

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UG-10 _____

EXHIBIT NO. ____ (KJC-3)

KEVIN J. CHRISTIE

REPRESENTING AVISTA CORPORATION

Forward Sumas Summer - Winter Differentials

Prices are an average of the forward prices for the month from January 2009 through February 2010 at Sumas

| | a | b | c | | d | | e | | f | | g | | h | | i | | j | | k | |
|----|--------------------|---|----------------------|---------------------------|--------------------------|----------------------|---------------------------|--------------------------|----------------------|---------------------------|-------------------------|----------------------|---------------------------|-------------------------|----------------------|---------------------------|-------------------------|----------------------|---------------------------|-------------------------|
| | | | Summer Price 2010 | Winter Price 2010-2011 | Difference 2010- 2011 | Summer Price 2011 | Winter Price 2011-2012 | Difference 2011- 2012 | Summer Price 2012 | Winter Price 2012-2013 | Difference 2012-2013 | Summer Price 2012 | Winter Price 2012-2013 | Difference 2012-2013 | Summer Price 2012 | Winter Price 2012-2013 | Difference 2012-2013 | Summer Price 2012 | Winter Price 2012-2013 | Difference 2012-2013 |
| 1 | January-09 | | \$ 5.99 | \$ 7.95 | \$ (1.96) | \$ 6.35 | \$ 8.21 | \$ (1.87) | \$ 6.40 | \$ 8.23 | \$ (1.84) | \$ 6.40 | \$ 8.23 | \$ (1.84) | \$ 6.40 | \$ 8.23 | \$ (1.84) | \$ 6.40 | \$ 8.23 | \$ (1.84) |
| 2 | February-09 | | \$ 5.36 | \$ 7.30 | \$ (1.94) | \$ 6.04 | \$ 7.92 | \$ (1.88) | \$ 6.19 | \$ 7.94 | \$ (1.75) | \$ 6.19 | \$ 7.94 | \$ (1.75) | \$ 6.19 | \$ 7.94 | \$ (1.75) | \$ 6.19 | \$ 7.94 | \$ (1.75) |
| 3 | March-09 | | \$ 4.90 | \$ 6.77 | \$ (1.87) | \$ 5.48 | \$ 7.36 | \$ (1.87) | \$ 5.67 | \$ 7.42 | \$ (1.76) | \$ 5.67 | \$ 7.42 | \$ (1.76) | \$ 5.67 | \$ 7.42 | \$ (1.76) | \$ 5.67 | \$ 7.42 | \$ (1.76) |
| 4 | April-09 | | \$ 4.95 | \$ 6.92 | \$ (1.97) | \$ 5.80 | \$ 7.54 | \$ (1.74) | \$ 6.06 | \$ 7.83 | \$ (1.77) | \$ 6.06 | \$ 7.83 | \$ (1.77) | \$ 6.06 | \$ 7.83 | \$ (1.77) | \$ 6.06 | \$ 7.83 | \$ (1.77) |
| 5 | May-09 | | \$ 5.25 | \$ 7.23 | \$ (1.98) | \$ 6.07 | \$ 7.81 | \$ (1.73) | \$ 6.27 | \$ 8.03 | \$ (1.76) | \$ 6.27 | \$ 8.03 | \$ (1.76) | \$ 6.27 | \$ 8.03 | \$ (1.76) | \$ 6.27 | \$ 8.03 | \$ (1.76) |
| 6 | June-09 | | \$ 5.31 | \$ 7.32 | \$ (2.01) | \$ 6.19 | \$ 7.92 | \$ (1.73) | \$ 6.42 | \$ 8.18 | \$ (1.76) | \$ 6.42 | \$ 8.18 | \$ (1.76) | \$ 6.42 | \$ 8.18 | \$ (1.76) | \$ 6.42 | \$ 8.18 | \$ (1.76) |
| 7 | July-09 | | \$ 4.85 | \$ 6.85 | \$ (2.00) | \$ 5.76 | \$ 7.47 | \$ (1.71) | \$ 5.97 | \$ 7.70 | \$ (1.73) | \$ 5.97 | \$ 7.70 | \$ (1.73) | \$ 5.97 | \$ 7.70 | \$ (1.73) | \$ 5.97 | \$ 7.70 | \$ (1.73) |
| 8 | August-09 | | \$ 4.95 | \$ 7.02 | \$ (2.07) | \$ 5.82 | \$ 7.51 | \$ (1.70) | \$ 5.96 | \$ 7.69 | \$ (1.73) | \$ 5.96 | \$ 7.69 | \$ (1.73) | \$ 5.96 | \$ 7.69 | \$ (1.73) | \$ 5.96 | \$ 7.69 | \$ (1.73) |
| 9 | September-09 | | \$ 4.98 | \$ 7.10 | \$ (2.12) | \$ 5.71 | \$ 7.43 | \$ (1.72) | \$ 5.91 | \$ 7.61 | \$ (1.70) | \$ 5.91 | \$ 7.61 | \$ (1.70) | \$ 5.91 | \$ 7.61 | \$ (1.70) | \$ 5.91 | \$ 7.61 | \$ (1.70) |
| 10 | October-09 | | \$ 5.53 | \$ 7.49 | \$ (1.96) | \$ 6.06 | \$ 7.75 | \$ (1.69) | \$ 6.25 | \$ 7.96 | \$ (1.71) | \$ 6.25 | \$ 7.96 | \$ (1.71) | \$ 6.25 | \$ 7.96 | \$ (1.71) | \$ 6.25 | \$ 7.96 | \$ (1.71) |
| 11 | November-09 | | \$ 4.87 | \$ 7.11 | \$ (2.25) | \$ 5.69 | \$ 7.34 | \$ (1.64) | \$ 5.89 | \$ 7.55 | \$ (1.66) | \$ 5.89 | \$ 7.55 | \$ (1.66) | \$ 5.89 | \$ 7.55 | \$ (1.66) | \$ 5.89 | \$ 7.55 | \$ (1.66) |
| 12 | December-09 | | \$ 5.26 | \$ 7.35 | \$ (2.09) | \$ 5.82 | \$ 7.46 | \$ (1.64) | \$ 6.00 | \$ 7.60 | \$ (1.61) | \$ 6.00 | \$ 7.60 | \$ (1.61) | \$ 6.00 | \$ 7.60 | \$ (1.61) | \$ 6.00 | \$ 7.60 | \$ (1.61) |
| 13 | January-10 | | \$ 5.32 | \$ 7.05 | \$ (1.73) | \$ 5.67 | \$ 7.21 | \$ (1.54) | \$ 5.85 | \$ 7.36 | \$ (1.52) | \$ 5.85 | \$ 7.36 | \$ (1.52) | \$ 5.85 | \$ 7.36 | \$ (1.52) | \$ 5.85 | \$ 7.36 | \$ (1.52) |
| 14 | February-10 | | \$ 5.07 | \$ 6.71 | \$ (1.65) | \$ 5.53 | \$ 6.99 | \$ (1.45) | \$ 5.69 | \$ 7.15 | \$ (1.46) | \$ 5.69 | \$ 7.15 | \$ (1.46) | \$ 5.69 | \$ 7.15 | \$ (1.46) | \$ 5.69 | \$ 7.15 | \$ (1.46) |
| 15 | | | | | | | | | | | | | | | | | | | | |
| 16 | Average | | | | \$ (1.97) | | | \$ (1.71) | | | \$ (1.70) | | | \$ (1.70) | | | \$ (1.70) | | | \$ (1.70) |
| 17 | Three Year Average | | | | | | | | | | | | | | | | | | | \$ (1.79) |

