

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET UE-240006

DOCKET UG-240007

EXH. KJC-2

KEVIN J. CHRISTIE

REPRESENTING AVISTA CORPORATION

AVISTA CORPORATION
 Long-term Securities Credit Ratings

Exh. KJC-2

Credit Outlook	Standard & Poor's	Moody's
	Negative	Stable
	A+	A1
	A	A2
	A- First Mortgage Bonds Secured Medium-Term Notes	A3 First Mortgage Bonds Secured Medium-Term Notes
	BBB+	Baa1
	BBB Avista Corp./Corporate credit rating	Baa2 Avista Corp./Issuer rating
	BBB-	Baa3 Trust-Originated Preferred Securities
INVESTMENT GRADE		
	BB+ Trust-Originated Preferred Securities	Ba1
	BB	Ba2
	BB-	Ba3

AVISTA CORPORATION				
Proposed Cost of Capital				
December 31, 2025				
	<u>Amount</u>	<u>Percent of Total Capital</u>	<u>Cost</u>	<u>Component Cost</u>
Total Debt	\$ 2,743,700,000	51.5%	4.99%	2.57%
Common Equity	\$ 2,588,899,805	48.5%	10.40% ⁽¹⁾	5.04%
Total	<u>\$ 5,332,599,805</u>	<u>100.0%</u>		<u>7.61%</u>

AVISTA CORPORATION				
Actual Cost of Capital				
June 30, 2023				
	<u>Amount</u>	<u>Percent of Total Capital</u>	<u>Cost</u>	<u>Component Cost</u>
Total Debt	\$2,657,000,000	53.5%	5.06%	2.71%
Common Equity	2,308,817,000	46.5%	9.40% ⁽²⁾	4.37%
TOTAL	<u>\$ 4,965,817,000</u>	<u>100%</u>		<u>7.08%</u>

⁽¹⁾ Proposed return on common equity

⁽²⁾ Based on last known allowed return on common equity

AVISTA CORPORATION
 Cost of Long-Term Debt Detail - Washington
 December 31, 2025

