SCHEDULE 116

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TRANSPORTATION SERVICE FOR CUSTOMER-OWNED GAS - WASHINGTON

AVAILABLE:

To Customers in the State of Washington whose requirements exceed 30,000 therms of natural gas per year provided that the Company's existing distribution system has capacity adequate for the service requested by Customer.

APPLICABLE:

To transportation service for a Customer-owned supply of natural gas. Service shall be supplied at one point of delivery and metering for use by a single customer.

MONTHLY RATE:

First 200 therms $0.56955

Next 800 therms $0.37851

Next 9,000 therms $0.28852

Next 15,000 therms $0.24617

All Over 25,000 therms $0.17269

OTHER CHARGES:

The above Monthly Rate is subject to the provisions of the following Schedules:

Schedule 150 – Purchased Gas Cost Adjustment

Schedule 155 – Gas Rate Adjustment

Schedule 158 – Tax Adjustment

Schedule 175 – Decoupling Mechanism

Schedule 191 – Demand Side Management Adjustment

Schedule 192 – Low Income Rate Assistance Adjustment

Schedule 196 – Rate Plan Adjustment

MONTHLY MINIMUM CHARGE:

**$113.91**, unless a higher minimum is required under contract to cover special conditions.

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TRANSPORTATION SERVICE FOR CUSTOMER-OWNED GAS - WASHINGTON

SPECIAL TERMS AND CONDITIONS:

1. Service hereunder shall be provided subject to execution of a contract between the Customer and the Company for a term of not less than one year. The contract shall also specify the maximum daily volume of gas to be transported.

2. Customers who have an existing “Buy-Sell” Agreement with the Company for pipeline firm transportation service under this schedule will be billed an additional monthly Reservation Charge by the Company to recover Northwest Pipeline fixed firm transportation charges.

3. A transportation customer may also contract with the Company for gas sales service. The contract must specify the daily sales quantity required, expressed in therms, and the sales rate schedule elected in the service agreement. Sales gas shall be deemed first through the meter each day. Transportation service supplied under this schedule shall not be interchangeable with gas sales service supplied by the Company

4. A Customer may designate an Agent, or act as an agent on their own behalf, to manage the Customer’s gas supply and provide daily nominations to the Company on behalf of the Customer. The Customer may become a member of a Supply Pool under their Agent, provided the Agent has executed an Agency Pooling agreement with the Company. A Customer participating in an agent’s Supply Pool must execute an agency assignment agreement with the Company. A Supply Pool shall consist of only customers receiving gas transportation service from the Company through a single agent, and whose gas for all customers in the Supply Pool is received into the Company’s distribution system. The Company will designate Supply Pools based on regional and geographical locations in accordance with the Company’s ability to physically receive and deliver gas to the customer. The Customer’s Agent will nominate and balance gas supplies on behalf of all customers in a Supply Pool in accordance with Avista’s nomination procedures and shall be responsible for any imbalance charges or other fees, charges, taxes or penalties.

# SCHEDULE 116B

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TRANSPORTATION SERVICE FOR CUSTOMER-OWNED GAS - WASHINGTON

5. The Company may entitle, curtail or interrupt the transportation of Customer-owned Gas on its system whenever the Company, in its sole judgment, determines that it does not have adequate pipeline or distribution system capacity to meet all firm service requirements. Such entitlement, curtailment or interruption shall be made in accordance with the Company's "Contingency Plan for Firm Service Gas Curtailment", as contained in its approved tariff. Any volumes of Customer-owned Gas unable to be delivered due to the operational constraints specified in this paragraph shall be held as an imbalance and delivered to the Customer as soon as operationally practicable. The Company will not be liable for damages occasioned by the entitlement, curtailment or interruption of service supplied under this schedule.

