

Avista Corp.
Power Supply Expense Variances - 2008

	8784	744	696	743	720	744	720	744	744	720	744	721	744
	<u>Total</u>	<u>Jan-08</u>	<u>Feb-08</u>	<u>Mar-08</u>	<u>Apr-08</u>	<u>May-08</u>	<u>Jun-08</u>	<u>Jul-08</u>	<u>Aug-08</u>	<u>Sep-08</u>	<u>Oct-08</u>	<u>Nov-08</u>	<u>Dec-08</u>
Actual Market Purchase Price	2,827,512	170,962	147,099	357,178	229,127	133,350	192,239	351,760	229,169	187,991	243,402	256,372	328,863
	\$186,868,125	\$12,497,385	\$9,953,796	\$22,297,439	\$18,814,940	\$7,951,692	\$5,719,360	\$25,539,825	\$18,144,590	\$11,996,024	\$16,179,993	\$15,425,503	\$22,347,578
	\$66.09	\$73.10	\$67.67	\$62.43	\$82.12	\$59.63	\$29.75	\$72.61	\$79.18	\$63.81	\$66.47	\$60.17	\$67.95
Actual Market Sale Price	2,782,126	66,058	102,194	341,773	170,516	333,679	349,507	433,942	161,116	119,158	183,042	254,067	267,074
	\$162,378,787	\$4,253,575	\$6,589,368	\$20,907,800	\$9,253,303	\$13,957,597	\$12,278,528	\$30,972,653	\$12,385,263	\$7,770,158	\$11,928,804	\$14,778,953	\$17,302,785
	\$58.37	\$64.39	\$64.48	\$61.17	\$54.27	\$41.83	\$35.13	\$71.38	\$76.87	\$65.21	\$65.17	\$58.17	\$64.79
Weighted Avg Market Price	\$62.26	\$70.67	\$66.36	\$61.81	\$70.23	\$46.91	\$33.22	\$71.93	\$78.22	\$64.35	\$65.91	\$59.17	\$66.53
Hydro Value													
Actual Hydro	4,655,547	330,191	281,651	330,437	334,577	659,835	702,665	563,314	283,670	249,988	271,065	278,865	369,289
Authorized Hydro	4,646,604	337,508	359,087	333,340	461,585	687,701	684,973	473,072	279,913	222,460	223,939	240,182	342,844
Difference, MWh	8,943	-7,317	-77,436	-2,903	-127,008	-27,866	17,692	90,242	3,757	27,528	47,126	38,683	26,445
Difference, aMW	1.0	-9.8	-111.3	-3.9	-176.4	-37.5	24.6	121.3	5.0	38.2	63.3	53.7	35.5
Value of Additional Generation	\$1,865,917	\$534,875	\$5,239,887	\$181,225	\$10,429,360	\$1,661,656	-\$621,538	-\$6,441,032	-\$288,807	-\$1,795,070	-\$3,071,190	-\$2,250,171	-\$1,713,279
Washington Allocation	\$1,228,333	\$352,108	\$3,449,418	\$119,300	\$6,865,647	\$1,093,868	-\$409,158	-\$4,240,131	-\$190,122	-\$1,181,694	-\$2,021,765	-\$1,481,288	-\$1,127,851
Gas Fired Generation													
Actual Gas Fired Generation	1,734,908	196,858	187,352	178,591	98,645	45,631	3,411	102,322	185,194	178,037	189,734	166,975	202,158
Authorized Gas Fired Generation	1,242,354	87,146	96,907	92,739	48,442	40,685	32,091	106,258	137,756	158,330	153,559	154,096	134,345
Difference, MWh	492,554	109,712	90,445	85,852	50,203	4,946	-28,680	-3,936	47,438	19,707	36,175	12,879	67,813
Difference, aMW	56.23												
Value of Generation	-\$32,372,225	-\$7,064,522	-\$5,831,804	-\$5,251,955	-\$2,724,340	-\$206,888	\$853,267	\$285,777	-\$3,646,640	-\$1,285,071	-\$2,357,516	-\$749,165	-\$4,393,366
Actual 547 Expense	\$108,284,097	\$11,587,183	\$10,874,279	\$10,131,592	\$7,496,860	\$3,689,940	\$379,788	\$4,268,868	\$11,807,212	\$13,875,935	\$11,137,257	\$10,191,078	\$12,844,105
Authorized 547 Expense	\$75,022,747	\$5,500,597	\$5,979,584	\$5,617,375	\$3,069,671	\$2,715,420	\$2,339,513	\$6,293,663	\$7,936,629	\$8,964,531	\$8,719,367	\$9,214,143	\$8,672,254
