



Avista 2011 Integrated Resource Plan

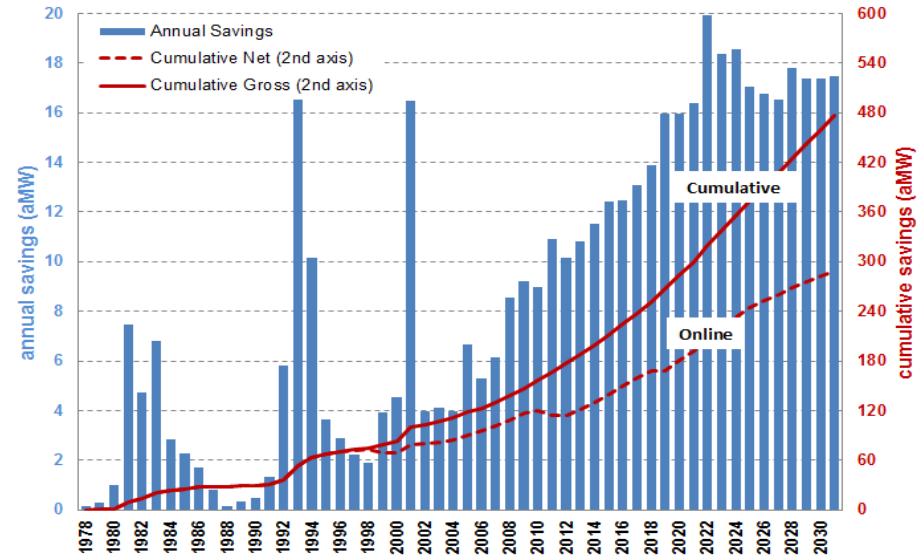
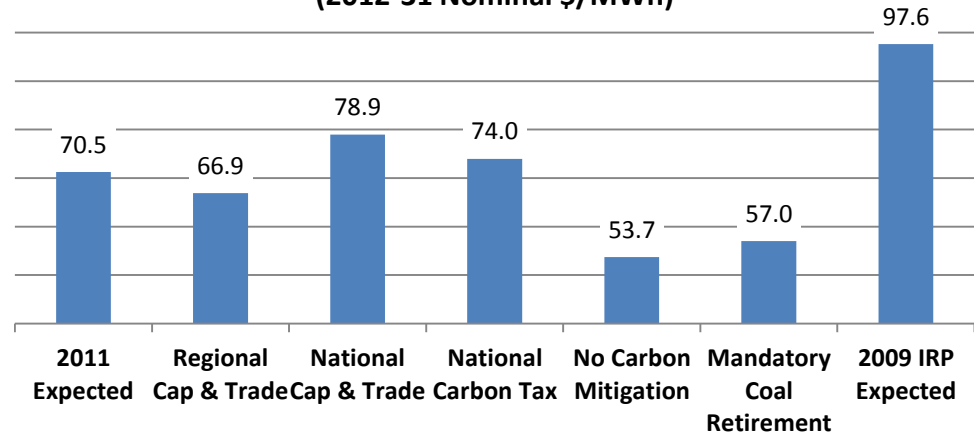
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2011 IRP Summary

Major Findings

- Lower market prices
- Slower load growth
- Continued gas reliance
- Less wind
- More conservation and bigger budgets

