

**Avista Pro forma 2011 Power Supply Expense
Known Increases in Expense since the Settlement**

	<u>Increase in System Power Supply Expense</u>
Chelan Rocky Reach Purchase	
Avista purchased a slice of Rocky Reach and Rock Island from Chelan PUD for the period July 2011 - Dec 2014. The purpose of this purchase was to maintain sufficient Mid C capacity to provide load following and regulation. Existing Mid C contracts are, or have already, expired and this purchase replaces a portion of our prior level of Mid C generation.	\$562,000
Nine Mile Overhaul	
Two units at Nine Mile dam will be taken out of service beginning August 2011 to be rebuilt. This results in a reduction of hydro generation of 2,438 MWh in the pro forma period.	\$103,000
WNP-3 Update	
The actual WNP-3 2010-2011 contract year energy deliveries exceed the estimated deliveries included in the Settlement pro forma. The cost of the additional energy exceeds the market value in the AURORA model.	\$241,000
Grant Surplus Product	
The amount of surplus energy available from Grant in 2011 will be approx. 12,000 MWh less than what was included in the Settlement pro forma. Because the surplus energy is priced at cost, well below the market price, the reduction in energy results in increased expense.	\$182,000
Total	\$1,088,000
WA Share	\$705,786