

2026 Energy Prepayment Transactions

Rusty Mills, CFO | June 3, 2026

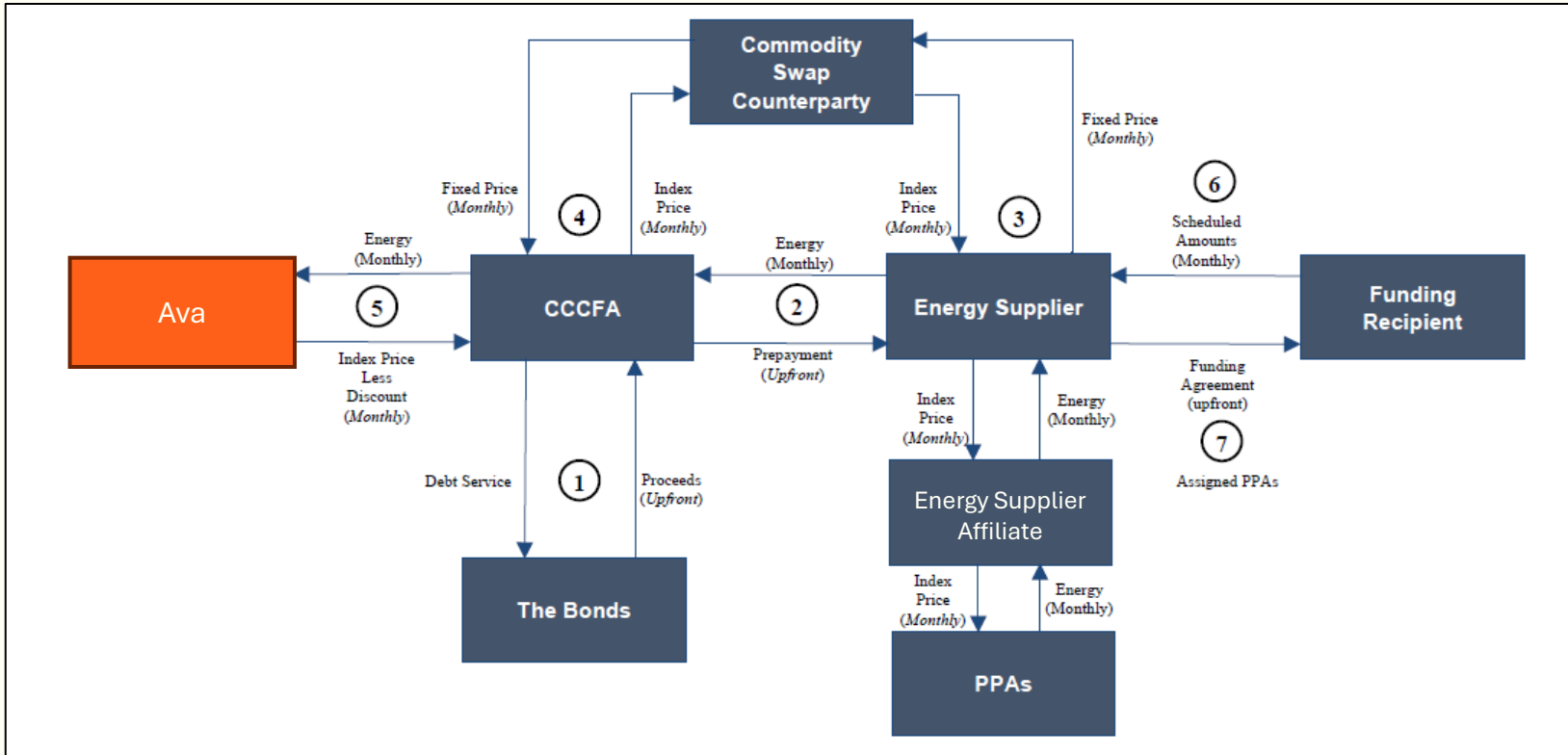


Energy Prepayment Financing Overview

Goal: Reduce the cost of public power purchases by monetizing tax-exempt debt.