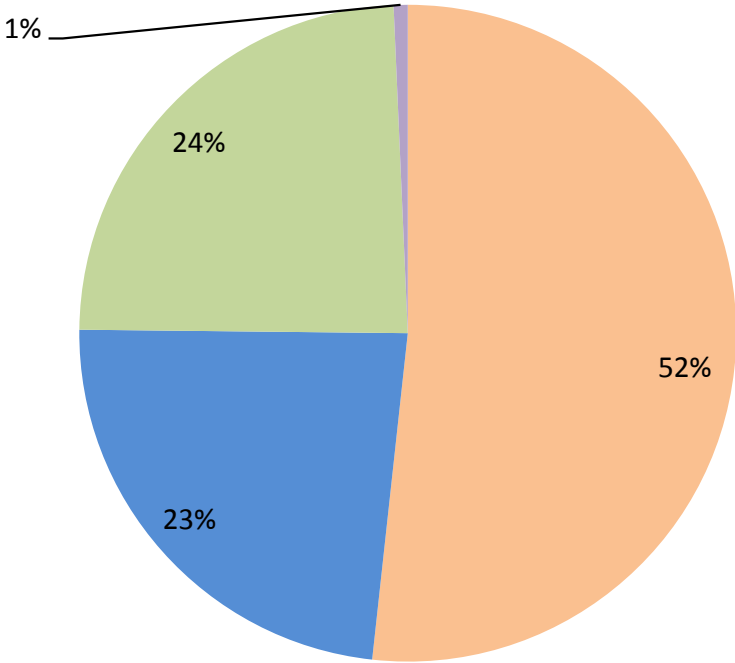
Mid-C Levelized Prices
(2012-31 Nominal \$/MWh)



