

avista agreement #4001

Service Agreement No. 97TX-50002

**SERVICE AGREEMENT**  
 for  
**POINT-TO-POINT TRANSMISSION**  
 executed by the  
**UNITED STATES OF AMERICA**  
**DEPARTMENT OF ENERGY**  
 acting by and through the  
**BONNEVILLE POWER ADMINISTRATION**  
 and  
**AVISTA ENERGY, INC.**

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This TRANSMISSION SERVICE AGREEMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_ 199\_\_ by and between the Bonneville Power Administration (hereinafter referred to as "BPA") and Avista Energy, Inc. (hereinafter referred to as "the Transmission Customer"). The Transmission Customer and BPA are sometimes referred to individually as "Party" and collectively as "Parties," as the context suggests below.

WITNESSETH:

WHEREAS BPA provides Transmission Service under BPA's Point-to-Point Tariff; and

WHEREAS the Transmission Customer desires to receive Transmission Service under the Point-to-Point Tariff;

NOW, THEREFORE, in consideration of the promises and mutual covenants and agreements herein contained, the Parties do agree as follows:

ARTICLE 1

SCOPE OF SERVICE AGREEMENT

1.1 **Terms and Conditions.** The terms and conditions under which the Point-to-Point Transmission Service is offered and accepted are pursuant to this Service Agreement and to the Point-to-Point Transmission Service Tariff. The Tariff in effect at the time of execution of this Service Agreement is hereby incorporated by this reference and made a part of this Service Agreement as Exhibit "A." Unless otherwise mutually agreed in writing by the Parties, BPA may change the terms and conditions of the Tariff upon, and only upon, a determination by the Federal Energy Regulatory Commission (Commission) that such change is just and reasonable and not unduly discriminatory or preferential.

1.2 **Application.** The Application for Point-to-Point Transmission Service requested by the Transmission Customer and accepted by BPA for this Service Agreement is

hereby incorporated by this reference and made a part of this Service Agreement as Exhibit "B."

- 1.3 Statement of Specifications for Long-Term Firm Transmission Service.** The Statement of Specifications (including Ancillary Services) for Long-Term Firm Point-to-Point Transmission Service under this Service Agreement requested by the Transmission Customer and accepted by BPA are hereby incorporated by reference and made a part of this Service Agreement as Exhibit "C."
- 1.4 System Impact/Facilities Study.** Study Agreements for a System Impact Study and/or a Facilities Study, if performed for this Application, are hereby incorporated by this reference and made a part of this Service Agreement as Exhibits "D" and "E," respectively.
- 1.5 Transmission Scheduling Provisions.** The Transmission Scheduling Provisions are hereby incorporated by reference and made a part of this Service Agreement as Exhibit "F." All transactions scheduled under this Service Agreement shall be scheduled in accordance with the scheduling provisions in Section 2.7(d) of the Tariff and Exhibit F of this Service Agreement.
- 1.6 Reservation Provisions for Short-Term PTP.** The reservation provisions for Short-Term PTP transmission service under this Service Agreement shall be arranged pursuant to Sections 9 and 10 of the Tariff, and as provided in Exhibit G. Hourly nonfirm PTP transmission service shall be arranged pursuant to Section 10 of the Tariff and as provided in Exhibit F.
- 1.7 BPA Wholesale Power and Transmission Rates Schedules.** The BPA Wholesale Power and Transmission Rates Schedules are hereby incorporated by reference and made part of this Service Agreement as Exhibit "H."

1.8 **Facilities Charges.** All applicable charges pursuant to the Direct Assignment Facilities Provisions for existing facilities and new facilities which are built as a result of this Service Agreement are hereby incorporated by reference and made a part of this Service Agreement as Exhibit "I."

1.9 **Ancillary Services.** The Ancillary Services for PTP Transmission Service under this Service Agreement requested by the Transmission Customer and accepted by BPA are hereby incorporated by this reference and made a part of this Service Agreement as Exhibit "J."

## **ARTICLE 2 DEFINITIONS**

Unless otherwise defined herein, all capitalized terms shall have the meaning set forth in the Tariff.

## **ARTICLE 3 TERM OF SERVICE AGREEMENT**

Service under this Service Agreement shall commence on 2400 hours on July 31, 1997, and shall terminate on 2400 hours on July 31, 2017, unless terminated earlier pursuant to Section 9.9 of the Tariff. All obligations and liabilities incurred under this Service Agreement shall be preserved until satisfied.

## **ARTICLE 4 CHARGES AND PAYMENTS**

4.1 **Charges for Transmission Service.** The Transmission Customer shall pay BPA the applicable charges, for services provided hereunder, pursuant to the rate schedules as specified below.

- 4.1.1 All applicable charges pursuant to the PTP Transmission Rate as specified in Exhibit H (PTP-96, or its successor) and listed in the Wholesale Power and Transmission Rate Schedules.
  - 4.1.2 All applicable charges pursuant to the Ancillary Products and Services Rate for such services as specified in Exhibit J (APS-96, or its successor ) and listed in the Wholesale Power and Transmission Rate Schedules.
  - 4.1.3 Reserved Nonfirm Transmission Rate as specified in Exhibit G (RNF-96, or its successor) and listed in the Wholesale Power and Transmission Rate Schedules.
  - 4.1.4 Energy Transmission Rate as specified in Exhibit H (ET-96, or its successor) and listed in the Wholesale Power and Transmission Rate Schedules.
  - 4.1.5 Advance Funding Rate for facilities specified in Exhibit I (AF-96, or its successor) and listed in the Wholesale Power and Transmission Rate Schedules.
  - 4.1.6 Use-of-Facilities Rate for facilities specified in Exhibit I (UFT-96, or its successor) and listed in the Wholesale Power and Transmission Rate Schedules.
  - 4.1.7 Southern Intertie Rate as specified in Exhibit C and Exhibit H (IS-96, or its successor) and listed in the Wholesale Power and Transmission Rate Schedules.
  - 4.1.8 Montana Intertie Rate as specified in Exhibit C and Exhibit H (IM-96, or its successor) and listed in the Wholesale Power and Transmission Rate Schedules.
- 4.2 **Billing and Payment.** Bills for all services provided under this Service Agreement shall be rendered monthly by BPA. All such bills shall be due and payable in accordance with Section 20 of the Tariff.