Line No.	Description	Coupon Rate	Maturity Date	Settlement Date	Principal Amount	Issuance Costs	SWAP Loss/(Gain)	Discount (Premium)	Loss/Reacq Expenses	Net Proceeds	Yield to Maturity	Principal Outstanding 12/31/2025	Effective Cost
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(g)	(h)	(i)	(j)	(k)	(l)
1	ADVANCE ASSOCIAT	5.825%	6/1/2037	6/3/1997	40,000,000	1,296,086	-	-	(1,769,125)	40,473,039	5.749%	40,000,000	2,299,579
2	FMBS - SERIES C	6.370%	6/19/2028	6/19/1998	25,000,000	158,304	-	-	188,649	24,653,047	6.475%	25,000,000	1,618,863
3	FMBS - 6.25%	6.250%	12/1/2035	11/17/2005	150,000,000	1,812,935	(4,445,000)	367,500	1,700,376	150,564,188	6.222%	150,000,000	9,332,891
4	FMBS - 5.70%	5.700%	7/1/2037	12/15/2006	150,000,000	4,702,304	3,738,000	222,000	-	141,337,696	6.120%	150,000,000	9,179,674
6	5.55% SERIES	5.550%	12/20/2040	12/20/2010	35,000,000	258,834	-	-	5,263,822	29,477,345	6.788%	35,000,000	2,375,887
7	4.45% SERIES	4.450%	12/14/2041	12/14/2011	85,000,000	692,833	10,557,000	-	-	73,750,167	5.340%	85,000,000	4,538,871
8	4.23% SERIES	4.230%	11/29/2047	11/30/2012	80,000,000	730,833	18,546,870	-	105,020	60,617,277	5.868%	80,000,000	4,694,533
9	4.11% SERIES	4.110%	12/1/2044	12/18/2014	60,000,000	428,205	(5,429,000)	-	-	65,000,795	3.650%	60,000,000	2,190,040
10	4.37% SERIES	4.370%	12/1/2045	12/16/2015	100,000,000	590,761	9,383,299	-	-	90,025,940	5.017%	100,000,000	5,016,889
11	3.54% SERIES	3.540%	12/1/2051	12/15/2016	175,000,000	1,042,569	53,966,197	-	-	119,991,233	5.598%	175,000,000	9,797,043
12	3.91% SERIES	3.910%	12/1/2047	12/14/2017	90,000,000	552,539	8,823,322	-	-	80,624,139	4.550%	90,000,000	4,095,220
13	4.35% SERIES	4.350%	6/1/2048	5/22/2018	375,000,000	4,246,448	26,580,102	378,750	-	343,794,700	4.881%	375,000,000	18,303,348
14	3.43% SERIES	3.430%	12/1/2049	11/26/2019	180,000,000	1,108,340	13,330,106	-	-	165,561,554	3.885%	180,000,000	6,992,955
15	3.07% SERIES	3.070%	9/30/2050	9/30/2020	165,000,000	1,074,990	33,503,119	-	-	130,421,891	4.323%	165,000,000	7,133,634
16	2.90% SERIES	2.900%	10/1/2051	9/28/2021	140,000,000	1,100,000	17,244,100	-	-	121,655,900	3.619%	140,000,000	5,067,214
17	4.00% SERIES	4.000%	4/1/2052	3/17/2022	400,000,000	4,579,993	17,035,230	-	-	378,384,778	4.323%	400,000,000	17,291,545
18	5.66% SERIES	5.660%	4/1/2053	3/29/2023	250,000,000	1,443,849	(7,459,930)	-	-	256,016,081	5.495%	250,000,000	13,738,428
19	Forecasted Issuance	4.900%	10/1/2032	3/1/2024	66,700,000	500,000	(5,522,550)	-	-	71,722,550	3.861%	66,700,000	2,574,977
20	Forecasted Issuance	4.900%	3/1/2034	3/1/2024	17,000,000	200,000	-	-	-	16,800,000	5.051%	17,000,000	858,721
21	Forecasted Issuance	6.109%	10/1/2055	10/1/2025	60,000,000	600,000	(856,819)	-	-	60,256,819	6.078%	60,000,000	3,646,686
22												2,643,700,000	130,746,997
23													
24	Repurchase	2	8.85%	6/5/2028	5/24/2002	10,000,000			(2,228,153)	12,228,153	6.981%		3 -188,084
25	Repurchase	2	8.83%	6/5/2028	4/3/2003	10,000,000			(450,769)	10,450,769	8.395%		3 -43,661
26	Repurchase	2	8.83%	12/29/2022	3/11/2003	5,000,000			92,363	4,907,637	9.029%		3 10,341
27	Repurchase	2	5.72%	3/1/2034	12/30/2009	17,000,000			1,916,297	15,083,703	6.661%		3 159,446
28	Repurchase	2	6.55%	10/1/2032	12/31/2008	66,700,000			3,709,174	62,990,826	7.034%		3 324,360
29												2,643,700,000	131,009,399
30		3	Short Term-Debt		100,000,000						5.58%	100,000,000	5,576,997
31												2,743,700,000	136,586,396
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WASHINGTON'S TOTAL DEBT OUTSTANDING AND COST OF DEBT AT December 31, 2025

4.98%

¹ Average Monthly Average Rate over a twelve month period

² Coupon Rate at the time of repurchase

³ Calculated using the Internal Rate of Return method

AMA of 2025	
January	4.99%
February	4.99%
March	4.99%
April	4.99%
May	4.99%
June	4.99%
July	4.99%
August	4.99%
September	4.99%
October	4.98%
November	4.98%
December	4.98%
Average	4.99%

AVISTA CORPORATION
 Cost of Long-Term Debt Detail - Washington
 December 31, 2026

