

In-Person Participants:

Dan Blazquez, Avista; Annette Brandon, Avista; Michael Brutocao, Avista; James Gall, Avista; Lori Hermanson, Avista; Mike Hermanson, Avista; Clint Kalich, Avista; John Lyons, Avista; Tom Pardee, Avista; and Darrell Soyars, Avista

Online Participants:

Diana Aguilar, Fortis BC; Sofya Atitsogbe, WUTC; Ernesto Avelar; Tamara Bradley, Avista; Kate Brouns, Renewable Northwest; Terrence Browne, Avista; Logan Callen, City of Spokane; Katie Chamberlain, Renewable Northwest; Nathan Critchfield, Puget Sound Energy; Kelly Dengel, Avista; Joshua Dennis, WUTC; Mike Dillon, Avista; Chris Drake, Avista; Ryan Finesilver, Avista; Grant Forsyth, Avista; Annie Gannon, Avista; Konstantine Geranios, WUTC; Amanda Ghering, Avista; David Hawkins; Scott Holstrom, LIUNA; Alexandra Karpoff, Puget Sound Energy; Mike Louis, IPUC; Ana Matthews, Avista; James McDougall, Avista; Ian McGetrick, Idaho Power; Kristine Meyer, Avista; Heather Moline, WUTC; Richard Newton, Northwest LECET; Kaitry Olson, Puget Sound Energy; Meghan Pinch, Avista; Melanie Rose, Avista; Amanda Silvestri, BPA; Kelsey Solberg, Avista; Dean Spratt, Avista; Marissa Steketee, Sapere Consulting; Lisa Stites, Grant County PUD; Jason Talford, IPUC; Andrea Talty, Puget Sound Energy; Charlee Thompson, NW Energy Coalition; Tyler Tobin, Puget Sound Energy; Brian Tyson, Puget Sound Energy; Kirsten, Wilson, Washington State Department of Enterprise Services; Rachel Wilson.

Introductions, John Lyons

John Lyons: We are still doing the virtual meetings on Teams always. In-person is available, especially for the longer meetings. Shorter ones we realize that's tough to come in for, but for the all-day meetings, it's still an option for in-person. We post the final TAC presentations, meeting notes and recordings on the IRP page.

John Lyons: Couple of reminders. Please remember to mute your mics unless you're speaking or asking questions. You can use the raise hand function in Teams or type something in the chat box for questions or comments. We ask that you respect the pause because sometimes it does take a little bit for people to unmute their phones, things like that. Trying not speak over the presenter and speaker. We're all really good at this now, the longer we've been doing these online meetings. We do ask that you state your name before commenting, and that's for the meeting notes software. If you're hooked up directly, your name is set up on it, it'll automatically put it on. But like in this room, it just says it's in this room, so that makes it a little more difficult.

John Lyons: This is a public advisory meeting. Just a reminder that presentations and comments are going to be documented and recorded. The IRP plan, remember IRPs are required by Idaho and Washington every other year. Washington now requires an IRP every four years, and then there's a Progress Report at two years, most of the same things. Plus, we're already doing a full IRP for Idaho. The IRP guides our resource strategy over the next two decades. It starts with the current projected load and resource

position. Also looks at some alternative forecasts. We have an expected forecast and set of alternatives. If we had some major changes like electrification happened sooner or you had some new policy that changed the market. We also look at resource strategies under those different future policies. They look at different generation resource choices, different aspects for energy efficiency, demand response. You're seeing a lot more transmission and distribution planning integration. If you're interested in that, there is a Distribution Planning Advisory Group that's similar to the TAC that is now meeting. And then it all ends up in a set of avoided costs that are used. So, if someone wants to bid into, say they had a PURPA project they would like to bid in to sell something to Avista, that's where that number comes from. And then we also do a series of market and portfolio scenarios where those uncertain future issues that we're either not sure which direction they're going or it's important enough that if we had a big change, we would want to see if that changes our strategy going forward.

John Lyons: This is the public side of thing. It is a real wide range of participants. If you've got a question, please ask. Because not everyone's going to be an expert in every area, and chances are if you've got a question someone else does too. So please go ahead and raise those. We are also always looking for help with getting new TAC members, so if there's someone that's interested in joining, you don't have to participate for the whole time, you can just participate for a part of it. It is an open forum, we're always trying to balance how much discussion we can get versus getting through the program that we have. If you've got different study assumptions, we do ask for those. The earlier you get them to us, the better chance we have to get those completed on time. If we can't complete them during this cycle, those can become Action Items for the next cycle. As we said before, we're always available by email or phone for questions or comments. If you want to set up a meeting with us between the TAC meetings, we're happy to do that as well.

John Lyons: For today's agenda, this is an equity focused meeting. If you remember our last meeting, I think it was the first TAC in September, I think it was 26th somewhere about there. We didn't have this meeting in here. Our next one was going to be, I believe in March, but we were asked by the Washington Commission as we've been talking about equity throughout the IRP, to have one specifically focused on equity issues. As a reminder, this is something that's in Washington law to have an equity focus on things. That's what we're going to be talking about today after the introduction and that's going to be about how Avista includes equity principles and then getting into those Customer Benefit Indicators, the way we measure some of these equity areas, we'll take a short break, then Tamara will get into how Avista practices equity outcomes. That's a wider view, not just the IRP of what's going on at Avista for that. James will wrap up with how we're rolling equity planning into the IRP because we started doing this the last IRP and it's still a fairly new topic for us to work on. Do we have any questions before we move on to the next presentation? You're all quiet in the room here. Do we have anything there on the chat, James?

James Gall: It didn't sound like it yet.

How Avista Includes Equity Principles, Annette Brandon

James Gall: OK, alright, when I get that presentation loaded up and I don't know if it's showing there. I need to introduce Annette Brandon.

Annette Brandon: Well, I'll introduce myself anyway. Hi, my name's Annette Brandon and I am in the Energy Supply Department with several of the folks in the room here today – James and Lori and John and others. I primarily am in the Wholesale Marketing area. However, I'm on a special project to help to incorporate equity into our overall utility operations, beginning with the focus in capital planning. However, it's a nice offshoot of what we have done previously in our Clean Energy Implementation Plan [CEIP] that we started to in the last in the last IRP. Thanks for having me back here today. It's a good start for the process that we're working on right now. You'll notice that some of these slides have been updated. As we went through the final updating there was unfortunately, and embarrassingly for me, there were several typos in there. We cleared those all up before we showed these to you today. I just want to make sure that you know that's not typically how I do things like that. So, here's the final. We can move on.

Annette Brandon: A good place to start is an overview of what equity is. I thought instead of having any subjective what we think it is, or other definitions that are being used in different contexts, I thought we would just level set by saying this is what the actual dictionary definition is. Equity is the quality of being fair or impartial. What does that mean? Even so, if we take that one step further rather than just taking it as a standalone basis. If we put it into actual operations, if I can draw your attention down to #3, it's the pull, your practice of accounting for the differences in individual starting points when pursuing a goal or achievement and working to remove the barriers to equal opportunity by providing support based on unique needs of individual students or employees. For Avista, that would mean considering what circumstances may be limiting customer's access or opportunity to receive the benefits of the energy system, which would be safe, reliable, affordable, etcetera. A good example of this is this new graphic that that I found. It's been redeveloped and I put the copyright on there. It's small, but this was redesigned by another company and what it is representing is in years past everything was focused on equality, so everything was the same meaning. If you were little and you had to jump off a tall curb, or you had or you were in a wheelchair, or you could not see you still had that curb you had to deal with when crossing the street. But as time passed, and as equity became more and more important, you can see that now those sidewalks have been modified. Now we can hear when we want to cross, we can hear how long we have to cross. It's been modified so you can easily roll down it and little people don't have to jump. Now they can walk down. I really like that. I think that has to speak to it a little bit better than some of the other illustrations that have been used in commonplace. The shoe example I'll get to a little bit later, but it really surrounds itself around the distribution of

assets. In our case, the distribution of energy across our system, but I'll get to that in the next slide.

Annette Brandon: So, what is? What does that mean? What does that mean to us here at Avista? Because fair can also be a subjective term. I looked that one up. Also, if we're stuck with the dictionary.com, it's free from bias, dishonesty, or injustice, which would mean, taking off of our previous example, that an individual's circumstance no longer predicts their outcome, which means a fair process. The process itself must be fair and must be based on meaningful participation. And I took the time to focus on meaningful participation here because meaningful participation is not check the box participation. I will keep saying that over and over because I think there's an effort out there to have public participation, public participation, public participation, but public participation just for the sake of it does not help us and does not help you. Meaningful participation means, and this is a truncated definition, just so it would go on the slide. But this is the Department of Energy. How they are defining it in their Justice 40 initiative when they are taking those investments and ensuring that disadvantaged communities are receiving the benefits of investments for their climate change efforts. It starts with awareness and opportunity for 2% to participate. Then, with that participation, the input we received has the ability to influence our decisions. And then, that is actually considered in our decision making and purposeful outreach efforts, which seek out and facilitate involvement of those potentially affected that goes very well back with the awareness and opportunity to participate. But I think this is really foundational to equity and back to my check the box example it it's difficult because the utility industry is so very complex. It is still very complex that we could be perfect in every single thing that we do. Perfect in checking every box in what this means and likely still not have full representation as desired, I guess by our regulators.

Annette Brandon: What I would like to see is a way for us to work together to first and foremost try to identify what does matter to our customers. We know affordability matters to our customers and we know holding Avista accountable to what we say is important to our customers. But do customers really want to be involved in, like a technical meeting such as this? Do they want to be right down in the weeds? Maybe. And if so, that's great. And if they have the ability to, that's great. But what about those who want to but don't have the ability? Or time, not just ability. That's where we have to work together outside of just Avista. We have to work with our Community agencies. We have to work with our Public Counsel unit. It really takes a village because it might be that somebody else can understand what we're doing and understand what the customer is seeking and act as that conduit. And so, that is really important as we're trying to navigate this, what does equity mean and how can we ensure that everything that we're doing is built on this meaningful participation? All right, next slide here.

Annette Brandon: This slide I took the time to show the evolution from environmental justice to where we are today for the just transition. That's because I think it's important to understand that this is not really new. It's just the terminology is new and the requirements are new. The evolution of energy justice started with the environmental

justice movement in the in the 1970s and it was around the time of the civil rights movement as well. It had a focus on discrimination and environmental pollution that those were very much related or tied together, where everyone has the right to a clean environment regardless of their social, economic status or characteristics. It was one of the first times where there was recognition and acknowledgement that certain characteristics did result in disproportional environmental impacts back then, and it was the first time where there was strong advocacy for a right. The right to a clean environment. From there, it expanded into climate justice, kept all those still foundational thoughts but pulled into the climate justice age where that expanded the look into climate change impacts. That's the first time where we started hearing about fossil fuel impacts. And it also emphasized a need to identify solutions that did not perpetuate or worsen already existing inequities. In environmental equities, we already started to acknowledge and understand what those are and then climate justice is taking one step further and saying, OK, now that you know what they are, now try to make it so that that doesn't keep happening, then spend it on the energy justice. The terminology energy justice started in the 2010s, which is quite a while ago from now.

Annette Brandon: And we just recently started hearing about it. But the reason for that is that energy justice really started more in economic circles or legal circles. And it reinforces the need for voices and decisions and emphasize the need for affordable and clean energy. And again, reemphasize the focus on inclusivity and decision making. All of them build on each other. They're not distinct from each other, and energy justice has been in a lot of our regulation, but today, with the focus on the transition to clean energy, this is where now we're to the point where now we're being required.

Annette Brandon: The technical definition of energy justice is equitably sharing the benefits and burdens involved in the production and consumption of energy. So that's our generation. I think that as our generation, transmission and distribution of our energy, how can we ensure that our processes, not just our delivery, but our process is considering what customers need and what their unique characteristics are. And that is what tips on that second piece of that paragraph and fairness in how people's and community's, people's fairness, and how people and communities are treated in energy decision making. OK, next slide.

Annette Brandon: That brings us, as I said in that last line to what the transition to clean energy means. Alright, so the transition to clean energy, it's in the spotlight everywhere. It's in the spotlight, not just for Washington staff, but nationally and lots of companies are talking about how they're committed to be green by 2030, 2040, 2050. You hear a lot of companies, so it's very much a focus on transition to clean energy and it's a just transition. Just transition means it takes equity just a little bit further and says not only do I want to make sure that I'm allocating resources in a manner that all have access to clean energy, but I want to seek to address the cause of those inequities. Why aren't they? Is there something that we can do as the utility to get there? We do believe that all individuals have the right to fair and clean up clean energy, but we have to balance a lot of things

when we say right, it's kind of a squishy word, if you will, because yes, we believe that, but we have lots of constraints. We have to work with them, and lots of things to balance, but the ultimate goal is we want all customers to have the energy they need, not only for their basic needs, but beyond that, to economic development, to health outcomes, to a healthier environment, to all of those things that having safe, reliable, clean energy, energy and can deal.

Annette Brandon: OK, so I think I covered everything I had in my notes. This is what I just touched on a minute ago about balancing multiple in multiple objectives. I really wanted to spend just a little bit of time focusing on this, because I think that it goes without saying, but we need to say it out loud. There are several objectives that we're balancing in this IRP process as well as in our planning process, distribution planning, system planning, transmission planning.

Annette Brandon: We are not a standalone island utility. We interconnect with lots of different utilities and providers and distribution centers, and we're regulated by all kinds of four-letter acronyms, NERC, FERC, WECC. And then we have federal justice 40 initiative requirements, not so much requirements, but considerations rather the Clean Energy Transformation Act requirements and considerations. The Department of Ecology has departments or has considerations and requirements, so all of that we're trying to balance with the needs that we've identified from all the different people and areas that are on the right-hand side of the screen. That is all individual needs, but also clean air, Public Library, Department of Ecology. Also, a lot of these pictures represent people that are on our Equity Advisory Group, and we'll talk about that later in the presentation. But it is very much a balancing act, and our goal is that we want all customers to have access to this clean energy. Clean, reliable, safe, not even just limited to clean energy but limited to our energy portfolio.