## ARTICLE 5 NOTICES

- 5.1 **Notices Relating to Provisions of Service Agreement.** Any notice, request, demand, or statement which may be given to or be made upon either Party by the other Party under any of the provisions of this Service Agreement, except those

specified in paragraph 5.2 below, shall be in writing and shall be considered delivered when either personally delivered or deposited in the mail postage prepaid and properly addressed to the following party at the following address:

If the notice is to the Transmission Customer:

Vice President, Energy Trading  
Avista Energy, Inc.  
201 W. North River Drive, Suite 610  
Spokane, WA 99201  
Phone: (888) 284-7824  
Fax: (509) 495-8100

If the notice is to BPA:

Senior Account Executive for Avista Energy, Inc.  
Bonneville Power Administration  
P.O. Box 3621  
Portland, OR 97208-3621

**5.2 Notices of An Operating Nature.** Any notice, request, or demand pertaining to matters of an operating nature, exclusive of requests for additional or modified transmission service under the Tariff, shall be sufficient if given in writing, by telephone, by facsimile, or orally in person to the person designated in writing by the Party as its representative for such purposes, provided that should such notice, request or demand not be in writing, confirmation thereof shall be made in writing as soon as reasonably practicable thereafter, upon request of the Party being served. The point of contact pursuant to this section shall be communicated by the Parties under separate letter within 45 days from the date of execution of this Service Agreement.

## ARTICLE 6 SYSTEM OPERATIONS

The Transmission Customer having Point(s) of Interconnection and Points of Delivery with the Federal Columbia River Transmission System (FCRTS) shall be required to designate a Control Area and to comply with the System Operation and Interconnection Requirements

in Section 7.4 of the Tariff prior to commencement of Transmission Service hereunder. Points of Interconnection and Points of Delivery not on the Transmission Customer's system shall be governed by agreements between BPA and those interconnected parties.

**ARTICLE 7**  
**SPECIFICATIONS FOR ANCILLARY SERVICES**

Ancillary Services provided by BPA under this Service Agreement shall be provided in accordance with Section 8 of the Tariff and billed in accordance with Section 20 of the Tariff. The Ancillary Services provided to the Transmission Customer shall be specified in Exhibit J of this Service Agreement.

**ARTICLE 8**  
**MISCELLANEOUS**

- 8.1 Interconnection With Other Systems.** Nothing contained in this Service Agreement shall restrict or limit either Party from establishing, altering, or terminating interconnection points with any entity not a party to this Service Agreement, or from amending or entering into such agreements.
- 8.2 Governing Law.** This Service Agreement shall be interpreted, construed, and enforced in accordance with Federal law.
- 8.3 Amendments.** Except as provided in Article 1.1 and Article 8.4, and unless otherwise mutually agreed in writing by the Parties, BPA may change this Service Agreement upon, and only upon, a determination by the Commission that such change is just, reasonable and not unduly discriminatory or preferential. Otherwise, this Service Agreement may be amended only upon mutual agreement of the Parties, which amendment shall be reduced to writing and executed by both Parties.

**8.4 Revision of Exhibits.** If any changes to Exhibits C, D, E, F, G, H, I or J are necessary to reflect changes specified below, new exhibits shall be substituted for the exhibits then in effect and shall become effective as of the date specified therein. The Transmission Customer may use the dispute resolution procedures available under the Tariff to challenge non-rate changes.

8.4.1 Subject to the rights and obligations of the Parties as set forth in the Tariff, if the Parties mutually agree to change Exhibit C pursuant to this Service Agreement, BPA shall prepare and issue a revised Exhibit C. BPA reserves the unilateral right to amend contiguous Point of Delivery provisions in Exhibit C of this Service Agreement.

8.4.2 If the Parties mutually agree to perform study agreements for a System Impact Study or Facilities Study under this Service Agreement, BPA shall prepare a revised Exhibit D or Exhibit E incorporating such studies.

8.4.3 For changes to any of the provisions contained in the Transmission Scheduling Provisions Exhibit (Exhibit F) to reflect current practice, BPA shall prepare a new Exhibit F.

8.4.4 For changes to the Reservation Provisions for Short-Term PTP (Exhibit G) to reflect current practice, BPA shall prepare a new Exhibit G.

8.4.5 Except as provided in Article 4.3, BPA may change rates pursuant to applicable law and procedures. BPA shall prepare a new Exhibit H incorporating such changes.

8.4.6 BPA reserves the right to revise Exhibit I annually to reflect changes in: (a) the yearly noncoincidental demands on the facility under this Service Agreement and other agreements; (b) changes in I&A annual cost ratio; and (c) changes in O&M annual cost.

8.4.7 If the Parties mutually agree to change Exhibit J section 1, pursuant to this Service Agreement, BPA shall prepare and issue a revised Exhibit J. BPA reserves the right to update loss methodology consistent with Exhibit J, section 2 to incorporate values which represent current FCRTS operating conditions or to incorporate any value, used in the exhibit to calculate the losses, which has changed due to a change in methodology.