Line No.	Description	Coupon Rate	Maturity Date	Settlement Date	Principal Amount	Issuance Costs	SWAP Loss/(Gain)	Discount (Premium)	Loss/Reacq Expenses	Net Proceeds	Yield to Maturity	Principal Outstanding 12/31/2026	Effective Cost
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(g)	(h)	(i)	(j)	(k)	(l)
1	ADVANCE ASSOCIAT	5.015%	6/1/2037	6/3/1997	40,000,000	1,296,086	-	-	(1,769,125)	40,473,039	4.946%	40,000,000	1,978,572
2	FMBS - SERIES C	6.370%	6/19/2028	6/19/1998	25,000,000	158,304	-	-	188,649	24,653,047	6.475%	25,000,000	1,618,863
3	FMBS - 6.25%	6.250%	12/1/2035	11/17/2005	150,000,000	1,812,935	(4,445,000)	367,500	1,700,376	150,564,188	6.222%	150,000,000	9,332,891
4	FMBS - 5.70%	5.700%	7/1/2037	12/15/2006	150,000,000	4,702,304	3,738,000	222,000	-	141,337,696	6.120%	150,000,000	9,179,674
6	5.55% SERIES	5.550%	12/20/2040	12/20/2010	35,000,000	258,834	-	-	5,263,822	29,477,345	6.788%	35,000,000	2,375,887
7	4.45% SERIES	4.450%	12/14/2041	12/14/2011	85,000,000	692,833	10,557,000	-	-	73,750,167	5.340%	85,000,000	4,538,871
8	4.23% SERIES	4.230%	11/29/2047	11/30/2012	80,000,000	730,833	18,546,870	-	105,020	60,617,277	5.868%	80,000,000	4,694,533
9	4.11% SERIES	4.110%	12/1/2044	12/18/2014	60,000,000	428,205	(5,429,000)	-	-	65,000,795	3.650%	60,000,000	2,190,040
10	4.37% SERIES	4.370%	12/1/2045	12/16/2015	100,000,000	590,761	9,383,299	-	-	90,025,940	5.017%	100,000,000	5,016,889
11	3.54% SERIES	3.540%	12/1/2051	12/15/2016	175,000,000	1,042,569	53,966,197	-	-	119,991,233	5.598%	175,000,000	9,797,043
12	3.91% SERIES	3.910%	12/1/2047	12/14/2017	90,000,000	552,539	8,823,322	-	-	80,624,139	4.550%	90,000,000	4,095,220
13	4.35% SERIES	4.350%	6/1/2048	5/22/2018	375,000,000	4,246,448	26,580,102	378,750	-	343,794,700	4.881%	375,000,000	18,303,348
14	3.43% SERIES	3.430%	12/1/2049	11/26/2019	180,000,000	1,108,340	13,330,106	-	-	165,561,554	3.885%	180,000,000	6,992,955
15	3.07% SERIES	3.070%	9/30/2050	9/30/2020	165,000,000	1,074,990	33,503,119	-	-	130,421,891	4.323%	165,000,000	7,133,634
16	2.90% SERIES	2.900%	10/1/2051	9/28/2021	140,000,000	1,100,000	17,244,100	-	-	121,655,900	3.619%	140,000,000	5,067,214
17	4.00% SERIES	4.000%	4/1/2052	3/17/2022	400,000,000	4,579,993	17,035,230	-	-	378,384,778	4.323%	400,000,000	17,291,545
18	5.66% SERIES	5.660%	4/1/2053	3/29/2023	250,000,000	1,443,849	(7,459,930)	-	-	256,016,081	5.495%	250,000,000	13,738,428
19	Forecasted Issuance	4.900%	10/1/2032	3/1/2024	66,700,000	500,000	(5,522,550)	-	-	71,722,550	3.861%	66,700,000	2,574,977
20	Forecasted Issuance	4.900%	3/1/2034	3/1/2024	17,000,000	200,000	-	-	-	16,800,000	5.051%	17,000,000	858,721
21	Forecasted Issuance	6.109%	10/1/2055	10/1/2025	60,000,000	600,000	(856,819)	-	-	60,256,819	6.078%	60,000,000	3,646,686
22	Forecasted Issuance	6.114%	10/1/2056	10/1/2026	110,000,000	1,100,000	-	-	-	108,900,000	6.188%	110,000,000	6,806,498
23												2,753,700,000	137,232,488
24													
25	Repurchase	2	8.85%	6/5/2028	5/24/2002	10,000,000			(2,228,153)	12,228,153	6.981%		-188,084
26	Repurchase	2	8.83%	6/5/2028	4/3/2003	10,000,000			(450,769)	10,450,769	8.395%		-43,661
27	Repurchase	2	5.72%	3/1/2034	12/30/2009	17,000,000			1,916,297	15,083,703	6.661%		159,446
28	Repurchase	2	6.55%	10/1/2032	12/31/2008	66,700,000			3,709,174	62,990,826	7.034%		324,360
29													
30		3	Short Term-Debt		100,000,000							2,753,700,000	137,484,549
31												100,000,000	5,342,800
32												2,853,700,000	142,827,349
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WASHINGTON'S TOTAL DEBT OUTSTANDING AND COST OF DEBT AT December 31, 2026