Annette Brandon: All of the resources that go into the IRP analysis, we want to have processes that consider, and evaluate the appropriateness of those selections. It cannot go without saying, however, that we are an electric provider or an electric utility in this context, because this is electric IRP, we're also natural gas, but we're not a social agency. While it's very important that we understand those root causes, and we genuinely care about our customers, and want to ensure that we consider unique circumstances when we're planning. Sometimes the answer's going to be well, NERC says we're going to do this, and so we're going to do it.

Annette Brandon: It's important for me to point that out, because that does not mean that we're not being equitable or that we're not including equity. That just means that one piece of the whole process, the life cycle of an investment, that just means in that one decision point we're going to say we're not an island, we need to make sure that our neighbors are also reliable. And so, we are not going to put a transmission line, make a decision to put a transmission line in this neighborhood versus that neighborhood because we want to make sure that we're not having unintended consequences 15 years down the road. When I say 50 years down the road, my husband says no, more like 50

years down the road. Where now we've got the inverse going on and now the other one is not as reliable. So, we want to make sure that we're long-term planning. We're thinking about sustainability. We're thinking about everyone having reliability to the best of our ability. That's really important that we're balancing those objectives and the place for that comes into play, then that equity lens comes into play multiple places down the line and even up the line. I've got a slide that will walk through where that is.

Annette Brandon: Maybe before we move on, this was foundation setting as to what equity is, how we're viewing it, how we're balancing multiple priorities? Are there any questions or comments? Heather has a hand up. Hi, Heather.

Heather Moline (UTC): Hi. Thank you for that. This is Heather Moline with Utilities and Transportation Commission Staff. I'm just going to share in the chat some of what's in law that's connected to what Annette was saying and what's in orders issued by the Commission regarding what Annette was saying. I just want folks to know that what Annette was saying, she didn't just go and Google it. This stuff is required by Washington statute, and it's required by what the Commissioners have ordered regarding their utilities. The first thing that I'm sharing is this link to the final order from the Cascade general rate case. ([UTC Case Docket Document Sets | UTC \(wa.gov\)](#) see 08/23/2022 filing, Final Order 09 (four types of energy justice), as well as [RCW 43.06D.020: Office established—Purpose. \(wa.gov\)](#) and [RCW 19.405.010: Findings—Intent—2019 c 288. \(wa.gov\)](#)) Cascade is a gas utility. It's not an electric utility, but the Commission said, here are four types of energy justice that we expect all utilities that we regulate to be considering. And it was based on RCW 43.06D, which I also linked to in the chat, which is the definition of equity from the Washington State Office of Equity, a new state office. That was created three years ago, I think. The order that I shared comes from this definition and statute of equity that I shared. The last thing that I shared is this link to statute that probably all of us have heard of by now. The Clean Energy Transformation Act, CETA, 194-05-010, which is the very first place in law that the term equitable distribution is used. As we all try to figure out what this means and share resources that interpret what's there, I just wanted to make sure folks had access to this. What's in law and what's in Commission order about equity? Thanks.

Annette Brandon: Heather, your timing could not be more perfect because that is exactly what my next slide is on. Thank you for that. That couldn't be timed more perfectly, because here's the Washington State equity requirements, and Heather has been so kind to add the links into the chat now. If you would like to click those links, it will take you to the actual RCW and the WAC. As Heather just noted, the Clean Energy Implementation Plan, my words were it was focused on a just transition, that is the first time that the words equitable distribution is used and in my thought I just transmit transition is equitable distribution. It was equitable distribution of benefits and burdens. And then particular areas that the Commission wanted us to focus our time on and when we get to the Customer Benefit Indicator, we'll make sure that we talk about those.

Annette Brandon: That was the place where the term equitable was used. There was a strong public participation focus and there was also a strong Customer Benefit Indicator focus, and what those Customer Benefit Indicators are that we're going to talk about are, what I'm going to call process and performance metrics now. In that language back then, they did not use the word equity, but that's exactly what it was. That's exactly what we were doing.

Annette Brandon: Public participation is very similar to procedural equity and Customer Benefit Indicators can be the accountability portion of distributed or restorative, but this was this was the first place. While this does say Clean Energy Implementation Plan, that begins with the Clean Energy Action Plan, so really it should be Clean Energy Action Plan starts and then results in the Clean Energy Implementation Plan. Where we are today is talking about the IRP which will help to inform the Clean Energy Action Plan. In addition, in our general rate case conditions, we had I think in 2022, actually I think I have the wrong date there. Capital planning must consider and implement energy justice and its core tenants, and these are the core tenants. Thankfully, Heather just put the link in the chat and although that references the Cascade order, it is the same terminology that is in our order.

Annette Brandon: The Commission is being very intentional to ensure that we are all using the same definitions. I think early on, in the company we were saying internally we need to figure out how Avista is going to define equity. Now the Commission has defined it for us. This is exactly how they are defining it for us and by stepping through each of these four components, we will have justified or attempted to justify if that's the right terminology. We've shown that we've made good faith efforts to ensure that we have a fair, inclusive process that is proactively planning for equitable outcomes. I included the Climate Commitment Act on here. I put it in blue because it is related, but it's not directly related on the electric side. The primary avenue for reaching those disadvantaged, Named Community, frontline. They're using different terminology, and I don't recall which one they are using. The Environmental Justice Council from Washington State, they are helping to say this is where and in what communities we should invest in that are having disproportional environmental burdens. This is so the investments are for them primarily.

Annette Brandon: However, Avista does have a portion of that we need to make sure that we are considering low-income customers, which often are located in Named Communities. If we are going to distribute our portion, but our portion of the Climate Commitment Act, we need to ensure that we're doing that in a manner that's also dictated by law. Next slide.

Annette Brandon: This slide is actually recycled from last year's Integrated Resource Plan meeting where we were discussing with the TAC how we might include certain components in our resource selection in our IRP, this is a condition that we agreed to, and this is the basis for what we are setting the stage for today to do again. The requirements are that Avista will apply non-energy impacts and Customer Benefit Indicators to resource and program selections. Further, we agreed to consult and engage

with all our equity or applicable advisory groups to include both NEI and CBI. And throughout this whole process, once we've developed a methodology, we want to ensure that our equity advisory group is comfortable with that. While this was part of the Clean Energy Implementation Plan, it's also part of our capital planning requirement that we talked about from the general rate case requirements. Also, we need to make sure that the Equity Advisory Group is comfortable with whatever we decide in that process as well. OK, so next slide.

Annette Brandon: What exactly is a non-energy impact? I took this off of a slide that's from one of the primary industry experts that address non-energy impacts. They can be broken out into participant benefits, utility benefits, and societal benefits. And to summarize them all in bullet points, it's the contribution of the investment that goes beyond the energy and the demand costs. Some of those impacts, and they can be positive or negative, can come in the form of economic, social, environmental and or personal ways. What does that mean? Some of the good examples that I've uncovered have been. First off, energy is foundational to economic growth. There is a correlation, I've not personally studied it, but this is what I've read, there is a correlation between high energy use and high economic growth. Again, I can't prove that, but that's what I read, and it seems it seems intuitive. Also, when you think of public health, I struggled with that one for a long time because I wasn't entirely sure how that fit in, except for environment. If you have healthy environment then you have healthy people but think about the fact that because we have safe, reliable power, think of all the technological advancements we have now. All of the life-saving equipment we have and all of our hospitals, we were able to develop and use daily to keep people alive for a lot longer and to have more successful surgeries and a healthier community. That was a direct relation too.

Annette Brandon: Also, some of the ideas to think about is, personal ways could be maybe education, let's say tech, access to online classes during the pandemic. If we hadn't had energy that allowed us to use our devices, to charge our devices, there could have been a lot of lost class time and maybe people would have had to put their whole entire year of college, or year or two or whatever, on hold. So, the primary challenge with these non-energy impacts is how do we measure them? How do we compare them? How do we use them as a basis for a proactive decision? Since we're here today for integrated resource planning, how do we consider this for something that's 20 years down the road? That's the challenge. That's what we need to think about. Next slide.

Annette Brandon: This is a very busy slide, and I have to say in these next couple of slides this is my first attempt at these and these most likely will change as it goes through all the leadership and all of the advisory groups here at Avista. But this is this is how it seems most intuitive to me, and I've been looking at this for a long time so I'm learning. I'm starting to almost speak slang already, since I've been saying this so much as it goes through the company will make sure that we clarify this a little bit better. The terminology recognition, procedural distribution, restorative I am not going to ask employees to use that terminology. We do need to use that terminology when we're writing and when we're

justifying to the Commission and we do need to make sure that we don't lose sight of what it means, that we don't lose sight of how they relate together, because otherwise we're trying to put the genie back in the bottle. Now, what did we mean by that? We need to make sure we don't wind up in that place, so I would like to categorize this as people process and performance.

Annette Brandon: We are going to ensure that we have an equitable process, an equitable business planning process and integrated resource planning process, or just basically equitable business planning at the company that's focused on people. That's our recognition justice. I am saying this is not just customer communities, but it's all of us customers, communities, employees. It's identifying who and where the inequities exist, and honestly. First, it's recognizing, identifying and acknowledging that perhaps policies and procedures that we have, that we have chosen, or that are because of regulation, have resulted in unintended consequences, which may have resulted in unaffordable energy for some versus others or a host of other of other factors, and it really also is focused on barrier considerations. And when I say barrier, I mean what are those individual circumstances?

Annette Brandon: The second piece is process, which is meaningful participation. I think I fully covered that earlier. I won't go over that again. Foundational performance then, that's the distribution of the benefits and burdens and the reason I'm calling it performance is because this is where the metrics will fit in that we're about to talk about. This is where we're going to hold ourselves accountable, because if we can't measure how we're doing, how do we really know how we're doing? We need to make sure that we can say this is how we're doing now. There's a difference between a performance metric and a tracking metric, and there might be times where we need to track something. We just need to track it because we don't know, so we need to look for a trend rather than actual end result and that that's something that we need to consider as we go through it. At what point might it be a trend? At what point might it be a performance and at what point might a trend become a performance that could that could happen? Also, you might track it for several years and then have it be a performance. OK, next slide.

Anette Brandon: The reason why I bring this slide up again is I wanted to make sure that I did not leave out that we are very cognizant of the fact that we are also a multi jurisdiction utility and we have customers in both Idaho and Washington. There are different legislative and regulatory mandates and requirements going on in different states. I think this is where I just wanted to really reinforce that we are aware of that, and James can speak to this better than I can. But in in our modeling and in our resource selection, we are very much considering that and understand the impacts to Idaho. Considering things that potentially their regulators do not want to have considered in resource selection, and I say that cautiously because if everything just about least cost versus societal cost. It could be that cost isn't the determining factor. If it's equity and everything we do, and if we're considering equity, it might be that one point, that decision point, is not where it's layered on, it could be down the road in implementation. The next slide will go into that,

but that's why I showed this again just to acknowledge that we understand that and we're planning for that.

Annette Brandon: Next slide and I even changed it yesterday. For a different reason, and I think I like the way it was yesterday better than today, but nevertheless, since this was in the slide deck, this is today's visual. This is the resource and program lifecycle that I've been talking about throughout this presentation. It really starts with identifying, evaluate and where we're at today. We're trying to identify and evaluate, so that's not only integrated resource planning, but also transmission planning, energy efficiency planning or customer requested. I added that on there because sometimes we have to allocate resources because we have the obligation to serve.

Annette Brandon: From there as a company, we prioritize by transmission and distribution. By several functional business groups that we have across the company and what our goal is, is to have some of those prioritization metrics include an equity metric right alongside cost effectiveness. Equity is very related obviously down there to the impact of process or performance metrics. But the point is that on a functional business unit team, equity will begin even as early as integrated resource planning. We have to talk about how to include it in functional business unit, it will have to happen there. On the selection, that's where we have a Capital Planning Group. The Capital Planning Group will even pull it up one step farther to ensure that as a company we truly are working towards a just transition of clean energy for all. I keep saying clean energy, but it's not limited to clean energy, really equitable access and opportunity to receive the benefits of the energy system.

Annette Brandon: Finally, once that's all done and we go to execute it, that doesn't mean that our consideration on equity is over. This is where I think there's going to be a lot of equity metrics we can put in, those equity metrics that might not have anything to do with cost. It might have to do with do we know if the customer is on this block where we're going to be doing work. Do we know what language they speak and have we informed them? Have we informed them in their language and have we informed them prior than the day before? And when we're translating, we're doing it with cultural competency or literal translation, because there is a difference. It might be those projects, making sure that we are focusing in on when we choose our suppliers. Are we making sure that we have supplier diversity efforts going on? Are we working collaboratively across internal departments? This is a work in process. We're not going to get it right. I'm not trying to say that any of us have it figured out, we don't have it figured out to be quite honest. Nobody really has it figured out.

Annette Brandon: There's several industry experts out there that are actively working on it. There is a group, Synapse Energy, which is Tim Wolfe. He has contracted with the US Department of Energy to come up with some recommendations for benefit cost analysis, but that's more for distribution planning. There are some ideas that he has there. Pacific Northwest National Laboratories has some ideas that they're working on also. Lots of things that are being considered out there, but it's just very complicated and again it's

going to take a village not just in getting participation, but in insuring that we have the right mix and at what point. Heather, on the line, that's helpful. Because at what point does it need to be comparable between the utilities? Or does it? That's some of the challenges that we're that we're facing in this arena.

Annette Brandon: I think that's my last slide. I think I'm running on time right.

James Gall: That's OK because you're next.

Annette Brandon: OK, well, so they go to break here?

Jams Gall: No break here. We'll break after this presentation, but if you need a drink of water, that's OK.

Customer Benefit Indicators, Annette Brandon

Annette Brandon: OK, next slide. That leads me into how we are going to measure how we're doing. On this process and performance metrics, I am going to call them process and performance metrics because I think it makes more sense than Customer Benefit Indicator. But you know that hasn't been better yet either. Maybe we'll still use the terminology, but for me process and performance metrics helps me to distinguish between leading and lagging indicators. A leading indicator might be – have we intentionally solicited input by a number of times that we've gone out and asked, number of ways that we've gone out and asked, number of translations, do I know what the barriers are? Have I taken that step? Have I measured where those areas are?