- 8.5 **Conversion to Any Tariffs Offered by BPA.** Upon mutual agreement of the Parties, the notice periods for terminating this Service Agreement and for commencing service under another tariff offered by BPA may be shortened.
- 8.6 **Severability.** In the event any of the terms, covenants, or conditions of this Service Agreement, or any amendment hereto, or the application of such terms, covenants, or conditions shall be held invalid as to any Party or circumstance by the Commission or by any court having jurisdiction, all other terms, covenants, and conditions of this Service Agreement or any amendment hereto, and their application shall remain in full force and effect.
- 8.7 **Computation of Time.** On computing any period of time prescribed or allowed by this Service Agreement, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of this period so computed shall be included unless it is a Saturday, Sunday, or legal holiday, in which event the period shall run until the end of the next business day which is neither a Saturday, Sunday, or legal holiday. For purposes of the administration of this Service Agreement, Pacific Time shall be used.
- 8.8 **No Third Party Beneficiaries.** This Service Agreement creates rights and obligations only between the Parties hereto. The Parties hereto expressly do not intend to create any obligation or promise of performance to any third person or entity, nor have the Parties conferred any right or remedy upon any person or entity other than the Parties hereto, their respective successors and assigns to enforce this Service Agreement.
- 8.9 **Waivers.** Any waiver at any time by either Party of its rights with respect to a default under this Service Agreement, or with respect to any other matter arising in connection with this Service Agreement, shall not be deemed a waiver with respect to any other or subsequent default or matter.

- 8.10 **Successors and Assigns.** This Service Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and assigns.
- 8.11 **Designation of Party Subject to Provide Reciprocal Service.** To the extent that the Transmission Customer or its affiliate owns transmission facilities, the Transmission Customer and its affiliate are subject to reciprocal service obligation.
- 8.12 **Service Agreement Governs.** In the event of any irreconcilable difference between the Tariff and this Service Agreement, the language of this Service Agreement shall govern.
- 8.13 **Entire Agreement.** Except as stated otherwise herein, this Service Agreement constitutes the entire Agreement between the Parties with respect to the subject

Confidential

matter hereof, and there are no other understandings or agreements between the Parties with respect thereto.

IN WITNESS WHEREOF, the duly authorized representatives of BPA and the Transmission Customer have executed this Service Agreement as of the date first above written.

UNITED STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By *Robert D King*  
Senior Transmission Account Executive

Name Robert D. King  
(Print/Type)

Date *July 27, 1997*

AVISTA ENERGY, INC.

By *Thomas A. Johns*

Name *Thomas A. Johns*  
(Print/Type)

Title *Vice President*

Date *July 25, 1997*

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Exhibit A, Page 1 of 1  
Service Agreement No. 97TX-50002  
Avista Energy, Inc.  
Effective at 2400 hours  
on July 31,, 1997\_\_

**POINT-TO-POINT SERVICE TRANSMISSION TARIFF**

(Reference the Point-to-Point Service Transmission Tariff,  
1996 Final Transmission Terms and Conditions Proposal)

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Exhibit B, Page 1 of 1  
Service Agreement No. 97TX-50002  
Avistta Energy, Inc.  
Effective at 2400 hours  
on July 31, 1997\_\_

**APPLICATION FOR POINT-TO-POINT TRANSMISSION SERVICE**

(Not Applicable for Short-Term Service Requests)

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Exhibit C, Page 1 of 1  
Service Agreement No. 97TX-50002  
Avista Energy, Inc.  
Effective at 2400 hours  
on July 31, 1997\_\_

**STATEMENT OF SPECIFICATIONS FOR LONG-TERM  
FIRM TRANSMISSION SERVICE**

***(NOT APPLICABLE FOR SHORT-TERM TRANSACTIONS)***

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Exhibit D, Page 1 of 1  
Service Agreement No. 97TX-50002  
Avista Energy, Inc.  
Effective at 2400 hours  
on July 31, 1997\_\_

**SYSTEM IMPACT STUDY**

***(NOT APPLICABLE FOR SHORT-TERM TRANSACTIONS)***

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Exhibit E, Page 1 of 1  
Service Agreement No. 97TX-50002  
Avista Energy, Inc.  
Effective at 2400 hours  
on July 31, 1997

**FACILITIES STUDY AGREEMENT**

***(NOT APPLICABLE FOR SHORT-TERM TRANSACTIONS)***

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## TRANSMISSION SCHEDULING PROVISIONS

### 1. PURPOSE OF THIS EXHIBIT

The purpose of this exhibit is to describe how the Parties will effect transmission transactions under this Service Agreement.

### 2. EXHIBIT PROVISIONS

#### (a) Scheduling Principles

The procedures in this exhibit are intended to achieve the following principles:

- (1) promote efficient system operations; and
- (2) provide workable scheduling procedures for the timely delivery of power.

#### (b) Control Area Requirements

- (1) In order to schedule power, a Transmission Customer must designate a Host Control Area (HCA) as defined by North American Electric Reliability Council (NERC) to implement its schedules. The HCA may be the sending Control Area, the receiving Control Area, or an intermediary Control Area.
- (2) BPA shall be the HCA for any transaction involving either:
  - (A) generation located within BPA's Control Area; or
  - (B) service to a load within BPA's Control Area.
- (3) If BPA is the intermediary Control Area in a single transaction or set of transactions, the Transmission Customer may designate a HCA other than BPA. The Transmission Customer must inform BPA of its choice no later than the time of preschedule. BPA has no obligation to accept schedules from any HCA that does not agree to abide by the scheduling requirements set forth in this Exhibit F.
- (4) If the Transmission Customer has designated a HCA for a single schedule, it must remain the HCA for the entire duration of the schedule. In the event the Transmission Customer fails to identify a

HCA for its next schedule, BPA will assume that the designated HCA is the same entity as designated for the Transmission Customer's last schedule. Any designation changes shall be made pursuant to Article 5.1 of this Service Agreement.