5.00%*

¹ Average Monthly Average Rate over a twelve month period

*Cost of debt at end of period provided for informational purposes only. See AMA for 2026

² Coupon Rate at the time of repurchase

³

Calculated using the Internal Rate of Return method

AMA of 2026	
January	4.98%
February	4.98%
March	4.98%
April	4.98%
May	4.98%
June	4.98%
July	4.98%
August	4.98%
September	4.98%
October	5.00%
November	5.00%
December	5.00%
Average	4.98%

AVISTA CORPORATION
 Cost of Short-Term Debt Detail
 December 31, 2025

Exh. KJC-2

	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Avg of
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
Short-term Borrowings - Month End Balances	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000
Number of Days in Month	31	31	28	31	30	31	30	31	31	30	31	30	31	396
Avg Monthly Forecasted Borrowing Rate*	5.85%	5.52%	5.52%	5.52%	5.24%	5.24%	5.24%	5.14%	5.14%	5.14%	5.05%	5.05%	5.05%	
Credit Facility Interest Expense	\$ 496,849	\$ 475,333	\$ 429,333	\$ 475,333	\$ 436,667	\$ 451,222	\$ 436,667	\$ 442,611	\$ 442,611	\$ 428,333	\$ 434,861	\$ 420,833	\$ 434,861	\$ 5,308,667
Credit Facility Fees**	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	125,000
Credit Facility Amort of up-front costs**	11,944	11,944	11,944	11,944	11,944	11,944	11,944	11,944	11,944	11,944	11,944	11,944	11,944	143,330
Total S/T Debt Expense	\$ 519,210	\$ 497,694	\$ 451,694	\$ 497,694	\$ 459,028	\$ 473,583	\$ 459,028	\$ 464,972	\$ 464,972	\$ 450,694	\$ 457,222	\$ 443,194	\$ 457,222	\$ 5,576,997

	Total Borrowing Cost	\$ 5,576,997
	Total Average Borrowings	\$ 100,000,000
	Cost Rate	5.58%

*Forecasted Rates are based on forward rates from Thomson Reuters analysis tools plus a spread pursuant to the credit facility agreement.