Annette Brandon: Some of these leading indicators are going to be very difficult in the IRP process because when you're planning 20 years out into the future, I don't know how you're going to know how many times you go out and solicit input. Now, that's not to say that there's not a way. There's just not a way that I could think of or not a way that I could find in any research that I've done in the process portion. Proactively anticipating how your project's going to produce the results. The results anticipated was the word there. Anticipated results and then are alternatives that you need to know if there's inequities. Do I know that there's inequities? Does one area of town have more reliable energy than another? We have defined that on a map and I've got a slide on that, a few down, but we have defined all that and we have some individuals who've done outstanding work in helping us identify why those areas exist.

Annette Brandon: But one of the main things in these metrics is, am I making data driven decisions? What we want to do is attempt to take out subjectivity. We want to make sure that one person that's operating this in one area of the company versus another area of the company, we want to ensure that we all are working from the same playbook and that we're all reaching customers in the manner that means the most to them and in the areas that mean the most to them. And honestly, that's whether it's Washington or Idaho. We really want to reach those customers who previously we have not met their needs and

that's a benefit regardless of what state you're in. And is it something that we can predict the change or can we trend it? And then once we've done that, how do we know how we did and how can we measure that? And are there patterns, that goes back to is it not a tracking metric or is it performance tracking?

Annette Brandon: This next area is who and where we're focusing our efforts. When I just talked about those maps, really a key factor will be the development of this portion of the map. This is not something that Avista can do on its own. We need help from a very broad, diverse group of people. We of course have the help of our Equity Advisory Group and that is very instrumental in us ensuring that we understand what our vulnerable populations are.

Annette Brandon: But let's see if I can be more organized on this slide. The focus is really the terminology: Highly Impacted Community, Vulnerable Population, Disadvantaged Population, Highly Impacted Communities. I pulled this out of the actual designation definition in the WAC, community designated by the Department of Health, based on the cumulative impact analysis required by RCW 19.405.140, or community located in census tracts that are fully or partially in Indian land. That's highly impacted. Scripted for us here out of this stuff. Now, what we have done is taken that definition, applied it to the map and let's say done, I should say in the process of doing, is we should be able to click into one of those census tracts and know why it's considered highly impacted. Is it considered highly impacted because of environmental exposure or proximity to Superfund sites, for instance? Or, those kinds of issues, it should tell us why, and so that will be very instrumental in when you're trying to make a decision. If I know why they're considered highly impacted, then I might consider an alternative differently.

Annette Brandon: Vulnerable populations is a little more subjective. It is based on sensitivities, those are physiological impacts, that would be something physically that impacts your ability or makes your climate or environmental impact worse. So, if I have asthma and then pollution is going to make me feel even worse than it's going to make James feel, who doesn't have asthma, for instance. And then, those socioeconomic conditions also: housing, transportation, food, healthcare, access, language barriers. Those are also on the map. You should be able to go in there and see what are on those maps. Then, disadvantaged populations, that's a term from Justice 40. It is very small over there in the Justice 40 policy priorities. It was too much for me to put down all of what they used as the basis, so I just put down what their priorities are, but they're very similar. They cross over into the same characteristics as vulnerable, but I did put an example of a census tract, when you open it up it will say OK, this is disadvantaged. These are the reasons why energy, health, housing, legacy pollution, and then if you scroll down, which the box right now is on our mapping, we're working on making it bigger so that you can easily scroll down. It has each of those, not mapped, but in a column chart. So you can see legacy pollution is the reason. So then as you're evaluating your process or your capital plan or whatever your project is. You can say OK, so if pollution is the primary driver, is my project going to impact that? Yes or no.

Annette Brandon: Again, we don't have this figured out, but we know that this is how we're going to at least define it and we're working towards other things not just defined by Department of Energy or defined by the Department of Health. Are there other things that are unique to Avista's service territory? Likely there are some. There are some areas of town that that we know about that don't make sense to other people. So, when we say Peaceful Valley, we know what that means, but a lot of other, I don't want to use the term stakeholder anymore, interested parties won't intuitively understand what that means. So, we need to make sure that we're being very clear and understandable when we're describing things both internally and externally. And again, this process is giving us the opportunity to challenge our assumptions and challenge our shorthand, if you will, to make sure that anyone can pick up our planning guide and know what Peaceful Valley means, where it is and what the circumstances are in that area of town.

Annette Brandon: All right, let's try everything else. Back to data. This is where you really want to remove the subjectivity. This list that I pulled was actually from a list that was provided by Washington Staff in Puget Sound's Clean Energy Implementation Plan. I liked it because I thought that it gave us some considerations of things that we should look at when we're considering Customer Benefit Indicators or process performance metrics. It is directly related to policy goals in the public interest policy goals in this context, was the Clean Energy Implementation Plan. Here in this context, what we would use for the integrated resource plan. Is it related to clean energy? Yes, but also all of the other operational parameters that are required in the WAC for integrated resource planning which is resource adequacy. Resiliency, if those are the same, I don't know. I'm not going to try to pretend like I'm an IRP expert, but there's pages of requirements on the IRP. Is the data readily available? Is it focused on an equitable outcome? Is it clearly defined, articulated, understandable? That's the same thing I was saying on the previous slide on does everyone know what it means? We can't just say Peaceful Valley. Does it allow for comparison or trending?

Annette Brandon: The other reason why we're here today is because correlating all of these factors with the utilities actions and are we able to forecast that is the challenge. That is the challenge because we can say we understand that energy burden, both sides of an energy burden, is your income and your expenses well. As a utility, we can sort of impact the cost. And when I say sort of, I mean we are regulated, and we do have requirements that we have to follow in the way that we do our rates. Now we're working collaboratively with the Commission, and the Commission is working towards their recognition of justice to make our restorative justice. To make sure that all of the utilities in Washington State, that we're considering how we might address policies like performance-based rate making. That's just one example of ways that the Commission is considering equity and how they may make changes to regulation, but that is so it is in our control but not really in our control. But then you might say, well, OK, the other side is income and related to income is education. You might say education is outside of our sphere of control. But is it? Because this is where we have to be very open as a company, and as all of you on the phone, open to considering, even if we're not directly involved in

that, we're not educators. Is there an index or indirect link and could we measure it? What I mean by this is there's several professions in our, many is a better word, I think in the utility industry. There's accountants and there's engineers and there's professionals, but there's lots of traits, lots and lots of trades, and trades are excellent jobs. As a matter of fact, in high demand and we need all those trades. Could we impact income by looking at that math and identifying the areas of town where there's low high school graduation rates, could we have education sessions in those areas that promoted trades? Maybe? Would it make a difference? At least we could track it. I don't know the answer, but the purpose here is that it's asking us to think outside the box to help, not solve. Equity is not something to be solved. Equity is something to be considered. Could we do that for instance?

Annette Brandon: And then also it's as we learned through the last CEIP, it also has to be something that can be accurately reported regularly. Is it updated? We found that we found some information on asthma that we thought would have been a great source and I know that this went on later and Tamara can speak to this probably later. But when I was involved in the CEIP, we thought about asthma, but the data that we could find was dated. That's an example of the data out there. But does it help?

Annette Brandon: These are the Customer Benefit Indicators that we landed on in the CEIP. Now I do have to check my notes on this one. OK, so these are what we landed on in the CEIP and honestly, we did a pretty good job because when you think about those energy tenets. Those four energy tenets, which now I'm going to call people, process performance, there's also some corresponding principles. The principles aren't as widely distributed as the tenets are, but a lot of those principles are in these areas: affordability, access, security, resiliency, environmental. They're calling it something slightly different in those, and I think there's eight of them. They're calling it slightly different, but in the end, you could probably roll them all up under these same areas, but in the CEIP this is where we focused. Under each of these individual equity areas, there are individual indicators, and underneath the indicators are multiple ways that we're measuring, and I don't know how many we're up to. Do you know Dan? How many indicators?

Dan Blazquez: 38 indicators.

Annette Brandon: And then I can't remember, I think it's 38 indicators. I don't know. Anyway, our data people have been very, very busy making sure. It's not quite as simple as it seems on this slide. So, last year what we did was we went through every single one of these and all of the metrics to determine which ones could be used in resource planning and what we came up with is on the next slide.

Annette Brandon: OK, the ones that we came up with on this slide, so we thought we could consider energy burden. That's affordability and access to clean energy, distributed energy resources. That's community development and energy resilience, planning margin, energy resilience and security, generation location. That's resilience and security, air emissions, environment, public health, and greenhouse gas emissions. That's

environmental. In total we came up with 11 of the 31 that we could model and use as predictive over the 20-year, but the Preferred Resource Strategy does not consider CBIs in the objective function. I'll let James explain that as soon as I get to the criteria. The criteria was categorized in accordance with those benefit areas that we just talked about and baselines were established, readily available, we could quantify and the metrics are granular enough to be meaningful.

James Gall: Yeah, I just wanted to touch quickly on what do we you know. What do we do with the CBIs in the IRP, and we do track them and there's going to be some slides later that are in the complementary slides that are the different CBIs that we're tracking, both history and forecast to the plan. But what we mean by not an objective function is when the model is running and deciding which resources to meet. These specific metrics are not, there's no goal to change them. We're just tracking them to see where they're at. We have other metrics such as non-energy impacts that will move the model to choose different resources that will actually impact the CBIs, but these are not actually goals of the model to meet, but some of these have constraints. For example, our modeling has to have a minimum planning margin, which is one of the energy security metrics. So, different criteria for each of these metrics. But one thing we do want to get out of today, is if there's metrics that you want to see in the IRP, whether or not they're one of the 31 CBIs that we've been publishing in our last the CEIP. Or if there's something new that you may have, please bring that up today or email us later as well. So that it will keep going unless there's questions. OK.

Annette Brandon: What's the next line? OK, so this is how we envision developing these metrics. Not only do we like to develop these metrics here with the IRP, but we're walking through this process right now with our Equity Advisory Group because what happened in our Clean Energy Implementation Plan on the first go round is that, as many of you are aware, it was a very quick turnaround. Because it was such a quick turnaround, we utilized a lot of existing data, existing data that was readily available and met all those criteria. But we wanted to make sure that we fully vetted all the other great ideas that the Equity Advisory Group had. So, we spent time after that, going through every condition, characteristic that they outlined, and walking through what does that mean. I use that Peaceful Valley example because that was one of the metrics that we left on our list for consideration. But then later we came back and said, well, what does that mean? Let's walk it through and say can it be mapped. Do we know what the root causes are in that area? Is it something that we can have a metric on? Does it apply to a resource? We asked all those questions as we walked through, but still it felt like it needed a reset. It needed a reset because we have new people on the EAG, we have potentially new resources that could be evaluated. We just wanted to make sure that we level set and talk a little bit more about some of the basics. We started with what exactly are the benefits from the energy system? Because that's what they just keep saying. That benefits the energy system. What does that even mean? What's a social benefit of the energy system and what's an economic benefit and what's in environmental impact or environmental benefit? Some of those seem fairly straightforward, but some of them are not so

straightforward. And if we want to make sure that we truly are giving the customer what they need in the manner in which they need it, we need to understand what that is and equity is a comparative construct. You need to be able to compare one group versus another group to determine if there is an inequity.

Annette Brandon: So first we have to decide what is the benefit before you even get to measuring any kind of inequity. What is the benefit? Well, the benefit is that I can go home, and I can turn on my lights, and I can do all my basic needs. I can meet all my basic needs. OK. That's a benefit. Now, does one area of town versus another, are they limited to be able to go home and turn on the lights, so the liability. Well, maybe let's measure that. Let's see if there are, the terms that get used a lot are disproportional impact or disparities. Those inequities, those words are used a lot. And on its face, it's a comparison of an impact of something. In our case, energy, generation, transmission distribution. Do the benefits of that, these benefits compare between groups? Is there a difference? That's really what it means. That's we're trying to measure and then do we understand first what the benefits are? Do we understand why there are disparities? Is it geographic proximity? Is it physical attributes or sensitivities or they're socioeconomic? It could be things like redlining. Redlining is a process, or a practice, in the 1970s where mortgages were given to a certain race versus others. And although the intent of that was not to discriminate the unintended consequences was that's exactly what was happening is discrimination and that still stays today, and you still see that in areas of town. And unfortunately, we have that on our map too, that are mapped so we'll be able to identify that and measure where they are. But in terms of why some of the historical context is just the evolution of the industry itself when it used to be that energy was luxury. You could get safe, reliable power if you lived in town, but if you lived out of town, well, that was a risk you took. But not anymore. Not now that it's so imperative that we all have energy for so many different reasons.

Annette Brandon: Once we understand all of that, we can start to make some decisions. The first thing that we have to do is we need to correlate it. What does that have to do with us? Does that have to do with us and Avista? That would be direct and indirect if that example earlier of education, but another example could be housing. We don't build houses but we could help houses get more efficient and could we measure that? We likely could even do something through change out of, well I'm just making that up, there's lots of other things that we could do to help the condition of that house through our weatherization efforts and those metrics we have, it folds into accountability. Finally, once we know what these metrics are, what the goal is, then how are we going to use those to make our decisions? Those would be used in all these different ways in our clean energy plans, in our capital investments, in this scenario, and in in our federal and state grants. We want it to be consistent across our company so that customers and employees don't think, oh well that stops at the border, or oh well that's only electric customers not natural gas customers. We want to understand the benefits of the overall energy system today. We're talking about just electric, but there's benefits of the natural gas system as well, so that shouldn't be forgotten either.

Annette Brandon: Next. These are just some of the examples of what these are. For me, energy is the actual physical delivery of the power. But social metrics might be is my process inclusive and accessible? Economic might be job creation, economic growth. Reliable supply and affordability and environmental might be public health. Indoor/outdoor air quality and sustainable. Sustainability might come in when you think about the fact that we're upgrading our resource or we're changing out a resource because we want to ensure that resource lasts a long time. Our dams are so important to us, and we need to make sure that they continue to be there for us. They're not only a clean resource, but they're great for reliability and for reserves and for a lot of other operational reasons. So, a focus on sustainability in that aspect is really important. Again, a lot of these things, the issue is what do we do about those factors that we cannot measure, but we know are important.