- (5) The Transmission Customer may arrange interchange schedules; however, the HCA shall confirm and then implement the interchange schedule. The HCA is responsible to the Western Systems Coordinating Council and NERC for the interchange scheduling arrangements of the Transmission Customer, including the responsibility for resolving any inadvertent energy accumulation that may result from the Transmission Customer's incorrect or uncoordinated scheduling of the interchange.
- (6) Any Transmission Customer for whom BPA is the HCA must schedule transmission to or from BPA's Control Area; i.e., the Transmission Customer's Scheduling Agent is BPA for purposes of scheduling transmission under this exhibit.
- (7) Any Transmission Customer or its Scheduling Agent using a HCA other than BPA must establish and verify schedules with other Control Areas through the HCA, but the HCA is responsible for implementing and assuring the accuracy of the schedule.

(c) **Coordinating Requirements**

- (1) All schedules must be provided to BPA on Workdays (defined as any day *both* Parties consider a workday).
- (2) Schedules apply to the following day or days (if the following day or days are not Workdays).
- (3) Scheduled hourly values are to be referenced by the "hour ending" time on the 24-hour clock (i.e., the schedule for 2-3 p.m. is referred as the "hour ending 15").
- (4) Unless otherwise agreed, all schedules will be effectuated on an hourly basis using the standard 20-minute ramp period centered on the hour (i.e., beginning 10 minutes prior to the hour and ending 10 minutes after the hour).

- (5) All schedules with BPA are to be stated in Pacific Time (PT) and are to begin with the hour ending 1.
- (6) The Transmission Customer or its Scheduling Agent agrees to submit all hourly prescheduled quantities in whole megawatthour amounts.

(d) **Prescheduling Requirements**

Prescheduling is the process of establishing hourly schedules through the following Workday(s).

(1) **Preschedule Submissions**

- (A) The Transmission Customer or its Scheduling Agent agrees to submit schedule(s) covering all transactions into, out of, or within BPA's Control Area.
- (B) BPA may require Transmission Customers or its Scheduling Agent to submit *estimated* preschedules prior to the final preschedule.
- (C) The Transmission Customer or its Scheduling Agent agrees to submit a *final hourly* preschedule for the next day or days by 1000 of each Workday, as specified in Section 3.6 of the Tariff.
- (E) The maximum number of preschedule days is 4 days, except that by mutual agreement BPA may accept preschedules for up to 5 or 6 days as needed to accommodate a Transmission Customer's special scheduling requirements for contiguous weekend-holiday periods. (For example, BPA shall accept schedules for the period Thanksgiving Thursday through Monday if the Transmission Customer observes the Friday after Thanksgiving as a holiday.)

(2) **Information Required to Be Included in Preschedule**

Any schedule submitted to BPA by the Transmission Customer or its Scheduling Agent must include, at a minimum, the following information:

- (A) the HCA;
- (B) the supplier, receiver, and wheeling entities involved in the transaction;

- (C) the MW amount of the schedule;
- (D) the starting and ending times for each schedule;
- (E) the transmission service being scheduled; and
- (F) the point of receipt/delivery for the transaction.

(e) **Changes from Preschedule**

- (1) The Transmission Customer or its Scheduling Agent may not change the hourly amounts of its preschedules except by mutual agreement with BPA. The Transmission Customer's generation that provides automatic generation control is exempt from this requirement.
- (2) To the extent changes from the preschedule become necessary, the Transmission Customer or its Scheduling Agent must submit such requests no later than 30 minutes prior to the scheduled hour for which the change becomes effective.
- (3) Multihour changes from preschedule shall specify an "hour beginning" and an "hour ending" and shall never be stated as "until further notice."
- (4) Upon a Transmission Customer's or its Scheduling Agent's request, BPA will consider mid-hour changes from preschedule under critical operating conditions such as loss of a resource or transmission path. The Transmission Customer or its Scheduling Agent and BPA must agree to the effective time, ramp duration, integrated, and revised net schedules for mid-hour changes. Mid-hour schedule changes shall not be made for economic or load shaping purposes. Such changes are subject to applicable charges.

(f) **Wheeling Requirements**

- (1) **Scheduling Requirements for Wheeled Power**  
The Transmission Customer's Scheduling Agent and HCA must ensure that any wheeling contract(s) to which they are a party on behalf of the Transmission Customer provide(s) for the following:

- (A) The Transmission Customer or its Scheduling Agent must arrange schedules with affected wheeling entities to or from the agreed-upon point of receipt/delivery.
  - (B) If BPA provides wheeling services, including those for which BPA is the HCA, the Transmission Customer or its Scheduling Agent must notify BPA of changes to wheeling arrangements no later than 30 minutes prior to the scheduled hour for which the wheeled energy transaction becomes effective.
  - (C) The Transmission Customer or its Scheduling Agent must acquire Transmission consistent with BPA's Transmission Reservation and Scheduling Procedures and the PTP and NT Tariffs.
- (g) **Emergency Requirements**
- (1) **Loss of Transmission Path**
    - (A) The path operator shall notify affected Transmission Customers, their Scheduling Agents and HCAs as rapidly as possible of the loss of a transmission path.
    - (B) The path operator shall establish the effective time (midpoint of ramp) of schedule change.
    - (C) All parties to a transaction shall terminate or modify schedules, as required, per the established effective time, and agree on integrated and revised net schedules.
  - (2) **Loss of Generating Resource**

For any resources it schedules over the FCRTS, the Transmission Customer agrees to adhere to the following requirements for any resources that it operates and agrees to ensure, through contractual arrangement, that any entity operating a resource on its behalf likewise agrees to the following:

    - (A) The operating entity (generating entity) will notify BPA and affected Transmission Customers, their Scheduling Agents, and HCAs as quickly as possible of the resource loss.
    - (B) The entity with Control Area responsibility shall establish the effective time (midpoint of ramp) of schedule change.