**Up front costs and credit facility fees are pro rata based on the \$500M limit.

AVISTA CORPORATION
 Cost of Long-Term Variable Rate Debt Detail
 December 31, 2025

Exh. KJC-2

	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Avg of
(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(o)
Trust Preferred*	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$ 40,000,000
Number of Days in Month	31	31	28	31	30	31	30	31	31	30	31	30	31	
Forecasted Rates Trust Preferred	5.8623%	5.5283%	5.5283%	5.5283%	5.2504%	5.2504%	5.2504%	5.1500%	5.1500%	5.1500%	5.0660%	5.0660%	5.0660%	
Trust Preferred Interest Expense	\$ 201,924	\$ 190,419	\$ 171,992	\$ 190,419	\$ 175,013	\$ 180,847	\$ 175,013	\$ 177,389	\$ 177,389	\$ 171,667	\$ 174,496	\$ 168,867	\$ 174,496	\$ 2,329,930

Description	Coupon Rate	Maturity Date	Settlement Date	Principal Amount	Issuance Costs	Loss/Reacq Expenses	Net Proceeds	Yield to Maturity	Outstanding 12/31/2025	Effective Cost
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Trust Preferred	5.82%	6/1/2037	6/3/1997	\$ 40,000,000	\$ 1,296,086	\$ (1,769,125)	\$ 40,473,039	5.749%	\$ 40,000,000	\$ 2,299,579

15 *Original issue principal amount was \$50 million. The Company repurchased \$10 million of the securities outstanding.
 16 **Forecasted Rates are based on forward rates from Thomson Reuters analysis tools plus the 87.5 basis points pursuant to the debt agreement.

AVISTA CORPORATION
Capital Structure Reconciliation
(dollars in thousands)

	10-Q 06/30/2023	Adjustments		Adjusted Regulatory Balance 06/30/2023	Activity		Adjusted Regulatory Balance 12/31/2025
Short-term Debt							
Avista Corp	\$ 203,000	\$ (103,000)	a	\$ 100,000	\$ -	a	\$ 100,000
Subsidiaries			b				
Total short-term debt	<u>\$ 203,000</u>	<u>\$ (103,000)</u>		<u>\$ 100,000</u>	<u>\$ -</u>		<u>\$ 100,000</u>
Long-term Debt							
Long-term debt	\$ 2,703,674	\$ (243,674)	c	\$ 2,460,000	\$ 143,700	f	\$ 2,603,700
Current Portion of long-term debt and capital leases	7,000	-	c	7,000	(7,000)	g	\$ -
Debt to Affiliated Trust	51,547	(11,547)	d	40,000			\$ 40,000
Total long-term debt	<u>\$ 2,762,221</u>	<u>\$ (255,221)</u>		<u>\$ 2,507,000</u>	<u>\$ 136,700</u>		<u>\$ 2,643,700</u>
Equity							
Total Avista Corporation stockholders' equity	<u>\$ 2,400,421</u>	<u>\$ (91,604)</u>	e	<u>\$ 2,308,817</u>	<u>\$ 280,083</u>	h	<u>\$ 2,588,900</u>

a Adjusted to reflect short term debt balances on a monthly average.

b We exclude short-term borrowings outstanding at our subsidiaries.

c These adjustments are made to reflect our actual principal amount outstanding. We exclude amounts related to settled interest rate swaps and unamortized debt discount. The amounts related to settled interest rate swaps and unamortized debt discount are included as a cost of debt. Additionally, amounts related to capital leases and subsidiary long-term debt are excluded from Avista Utilities long-term debt.

d We hold \$11.547 million of these securities. The \$40 million adjusted balance relates to the current outstanding balance to third party investors.

e We exclude the following: capital stock expense; in order to recover the costs incurred for issuing equity, an amount equivalent to the investment in AERC, and accumulated other comprehensive loss; in order to reflect our actual equity balance.

Equity Adjustments (dollars in thousands):

Capital Stock Expense	\$ 22,493
Accumulated other comprehensive loss	\$ 2,095
Investment in AERC	\$ (116,192)
Total	<u>\$ (91,604)</u>

f Represents the issuance of long-term debt. There are forecasted issuance of \$83.7 million in 2024 and \$60 million in 2025. For additional details related to these issuances see page 3b of this Exhibit.

g \$7 million of debt matured on 8/11/2023.

h Forecasted Equity Activity (dollars in thousands):

Equity Activity	\$ 281,844
Change in equity in AERC	\$ (1,761)
Total	<u>\$ 280,083</u>