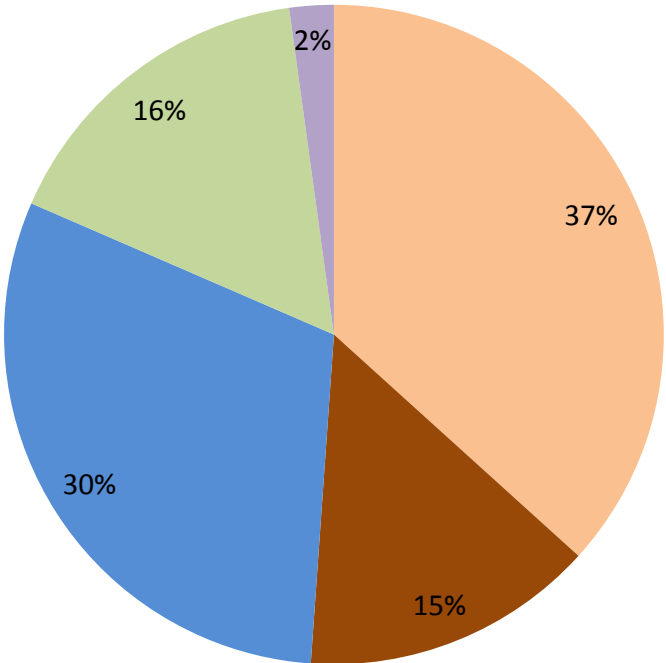
Preferred Resource Strategy

IRP Nameplate Comparison

2009 IRP
1,110 MW



2011 IRP
1,024 MW



- CCCT Gas
- CT Gas
- Conservation
- Wind
- Other

Conservation Avoided Cost Calculations

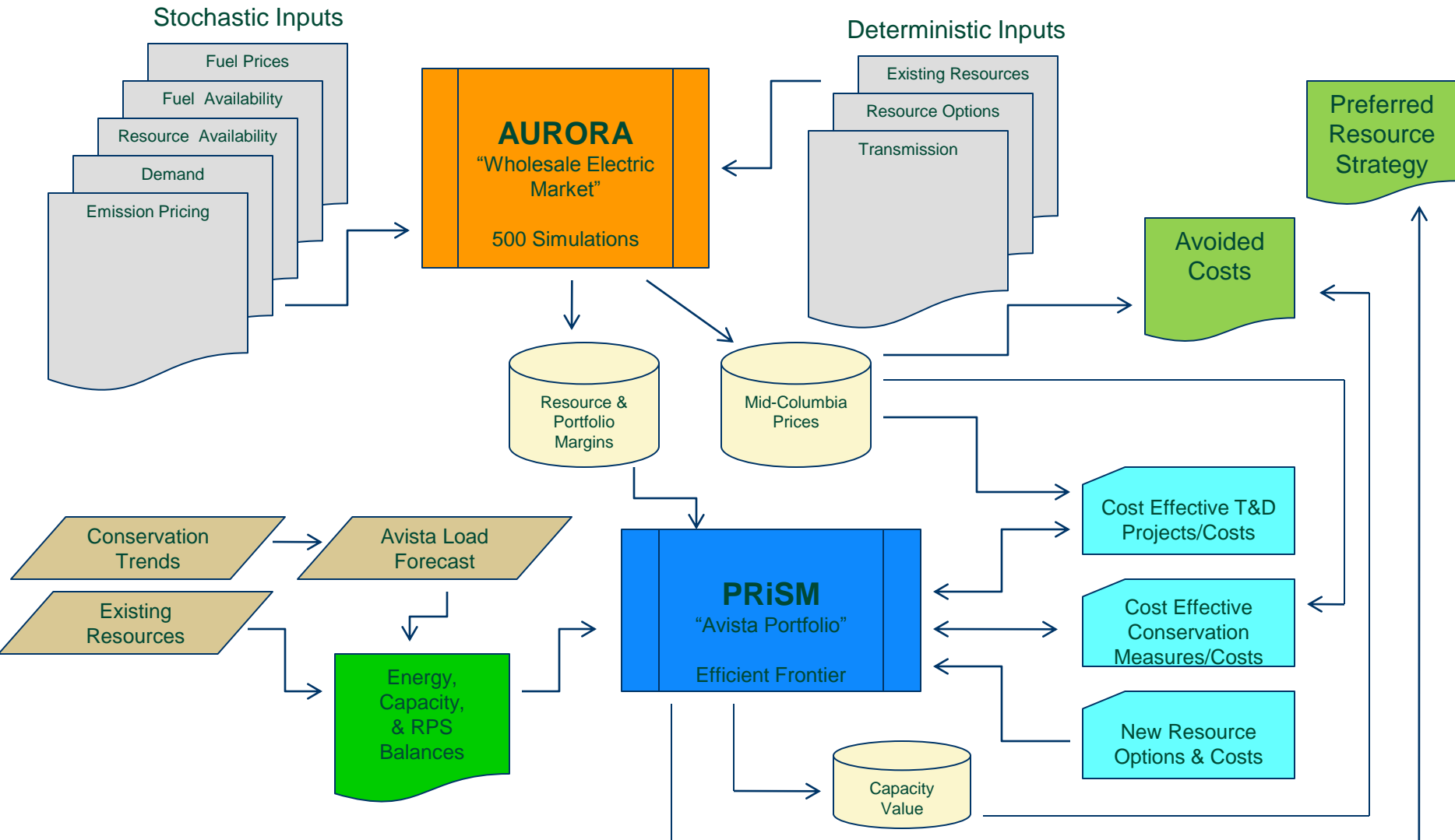
For 1 MW Measure With Flat Delivery

Item	\$/MWh
Energy Price	70.50
Capacity Savings	10.51
Risk Premium	7.38
Subtotal	88.39

Item	\$/MWh
10% Preference	8.84
Distribution Capacity Savings	1.14
T&D losses	6.02
Subtotal	16.00