(C) All parties to a transaction shall terminate or modify schedules, as required, as of the established effective time, and agree on integrated and revised net schedules.

(3) **General Provisions Regarding Emergencies**  
BPA and the Transmission Customer, its Scheduling Agent, and HCA agree to expedite communications to avoid accumulation of inadvertent powerflows or net schedules which place a control burden on other Control Areas.

(h) **After-the-Fact Reconciliation**

The Transmission Customer or its Scheduling Agent agrees to reconcile all schedules and accounts each week with a final reconciliation at the end of each month consistent with the following principles:

- (1) The Transmission Customer or its Scheduling Agent and BPA shall verify all scheduled transmission.
- (2) The Transmission Customer or its Scheduling Agent and BPA shall agree on current product balances, loss calculations, and loss schedules, where appropriate.
- (3) The Transmission Customer or its Scheduling Agent shall assist BPA, as necessary, to reconcile all inadvertent energy in a timely manner.

**3. EXHIBIT REVISIONS**

The provisions in this exhibit may be revised in accordance with Article 8.4.3 of this Service Agreement.

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### RESERVATION PROVISIONS FOR SHORT-TERM PTP

The Transmission Customer shall make all reservations for Short-Term Firm and Short-Term Nonfirm PTP transmission service through BPA's Open Access Same-Time Information System (OASIS).

BPA's reservation procedures for Short-Term Firm and Short-Term Nonfirm PTP transmission service may change in the future; therefore the procedure for registering on the OASIS can be found under the heading "Registration Procedures" located at the following Internet URL address:

<http://www.nwoasis.org/oasis/bpa>

The Transmission Customer shall be asked to provide the following information on the OASIS:

1. Transmission Customer Name
2. Transmission Customer Company
3. DUNS Number
4. Telephone Number
5. E-Mail Address
6. Fax Telephone Number
7. Point of Receipt (POR) <sup>1/</sup>
8. Point of Delivery (POD)
9. Path Name
10. Source (Generating Party)
11. Sink (End Party) <sup>2/</sup>
12. Capacity Type
13. Capacity Amount (MW)
14. Begin Date, Begin Time, and Time Zone
15. End Date, End Time, and Time Zone

Transmission requests submitted via the OASIS must be marked "preconfirmed" in order to be accepted.

After entering the above information on the OASIS, the Transmission Customer shall be provided an Assignment Number and shall be able to check the status of the transmission request.

<sup>1/</sup> POR has the same meaning as Point of Interconnection in the Tariff.

<sup>2/</sup> Sink has the same meaning as Receiving Party in the Tariff.

Exhibit G, Page 2 of 2  
Service Agreement No. 97TX-50002  
Marketer Name  
Effective at 2400 hours  
on July 31, 1997\_\_

The procedure for reservations for hourly Nonfirm PTP transmission service are posted on the OASIS, located at the Internet URL address listed above, under the heading "Information and Business Practices". The Transmission Customer may also contact the BPA TBL Preschedule Desk or the BPA TBL Real-Time Desk for reservations for hourly Nonfirm PTP transmission service.

For Short-Term PTP transmission service scheduling, OASIS use, or reservation questions contact the following:

BPA SW TBL Preschedule Desk	(360) 418-2501
BPA NW TBL Preschedule Desk	(360) 418-2217
BPA TBL Real-Time Desk	(360) 418-2878 or 2581
Transmission Reservation Desk	(360) 418-8499
Fax No. Transmission Scheduling	(360) 418-8208
Fax No. Transmission Reservations	(360) 418-8207

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Exhibit I, Page 1 of 1  
Service Agreement No. 97TX-50002  
Avista Energy, Inc.  
Effective at 2400 hours  
on July 31, 1997\_\_

**FACILITIES CHARGES**

***(NOT APPLICABLE FOR SHORT-TERM TRANSACTIONS)***

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**ANCILLARY SERVICES**

**1. ANCILLARY SERVICES PROVIDED**

	<u>Provided By</u>	<u>Contract No.</u>
(a) Scheduling and Dispatch	N/A	50002
(b) Energy Imbalance	N/A	50002
(c) Control Area Reserves for Resources	N/A	
(d) Control Area Reserves for Interruptible Purchases	N/A	
(e) Load Regulation	N/A	
(f) Transmission Losses. <i>[Specify here how the Transmission Customer will handle losses, (i.e., purchase from BPA, return the losses, purchase losses from a third party).]</i>		

Compensation for losses associated with the delivery of power over the FCRTS under this Service Agreement shall be governed by the following provisions:

- (1) Federal Power Losses: Losses associated with Federal power purchased pursuant to BPA's PF-96, NR-96 and IP-96 Wholesale Power and Transmission Rate Schedules are provided by BPA and included in the rate for such power. No additional compensation is required.

Transmission loss obligations associated with the delivery of other classes of Federal power shall be established pursuant to the Transmission Customer's contract for the purchase of such power.