- IRS Regulations codified in 2005 allow for tax-exempt debt to be issued for the prepayment of electricity to serve load.
- Tax-exempt debt (issued by CCCFA) provides a lower cost of funding than energy prepay financing participants would be able to receive by issuing taxable debt or internal funding.
- Bond investor risk is tied to the energy prepay funding recipient (not Ava), and their ability to pay debt service and redeem bonds in event of default on the bonds.
- Ava enters 30-year energy supply agreements, commits to purchasing a fixed volume of energy during that period, and receive a fixed \$/MWh discount to the market energy price.
- **Objective: Prepay transactions enable Ava to lower its cost of energy on existing and future energy contracts through the discount and enable a customer value proposition into the future.**

Energy Prepayment Transaction Diagram

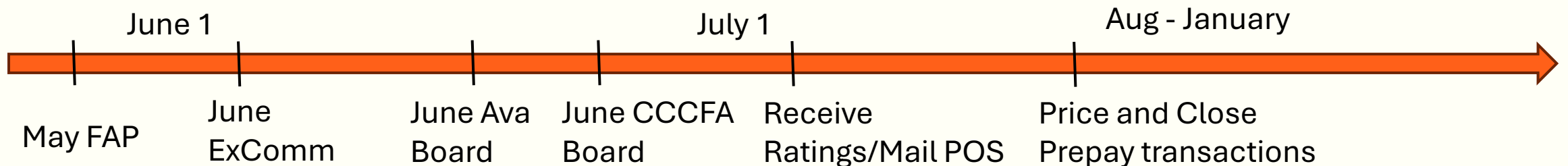


1. Bond Issuance: CCCFA issues the Bonds to fund the prepayment.
2. Prepayment: CCCFA applies bond proceeds to prepay Energy Supplier for 30 years of energy deliveries.
3. Commodity swap: Energy Supplier enters swap transaction at fixed price.
4. CCCFA commodity swap: CCCFA enters commodity swap at same fixed price to de-risk variability of debt service.
5. Ava: Ava enters energy supply contract to buy energy delivered by Energy Supplier at a fixed discount to Ava's energy contracts.
6. Funding Agreement: Energy Supplier finances bond proceeds with third-party funding recipient to enhance savings potential.
7. Assigned PPAs: Ava assigns its existing and future PPAs to Energy Supplier through a custodial account. Energy Supplier contributes pays and take title to underlying PPA energy.

2026 Prepay Financing Plans

Staff will be seeking approval for two-three transactions by the Board in June

- Similar to last year, each would be authorized for up to \$1.25 billion, but will likely be approx. \$1 billion, similar to prior deals
- We plan to propose using Morgan Stanley and Goldman Sachs as underwriter and supplier for one transaction each; staff evaluating using a third bank as we plan for reaching our capacity on number of prepays (RBC/JP Morgan/Citadel, among others)
 - Further **optimizes** each related PPA pool of resources with the existing banks
 - Using a third bank further **diversifies** Ava counterparty risk and continue to drive competition
- Staff will seek Green Bond designation for all transactions
- Transactions would occur after approvals by Ava and CCCFA boards in June, subject to market conditions
- Selection of funding recipient will occur after approvals; Ava will seek Bond Ratings shortly after in preparation for each bond sale