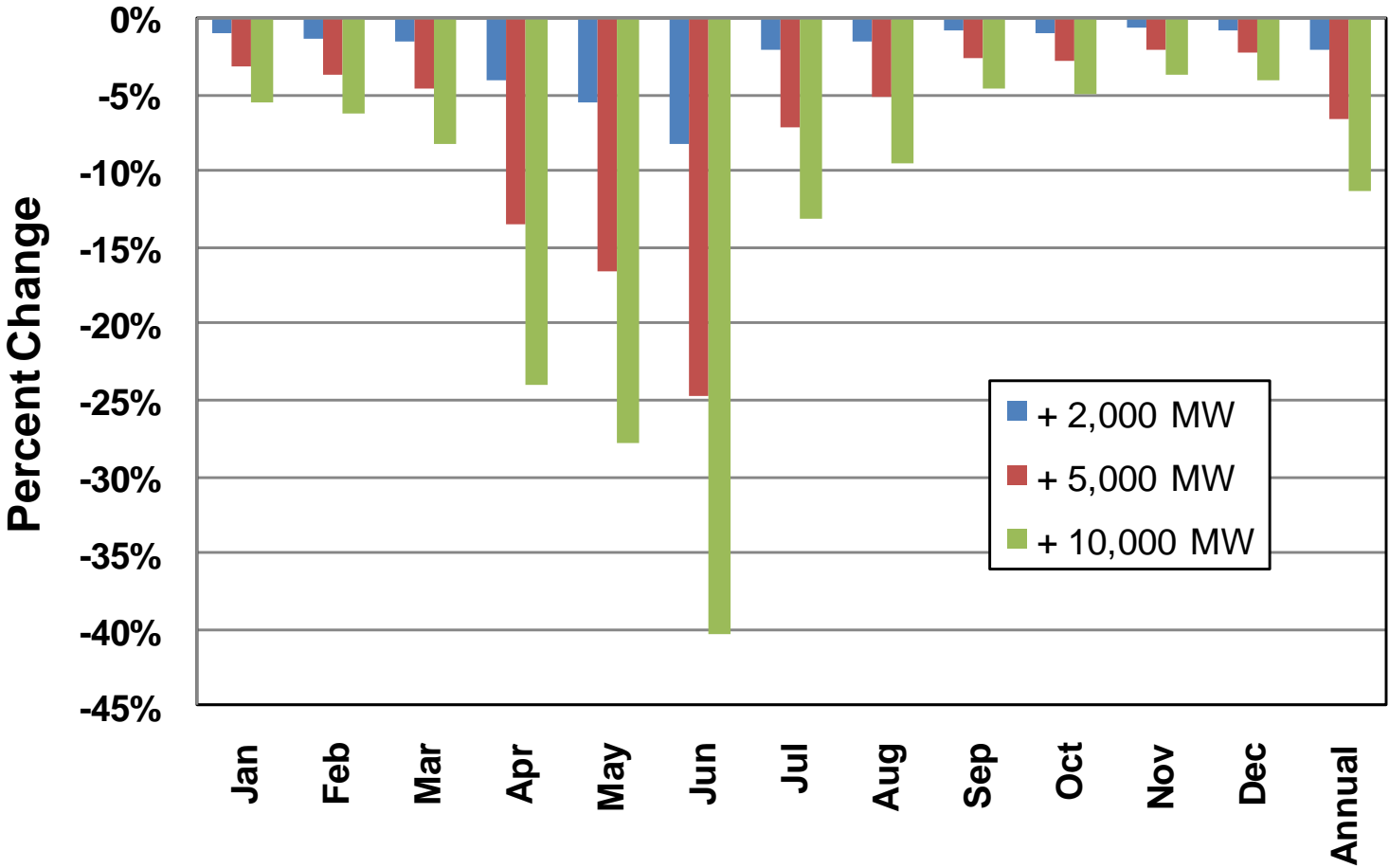
Avoided Cost:
\$104.39
per
MWh

2011 IRP Modeling Process