- (2) FCRTS Losses per the election made pursuant to Section 1(f)(4) below: The Transmission Customer shall provide compensation to BPA for losses incurred when providing transmission service over the FCRTS for amounts of power integrated at Points of Integration, except those amounts associated with purchases specified in 1(f)(1) above, by multiplying the amount of power delivered under this Service

Agreement by the applicable Loss Factor listed below in Section 2 of this Exhibit J and

- (a) adding the resulting amount to the billing factor for the Transmission Customer's purchases of Federal power; or
  - (b) purchasing the resulting amount from BPA pursuant to the APS-96 rate schedule (or its successor) for Transmission Losses; or
  - (c) returning the resulting amount of energy to BPA from either the Transmission Customer's system or from the system of a third party 168 hours after the time of delivery of power for which loss compensation is required, excepting, however, that losses resulting from use of Delivery Facilities, calculated pursuant to 1(f)(3), below, shall be returned on a mutually agreeable basis, but no later than 720 hours after delivery of power for which loss compensation is required.
- (3) Delivery Facilities - Delivery Facility losses shall be determined, for each billing cycle, pursuant to the following procedure:
- (a) determining the ratio of power delivered over Delivery Facilities to the total power delivered to the Transmission Customer over the FCRTS;
  - (b) multiplying the resulting ratio by the total amount delivered to the Transmission Customer less amounts described in 1(f)(1) above; and
  - (c) multiplying the result derived in step 1(f)(3)(b) by the Delivery Facility loss factor listed below in Section 2. Delivery Facility losses are not scheduled for return.
- (4) The Transmission Customer shall notify BPA of its method of compensation for losses for all network resources, in writing, 30 days prior to the first day of delivery schedules and 30 days prior to the first day of October each subsequent year during the term of this Service Agreement. In the event the Transmission Customer does not identify its Transmission Losses Compensation Method, in writing, 30 days prior to the first day of delivery schedules and 30 days prior to the first day of October each subsequent year, the default for the

Transmission Customer is to purchase losses using the flat rate under the APS-96 Rate Schedule or its successor. (Period ending September 30, may be less than one year based on start date of Service Agreement.)

**Transmission Customer's Method of Compensation of Losses for year one:**

The Transmission Customer has elected to purchase Transmission Losses for the period \_\_\_\_\_ through ----- . The purchase price is applied to all applicable transmission loss factors listed below in section 2.


[or]

The Transmission Customer has elected to return losses for the period \_\_\_\_\_ through ----- .

**2. TRANSMISSION LOSS FACTORS**

<b>Network Loss Factor:</b>	1.9 percent of kilowatthour (kWh) delivered
<b>ET Loss Factor:</b>	1.9 percent of kWh delivered
<b>Delivery Facility Loss Factor:</b>	0.6 percent of kWh delivered
<b>IS Loss Factor:</b>	3.0 percent of kWh delivered

BPA may review and not more frequently than once in a 12-month period may revise this Exhibit as appropriate to incorporate values which represent then current FCRTS operating conditions or to incorporate any value, used in such exhibit to calculate the losses, which has changed due to a change in methodology. Any changes to the loss methodology or formula, other than numerical values, shall only be made after consultation with the Transmission Customer. BPA shall prepare a new Exhibit J incorporating any revision. The revised exhibit shall become effective as of the date specified therein.

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**AMENDMENT**  
executed by the  
**BONNEVILLE POWER ADMINISTRATION**  
and  
**AVISTA ENERGY, INC.**

This AMENDMENT to the Point-to-Point Transmission Service Agreement, Contract No. 97TX-50002, (Agreement) is executed by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA) and Avista Energy, Inc. (Transmission Customer). The Transmission Customer and BPA are sometimes referred to individually as "Party", and collectively as "Parties" as the context suggests below.

This Amendment No. 1 (Amendment) to the Agreement between BPA and the Transmission Customer extends the term of the Agreement through 2400 hours on June 30, 2026.

BPA and the Transmission Customer agree:

**1. EFFECTIVE DATE**

This Amendment shall take effect on the date executed by the Parties (Effective Date).

**2. AMENDMENT OF AGREEMENT**

BPA and the Transmission Customer wish to amend the Agreement as follows:

- (a) The Agreement is hereby amended to extend the term of the Agreement through 2400 hours on June 30, 2026.
- (b) The terms of BPA's successor Open Access Transmission Tariff, effective October 1, 2001, are hereby made a part of the Agreement.

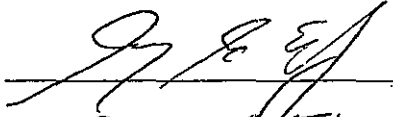
**3. The Parties agree that all other terms and conditions of the Agreement remain the same.**

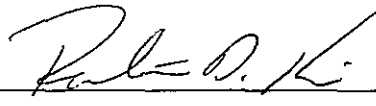
4. SIGNATURES

The signatories represent that they are authorized to enter into this Amendment on behalf of the Party for whom they sign.

AVISTA ENERGY, INC.

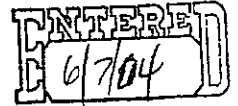
UNITED STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By:   
Name: GARY G. ELY  
*Print \ Type*  
Title: President  
Date: 7-5-00

By:   
Name: Robert D. King  
*Print \ Type*  
Title: Senior Transmission Account Executive  
Date: 6/21/00

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# 995 A NO 2 -  
EXHIBIT K



**AMENDATORY AGREEMENT NO. 2**  
to  
**SERVICE AGREEMENT**  
for  
**POINT-TO-POINT**  
**TRANSMISSION SERVICE**  
executed by the  
**UNITED STATES OF AMERICA**  
**DEPARTMENT OF ENERGY**  
acting by and through the  
**BONNEVILLE POWER ADMINISTRATION**  
and  
**AVISTA ENERGY, INC.**

This AMENDATORY AGREEMENT NO. 2 (Amendatory Agreement) to the Point-to-Point Transmission Service Agreement, Contract Number 97TX-50002 (Agreement) is executed by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Transmission Provider) and Avista Energy, Inc. (Transmission Customer). The Transmission Provider and the Transmission Customer are sometimes referred to individually as "Party", and collectively as "Parties" as the context suggests below.

This Amendment adds a new Exhibit K. The new Exhibit K, Special Provisions, specifies prepayments to the Transmission Provider for the Transmission Customer's transmission service purchases.

The Transmission Provider and the Transmission Customer agree:

**1. EFFECTIVE DATE**

This Amendment shall take effect on the date executed by the Parties (Amendment Effective Date).