6. The Company, at its discretion, may issue an entitlement order which will serve to prescribe a minimum or maximum amount of gas to be used by a Customer during a day. The entitlement order will specify the conditions necessary for compliance including the prescribed tolerance. Under an overrun entitlement order, gas used in excess of the confirmed daily nomination plus the prescribed tolerance shall be considered as daily unauthorized overrun usage. In addition to the transport rate set forth under this Schedule, the charge for the gas associated with daily unauthorized overrun usage shall be the greater of $1.00 per therm or 150% of the highest midpoint price for the day at NW Wyoming Pool, NW south of Green River, Stanfield ORE, Kern River Opal, El Paso Bondad or NW Can. Bdr. (Sumas) supply pricing points (as reflected in the Daily Price Survey published in “Gas Daily”). Payment for overrun purchased gas and overrun penalties shall not under any circumstances be considered as granting Customer the right to take unauthorized overrun gas or exclude any other remedies which may be available to Company.

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TRANSPORTATION SERVICE FOR CUSTOMER-OWNED GAS - WASHINGTON

7. Gas not taken under this tariff by reason of failure to comply with an underrun entitlement order shall be considered as unauthorized underrun. The charge for unauthorized underrun shall be $1.00 per therm for that part of the unauthorized underrun below the confirmed daily nomination and prescribed tolerance specified in the underrun entitlement order. In addition, the Company may require that the volume of underrun gas be taken off the system within the following seventy-two (72) hour period. If applicable, for that part of the unauthorized underrun not taken off the system within the seventy-two hour period, an additional penalty of $1.00 per therm per each gas flow day will be assessed following the seventy-two (72) hour period.

8. Billing arrangements with gas suppliers, transportation providers and agents are to be the responsibility of the Customer.

9. In the event that transportation gas is unable to be delivered for a period of time, the customer may be required to execute a sales contract and demonstrate creditworthiness. Customers executing a sales contract will be subject to the provisions specified in section 16 of this Schedule.

10. The Customer shall be responsible for any transportation service fees, agency fees and penalties and end-use taxes or fees levied on Customer-owned gas transported by the Company,

11. Customers served under this schedule are required to have telemetering equipment and shall pay the Company for such equipment and any other new facilities or equipment required to transport Customer-owned gas or accurately meter such gas under this schedule.

12. The Customer or their agent, with assistance from the Company when necessary, will schedule its supply such that at the end of the Customer's billing cycle, the Customer's usage approximately equals the amount of gas supplied to the Company by the Customer's supplier during the billing cycle.

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TRANSPORTATION SERVICE FOR CUSTOMER-OWNED GAS - WASHINGTON

13. If a Customer’s cumulative imbalance in any billing month during the period August through February is more than three percent (3%) above or below total confirmed nominations for that billing month, or if Customer’s cumulative imbalance in any billing month during the period March through July is more than five percent (5%) above or below total confirmed nominations for that billing month, the Company will provide notification by the fifteenth day of the following month that the imbalance exceeds the allowed tolerance and that a potential penalty situation exists. From the notification date, 45 days will be given to eliminate the imbalance. If at the end of the 45 day period the imbalance has not been corrected to a level within the allowed tolerance, a balancing penalty of $1.00 per therm will be assessed. The imbalance penalty will continue to be charged at the end of each billing period until the imbalance is within the allowed tolerance.

14. Gas delivered under this schedule shall not be resold by the Customer contracting for transportation service.

15. The quality of Customer-owned natural gas shall meet the requirements as set forth in Northwest Pipeline Corporation's FERC tariff.

16. Customers served under this schedule who desire to change to a sales service schedule must provide written notice to the Company at least ninety (90) days prior to the effective date of the schedule change. The Company reserves the right to refuse a Customer request to change from transportation service to firm sales service based on firm transportation capacity or gas supply constraints. The Company shall charge or credit a Customer changing from sales service (pursuant to one of the Company’s sales rate schedules) to transportation service or from transportation service to sales service to ensure the fair treatment of existing gas cost deferral account balances among all Customers. The charge or credit will be based on the customer’s actual sales gas usage divided by the total usage for all sales gas customers multiplied by total deferred gas costs for the month.

17. Service under this schedule is subject to the Rules and Regulations contained in this tariff.

Issued October 15, 2010 Effective December 1, 2010