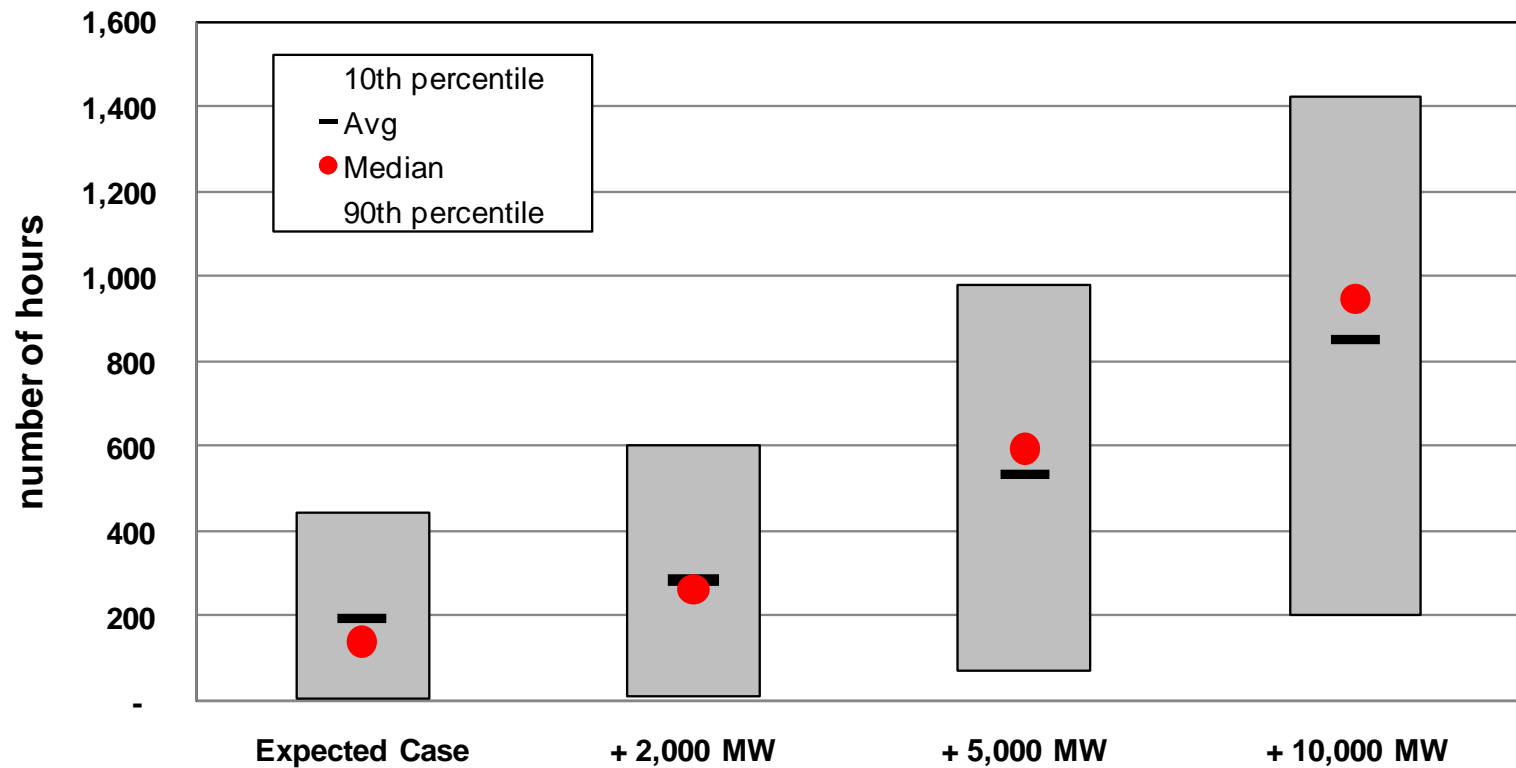


Avista 2011 Integrated Resource Plan High Wind Penetration Study