2. **AMENDMENT OF AGREEMENT**

The Transmission Provider and the Transmission Customer wish to amend the Agreement as follows:

- (a) Incorporate a new Exhibit K in the Index of the Contract as follows:

“Exhibit K (Special Provisions)”

- (b) Delete Article 4.2 and replace with the following:

“4.2 **Billing and Payment.** Bills for all services provided under this Service Agreement shall be rendered monthly to the Transmission Provider in accordance with the applicable section of the current Transmission Tariff and Exhibit K as applicable.”

- (c) Delete Article 5.1 and replace with the following:

“5.1 **Notices Relating to Provisions of Service Agreement.** Any notice or other communication related to this Service Agreement, other than notices of an operating nature, shall be in writing and shall be deemed to have been received if delivered in person, First Class mail, by telefax or sent by acknowledged delivery to:  
8100 NE Parkway Drive, Suite 50, Vancouver, WA 98662.

**If to the Transmission Customer:**

Vice President, Electric Marketing and Trading  
Avista Energy, Inc.  
201 W. North River Drive, Suite 610  
Spokane, WA 99201  
Phone: (509) 688-6052  
Fax: (509) 688-6154

**If to the Transmission Provider:**

Bonneville Power Administration  
P.O. Box 61409  
Vancouver, WA 98666-1409  
Attention: Transmission Account Executive  
for Avista Energy, Inc. TM/OPP-2  
Phone: (360) 619-6008  
Fax: (360) 619-6940”



(d) Delete Article 8.4 and replace with the following:

**8.4 Revision of Exhibits.** If any changes to Exhibits C, D, E, F, G, H, I, J or K are necessary to reflect changes specified below, new exhibits shall be substituted for the exhibits then in effect and shall become effective as of the date specified therein. The Transmission Customer may use the dispute resolution procedures available under the Tariff to challenge non-rate changes."

(e) Incorporate a new Article 8.4.8 with the following:

**8.4.8.** For changes to any of the provisions contained in Exhibit K, Special Provisions, Creditworthiness and Prepayment for Service, BPA shall prepare a new Exhibit K."

(f) Incorporate a new Exhibit K, entitled, Special Provisions, which specifies prepayments to the Transmission Provider for the Transmission Customer's transmission service purchases.

3. The Parties agree that all other terms and conditions of the Agreement remain the same.

4. **SIGNATURES**

The signatories represent that they are authorized to enter into this Amendment on behalf of the Party for whom they sign.

AVISTA ENERGY, INC.

UNITED STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By: David Dixon

By: Nancy E. Morgan

Name: Dave Dixon Dickson  
(Print/Type)

Name: Nancy E. Morgan  
(Print/Type)

Title: VP, Electric Marketing & Trading

Title: Transmission Account Executive

Date: 6-7-04

Date: 6-3-04

(W:\TMC\CT\Avista Energy, Inc.\Amendments\50002 AA2.doc) 6/2/04 lh

**AMENDMENT**  
executed by the  
**BONNEVILLE POWER ADMINISTRATION**  
and  
**AVISTA ENERGY, INC.**

This AMENDMENT to the Point to Point Transmission Agreement, Contract Number 97TX-50002 (Agreement), is executed by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Transmission Provider), and Avista Energy, Inc. (Transmission Customer). The Transmission Provider and the Transmission Customer are sometimes referred to individually as "Party", and collectively as "Parties", as the context suggests below.

This Amendment to the Agreement between the Transmission Provider and the Transmission Customer removes the June 30, 2026, termination date in Article 3, and replaces it with the current standard "Termination" language. The Term of Transmission Service under this Agreement is described in each Exhibit C Table.

The Transmission Provider and the Transmission Customer agree:

**1. EFFECTIVE DATE**

This Amendment shall take effect on the date the Parties have executed this Amendment No. 3 (Effective Date).

**2. AMENDMENT OF AGREEMENT**

The Transmission Provider and the Transmission Customer wish to amend the Agreement as follows:

The wording of Article 3 is replaced with the following:

"Service under this Service Agreement for a transaction shall commence on the later of (1) the Service Commencement Date as specified by the Transmission Customer in a subsequent request for transmission service or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed. Service under this Service Agreement shall terminate on such date as mutually agreed upon by the Parties."

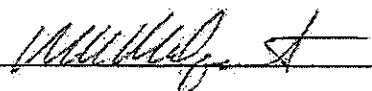
3. The Parties agree that all other terms and conditions of the Agreement remain the same.

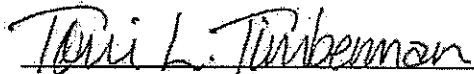
4. **SIGNATURES**

The signatories represent that they are authorized to enter into this Amendment on behalf of the Party for whom they sign.

AVISTA ENERGY, INC.

UNITED STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By: 

By: 

Name: Malyn K. Malqvist  
(Print/Type)

Name: Toni L. Timberman  
(Print/Type)

Title: Vice President

Title: Senior Transmission Account Executive

Date: 3/27/08

Date: January 24, 2008

JHairston:mmh3588:1/16/08 (W:\TMC\CT\Avista Corp\Amendments\50002AA3.doc)

**Revision 1, Exhibit C Table 4  
 STATEMENT OF SPECIFICATIONS FOR  
 LONG-TERM FIRM TRANSMISSION SERVICE**

This revision No. 1 Table 4 reflects an assignment of transmission service from Avista Energy to Hermiston Power Partnership (see Service Agreement No. 98TX10154)

and is contingent upon execution of such assignment. This revision rescinds Revision 1, Exhibit C Table 3. This revision decreases Avista Energy's transmission demand at the John Day Point of Interconnection and at the COB Point of Delivery from 100,000 kW, to 0 kW effective on the Effective Date of this Revision through 0000 hours on 07/01/21.