Annette Brandon: Next slide. Some of these barriers that we could consider, that again maybe correlate or maybe do not correlate, but unemployment or underemployment. Well, maybe we can correlate that with the number of job fairs. But long-term planning that doesn't apply. And once we get to resource deployment a lot of this is going to fit into resource deployment. As I said earlier, it's going to be part of an overall company strategy of working towards equity. So, awareness of programs we talked about that with barriers, housing conditions, income disparities. What else goes into income? There's lots of things besides just education, economic impacts. This was an example specific to the transition of clean energy. Are we considering the economic impacts on fossil fuel workers, for instance, we need to make sure we consider that if that is the consideration, access is kind of tricky word because it can mean physical access, or it can mean access to the process. So, we need to we need to make sure that the process is easily accessible for all customers. The flip side of that is it is not easily accessible for all customers due to financing or other accountability structures. A good example of that is transport electrification and that got brought up in a meeting last week. We can put fast chargers in certain neighborhoods, but what do we do about helping or should we help those individuals to have access to that clean technology? Is it geographically accessible? What about people that are renters that see the need, that understand it, but unfortunately, they don't see either the financial benefit or they're just flat out not allowed. And then some mobile homes just are not able to use technologies, that's your physical access.

Annette Brandon: And then reliability, you've got aging infrastructure, limited investment, grid updates, lack of redundancy and supply, reliability. I think after the events of the cold snap a few weeks ago, that lack of redundancy of supply. That could be something that we want to consider, that we need reliable supply, reliable diversity and supply. I think that's my last slide.

Annette Brandon: Oh no, not at all actually. So alright, so this is now. Diving a little deeper into the metrics themselves. The ones that are in green are the ones that we've been talking about. Clean energy was inferred because it was a Clean Energy Implementation Plan. If we're going to look at something that is consistent across the

company, then we need to have a focus on clean and sustainable, and we should have some metric on meaningful participation. Currently, I really like the word sustainable because I just used it again, so we should also make sure that we have a metric on safety. Let's see what I'm missing. And, transparent like due process, really meaningful participation. We have it. There are areas that we have considered and areas that we should consider. The challenge is how? If we have performance measures, how are we going to measure? Are the metrics working as intended? Some of these questions stem from results-based accountability and our equity advisory consultant is certified in results-based accountability. I've seen a few places where that's being used in correlation with equity. I think that might be another method that we could use to develop some metrics, but I'm not sure that's applicable in this session.

Annette Brandon: The reason why we're doing this right now also, so the timing of this is good, is earlier when I was saying that we rushed the CEIP. Also, the limiting factor with that is that our Clean Energy Action Plan had already been developed. You can't go back and remake the, can't go back and recreate. This time we want to make sure that these metrics, whatever we decide, help to inform on a proactive basis. And then as it helps to inform our Clean Energy Action Plan, then as we get into the development of the Clean Energy Implementation Plan, that's where they'll have metrics that extend that across the clean energy as well as capital planning and integrated and grant work. That process will continue, it won't just stop, it's an ongoing process, but that's where the timing of this is right now, because James and his team are working on that right now. That's why these questions are coming up right now. There have been ideas that is there a way that you can take these metrics and do a point system. Some kind of a point system where you make everything a point whether it's quantified or qualified, make it a point. Because then you can pull it all into the same apples and apples, and then you can score it accordingly. That's an idea. How do you do that? How do you how do you prioritize that? That would be a lengthy conversation. Not saying that we couldn't have it at some point, but that would be a lengthy conversation. Also, as I referenced Tim Wolfe earlier, he has a least cost, best fit analysis, and so he has ideas. If it's mandatory and compliance, you would evaluate it one way versus if it had a little bit more optionality to it, you would evaluate it a different way. But again, I don't know if that is related to IRP planning. I think that is related to after if the model chooses a new wind farm, then it seems like you would use that in that area. That's where you would evaluate it. And again, if the goal is equity and everything you do and to ensure that we have an equitable overall process, it doesn't have to be only in this one piece as long as overall the goal at the end of the day or that we reach, we work towards meeting the goal at the end of the day that customers have equal opportunity to receive equitable outcome from our decisions and from our practices and policies.

Annette Brandon: What else did I print out here? There's lots of ideas in distribution planning, but a lot of it is about non-wire alternatives or grid mod. The US Department of Energy Modern Distribution Grid Strategy and Implementation Guidebook that was published in 2020. That gives some ideas as to how you might do that on a distribution

level. They use things like target population identification, investment decision making, which includes program accessibility, energy cost index, energy burden, late payment index, appliance performance. Some of those they use also have some equity in investment decision making program funding, energy use, energy quality, energy quality which would mean like those are your measurements: SAIFI, SAIDI and CAIDI) those measurements, program impact assessment would be not necessarily affordability but it's program acceptance rate or energy savings or energy cost. Energy cost savings relates to energy burden which then relates to affordability but it's the catalyst side of the fact that a lot of the time we are impacting rates because we're building new resources or identifying new resources potentially in this process. So, the key is to do so, being good stewards of our resources and recognizing that this is going to have an impact and doing our best on that impact.

Annette Brandon: Let me see what else I have on this. I wish that there was some kind of energy standard that we could all follow, but there's not really. There's just a lot of focus on availability, affordability, due process, energy burden. We're all really familiar with. That's the percent of household income. But I think do you have that? Second we can do some little bit of brainstorming sessions.

James Gall: Sure, we have some time.

Annette Brandon: Sure. That sounds good. I think I'll stop my brainstorming then. And then the rest of these slides are just supplemental. They are the metrics we're tracking.

James Gall: Since we have a little bit of time before a break, I'm going to go through quickly some of the metrics that we included in the last IRP. Maybe it'll give you some ideas on is this something that we should continue to use in the IRP? Is there something we're missing or should add? I'll quickly go through those and please raise your hand if you have any ideas or questions even on the metrics that we're tracking. I'll try to give you a brief overview of how it's used and calculated.

James Gall: Annette mentioned energy burden in the IRP. We are trying to identify the number of customers that have energy burden with this. This is percentage of income versus the cost of their energy. This is, I would argue, a very high-level estimate. But the idea behind this metric is to ensure that we're not creating adverse cost to our customers that have the lowest ability to pay. Like we mentioned earlier, we're not targeting our modeling to ensure this this specific CBI goes down, but we're monitoring it now. Could you create a plan that requires us to reduce? Yes. And we'll get into that a little bit later today. This is just something we are tracking. So, this one, number of customers, it's around 45,000, it's very flat or around our low growth expectation. Another way to look at it is percentage of customers, around 20% of our customers have a high energy burden. They're above 6% of their income and that's expected to remain flat in this last IRP. What does that cost of excess burden measure? This is measuring the actual dollars that is above that 6% of their income. That's around \$1,000 initially, and this is actually an area where we're seeing customers with lower incomes have a higher energy burden. CETA

law, the Clean Energy Transformation Act is not likely to lower costs of electricity. It's going to increase cost to electricity. This kind of shows that impact to customers at lower incomes were they'll have a lesser ability to pay now with energy burden resource selections. Not the only way to address energy burden, which is one of the reasons why this is something we don't necessarily target in an IRP because there are other mechanisms to help these customers through energy assistance, rather than just resource selection.

James Gall: Another one that we're tracking is megawatt hours of distributed energy resources in in communities. Part of the CBIs was to increase distributed generation resources or storage resources in the Named Communities. We did have some new distributed energy resources selected through our Named Community Fund which contributed towards an increase. You can see the history and the forecast in this slide, history shows the real weather impacts of distributed energy resources. Production does change over time and the forecast is more of an average energy or expectation of normal weather going forward.

Kelly Dengel: A hand is raised.

James Gall: OK, go ahead Heather.

Heather Moline, (UTC): Thanks, Heather from Utilities and Transportation Commission staff, this includes energy efficiency savings.

James Gall: I don't believe so in this this case. We have a different metric for that one, but this one is just generation. I think energy efficiency would be higher if I remember right, generation and storage.

Heather Moline (UTC): This would be generation and storage. OK. That makes more sense. Is demand response included here or just generation and storage?

James Gall: I think this is just generation because demand response will be very few megawatt hours, you wouldn't notice it, and it would be available to all customers.

Heather Moline (UTC): OK.

James Gall: I think those are different metrics that we're tracking. And then, energy efficiency, I believe that's separate as well, but we could check that.

Heather Moline (UTC): And so DER's, this generation that's connected to the distribution system, so like rooftop for community solar and what else I guess is in this category is my question.

James Gall: Yeah, so this is mostly actually PURPA generation. This would not include customer owned generation. This is utility owned or utility purchased. We have a number of small hydro facilities in our service territory. That's what most of this generation actually probably is, PURPAs. PURPA would count anything that's under 5 megawatts.

Heather Moline (UTC): OK.

James Gall: Storage, for example, doesn't generate energy, it just moves energy. Actually, storage would probably reduce these amounts, so maybe it's not a good resource to put in here because it's a load. It's not a generator.

Heather Moline (UTC): OK, I'm chewing on how a PURPA hydro facility would necessarily bring a benefit to a community where it's located. I'm not saying it wouldn't. I'm just chewing on that.

James Gall: Yeah, that's OK. I could give you ideas if you want, but this was, again, in our CEIP process. This is one of the items that came up that we were asked to track. And if this isn't relevant anymore or should be changed, I think this is a good time to talk about that.

Heather Moline (UTC): Yeah, I would love to get your ideas, I think when people bring up DERs in Named Communities they mean because of the definition of CETA and because of the clean energy transformation standards which say equitable distribution of energy and nonenergy benefits to Named Communities. The intent here from that law is how are we distributing benefits and non-energy benefits equitably and so if you all are clear, that a hydro PURPA facility is bringing some benefit to the communities where it's located, even if it's owned by Avista or even if it isn't right? Then great. Let's talk about it. But I do wonder if this is what folks had in mind when they asked you to track this condition.

James Gall: Yeah, you're right. Definitions matter.

John Lyons: I thought this was also more for having a clean, local, reliable resource. We had an area that was a disadvantaged community, and they traditionally had some problems with outages by having a resource located in that community that should help with that.

Heather Moline (UTC): That makes more sense, which is different from. Well, it's not the same thing as equitably distributing benefits, non-energy benefits. This is just a hypothetical question. Oh, and I guess Sofya and Josh went away, but just before I jump in a hydro facility that's five megawatts or less located in a Named Community. The way the grid works, if there was an outage there, would it necessarily mean that outage would be restored quickly just because there's a PURPA hydro facility nearby?

James Gall: Well, I would argue an outage is going to take the, it's not going to prove it's more of a preventive of an outage if there is a load that can serve it. I wouldn't argue that this will prevent an outage. It may be more prevention in certain circumstances, but if you had a line go out from the generator to the customer, that's not going to prevent an outage. It's very situational, but I think this really was driven by economic benefits to the community. You have increased tax base, you have potential for jobs. So, their reliability helps, but you may have lower cost to the area because you have generation near a load that you don't have to upgrade distribution equipment as soon as you would otherwise. But reliability I think is very situational. Whereas if your system was overloading, but you

have a generator there, that prevents an overload that would prevent an outage. I don't think these resources would sustain a customer through an outage unless the generator is at the customer's premise or directly connected, it's not going to prevent an outage. It's not going to serve a customer during an outage unless it's directly connected. OK, so we have two more hands up. Sofya, go ahead.

Sofya Atitsogbe (UTC): Hi, James, this is Sofya Atitsogbe with the Utilities, Transportation Commission as well. My first question was the same question Heather just asked about the resilience and the reliability enhancement that the DRs would bring to the Named Communities. I'm kind of surprised by your answer, because everything we see about the benefits of the DER and the economic reasons or the economic benefits older although exist are not as great as the reliability and resilience reasons for the DERs, so it's interesting that you are mentioning that they are actually secondary to the economic reasons.

James Gall: OK.

Sofya Atitsogbe (UTC): That's just a note that I would need to research further. And the second question, if that's the economic reasons that drive the DER, that's probably not that important. But if we go from the, I would say federal understanding that cause I'm hearing it from all the commissions including ours. Storage of energy is pivotal for the Named Communities that get a power disruption and although it's consumption, when the battery gets loaded, it is well, I considered generation when the battery gets discharged. My question is, doesn't it make sense to include the battery that would be able to serve as an energy source for the community that gets an outage into this DERs and Named Communities graph?

James Gall: Yeah, as far as a Named Community grant side, yes. But I actually was just saying a literal MW hour accounting of a storage resource, the amount of charging is going to exceed the generation. If you netted the two, it would be a reduction in generation, not an increase unless you ignored the charging cost. The way we dealt with storage, we had a separate category and that's on this next slide which shows the amount of MW hours that is available for charging. This is a better way to characterize energy storage and separate it out from this calculation here, which is why we did that because we didn't want to basically put a resource in there that's really a load and show that benefit. So, it is separated here. Again, this one is just intended to be how much energy we are acquiring. Storage we separate out, that makes it, I think, a little clearer.

Sofya Atitsogbe (UTC): Got it. Yeah. Thank you, James. Can I ask you to, when you go to the next slide, to also touch on if this battery storage will help Named Communities in resilience and reliability, but I'll wait until you get to that slide.

James Gall: We'll do that.

Sofya Atitsogbe (UTC): Thank you.

James Gall: OK, no problem. Go ahead, Josh.

Joshua Dennis (UTC): Joshua Dennis from Utilities and Transportation Commission. Also, I was going to talk about the battery situation, but I think Sofya touched on it. But I guess more so I would like to expand on that a little bit. I know that Avista has their virtual power plant at 3rd and Hatch with two named communities in that pilot and I was wondering if that in particular is going to be considered a load or generation because of some of the things that I was reading in the DOE application on what Avista was considering load and generation.

James Gall: Yeah. Just from a practical point on a battery is both a load when you're charging it and its generation when you're discharging it. Its generation is going to be less than you're charging as far as a battery that's owned by Avista and controlled by Avista. The load side is not charged to the customer. If a customer puts a battery in their house, they're going to have an increased bill because of charging that battery. Unless they have say time of use rates that they arbitrage but just need to be aware of what you're getting with a battery is you're being able to move power from one period to another at a cost of energy to do that. I don't know if anybody on the call from Avista that may have some information on how that program works at 3rd and Hatch to help with Josh's question. Otherwise, I'll be speculative on how that program works. I'm not hearing anybody from Avista jump in. We may have to get back to you, Josh, on that.