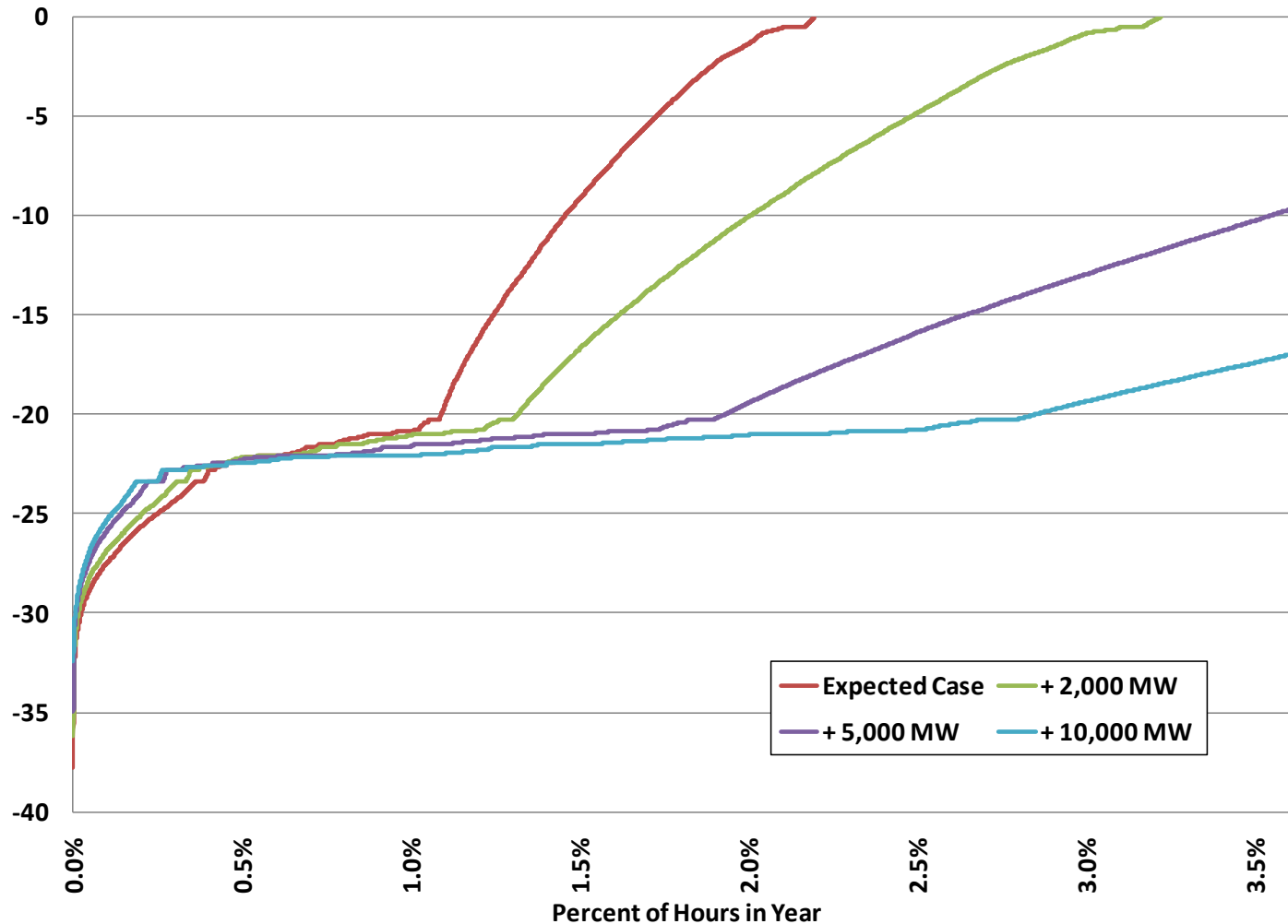
High Wind Penetration Scenarios: *Change to Monthly Average Mid-C Prices*