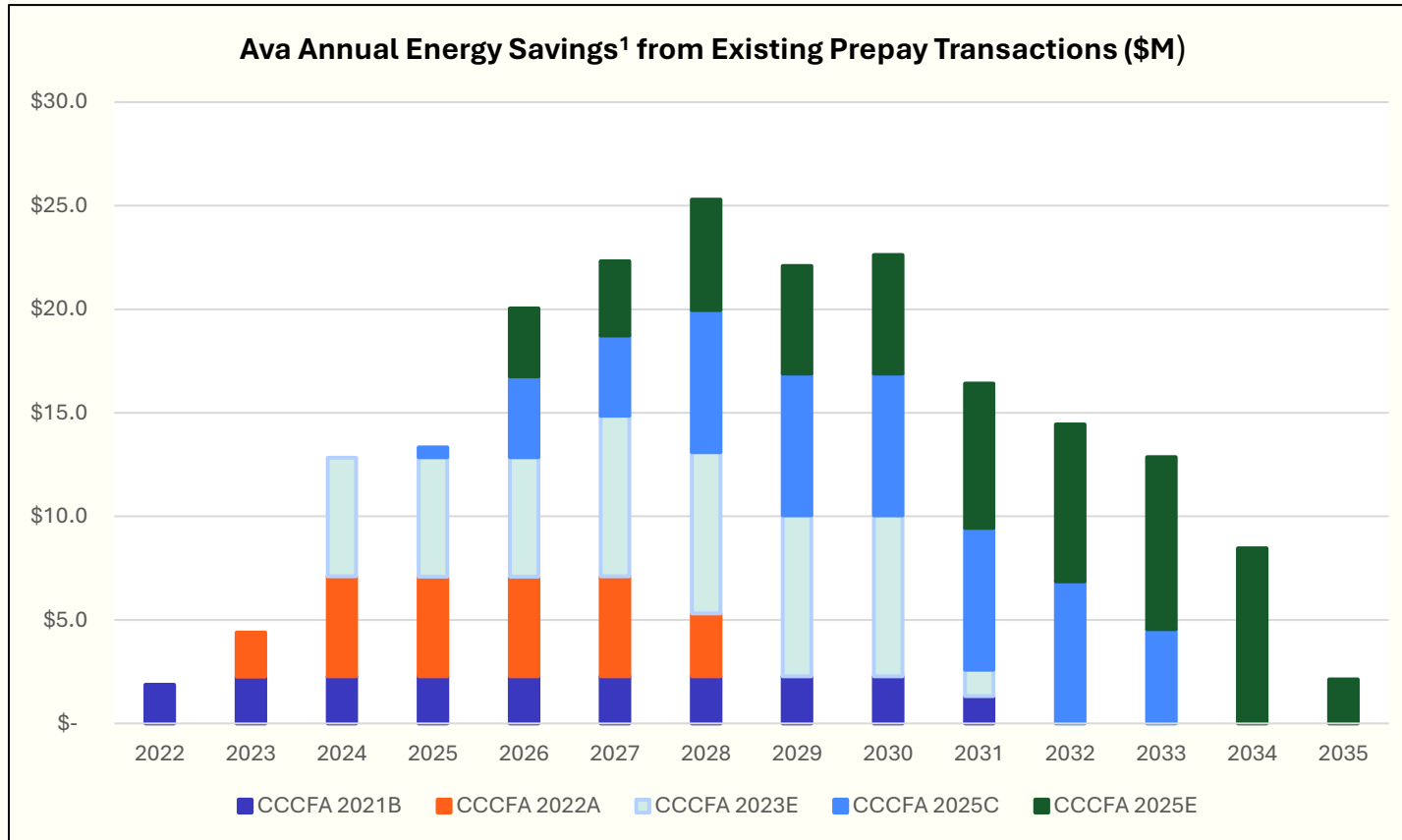
Summary Table by Transaction

Ava's transactions to date have resulted in over \$5.1B in CCCFA bond issuances, with \$/MWh discounts improving in more recent transactions driven largely by market conditions.

	CCCFA 2021B	CCCFA 2022A	CCCFA 2023E	CCCFA 2025C	CCCFA 2025E	Total
Project Participant(s)	Ava & SVCE	Ava	Ava	Ava	Ava	N/A
Initial Bond Principal Amount	\$1,234,720,000	\$931,120,000	\$997,895,000	\$1,004,395,000	\$960,730,000	\$5,128,860,000
Delivery Period Start Date	1/1/2022	4/1/2023	1/1/2024	11/1/2025	4/1/2026	N/A
Bond Refinancing Date	8/1/2031	8/1/2028	3/1/2031	10/1/2033	5/1/2035	N/A
Total Discount to Ava (\$/MWh)	\$4.28	\$7.46	\$12.66	\$10.85	\$13.30	\$9.55/MWh
Initial Period Savings (\$M)	\$21.4M	\$26.8M	\$49.6M	\$47.1M	\$56.5M	\$201.5M
Initial Period Energy Delivery (MWh)	5.0MM	3.59MM	3.92MM	4.34MM	4.25M	21.1M
# of Ava PPAs Currently Assigned²	2.5	2.5	2	1	2	10

² Where a decimal is present, certain Ava PPAs have energy volume allocated on a pro rata basis across multiple prepayment transactions.

Ava Energy Prepay Savings by Transaction



- Ava’s initial five prepay transactions are expected to provide \$201.5M in energy savings over the initial bond periods.
- Average savings discount: \$9.55/MWh across ~21.1 TWh of Ava energy procured through 2035.
- Annual savings of >\$20M per year from 2026-2030 from the five existing prepays

¹ Annual savings above reflect total expected energy discount received by Ava through the respective bond refinancing date.

Note: the savings decline in later years (2031-2035) above is a function of Ava’s existing transactions reaching their refinancing date on a rolling basis. At refinancing, Ava would issue a new bond and receive a new \$/MWh discount for the duration of the bond.