Joshua Dennis (UTC): Oh, for sure. Just one more considering grid modernization. And I know that a large focus has been on reliability, but could you touch on any metrics that intersect with the resiliency that's going on with the focus on energy justice for these Named and Highly Impacted communities?

Annette Brandon: There's a lot of information out there on resiliency, but of course no solutions. What tends to happen, and this would be evaluated in the DPAG, they start with a consideration for all of your operational parameters and then resiliency is added on top of that. That's where your difference between your least cost and what they are calling least cost best fit and I want to dig in my paperwork right now, but it's where two different scenarios are then added together to come up with the scoring. That's really what I've been following and trying to keep track of what's going on there with the national laboratories. It was put out from Berkeley. Wait, I have it exactly, here is the benefits and costs of grid modernization benefits that was put out in 2021 Benefit Cost Analysis for Utilities Facing Grid Modernization Investments, Trends, Challenges and Considerations. I've been looking at that, but so far, they haven't come up with any kind of solutions. I guess the answer to your question is I'm not sure yet. But I would imagine that would be looked at in our DPAG.

Joshua Dennis (UTC): Thank you so much.

James Gall: Alright, I'm going to touch on Sofya's question here on reliability when it comes to storage. Now there's what can happen and what is more of reality to some extent. If you think about a distribution system of a neighborhood and there's a storm that goes through, unless that battery is connected to that home directly and is isolated. When

an outage goes through, it's not going to protect from reliability. Now, in a separate event, like if you had another heat dome event where there was a battery on a distribution system that could relieve loading on the line and prevent an outage from an overload, a battery can help with reliability in that situation. Just because we have additional energy storage in a Named Community doesn't necessarily mean it's going to prevent outages. It's going to prevent maybe extra cost to our system, or it could prevent an outage in a specific situation. Unless that customer has the battery and the ability to disconnect from the grid and use that storage, it is not going to prevent an outage for that customer. I think we just got to make it very clear on what you're getting with storage. Now if we created islanded off communities, then that would be a different situation. But hopefully that helps as we go through this.

John Lyons: A good example you'd see on that, success stories, where it'd be either a hospital or a university where they totally disconnect from the system, and they have their own battery storage system. That way they disconnect, they supply their own load, and then they usually have some other supplemental generation to refill the battery, a solar panel, something like that.

James Gall: Josh, go ahead.

Joshua Dennis (UTC): So, when you said disconnect, it reminded me, and I wanted to check on the progress so far with the microgrid project that the Spokane Tribe of Indians and Avista are working on because it sounds like it is something that directly is what you're talking about.

James Gall: Yeah, that is an example. I don't know if anybody from Avista on the call that can let everybody know what that project is. I know enough to be dangerous, but I'm not an expert. No one.

Tamara Bradley: I don't think we have Megan on the call, James, and she would be our SME [subject matter expert].

James Gall: I'll give a brief concept of that for those of you on the call. The Tribe was looking at trying to create a microgrid project and Avista was contributing dollars for designing the microgrid. What it would do is there are a number of buildings in the town there that would move to a backup generation source if there was a long-term outage. I don't know exactly what their planned technology is at this time, but that is the concept where it's a number of buildings would be able to sustain the outage, but it would be limited load. It's not as normal, but it's critical loads that are able to continue on and then I believe they had a desire to be able to stay online for those critical loads for up to a week. Again, it's in the design phase last I heard.

Annette Brandon: Can I comment more on the, can you go back one with the one slide? I want to comment on this slide a little bit. It took me a minute. I had to go back and reference what we had done in the CEIP. I think the reason why we're talking about this being the PURPAs and under 5 megawatts is because the condition and the associated

CBI was under our Named Community Investment. Our Named Community Investment metric, that CBI. So that's why it was focused not on the economic benefit, but particularly on the megawatt hours. Actual investments were the total megawatt hours of DERs, five megawatts and under, and total megawatt hours of storage resources which he has on the next one. But I think that's probably why, because the purpose for this one wasn't to measure economic development. It was to measure just under 5 megawatts, which is consistent with the PURPA definition, and I'm reaching back, but I believe that's why we're tracking it this way.

James Gall: And I am starting to remember that I think customer owned solar may be included in here because I remember Kim was trying to identify those. So, there's a good chance that is in this in this calculation as well.

James Gall: All right. We got about 10 minutes before break. I want to kind of run through the rest of these. This is a good discussion and it's important to have, so let's continue as it comes up. Another metric we were asked to track through the CEIP process is to account for benefits that are either non-energy impacts or utility benefits compared to initial investment. This is a little bit of a loaded chart, but the concept is when we do our modeling, we have a benefit, which I would call a revenue or a benefit, whether it's an NEI or utility benefit. We are graphing the annual benefits of those resources. If for example, our model picked a community solar facility, there would be an energy benefit that would be shown in the orange and then there would be a non-energy impact benefit or cost that is shown in green. I believe the costs aren't shown in this case. We were asked to only show the benefits and those are the annual benefits of the resources that are selected for Named Communities. That's compared to an annual investment that is shown over time. To me this was, when you have people coming up with ideas, does this idea come across with the intent of the idea? I'm not sure, but this was what was asked of us. I don't know if this is something that we'll want to continue to do or we need to reshape or reimagine how this looks, but this is what was asked for us in the last CEIP. Definitely want feedback if you have it. If this works as is, that's good feedback. If we need to reimagine this, I'm up to that as well.

James Gall: Continuing on, since we have a limited amount of time, planning margin is the percentage of load, sorry the percentage of amount of generation that we have that's available during a peak hour compared to load. We have a history and a forecast. This is an area where our modeling actually has a minimum requirement of planning margins. And what you see in the past is what actually occurred. You're looking at how much generation was actually available against peak load and then the forecast is trying to forecast out based on normal weather conditions, how much generation is available compared to that expected peak load. Now as we go through time, you're going to see it move up and down like you saw in the last couple years. We also have new generation coming on over the next few years, which is why you see an increase from recent history. But again, this is an area where we actually do have a minimum requirement in our

planning. We're going to be evaluating changing our minimum requirements in this IRP and they'll be some discussion of that in a future TAC meeting.

James Gall: Another thing that was asked of us in the last CEIP process is to look at generation that's connected to our system, or in the State of Washington. The reasons for this one is partly economic development. Partly you're increasing reliability and resilience because you're selecting resources that are on your system and not further away from your systems. There's the probability potential loss is greater when you look at projects further away from your system, that's at least the theory, but as you can see we've historically been around 80%. We expect that the increase as a percentage of our load when some new resources come online, but then after that our IRP expects a reduction of localized resources when we start looking at the same resources maybe that are in Montana or wind or systems that could be out of state. But in reality, an IRP versus when you actually go require the resources will likely come up with a different answer. It's interesting to track historically, but we can't necessarily predict if a resource that's 15 years from now is going to be in the State of Washington or connected to our system. We'll go through a request for proposal process where we'll evaluate alternatives, and we may select the one that's on our system in the state or we may not. So, this is very speculative in an IRP.

Clint Kalich: James, when you do your RFP valuation metrics, you have metrics to say bias for certain [too faint to hear] set this to occur, so it's not something that's lost in processing still and that can be affected by the metrics that's created when we do the ...[trailed off].

James Gall: Correct.

Clint Kalich: If we have a need, we can increase the weighting of those types of things.

James Gall: Well, I don't know if everybody heard Clint, but he was mentioning. Quick mic check for everybody here because he is far away from the microphone.

Heather Moline (UTC): No.

Kelly Dengel: No.

James Gall: OK, I'll repeat what he said. Basically, in this instance, our request for proposal process when we evaluate resources will pick up this metric because we're going to include an incentive for the utility to want to acquire this resource, maybe over another resource. I'm going to actually touch on that in my last presentation of the day.

Lori Hermanson: The other question is about when the next IRP update is being released.

James Gall: OK, so the next IRP, we will have a draft out September 1st and we will file that with the Commissions in both states on January 2nd of 2025. So, it's coming up. Another one we track is Washington air emissions, and this is what our plants in the State of Washington are producing from an SO₂, NO_x and VOC perspective. We also have

another one on greenhouse gas that's separate, but we've targeted just these three metrics from our last CEIP and this one I want to touch on. This is something we talked about. Are you planning for a specific outcome in this case? We include an economic penalty for these emissions so that our model can take the economic benefit or cost of these emissions and weigh that against other resources. Again, we have greenhouse gas forecast and the plan again, this is another thing just like the air emissions, we put an economic cost of these emissions and obviously CETA does require 100% clean energy by 2045. That's a goal or a target in the plan, regardless of what the metric is.

James Gall: We also tried to look at regional emissions in our plan. I would say this is a very difficult thing to do because we are not in control of transportation emissions. We also have customer level emissions we're not in control of. The only thing we can really account for is to look at history of where emissions are tracking in Eastern Washington. We could try to forecast how much our emissions are going to reduce. We can forecast maybe how much natural gas emissions are going to produce based on the plan. We can forecast how much EV load that we're including in our IRP, but that doesn't necessarily mean that emissions from the transportation sector are going to be falling. It depends on how much new cars are on the market. This is an area where it was a noble idea to model in an IRP. I don't know if this is something we want to continue doing in the next plan just because there's so many factors outside of our control, but I think it is important to at least track historically. But from an IRP perspective, can we forecast emissions? I think the answer is no. This might be one that maybe not be appropriate for an IRP in the future or maybe it is. But love to hear feedback on that since we are getting close to a break.

James Gall: That's the last slide I had. These are the metrics we're monitoring. We did have an idea to add a target on, I wouldn't say a target, at least a metric on how our resources are separated by fuel source. So, if we want a more diverse fuel supply, we've discussed creating a metric on that which would theoretically lead to increased resiliency. For example, I think it was in our last TAC meeting we talked about using a Herfindahl Index of our resource supply so that we could try to measure diversification of our resources. We also talked about potentially looking at a metric for wildfire resilience. We've done some more investigation on that, and I don't think that necessarily applies at least as a metric in our IRP, but that's something we can think about. But what I would like from the TAC here is if there are ideas that we're not including, or there's items that we should probably think about changing or removing, let us know, We don't have to do that at this meeting here, but email would be appropriate afterward as well. But when we take a break, maybe that's the time to think about it if you want to. We'll just check in with the group when we return from break to see if there's any additional ideas. With that, let's take a break. We'll come back at 10:45, I think is what we had. OK. We're going to go on mute and then we'll be back at 10:45.

How Avista Includes Equity Principles, Tamara Bradley

James Gall: Welcome back. It's 10:45 before I turn it over to Tamara. I just wanted to check in if anybody had any additional thoughts on Customer Benefit Indicators during the break. I'll just let it pause for maybe a few seconds. Any ideas before I turn over to Tamara? OK, so if you do think of something, please put it in the chat or email me later. We're going to do a presentation on how Avista practices equity outcomes. Tamara Bradley is our, so we get your title right, but a Manager of Customer Impacts. Is that still what it is?

Tamara Bradley: Social impact. Close.

James Gall: I was close, alright.

Tamara Bradley: Close. Am I sharing slides, James or do you guys have my slides?

James Gall: It would be best if you did. You could do that.

Tamara Bradley: OK. One moment, please. Unfortunately, the slides that I have say draft across the top of them, but I think we'll be OK. Let me see if I can get there. Are you guys seeing them in the room?

James Gall: We do, but if you could make it bigger or full screen, that'd be better.

Tamara Bradley: I only have this version, I think. How about that? Is that a little better?

James Gall: That's better. Yeah.

Tamara Bradley: I can try once more. Oh, that's too big. OK, how about that?

James Gall: We can see it now.

Tamara Bradley: OK. Well, we will do our best. Thank you and welcome back from break. As James said, my name is Tamara Bradley. I'm the Manager of Social Impact here at Avista and I'm happy to give my friend, Annette Brandon a chance to catch her breath after all of that information. My colleagues are here today to actually share about some of the ways that at Avista, we are actually practicing equitable outcomes. I'll touch on a couple of our equity efforts and then we're going to dive into affordability and also the investments that Avista has already been placing into our Named Communities.

Tamara Bradley: So, with that, Annette had touched on the evolution of equity, but I have this light up here because I just want to point out that the energy industry is no different than any other industry and that we are really impacted by what's happening in the world around us. And so, for you historians out there, we are actually gearing up to celebrate our 135th birthday, and I won't make us sing happy birthday here. But we were founded in 1889 as Washington Water Power Company and back then, for many decades the emphasis was on safe and reliable energy. And then came the Great Depression, starting in 1929 that lasted till roughly 1939-1941 and then the focus was not only safe and reliable, but now we're going to add affordable energy into that. And then Fast forward to

the 90s, one of the best decades, I'm just going to throw that out there. We start hearing about clean energy and the impacts to our environment, which really brings us to present time and the utilities building equity into our everyday practices, our deliverables and our outcomes.

Tamara Bradley: So, the first thing I wanted to highlight, and Annette mentioned the EAG and that is Avista's Equity Advisory Group. This group was actually established out of direction from CETA legislation, and it was formed all the way back in spring of 2021 and the members, I think Annette also pointed out they had actual significant impact on input on our 2021 Clean Energy Implementation Plan. That included definition of vulnerable customers in our service territory as well as the creation and prioritizing of our Customer Benefit Indicators. We continue to meet with the EAG monthly offering two different sessions. For three years we have met with this group on a monthly basis and when our plan was approved, our CEIP was approved June 16th, I think 2022. In that approval, Avista accepted 38 conditions that came along with the approval from the Commission. And of those 38 conditions, I think it's important to point out that 11 of those 38 had direct impact with the EAG, so that could have been where we needed their guidance, their support or their approval on those conditions.