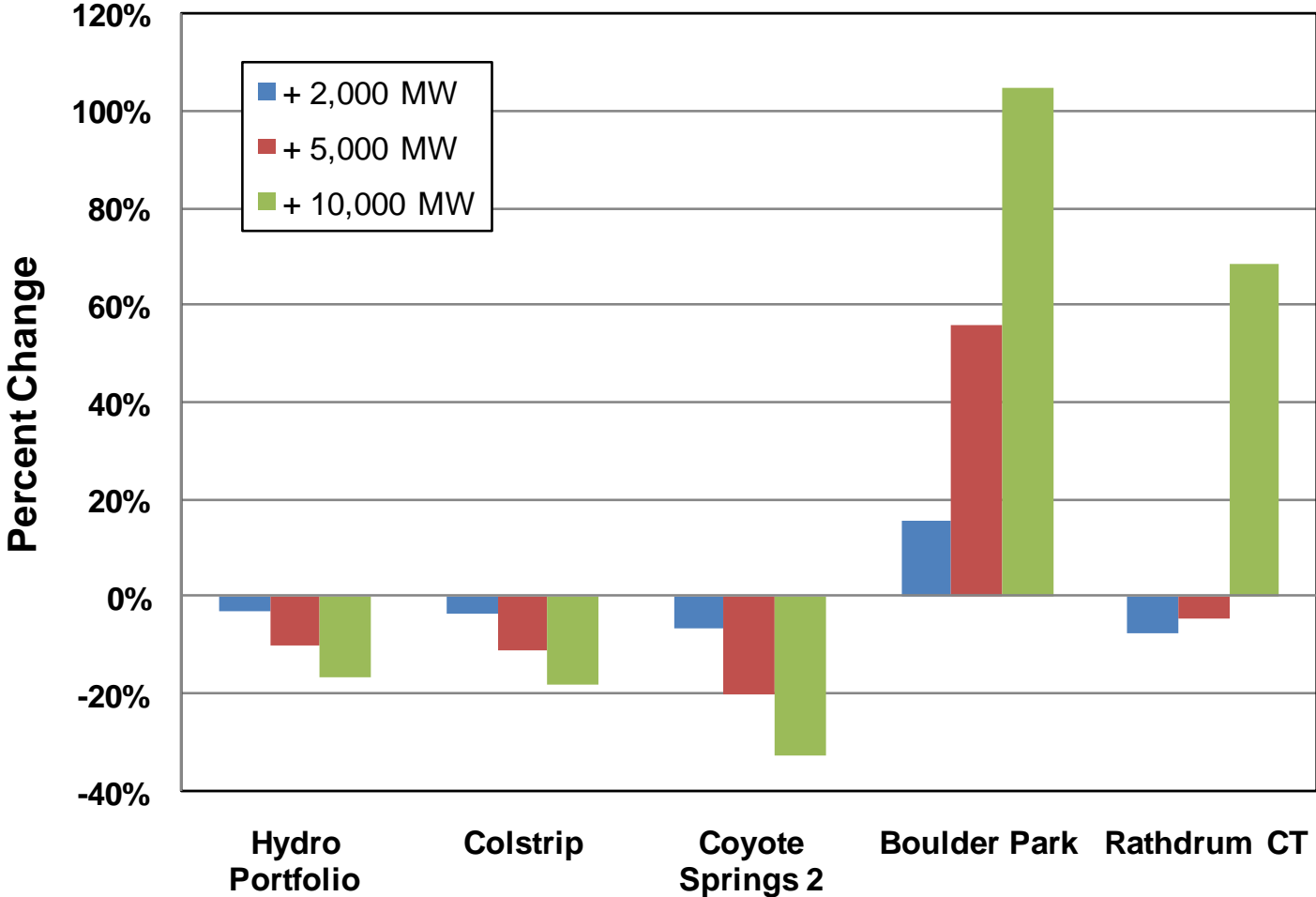
High Wind Penetration Scenarios: *Hours of 2015 Negative Prices*



High Wind Penetration Scenarios: 2015 Negative Price Duration Curve



High Wind Penetration Scenarios: Change to Avista Plant Operating Margins



Avista 2011 Wind RFP Palouse Wind Project

Palouse Wind Summary

- RFP process
 - released February, contract executed June
 - “cap” of \$62/MWh
 - ~40% lower prices than late-09
- Contract highlights
 - ~100 MW, 40 aMW
 - online late 2012
 - 30-year term with buy-out option after year 10
 - winter peaking resource
 - “apprentice labor”