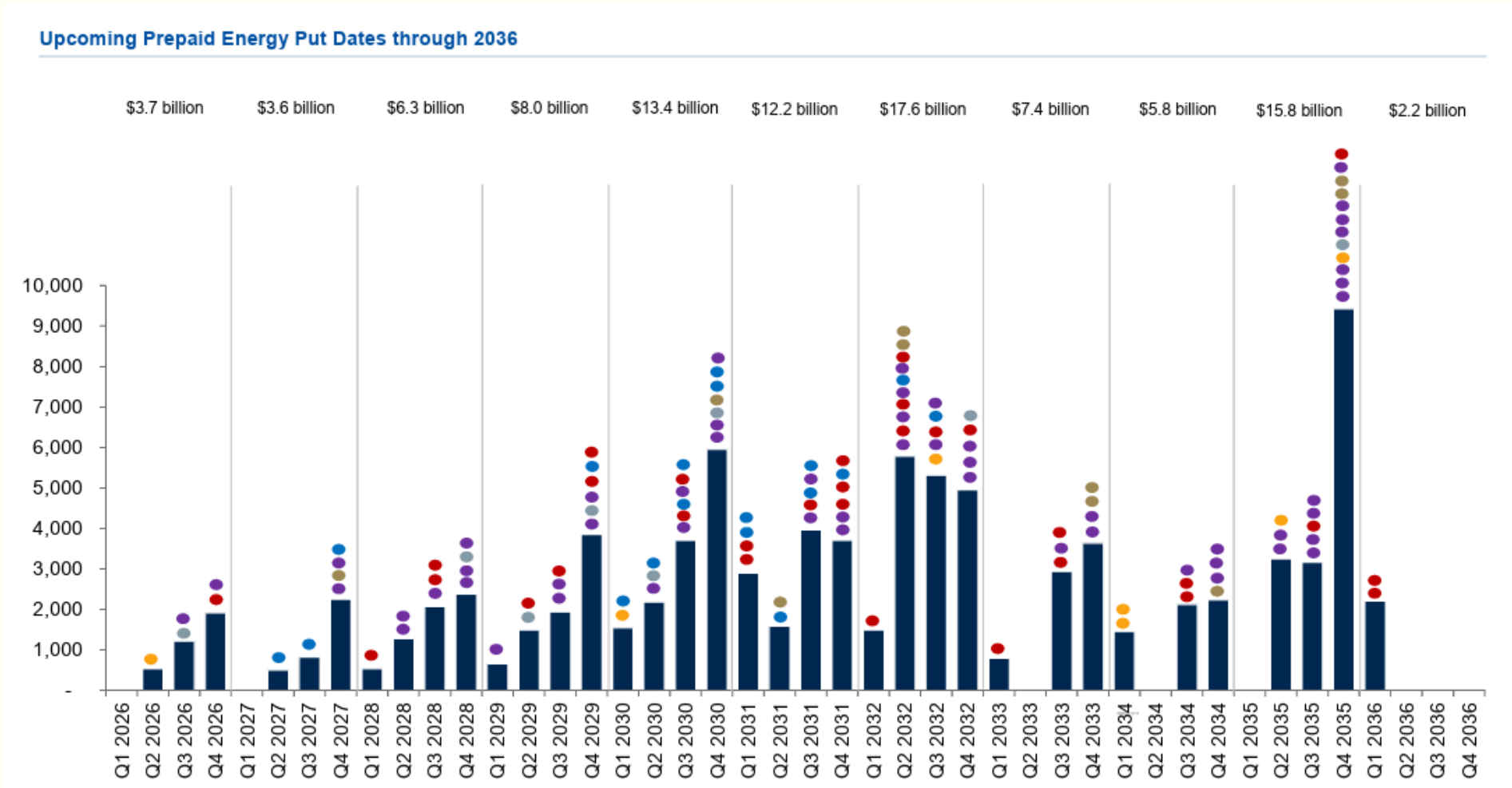
Prepay Structure Risks

Risk	Description	Mitigation
Market risks	Macro factors (Iran, inflation, Fed rate decisions, etc.) may impact bond pricing and Ava savings potential of energy prepayment transactions.	Ava and PFM to coordinate closely with underwriters on market timing to optimize execution.
Refinancing risk	<ul style="list-style-type: none"> Initial prepay bond savings periods are typically 5-10 years. Each transaction must be re-financed at that time Future savings are subject to decrease/increased based on market conditions at refinancing. Energy prepayment transaction volume has meaningfully increased in past few years, so the refinancing market will have a higher supply in the coming years. 	<p>Ava to assess opportunities to stagger Ava transaction refinancing dates to de-risk market and interest rate conditions at re-financing.</p> <p>Issuing transactions in 2026 may result in higher savings than future years when new issuances may compete with refinancings for the same bond purchaser pool.</p>
Load loss risk	Material inability by Ava to deliver contracted MWh in future years may lead to loss of energy discount.	Ava limits its prepay-committed power relative to its long-term load forecast. After Prepays #6 & 7, approximately 49 % of Ava's future load will be committed to prepays.
Out of pocket costs	Requires staff time to execute & manage; ratings agency and green bond fees are paid regardless of transaction's success.	Fees are greatly outweighed by the savings potential.
Tax / regulatory risk	Changes in tax law or RPS standards may impact energy prepayment transactions in the future and potentially cause existing deals to unwind.	Limited ability to mitigate.

Ava Planning Risk - Loss of discounted power would place some future budgetary pressure on Ava

Prepaid Energy Refinancing Risk