Tamara Bradley: We filed the outcomes of those conditions in our biennial report, which was just recently filed in November 2023. The EAG is also significant because they have dollars to play with, so they provide direction on \$500,000 of our named Communities Investment Fund and we're going to dive into that as well. And I like to explain that EAG either live, work, play or represent our Named Communities. These are not folks that speak utility talk. They are not a technical group. They really are our equity lens that we utilize to help Avista make decisions that affect our communities and the customers that we serve. We talk about a variety of topics. Could be anything from electric transportation to indoor/outdoor air quality.

Tamara Bradley: Our CBIs are the way that we are measuring. Over these next couple months, we're actually speaking to them about our current CBIs, but also looking at opportunities for new Customer Benefit Indicators for our 2025 CEIP. I have an audience, so I'm going to make a plug if you want to learn more about the EAG. If you're interested in attending, listening or becoming a member, I'm going to have my friend Annette throw my email into the chat and also Amanda, if you could put the CETA email address in there, that would be great. So, happy to talk with you offline if you would like to learn more about our Equity Advisory Group.

Tamara Bradley: I did want to point out, sorry, managing a couple different screens here that we do have additional advisory groups here at Avista besides the EAG. I'm just kind of biased towards that one, but we have the Energy Assistance Advisory Group, and this group is really an established forum that focuses on low-income energy assistance efforts. They monitor and explore ways to improve Avista's low-income rate assistance program, which is referred to as LIRAP.

Tamara Bradley: And in fact, the Washington low-income program just went through a major overhaul and Kelsey Solberg will speak to that after me and talk about the ways that equity is represented in that program. We have the Energy Efficiency Advisory Group, which is made up of stakeholders that advise Avista on conservation programs. And again, look for ways that we may modify or measure those programs differently or develop new programs. And then the DPAG, the Distribution Planning Advisory Group is our newest established in 2022. It is a technical group, and its purpose is to examine distribution efforts and non-wire alternatives for our major transmission and distribution investments. We also have the natural gas IRP, I think that was mentioned, and one that doesn't get talked about too often is an electric vehicle supply equipment stakeholder group. I just wanted to plug all of those and you can learn about all of our advisory groups at www.myavista.com/CETA and we will put that in the chat as well.

Tamara Bradley: Annette touched on public participation and equity as about really actively seeking out and empowering our customers and communities through meaningful, and I know she really stressed that word, meaningful participation. Equal opportunity and fair access to our energy services. So, removing barriers is key, especially for our customers that have faced many barriers to participation and not been able to participate in the past. We recognize that at Avista we are not experts at determining all of the barriers that our Washington customers face. So, in Q3 of 2022, we contracted with someone who is an expert and that is Public Participation Partners, referred to as P3, to examine which barriers our customers do face in our service territory, which was one purpose, but even more to help us build a mitigation plan on how to reduce those barriers to participation.

Tamara Bradley: In May of 2023, so many dates – so many reports, Avista filed our public participation report with the Commission. This public participation report is tied to CETA, but it is a separate report and this outlines our actions that we intend to implement to reduce the barriers that our customers face. I'm pleased to say that since May of 2023, we have actually implemented several of those action items and we will continue to carry out our plan throughout 2024 and 2025. We don't have time to go into the details of all the actions that are listed, but I wanted to point out our language strategy and our roadmap around language because that is a barrier that tends to rise to the top for Avista customers. We are in the process of developing our multi language road map and this is in order to provide really adequate assistance, information and accessibility to our non-English speaking customers. And we do this by evaluating our customer facing channels. This includes our website, our mobile app, our IVR which is our phone system and other areas of the company. That effort is underway. Again, it is a road map that will take some time to achieve all of it, but I think it's important to highlight.

Tamara Bradley: Other topics to touch on includes capital planning, federal and state grants, and supplier and employee diversity. Avista is developing and implementing equity as a requirement in our capital planning process. We're looking at how our large capital projects are being implemented and affecting the customers for that location and

even more so giving the customers a voice to that project. I think Annette had also mentioned that. We know with this administration that there is a lot of federal money out there. There's a lot of state dollars out there and so Avista has established a key internal stakeholder group that is looking at securing funding that reduces the barriers and burdens that our customers face. This could be going after funding that increases access to clean energy, ensuring broadband to some of our most rural communities. As you know, Avista has a large service territory. Or even providing workforce training and energy related fields to those that may not have access otherwise.

Tamara Bradley: I'm going to the supplier and employee diversity aspect which, actually both of those are Customer Benefit Indicators in our CEIP. This is really important because Avista wants to represent through our suppliers and work force the communities in which we in which we serve. We know that diversity strengthens partnerships, it fosters innovation and competition. It enhances customer loyalty, and it contributes to the overall economic growth and development of our communities. Again, those are just highlights.

Tamara Bradley: The next slide is our CBI slide, which Annette also showed. It's important and you're going to see this from Kelsey as well in just a minute. But the reason why I have this slide up here is because regardless of what topics we're talking about with our Equity Advisory Group, we also hold quarterly public participation meetings. Our next one's going to be in March of 2024. Everything really ties back to our Customer Benefit Indicators. I touched a little bit on unemployed diversity and supplier diversity, but that first equitable area there, affordability, is so key to our customers. As we survey our customers, it's the one that always rises to the top and like I mentioned, our program just went through a major overall. I'm going to pass it to Kelsey Solberg. Who is our program manager of our low-income assistance programs to talk about that program in more depth. Kelsey, I'll give it to you, and you let me know as you want me to go through the slides.

Kelsey Solberg: OK, sounds good. Thanks, Tamara. Good morning everyone. As Tamara mentioned, I oversee our low-income energy assistance programs and we'll be talking today about how those programs help to increase customer affordability and also promote equity. We can Scroll down there. This will look familiar, I just wanted to highlight that the affordability CBI includes everything listed there. We have participation in our company programs addressing households with high energy burden. We did hear a little bit about energy burden from Annette earlier, but we'll touch on that, and then residential arrears and disconnects. Arrears are past due balances for our customers. These are all indicators that we really addressed through our bill assistance programs and then and that's what we'll be talking about here. We can scroll there.

Kelsey Solberg: Thank you. So what is Bill assistance? Bill assistance really focuses on increasing informed affordability and it uses energy burden as the metric for affordability. That's how we're measuring it. Energy burden, this was mentioned before, but it's pretty simple to calculate. This is just the percentage of monthly income that is going towards a household's energy cost. What percent are they spending on energy of their overall

income. Industry wide, we look at high energy burden as being 6% or greater than 6% and a severe energy burden being 10% and up. And so most forms of Bill assistance, including ours here at Avista are aimed at reducing that 2 below that 6% threshold. So that's increasing affordability is sort of the result of that.

Kelsey Solberg: If we Scroll down there for me. Thank you. These are the different ways that we aim to reduce energy burden. All of our programs fall into each of these categories. We have the affordability increase. We also seek to address past due balances for our customers, so helping them get back to a zero balance. We provide a lot of support during hardship, so we recognize that life happens. And we want to be able to meet customers where they're at and provide them with support. We also do education around energy conservation, using tools and resources, providing those to our customers so that they can actually reduce their usage of energy, therefore making it more affordable.

Kelsey Solberg: The next slide shows more of how we do it. This is a kind of at a glance overview of the programs that we offer at Avista that fall under that LIRAP umbrella or low-income rate assistance program. These all seek to reduce energy burden. You'll see the categories there on the left. We have affordability, past due, hardship, and energy conservation. Those are the ones that we just looked at and each of these has a program that's associated with it. But for the purposes of this, I'm really going to be focusing on those top two, so affordability and past due. This is really because one, these are most closely related to CETA, which we've been talking about today and they also have features that not only support affordability, but they also have a lot of equity design components that we will touch on as well. That's where we'll be focusing.

Kelsey Solberg: In terms of increasing affordability, this is one of the programs that really marks what Tamara mentioned as being kind of this overall overhaul or major change that happened just this last October in Washington. The new program that we launched is called My Energy Discount and in many ways, like I mentioned, it really did change the landscape of the list for Avista. With this program, customers who are income qualified can receive a monthly discount on their Avista bill and not a discount based on their income. And these discount percentages are designed specifically to reduce that customer's energy burden to below 6%. Again, we're really aiming at reducing that energy burden for folks. And this is one of the ways that we're doing that. Another thing that's notable about this program is that there is no paperwork required, and so customers don't actually have to provide proof of income. They simply attest to their income and their household size, and we use that information to determine their discount percentage. It's a very low barrier in terms of accessing the program. Something else that makes this easier for customers is that we now are joint administrators of the program. Previously, customers could access energy assistance through their local community action agency, and that would involve making an appointment, getting to the appointment, perhaps they need childcare, or perhaps they need to translate. Or perhaps they need to pay for transportation. They would need to bring their paperwork and go through that process in

order to get energy assistance. But now, as of October, Avista is a joint administrator so customers can actually come to Avista. They can call us, they can apply online, or they can file a paper application, and they can of course still go to their community action agency. But we're really just opening three additional doors to accessing these benefits that were not there before.

Kelsey Solberg: Customers who enroll in the program also remain eligible for other energy assistance programs. There are federal programs that are available. A lot of our action agencies have access to other grants or donation-based programs that they can support customers with, and so just because the customer receives this benefit does not mean that they become ineligible. It's just another item on their menu of supports. We auto enrolled 18,000 customers in October of 2023. These are customers who within the last two years had received income qualifying assistance. This was a way for us to increase accessibility to the program and recognizing that these are customers who have received energy assistance before, they're likely still eligible. And so, we're going to simply enroll them based on the income information that we have. And finally, we do have a verification process in place for this program and through this we will be selecting 6% of the customers who enroll in the program to be randomly selected for income verification. These folks would go through the process of going to their community action agency, verifying their income. And this is just a measure in place for us to really maintain the integrity of the program and sort of monitor how effective the income attestation or the self-attestation of income is going.

Kelsey Solberg: Thanks Tamara. Past due balances are the other piece of this puzzle that we're trying to address. I shared this to give you all a sense of the landscape of past due balances in Washington. These numbers are as of the end of December, but we have just over 29,000 customers who have past due balances. All of those together, totaling \$6.3 million and the average past due balance is \$216. So, this is clearly something that we are wanting to address and support our customers in getting on top of these past due balances. If we go to the next slide.

Kelsey Solberg: This really demonstrates the need, and this is how we are meeting that need or how we're addressing it. We have two different programs that fall under the umbrella of arrearage assistance. Again, arrearage being of a word for past due balance, and these programs are designed to meet customers in two different situations. We have our arrearage forgiveness program and this is for our customers with the greatest need. To give you an example, in Spokane County, if we had a household of four, they would be needing to make less than \$15,000 a year to qualify for the average forgiveness program. So, like I said, really for our customers with a great need. Those customers can have their balance actually forgiven up to a certain dollar amount. For other customers whose income is slightly higher, we offer what's called an arrearage management program. This is essentially a payment plan that our customers can enter into with Avista, where over the course of 12 months they will pay 10% of their past due balance and Avista will credit 90% and that's under the assumption that the customer is making regular

on time payments and that they're also paying off their new or their current charges as well. This is really a great opportunity for a customer who maybe had a situation happen where they built up a past due balance, but now they're in a better spot, more consistent income, and they're ready to address that in partnership with us. Those are the two programs that we have that are administered in partnership with our community action agencies.

Kelsey Solberg: This is a quick, very high-level view. We have a lot of data within each of these bullets around our active participants. The discount percentage they're receiving. The counties? They're in in the service territory that we serve and a lot more, but really just to give you a sense of how many folks are active in our program. In the bill discount program, we have a little over 28,000 participants active as of now. The next slide will show and we won't jump there quite yet, but the next slide will show a little bit more about what that number means for us putting it in context. We have 662 participants active in our arrearage management program, so they're currently enrolled, they're working to pay down that balance over the course of that year. From the launch of this program in October, just in three months, we've provided 351 customers with arrearage forgiveness. So just chipping away at those past due balances and then if we go to that next slide there, Tamara. Like I mentioned, giving those numbers a little bit more context, this shows you the percentage of customers who are receiving assistance out of those that are eligible.

Kelsey Solberg: This is our saturation rate for our LIRAP programs here. You'll see we have just under 130,000 customers in Washington that are estimated to be eligible. Their income is estimated to qualify them for these programs and right now within three months of the program we have 24% of those customers enrolled. And just to give you a sense of comparing that to past years pre COVID, so 2017 to 2019 over the course of three years, that average was about 15%. Just to show that this percentage or saturation rate has increased significantly and in line with CETA we're pursuing a 60% saturation rate by 2030 and then a 90% saturated by 2050. That number of eligible customers will also continue to rise based on what we're seeing already. We'll continue to be pursuing that increased saturation rate, but a lot of our outreach is really focused around increasing that 24% and reaching those customers.

Kelsey Solberg: Finally, just to highlight some of the pieces that we've put in place in terms of equity as we've been designing this program. I picked four major ones. The first one being the removal of barriers with self-attestation. This is something I touched on earlier, but before this was in place, customers did have to make that appointment. If English was not their first language, they might have had to bring a translator. Some of them have their children translating for them. Some people would have to get childcare, find transportation, but now they can simply just apply online. They can apply over the phone. We have customer service reps who are experts in this bill assistance program and have been really wonderful in enrolling our customers. They have access to translation services as well. They can help those customers who might not speak English,

get enrolled, and customers can also still go to their community action agencies. But there are several other options for them. We feel like this is a been a huge measure and creating more access to this program, the discount percentages as I mentioned before, these are designed specifically to address energy burden and the percentages are higher for folks who have lower income.

Kelsey Solberg: Annette touched a lot on what's the difference between equity and equality. If we're going for equality, we'd give everyone the same percentage, but we're going after equity. So, we're saying based on your income and the discount tier that you fall in, will address your specific situation. We're really trying to create more equity in the discount percentage that folks are receiving so that their energy burden is being reduced proportionately to their situation.

Kelsey Solberg: Tamara touched a little bit on multilingual, this is a company-wide initiative that we're pursuing. We've done a lot within this program to have resources available on our website for non-English speakers and we have several more languages available in some of our print material. We've been intentional about having flyers and applications available in at least five different languages as a start for us in this way. Finally, increasing readability. This is something that we've been cognizant of pursuing a 6th grade reading level for all of our bill assistance content. We actually worked with some customers to get feedback on our website. We made things a little bit less jargony. We took out some acronyms and really just made it as accessible as possible so that people could easily apply and access the program.