Net Higher Cost of Gas	\$33,261,350	\$6,086,586	\$4,894,695	\$4,514,217	\$4,427,189	\$974,520	-\$1,959,725	-\$2,024,795	\$3,870,583	\$4,911,404	\$2,417,890	\$976,935	\$4,171,851
Net Cost of Gas Fired Generation	\$889,125	-\$977,936	-\$937,109	-\$737,738	\$1,702,849	\$767,632	-\$1,106,458	-\$1,739,018	\$223,943	\$3,626,333	\$60,374	\$227,770	-\$221,515
Washington Allocation	\$585,311	-\$643,776	-\$616,899	-\$485,653	\$1,120,985	\$505,332	-\$728,381	-\$1,144,796	\$147,421	\$2,387,215	\$39,744	\$149,941	-\$145,823
Colstrip													
Actual Colstrip Generation	1,757,659	163,948	153,371	163,178	150,929	137,537	73,250	140,563	153,906	134,230	163,230	159,637	163,880
Authorized Colstrip Generation	1,725,226	154,932	146,356	151,397	124,649	102,558	122,128	154,838	156,448	151,403	155,183	151,403	153,931
Difference, MWh	32,433	9,016	7,015	11,781	26,280	34,979	-48,878	-14,275	-2,542	-17,173	8,047	8,234	9,949
Difference, aMW	3.70												
Value of Higher Generation	-\$2,503,060	-\$580,554	-\$452,320	-\$720,697	-\$1,426,123	-\$1,463,151	\$1,454,184	\$1,036,448	\$201,264	\$1,095,838	-\$524,421	-\$478,968	-\$644,561
Act Cost of Coal	\$19,609,259	\$1,693,941	\$1,738,116	\$1,691,663	\$1,479,583	\$1,265,176	\$784,963	\$1,541,332	\$2,085,867	\$1,260,985	\$1,358,851	\$1,132,866	\$3,575,916
Auth Cost of Coal	\$14,908,842	\$1,338,874	\$1,264,764	\$1,308,319	\$1,077,180	\$886,276	\$1,055,387	\$1,338,060	\$1,351,971	\$1,308,376	\$1,341,037	\$1,308,376	\$1,330,222
Net Higher Cost of Coal	\$4,700,417	\$355,067	\$473,352	\$383,344	\$402,403	\$378,900	-\$270,424	\$203,272	\$733,896	-\$47,391	\$17,814	-\$175,510	\$2,245,694
Net Cost of Higher Colstrip Gen	\$2,197,357	-\$225,487	\$21,032	-\$337,353	-\$1,023,720	-\$1,084,251	\$1,183,760	\$1,239,720	\$935,160	\$1,048,447	-\$506,607	-\$654,478	\$1,601,133
Washington Allocation	\$1,446,520	-\$148,438	\$13,845	-\$222,080	-\$673,915	-\$713,762	\$779,269	\$816,108	\$615,616	\$690,193	-\$333,499	-\$430,843	\$1,054,026

**Factors Contributing to Increased Power Supply Expense
2008 - Washington Allocation**

Change in Hydro Generation	\$1,228,333
Change in Gas Fired Generation and Fuel Expense	\$585,311
Change in Colstrip Generation and Fuel Expense	\$1,446,520
Change in Kettle Falls Generation and Fuel Expense	\$4,899,904
Change in Mid Columbia Contracts Expense	\$1,978,589
Change in Retail Loads	\$1,370,478
Change in Market Prices and Contract Costs	\$2,989,291
Total Expenses Above the Authorized Level	\$14,498,426

2008 Generation and Load Differences from the Authorized Level

	<u>Change</u> aMW	<u>Change</u> %
Change in Hydro Generation	1.0	0.2%
Change in Gas Fired Generation	56.2	39.6%
Change in Colstrip Generation	3.7	1.9%
Change in Kettle Falls Generation	-15.3	-40.0%
Change in Retail Loads	-13.7	-1.3%

2008 Generation Plant Availability Factors

Colstrip Unit 3	97.9%
Colstrip Unit 4	96.2%
Coyote Springs 2	83.6%
Kettle Falls	99.6%