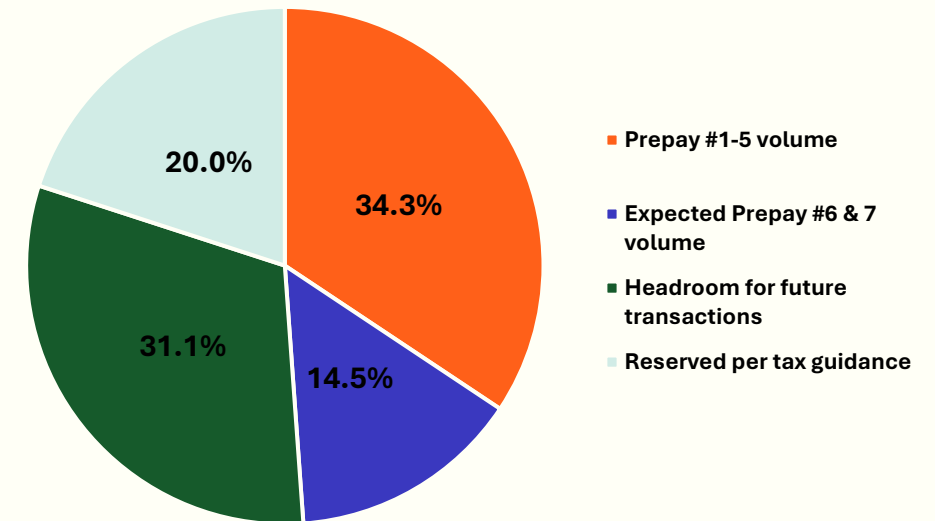
Over \$95.6B of prepaid energy financings are coming due for refinancing by 2036, which may result in pressure on future bond pricing, energy discounts, and market access.



Potential for Future Prepay Transactions

- Under tax guidance, Ava's aggregate load committed to all energy prepayment transactions should not exceed 80% of total expected load in any given year.
- Through 5 transactions: 34% of Ava's forecasted load is committed to energy prepayments in peak years.
- After Prepays #6 & 7, 49% of Ava's forecasted load will be committed across all transactions.
- Following Prepay #7, Ava expects to have load capacity headroom for 2-4 additional prepayment transactions. This is subject to change based on actual volume commitments in forthcoming transaction and will be reviewed over time against Ava's long-term load forecast.

Energy prepayment load commitments as % of Ava's expected load³



³Percentages in chart reflect expected volumes for calendar year 2051, which is the peak aggregate volume commitment for Ava's existing energy prepayment transactions.

Summary & Next Steps

- Prepays provide significant savings for Ava that could approach \$40-50 million annually with more prepays
- Budget Planning Risk- Perpetual savings uncertain due to broad structural risks
 - Staff recommends using prepays within legal guidance to maximize savings while monitoring budget risk over the mid-long-term
- **Staff planning up to three transactions this summer and will seek board approval in June**
- Planning includes mitigating certain factors within the prepay market that could affect future savings and cause budgetary pressure for Ava
- Staff also weighing benefits to further diversification of energy suppliers within the prepay program and optimal program structure at full capacity.