Kelsey Solberg: So that is our affordability initiative. Glad to be passing it on here to Kristine Meyer and Ana Matthews, who are going to talk about the purpose and the early impacts of our Named Communities Investment Fund.

Kristine Meyer: Next, Kelsey, I was thinking about this looking at us being at the three-hour mark and driving across the state, would we be at Vantage yet? I think probably. Goodnight, 3 hours, you guys are troopers. My name is Kristine and I'm the Executive Director of our foundation and also managing alongside Ana Matthews, our Senior Energy Efficiency Program Manager, together we are managing the Named Community Investment Fund. We'll tell you a little bit about that today. Tamara, are you advancing our slides for us? If you'd go ahead and get us there.

Kristine Meyer: OK, so the Named Community Investment Fund, we talked a little bit earlier today about the Named Communities, but here they are represented geographically. These are communities that are defined by the [Washington] State's Department of Health and in the sense Eastern Washington, where we're situated. We're looking at about 142 census tracts that are targeted for investment of these dollars within our Eastern Washington Service Territory. Go ahead and advance the slide.

Kristine Meyer: The \$5 million, where does that come from? This funding is equal to about 1% or approximately \$5 million. 1% of our electric revenues annually. We divide this up into five different buckets. You'll see on the right there. Put on your glasses so you

can see the font, but it's divided into \$2 million for energy efficiency programs or investments, and then the other aggregates to \$3 million that go into investments in distribution resiliency, things like solar investments, battery backups, things like that. And the other is about \$2 million in other kinds of projects. Remember that Tamara mentioned \$500,000 of that are in projects that were identified for focus from our Equity Advisory Group. Things like investment in tree canopy that reduces heat island impacts, third party investments, outreach and engagement so that we can share with folks in Named Communities. The opportunities to submit applications for these dollars and to explain the Named Community Investment Fund and CETA and those kinds of things to raise awareness, go ahead and advance the slide please, Ana.

Kristine Meyer: Wait, you're on mute.

Ana Matthews: Thank you. On this slide, I'm addressing one of the five buckets that Kristine covered on the previous page and that's the focus on energy efficiency, energy efficiency, energy efficiency, because it's comprised of programs that directly benefit customers. And as a cost-effective method for achieving clean energy goals, the cleanest energy is the energy that we never use. Helping our customers to use energy safely and efficiently is the strategy of this portion of the Named Communities Fund. The energy efficiency portion of the Named Communities has five separate categories. Similar to the energy efficiency for the Named Communities Investment Fund, overall energy efficiency has five distinct categories and the first and most importantly includes a commitment to public engagement through community identified projects. And Kristine talked a little bit about this, but this is the area where we've dedicated a portion of the funds to be utilized or identified by the Equity Advisory Group to identify the initiatives within Named Communities that are specific to energy efficiency.

Ana Matthews: What's really interesting is through a results-based activity process with the Equity Advisory Group, they identified energy efficiency initiatives that closely align with the specific energy efficiency actions that we've identified in our Clean Energy Implementation Plan. You can see the influence of our Equity Advisory Group, that is a huge component of that public participation process throughout our Clean Energy Implementation Plan as well as our commitment for what we're striving to do under the Named Communities Investment Fund for energy efficiency and the areas that group identified for concentrated attention. This includes the implementation of programs for multifamily complexes, and health and safety for manufactured and mobile homes. As we know, those folks have a lot to deal with in terms of maintaining the efficiency in their homes and we want to make a difference for them with specific emphasis on health and safety, weatherization for single family homes. What we can do to contain drafts in the wintertime so that investment that folks are making to heat their home isn't just going out the window. And focus on small businesses because we know that small businesses, they're mighty and they are doing a lot for the economy of our communities and can use all the help that they can and doing some energy efficiency initiatives or practices for them can really make a difference in their cost. This group also identified specific focus for

tribes. We talked a little bit previously about the grid resiliency project that Spokane Tribe has undertaken. And there's an energy efficiency component to that project as well. And then, as Kristine mentioned, they have identified tree canopy which we know may have an energy efficiency benefit when the right tree is placed in the right place. Next slide please.

Ana Matthews: The biggest thing I want to impart to you about this slide is our commitment to leveraging all available methods for raising awareness amongst interested parties about the availability of these funds. We want to engage those parties so that they can bring forth proposals, recommendations, ideas for how we can make a difference for those that we're going to serve through the Named Communities Investment Fund with assurances that the transformation is equitable for all, to establish a variety of avenues for interested parties to share their ideas and proposals. We first started with an online application. It's simple to complete but assures that applicants consider all components of the project to assure alignment with the Clean Energy Transformation Act. This isn't usual projects that we're doing for general operations or any other initiative, it has to have a specific alignment with clean energy transformation. And what we're striving to achieve through a Customer Benefit Indicators additionally through our outreach program.

Ana Matthews: We have a robust outreach program at Avista. We've been in communities, gosh, for over 20 years now working with a variety of nonprofits to get the word out about all of our different programs. We have regional business managers that work with different government entities. And we have account executives that work with our business customer base. With all of those connections that we have in the community, we're leveraging those connections. We spread the word. We put the word out amongst all of those parties and then we're really dedicated to having an avenue open for those that are interested. They might have not engaged with Avista on any other initiative or activity before, but we want them to know that if they do have something that's going to help us achieve our clean energy initiatives that we'd like to hear their ideas or their proposal. We're looking to make sure that folks are aware of the funds. There's a variety of ways that they can make the proposal or share their interest, and then we're even reaching out to those organizations that may not have heard about it or may not even know that they could be interested in it.

Ana Matthews: So, as an example and what Kelsey was talking about, as we start to learn more about who's participating in the bill discount, we might see that there's a specific demographic group that's not represented in the participant pool. So, we'll probably approach an entity that's representative of that group and have discussions about how we could inspire participation amongst that target demographic and if needed, we could utilize the Named Communities Investment Fund to support them and engaging those individuals for that company benefit. Additionally, just to make sure that folks are aware of the benefit of the program, but then also how do they access it? We'll be hosting informational sessions either virtually or in person, and so virtually you know that just gives us an ability to cast a wide net to touch a lot of people from the comfort of their own

office or home, but then in person too. We're willing to go out, have conversations with unique and specific organizations to make sure that they understand about the Named Communities Investment Fund and how to access that benefit. Next slide please.

Ana Matthews: With everything that's been shared, we wanted to provide you with the basics of the process. Not a comprehensive overview of the complex processes that we must undertake to ensure benefits for all customers while weighing equity considerations. This slide is simply to illustrate the whole named communities process and so with that it shows the avenues for access to an arrow in the middle that represents the complex vetting process that ensures accountability for funding selection to the equitable outcomes. And I just want to spend some time on that big arrow because it captures an abundance of actions from the receipt of the proposal to assure that submitting entity was supported through the process to the preliminary and subsequent screening activities that are across the board within our organization and externally. So that we're getting inputs on weighing on the different proposals that came forth to us and that the proposals are in alignment with our energy clean energy accountabilities as stated in our Clean Energy Implementation Plan with the assurance for equity and process. And to me, simply stated equity and process requires a unique consideration for the proposal and the identified impact for that targeted population.

Ana Matthews: Additionally, we look to leverage any existing programs, grants, or other funding our resource support opportunities. If there's a grant out solely funding a project, if there's another grant out there, or maybe we can leverage another activity that's going on in Avista, such as the tribe example that was shared previously, there was a Department of Commerce grant that we had assisted in writing for the grant. We're bringing in the Named Communities Investment Fund for any gaps and implementing that project. And then we just really want to ensure the prudent use of the funds with the positive benefit to the target population. Now I'm going to turn it over to Kristine. Who's going to cover the considerations that we have in that big arrow section.

Kristine Meyer: Thanks Anna. So, the big arrow that was in Anna's previous slide blows out to show you that there are so many different considerations that we're looking at, many different lenses in consideration to assure that equity is accomplished as one of the many different things that we're looking at when we're reviewing a proposal. There's the equity lens, and I won't read this, I'll let you guys spend some time on this and encourage you to come back to this slide later when you have a little bit of time, but we're looking at the features of equity in the first in the first box there, affordability and access to clean energy and those different features there. But then you'll remember that under equity in those earlier slides that you've seen several times that there are 13 different CBIs or Customer Benefit Indicators and a couple of those match up to each of the features of equity under affordability. Remember that CBIs one and two match up to affordability. Participation in programs and the number of households with a high energy burden going down, public health matches up to CBIs, number 13 matches up to indoor air quality and so on. And then in the third box, we're also looking at the implementation plan and specific

actions there. We're looking at whether or not a proposal has a community identified project. Does it match up and have impact to single family weatherization? Maybe it might match up to a small business energy assistance benefit. Does it look at whether or not it impacts single family weatherization? And then finally, we're looking at Equity Advisory Group initiatives. Does the project have an increased tree canopy feature to it? Might it have some matching funds for energy efficiency grant applications? And I'll talk to this in a different way as well. Not every proposal hits on every single one of these features, but we're looking to maximize these things in each proposal. To the extent that they can, so the strongest proposals hit on as many of these as they can and do so in a way that maximizes and leverages the resources that we have to be able to do this. We have \$5 million to use to accomplish as much as we can through these lenses.

Kristine Meyer: If you can imagine trying to maximize the benefits while minimizing the dollars utilized so that we can stretch them as far as we can to accomplish as much as we can. That's what we're trying to do. As we look at each of these proposals that comes through that process to ensure that equity is accomplished, as far as we can across those Named Communities. Next slide.

Ana Matthews: This slide captures all of the projects that were funded in 2023 for both the community and energy efficiency categories and in some cases, we had combined funding. As you can see, energy efficiency projects are in alignment with the categories I shared from the previous page, from audits for the Spokane Tribe to identify where energy efficiency improvements can be made at the facilities on the reservation to projects that help contain drafts for those residing in mobile and manufactured homes, to improvements for heating and cooling in affordable housing complex, to lighting for a facility at a rural community. And then a full renovation at a pantry up in Stevens County. These eight different projects to accomplish under energy efficiency we know will make specific impact and change for the customers in the organizations that were serve. At a minimum, these projects directly support our Customer Benefit Indicators of reducing the energy burden, increasing participation in Company programs, and investments of Named Communities, along with other benefit outputs that we haven't yet identified. Next, Kristine will take over the community and combined section of what we've given out in 2023.

Kristine Meyer: Now, take a look at the next groups of projects in the green boxes and the orange boxes. Last year, we also made some investments in these kinds of things. The tree canopy, as an example in the green section, we made an investment in the City of Spokane Parks and Recreation Department by helping them to purchase some tree plotter software. This is software that uses GIS technology to consider planting the right kinds of trees in the right kinds of places to minimize the impacts of heat islands so that they are stretching their dollars in plantings that will maximize the impacts to reduce heat effects in some of those neighborhoods and communities where those impacts are most detrimental. At the MLK Center, we helped by leveraging some dollars from Commerce and the federal government along with the Named Community investment monies to

make an investment in some solar panels, some battery backup and improvements in their energy efficiency envelope to make that facility available when there are outages, to improve resiliency in that community. And that facility becomes a refuge when power outages might take place, as well as to improve the energy consumption in that facility to reduce the energy burden for that nonprofit organization. One of the things that you'll look at and see in the orange boxes and investment Ana mentioned earlier in the Kettle Falls Community Chest, that's a rural food pantry that we made some investments to improve their energy efficiency and reduce the burden there in their operations with their HVAC system. We also used some of the money from the Named Community Investment Fund to set up our online application to improve the accessibility to these dollars for folks to be able to submit their online applications and make them easier to access. We'll turn it over to James and the marathon continues.

Equity Planning in the IRP, James Gall

James Gall: The marathon is almost over. We're going to end at noon, and I believe we have one last presentation by me, and I'm going to try to bring that up. We're going to get into more of the nuts and bolts of how equity impacts our Integrated Resource Plan. Let me pause here so I can find my slides. I think it's this one. All right, hopefully everybody can see that.

Lori Hermanson: I can see it.

James Gall: It's a good sign. The goal here is to take everything we've learned this morning on what the company is doing from programs to Customer Benefit Indicators to how we want to incorporate equity. But how do we actually do it in the IRP? What are the steps that we are actually doing, and should we make any changes? Is this more of an informative exercise? Those are the two different goals here. An IRP is really looking at how do we serve customer's power supply needs. That could be from energy efficiency, that could be from generation sources. But I want to touch on how that all works together. So, we're going to talk about energy efficiency and the Named Community Fund. There is an aspect of the Named Community Fund in the IRP. We'll talk about how Customer Benefit Indicators again are worked in non-energy impacts, social cost of greenhouse gas, and the last topic we'll get into is a maximum customer benefit scenario.

James Gall: Let's get going so we can get done by noon. For energy efficiency, when we look at modeling, energy efficiency or how we select it. We actually split energy efficiency into two categories. We have a low-income category and a non-low-income category. The low-income categories get what we call higher net energy impacts. So, when we look at energy efficiency programs we calculate a non-energy impact, but if it's a low-income customer, there's usually a different impact. That's non-energy compared to those that are higher incomes. What that tends to do is the model will choose based on that economic advantage, more low-income programs than say a non-low income program,

even if the cost is the same from the utility perspective. The non-energy impact will move the selection to more of those programs.

James Gall: This next IRP, we are going to be trying, rather than just using low income, but we're going to look into a Named Community potential rather than a low-income potential. And what I mean by that is instead of looking at only income, we're going to try to parse out the energy efficiency potential by which customers are in those Named Communities from that map we had showed earlier. Again, how this impacts our plan is we're trying to select greater amounts of energy efficiency to serve customers in a more equitable way. At the end of the day, if we didn't make these specific changes, we would have lower energy efficiency targets in our plan. But with these changes it does increase the amount of energy efficiency that is selected. Feel free to raise your hand if you have any questions or comments throughout the slides.