1/ Summer prices are the average of May, June, and July.

2/ Winter prices are the average of December, January, and February.

**Avista Corporation
Company Owned - Jackson Prairie Storage Summary**

| a | b | c | d | e | f | g | h | i | j | k | l | m | n |
|--|----------------|----------------------|---------------------|---------------------------|----------------------------|---------------------------------|----------------------------------|----------------------|----------------------------|---------------------|-----------------------|-----------------------------|---------------------|
| | Total Capacity | Total Deliverability | Total Cost as Filed | WA/ID Capacity Allocation | Oregon Capacity Allocation | WA/ID Deliverability Allocation | Oregon Deliverability Allocation | WA/ID Capacity (b*e) | WA/ID Deliverability (c*g) | Cost Assigned (d*e) | Oregon Capacity (b*f) | Oregon Deliverability (c*h) | Cost Assigned (d*f) |
| 1 '02 Capacity Expansion - July '07 - Oct '08 1/ | 262,446 | - | \$ 976,027 | 6/ 0% | 100% | 0% | 0% | 9/ - | - | \$ - | 262,446 | - | \$ 976,027 |
| 2 '08 Deliverability Expansion - 11/08 2/ | - | 104,000 | \$ 14,673,253 | 7/ 75% | 25% | 75% | 25% | 9/ - | 78,000 | \$ 10,861,221 | - | 26,000 | \$ 3,812,032 |
| 3 '99 Capacity & Deliverability & '02 Capacity Expansion from Shell/AE - 4/11 3/ | 3,030,901 | 104,000 | \$ 11,628,892 | 8/ | | 75% | 25% | 9/ 2,470,010 | 78,000 | \$ 9,597,409 | 560,891 | 26,000 | \$ 2,031,485 |
| 4 Total Capacity/Deliverability/Costs | 3,293,347 | 208,000 | \$ 27,278,172 | | | | | 2,470,010 | 156,000 | \$ 20,458,630 | 823,337 | 52,000 | \$ 6,819,544 |
| 5 | | | | | | | | | | \$ 1,343,637 | | | |
| 6 Revenue Requirement 4/ | | | | | | | | | | 0.54 | | | |
| 7 Capacity Cost per Dth 5/ | | | | | | | | | | | | | |
| 8 | | | | | | | | | | | | | |
| 9 | | | | | | | | | | | | | |
| 10 Ending Capacity and Deliverability Percent 9/ | | | | | | | | 75.00% | 75.00% | 75.00% | 25.00% | 25.00% | 25.00% |

1/ Capacity expansion began in 2002 and was paid for by Avista Energy. After the sale of Avista Energy to Shell in July 2007 Avista Utilities took over the remaining costs and associated capacity.
 2/ Avista Utilities participated in the deliverability expansion which was completed in October 2008.
 3/ Capacity and deliverability expansion owned by Avista Energy and subsequently released to Shell at the time of the Avista Energy sale.
 4/ The estimated annual revenue requirement is based on 14% of the allocated incremental capital costs of \$9,597,409.
 5/ The capacity cost per Dth is based on the annual revenue requirement divided by the incremental capacity of 2,470,010.
 6/ The cost of wells and cushion gas (174,964 Dth) injected at an average actual price of \$5.58. This is the balance as of 12/31/2009.
 7/ Actual cost of the expansion as of 12/31/2009. The project was completed and placed in service 10/31/2008.
 8/ The estimated book value on Avista Energy's books @ 4/30/2011 as of 02/28/2010.
 Capacity \$ 5,886,727 Deliverability \$ 5,742,165 Total \$ 11,628,892
 9/ The capacity and deliverability were to be allocated so that 75% to Washington and Idaho and 25% to Oregon after all capacity and deliverability expansions were completed. (Line 6 divided by total capacity in line 4).
 This split was based on estimated demand derived within SENDOUT@.