There are no indirect offsets quantified.	86
Alexander	Coyote Springs 2 CT Rotor Replacement	See Business Case for Description. No direct or indirect offsets quantified.	87
Alexander	Asset Lifecycle Management	See Business Case for Description. No direct or indirect offsets quantified.	88
Alexander	Operational Safety and Compliance	See Business Case for Description. No direct or indirect offsets quantified.	89
Alexander	Operational Sustainment	See Business Case for Description. No direct or indirect offsets quantified.	90
Alexander	Long Lake Stability Enhancement	See Business Case for Description. No direct or indirect offsets quantified.	91
Alexander	Nine Mile Unit 3 Mechanical Overhaul	The runners, as well as other critical mechanical components, including buckets, are not performing and are approaching end of life at Nine Mile Unit 3. Direct O&M savings relate to maintenance charges in responding to failed components and mitigate the risk of unanticipated failures.	92
Alexander	Noxon Rapids Gantry Crane Refurbishment	See Business Case for Description. No direct or indirect offsets quantified.	93

Efficiency Adj 2%		Comments	#
ROR/CF 0.101132256			
Witness	Business Case		
Alexander	Noxon Rapids Unit 2 Generator Rewind	See Business Case for Description. No direct or indirect offsets quantified.	94
Alexander	Post Falls HED Redevelopment Program	Post Falls HED be redeveloped by shutting down the plant, removing the old equipment, and replacing it in entirety with new. Included in this scoping effort was a needed substation replacement. No direct or indirect offsets for capital and O&M during the 2024-2026 timeperiod. Future years indirect offsets relate to the emergency replacement avoided costs.	95
DiLuciano	Capital Equipment Program	The Capital Equipment Program funds the essential tools required for Avista employees to perform work efficiently and safely. This equipment is necessary to construct, monitor, ensure system integrity, and properly repair and maintain the Avista systems (electric, gas, communications, fleet, facilities, and generation). There are no direct offsets related to this business case. Indirect O&M offsets are the savings if equipment is rented.	96
DiLuciano	Local Reps Office Program	While the properties in Ritzville and Chewelah Local Reps offices are large enough to accommodate the needs of the business the locations and quality of the buildings themselves needs to be addressed. No direct offsets identified. Indirect O&M offsets related to improved business operations and time efficiencies for crews.	97
DiLuciano	Palouse Service Center	See Business Case for Description. No direct or indirect offsets quantified.	98
Manuel	Telecommunication & Network Distribution location Security	The Telecommunications and Network Distribution Location Security program business case addresses security risks by protecting these locations. Keeping the systems at these locations performing is critical to support our day-to-day operations, which is the reason technicians immediately deploy when alarms show that systems are down and require intervention. No direct offsets identified. Indirect offsets are the avoided costs from a physical and cyber security breach resulting from an intrusion or attack at one of these locations. Depending on the severity of the breach, the costs can vary from simple repairs to larger replacements.	99

Efficiency Adj 2%		Comments	#
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Witness	Business Case		
DiLuciano	Generation Interconnection	See Business Case for Description. No direct or indirect offsets quantified.	100
DiLuciano	Metro Substation	This business case will address both the equipment and site issues in the most efficient and affordable way possible. No direct offsets identified. Indirect capital and O&M offsets include servicemen that will spend less time maintaining and 'limping along' equipment. They will complete the work more efficiently since the safety issues (i.e., switchgear arch flash) are not present and do not have to be planned for (i.e., Arc Flash suits are not required). The savings could be as much as \$180,000 per year in additional Serviceman labor (salary plus overhead costs) system wide.	101
DiLuciano	Substation - Performance and Capacity	See Business Case for Description. No direct or indirect offsets quantified.	102
DiLuciano	Transmission Critical Crossing Reinforcement	This case identifies high failure consequence asset/structure location; that, if subject to failure, would create life loss or injury conditions. Direct capital offsets are incremental costs with performing work under emergency conditions versus planned conditions. There are no indirect offsets identified.	103
DiLuciano	Jackson Prairie Natural Gas Storage Facility	See Business Case for Description. No direct or indirect offsets quantified.	104
DiLuciano	Meter Minor Blanket	See Business Case for Description. No direct or indirect offsets quantified.	105
DiLuciano	Gas Overbuilt Pipe Replacement Program	See Business Case for Description. No direct or indirect offsets quantified.	106
Alexander	KF 4160 V Station Service Replacement	See Business Case for Description. No direct or indirect offsets quantified.	107
Alexander	KF Secondary Superheater Replacement	See Business Case for Description. No direct or indirect offsets quantified.	108
Alexander	KF_Ash Landfill Expansion	The Phase 3 landfill will require mandatory proper closure following the Department of Ecology guidelines for retiring landfills. Without having a disposal site for the ash, the plant would be forced to close or operate as a natural gas fire unit which would lose 53 MW's of renewable resources from Avista's portfolio.	109
Alexander	KF_ID Fan & Motor Replacement	See Business Case for Description. No direct or indirect offsets quantified.	110
Alexander	Little Falls Crane Pad & Barge Landing	No direct or indirect offsets, see Business Case.	111
Alexander	Nine Mile Powerhouse Roof Replacement	No direct or indirect offsets, see Business Case.	112
Alexander	Noxon Rapids Spillgate Refurbishment	No direct or indirect offsets, see Business Case.	113
Alexander	Post Street Substation Crane Rehab	No direct or indirect offsets, see Business Case.	114
DiLuciano	Substation - Asset Condition (formerly, Substation Station Rebuilds)	Avista substations have numerous age related issues that lead to repeated failures and need to be addressed on a regular basis. At a point where an overwhelming number of issues in a substation yard exist, rebuilding the entire substation is necessary. There are no direct offsets. The indirect offsets assume that each substation has four pieces of equipment that require 'limp along' maintenance (power transformer, low voltage breaker recloser, high voltage breaker, and a voltage regulator). It is assumed that a Generation Production & Substation Support (GPSS) Serviceman spends approximately 10 hours each week driving to a substation, maintaining equipment to 'limp it along' instead of replacing it, and cleaning up.	115
DiLuciano	West Plains System Reinforcement (formerly, West Plains New 230kV Substation)	See Business Case for Description. No direct or indirect offsets quantified.	116
Manuel	Infrastructure as Code (formerly, Dynamic Infrastructure Program)	See Business Case for Description. No direct or indirect offsets quantified.	117

Efficiency Adj 2%	Comments
ROR/CF 0.101132256	
Witness Business Case	

Growth Revenue - included in other revenues
* No offsets provided for projects starting in 2024; 2% effic