James Gall: The next aspect is the Named Community Investment Fund. We are trying to model potential impacts of projects that will be selected by the team as projects are submitted. I don't know exactly what community organization will ask for dollars for solar or for energy efficiency. What we do to incorporate that in the plan is we select proxy resources. For example, we have a target in our model to spend an initial \$2 million on energy efficiency. That may not be cost effective and what that does is that increases our energy efficiency target as well, but it shows that we're actually looking for programs that are beyond our required targets. We also put in our model around \$400,000 that was an estimate of how much of that program money might be spent on solar or wind in our IRP, or sorry, not solar, wind, solar or storage. That number could change, but that caused the model to actually select the most cost effective solar or storage system to incorporate the likelihood of that types of programs will be in the future so that we're accounting for that energy benefit.

James Gall: For example, if we remind ourselves back on that storage slide, I showed earlier about how much additional storage was going to be added into the plan, though, that's storage selection due to this change in our modeling it without this Named Community Fund. Without these criteria selected, there wouldn't be any distributed solar selected in the plan. Because of that economic reason, it it'd be more cost effective to select if we needed storage. It's going to be more cost effective to do utility scale storage rather than distributed, so this helps take into account when the model is trying to choose which resources are most economic. It's a way to leverage or push the model towards specific outcomes.

James Gall: And then non-energy impacts. There's always this issue of, it goes back to Customer Benefit Indicators. But how do you prioritize one Customer Benefit Indicator over another? The approach we took is using non-energy impacts where we're trying to actually quantify the societal or indirect impacts of our choices. If a resource has an impact of air emissions, we want to quantify what that error, that impact, is and if the result ends up being that area, emissions are going to increase. We've included that outcome in our analysis. For example, we actually saw that event in the Northwest IRP where we saw,

not a substantial reduction in NOx emissions because our model was selecting a power to gas ammonia turbine to serve load. Serving load is very important. Reducing air emissions is also important, but you set what is the cost to serve that load and weigh that against air emissions. Based on the economics of that non-energy impact of that air emissions, it was better to select a resource that had slightly higher air emissions than one that did not. Because otherwise we would not be able to serve load in the future to come up with these cost impacts.

James Gall: We lean on a study that we got from DNV, a national consulting firm. They've attempted to look at non-energy impacts for different resource options and they try to quantify them when they're known, but there is let's say this is a study, or a field of study, that's continuously evolving. It's also not a skill set that's in a typical utility. And in order to do more or progress in the non-energy impact field, we have to hire consultants which cost money, which means that it leads to down the road higher rates. We need to balance how much do we want to spend on calculating non-energy impacts versus the cost to identify it and what the actual impact will be for the company. For this IRP, we're going to stick with the previous study. And then if we need to move to a separate study in the future or enhanced study, we're going to have to figure out the most efficient way to pay for that work. Again, what this will do from a planning perspective is it will actually change resource selection when you look at evaluating tradeoffs, including a benefit or a cost of a resource will change the outcome. If that cost or benefit is large enough to change the result. Yes, Sofya, go ahead.

Sofya Atitsogbe (UTC): James. Thank you. Maybe it would be a good time now to hear some thoughts from everyone present? Well, not everyone. Everyone who wants to speak on the quantification of non-energy impacts and their attitude towards it and the importance they see in Avista's IRP process for the non-energy impacts.

James Gall: Yep, happy to hear anything. I mean, if there's thoughts at the UTC, I just want to remind folks though, the last CEIP where we're required, where we agreed to include them, it would be good to know if we should continue this concept or pause or change like Sofya.

Sofya Atitsogbe (UTC): Not everyone. All at once. OK. Well, I suppose that is something that the UTC staff would like to hear other people's opinions on. I'll just keep it in the back of my mind. Thank you.

James Gall: Thanks Sofya, for bringing that up. Feel free to reach out afterward if you're not comfortable on this call, but you know we will be doing more collaboration in this IRP and that may lead to something in the CEIP that comes later. That's the Clean Energy Implementation Plan. A lot of the discussions on methodology of Customer Benefit Indicators, or how we use non-energy impacts, that comes up in that process too. There will be other opportunities to think about this situation. Also, I wanted to get into some of the non-energy impacts that we are including. We have two categories, both on supply side and demand side and in this area work really started on the demand side where we

were asked to include impacts to income or public health, property values and energy burden. And then we got the thinking, you know, these impacts are not just to demand side or energy efficiency programs, they are actually impacts to the supply side. To be selecting resources on an equal footing, we conducted this study on the supply side for the last IRP and the focus was really on public health. What is the financial or economic impact of air emissions? We had PM 2.5 was quantified, SO₂ and NO_x. We looked at safety and what is the probability of an incident to workers or people around the facility, and an economic value of those fatalities or injuries. We looked at environmental impacts and this one was, I would argue, a little bit more qualitative because when you're impacting land, for example for a wind farm, you are paying for the land that's part of our energy cost. But you could argue there is a visual impact, but how do you quantify that? This is something that's kind of hard to do when, which is why I said maybe this is something we have to continue to study over time. Land use and water use are all things that we pay for when we build a resource, but may have an impact that isn't quantifiable.

James Gall: So those were qualified impacts economic what we looked at is when we invest in resources and capital costs there's construction costs, there's operating costs, and that leads to economic benefit to the Community, whether it's property tax benefits, it could be employment benefits. We try to include values to society around these facilities that we add to the system. If you have a resource, for example, that has more employees than another resource that will have a bigger economic impact to the community. Those are things that we were including and this plan.

James Gall: I wanted to talk briefly about how we can utilize equity when we acquire resources. I mentioned earlier that we talked a little bit about the RFP process. In an IRP we select resource needs, but that's not necessarily the specific resource we're going to acquire. We go to an open bidding process where developers have resources and can submit proposals. Avista could submit proposals and we evaluate them through a specific process and the Commission in Washington has a specific process that we follow to select resources and the resources that are going to be bid to us. They also have a process to get a permit, so it's a very rigorous public process. So, when a developer wants to build a wind farm, they have to get a conditional use permit, which requires them to do studies on how it impacts wildlife, how it impacts the community, and there is a time for the public to be part of that process. There are definitely many layers to engagement with customers or with citizens. When we select resources, part of it is on the developer of the resource and part of it also comes in when we evaluate those alternatives. For starters, those NEIs or non-energy impacts we talked about on the previous slide, we do include those when we select resources for serving load in Washington. And in addition to that, we have six different categories that we evaluate resources on the first one and the highest rating category.

James Gall: This slide is the topic, the percentage of how much we grade the proposals on, and then in the parentheses is some additional things we're looking at, customer energy impact. What we're talking about is 40% of our evaluation of a resource is the cost

of that resource. Obviously, we're looking for the lowest cost resource, but given that's only 40% of the weighting factor that we selected when looking at resources. We also look at risk management. That is when we look at the ability of that company to construct a resource, how solvent are they. We're really looking at can they deliver on the project they say they can and at the cost. They say they can, so that's about 20% of the other grading. 5% is with price risk and that has to do with when they propose a project is the price fixed or is it variable. So, if you had a project that is fixed, that's going to be the same price for energy today, tomorrow, and the next day. That would get say 100% credit. But if you had a price that is based on the CPI or some other unknown metric, then we would assign a risk factor to that because we're not sure what price we're going to be paying for the energy. The 4th category is electric factors. This really has to do with deliverability and technology risks and what I mean by that is, let's say there's a project in central Washington. They have the ability to build it, they have the land, they have the permits, but they can connect it to the grid. The power cannot get from the location of the facility to Avista's customers. The delivery risk or delivery impact, that's something we include. Also, technology. What if it's a new technology? Avista typically is not looking for high risk projects where we could be, we call it serial number one, where we're taking more of an R&D perspective. We're trying to actually serve customer load, so we are definitely looking at is a technology viable, their experience with the technology, and that's included in the evaluation.

James Gall: The last item has to do with non-energy impacts that are qualitative. This has to do with community involvement, Named Community impacts location. I think location was mentioned earlier where if a facility is in our service territory or connected to our system, we would give it extra credit. That's what we're talking about here. We're looking at local labor force use, and then supplier and owner diversity. That's 5% of the weighting. So, when our IRP comes out and we have a resource need identified, let's just pretend we have a resource need for a new wind project in 2029, for example. About two or three years ahead of that time, which would be a couple years from now, we would issue an RFP. And, we would be looking for solar or other alternatives. Just because the IRP selected a specific resource, we're not going to limit it to that resource. We're looking for something that can deliver those characteristics of, say, clean energy in that time frame. And then we would evaluate those options using this criteria. At least this is the criteria we used in our last evaluation process. The IRP is not the end of equity considerations in the selection process.

James Gall: The last thing, and I think this is my last slide, is we are required by the UTC to conduct what's called a maximum customer benefit scenario. In this scenario we're required to conduct, we're looking at what resource strategy changes would we make if we're trying to maximize customer benefits. Unfortunately, there's no definition or specific requirements of what the scenario must entail. So, it's really up to Avista and our TAC to come up with ideas on how we meet this requirement. Last IRP, what we did to meet this requirement is we called on our model to still find the lowest cost solution. But we're going to change the resource options available to the model, so some of the changes we made

is the model could only pick in-state generation resources for renewables, which meant no Montana options. We told the model it could not select ammonia gas to power turbines because they have air emissions. So, if we were trying to maximize all of our Customer Benefit Indicators, we do see air emissions would be one of those. Ammonia gas to power turbines, they have a small amount of NOx emissions and if you're trying to eliminate NOx emissions that would not be a resource you would select. So, we remove those fuel cells using hydrogen. We still allowed those lowering excess energy burden via community solar was a priority in this analysis. So, in their preferred strategy we would argue that to lower customer burden that we showed earlier would be met through energy assistance that Kelsey went through. But another way to do that is if we built community solar that was maybe paid for by some funding mechanism that would offset those customer bills. We would have more distributed energy resources potentially and then we would use that money towards low-income customers. So, the model was biased against selecting more of those resources.

James Gall: The last thing we included, which I think is maybe debatable, but no nuclear energy. It was an option that we talked about including. I think maybe we should talk about that one for this scenario. Is that really a benefit or not a benefit to maximizing customer benefits? I don't know if that is or is not, but that was something we assumed last time. With the few minutes we have left, I'm just curious if we think this is the right track. Should we want to make changes to this? Are we not thinking about something that was maybe intended? Should there be changes? We are open to ideas and nothing's wrong, nothing's right here, but any thoughts? It's OK if you don't. What we'll probably do. Got a hand up our Heather's got one. Thank you. Go ahead.

Heather Moline (UTC): Thank you. Staff will be following up on a few things that came up today. Some of this I think is moving a little too quickly for folks to be able to chew on and offer targeted feedback during this TAC meeting. I might think we want to discuss if you're, and this is not just Avista, if there's going to be as much content as there was today discussed in a room like this, we need two separate meetings. Just so there's at least a 10 second pause after every slide for folks to be able to chew on what they just heard. Luckily, Staff is a little more versed in this stuff than maybe other folks are, who don't do this for their day job. I think we do have some feedback, but we'll send it as a follow up in writing because I know that's helpful to you all. But I wanted to go back to slides 7, if that's OK., just that so resource acquisition, equity considerations, this is very creative to me. Thinking of these things as NEIs in the context of resource acquisition, because I'm used to thinking of NEIs only in the context of procuring, well, not procuring in planning, resource planning.

Heather Moline (UTC): So very cool. Going to chew on this. I'm not sure that I would say that all of these are equity related though. The first bullet, customer energy impact, that we would only say that's related to equity if it's considering whose bill is higher and whose bill is low or who has the ability to pay as opposed to keep costs low for everyone. Anyway, all that is just food for thought at this point.

James Gall: Some of that Heather, and we can talk about this when we talk offline, but some of that even though the non-energy impacts is 5%, some of those other equity conditions are embedded throughout. We just didn't call them out specifically. For instance, in your customer energy impact we asked the question is your project located in a Named Community and then it's score it receives a higher or lower score depending on if that's a yes or no because the thought there is that it would impact cost. I'm just picking this as an example, but it would impact cost and energy burden depending on whether it benefited those customers or not. I think we should probably have a follow up conversation on that also because during the RFP process itself that was a little bit of confusion, and it was hard for staff and others to compare us then to Puget because of that reason it's kind of embedded there. So, happy to happy to talk about that again. Heather, you mentioned something that's probably critical to how this TAC process works. We send slides out ahead of time to give people time to look at it. We talked about it here, but it sounds like maybe we need a third step in that. Do we maybe follow up emails, do we have another TAC meeting. Part B, a week later that's 1/2 hour for people to provide comment. That's a new concept to me I wanted to explore a little bit in the three minutes we have left. I would also because I feel a lot of times when I'm talking about equity that I'm talking at you all and I am aware of that and I don't know the answer, but I feel like you do, Heather. I don't know if this should be pre work or if this should be, I don't know exactly, but I do agree that this is a lot to digest and then to provide feedback. We're open to suggestions.

Heather Moline: I don't know the answer in that. I'm figuring this out with you all. I appreciate that, though. No, we'll confer internally. Staff has been thinking about guidelines on conducting TACs and the only thing that occurs to me in this moment is when the information is fresh. It's good to provide different venues for input, so staff obviously will have the capacity to read through slides and provide written comment either before or after. But for folks who may not have time to do that, leaving a blank space after sharing dense information for folks to just chew on, it seems to me to be a best practice, which again, I recognize that you all have to get through all this information. You want feedback on it, but to me the way to solve that would be less information and more meetings. I don't know if that's right, but that just occurs to me as a solution about how to make sure there's space and that is accessible to people.

James Gall: OK, I'm going to throw out an idea. I'm not going to commit to it, but it's something we've tried, and maybe it helps, we've recorded the presentations before ahead of time and made them available. And then people could listen to them at their pleasure. And then we have the meeting to discuss high level topics. I think that works if people spend the time listening to the presentation, but if they don't then it may be a waste of time, but that's another approach. We look forward to that discussion. We do have more TAC meetings coming. We have our next electric one on March 21st. It's a half-day session like this. That meeting will definitely be a lot more technical than this meeting, and then we have a natural gas TAC meeting on February 14th as well. For those of you that are interested. I don't know if there's any last questions or thoughts before we go.

OK. Well, I thank you for your time and input and we'll see you at our next meeting. Again, feel free to email us and or give us a call and we'll figure something out. Thanks. Have a good day.