**1. TERM OF TRANSACTION**

**Start Date:** at 0000 hours on October 1, 2001.

**Termination Date:** at 0000 hours on July 1, 2021.

**2. (a) SUMMARY OF POINTS OF INTERCONNECTION AND POINTS OF DELIVERY/DELIVERING PARTY/CONTROL AREA/RECEIVING PARTY/SCHEDULING AGENT**

Delivering Party (Resource)	POR (Voltage)	POR Control Area	Maximum POI Demand (kW)	POD (Voltage)	POD Control Area	Maximum POD Demand (kW)	Receiving Party	Scheduling Agent
Avista Hermiston Power Project	John Day 500kV	BPA	0	COB 500kV	BPA	0		Avista Energy

**2. (b) Oasis Reference No.**

**3. DESCRIPTION OF POINTS OF INTERCONNECTION**

**John Day Substation**

**Location:** The point in the Government's John Day Substation where the line terminals of the Pacific AC Inter tie are connected to the 500 kV bus.

**Voltage:** 500 kV

**Metering:** Scheduled quantities

**4. DESCRIPTION OF POINTS OF DELIVERY**

**California- Oregon Border (COB)**

**Location:** The point on the Pacific Northwest-Pacific Southwest Intertic, near the California Oregon border (COB) where Bonneville shall make Electric Power available for the Transmission Customer hereunder.

**Voltage:** 500 kV

**Metering:** Scheduled quantities

**5. DESIGNATION OF PARTY SUBJECT TO RECIPROCAL SERVICE OBLIGATION**

Not applicable

**6. NAME(S) OF ANY INTERVENING SYSTEMS PROVIDING TRANSMISSION SERVICE**

Not applicable

**7. SHORT DISTANCE DISCOUNT**

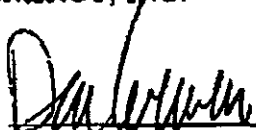
Not applicable

**8. SPECIAL PROVISIONS**

**Scheduling:** Firm transmission for 100 MW effective on the Effective Date as stated in Contract No. 97TX-50002 Revision 1, Exhibit C, Table 3 is rescinded.

AVISTA ENERGY, INC.

By:

  
\_\_\_\_\_

Name:  
Print/Type

Dan Loewen  
\_\_\_\_\_

Title:

Director Energy Mktg  
\_\_\_\_\_

Date:

10/1/01  
\_\_\_\_\_

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UNITES STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By:

  
\_\_\_\_\_

Name:  
Print/Type

Robert D. King  
\_\_\_\_\_

Title

Transmission Account Executive  
\_\_\_\_\_

Date:

10/01/01  
\_\_\_\_\_

**AUTHENTICATED**

**Revision No. 1, Exhibit F**  
**Transmission Scheduling Provisions**

*This Revision No .1 clarifies BPA's transmission scheduling provisions. The effective date of this revision is March 30, 1999. On December 18, 1998, BPA filed its revised tariff with the Federal Energy Regulatory Commission (FERC). In its answer to protests, dated February 12, 1999, BPA indicated that it would clarify several of its transmission scheduling provisions. Therefore, BPA is revising this Exhibit F and also posting these revised Transmission Scheduling Provisions, which clarify several sections on the Transmission Business Line (TBL) OASIS. There are no substantive changes in these revised Transmission Scheduling Provisions. All future revisions to these Transmission Scheduling Provisions to reflect changes in business practices will be posted on the TBL OASIS.*

**1. PURPOSE OF THESE PROVISIONS**

The purpose of these provisions is to describe how the Parties will effect transmission transactions under the Open Access Transmission Tariff. The details of requesting and scheduling transmission can be found in the Transmission Scheduling Procedures posted on BPA's TBL OASIS located at the following Internet URL address:

[http://www.nwoasis.org/OASIS/BPAT/scheduling/procedures/schedproc\\_index.htm](http://www.nwoasis.org/OASIS/BPAT/scheduling/procedures/schedproc_index.htm)

The Transmission Scheduling Procedures may be revised by BPA from time-to-time to reflect changes in business practices and to update any changes to the Internet URL address.

**2. HOST CONTROL AREA (HCA) RESPONSIBILITIES**

**Definition:** A HCA is a Control Area that confirms and implements schedules for a Transmission Customer that controls or acquires generation within the control Area or that serves load within the Control Area's metered boundaries. Every transaction must have a sponsoring HCA where the generation is located and a sponsoring HCA where the load is located. In some transactions these will be the same entity.

- (a) The delivering Control Area is the sponsoring HCA for the delivering entity.
- (b) The receiving Control Area is the sponsoring HCA for the receiving entity.
- (c) The responsibility of the delivering and receiving Control Areas is to implement the schedule, including agreeing on the interchange schedule totals.

- (d) Intermediary Control Area is a Control Area that is located between the delivering Control Area and the receiving Control Area. The intermediary
- (e) Control Area coordinates interchange schedules with the delivering and receiving Control Areas.

### **3. SCHEDULING AGENT DESIGNATION AND RESPONSIBILITIES**

- (a) A single Designated Scheduling Agent (Scheduling Agent) will act in all capacities for the Transmission Customer to access the transmission system. All schedules and schedule changes must be submitted in the name of the Scheduling Agent for the transmission customer. This is a yearly designation for the October through September time period.
- (b) Each transaction must have a sponsoring Control Area for the delivering party and a sponsoring Control Area for the receiving party. The Transmission Customer or its Scheduling Agent must arrange for wheeling across BPA's Control Area with affected parties to/from the agreed upon Points of Interconnection/Delivery consistent with BPA's Scheduling Procedures posted on BPA's OASIS.

### **4. PRINCIPLES OF THESE PROVISIONS**

- (a) The procedures in these provisions are intended to achieve the following principles:
  - (1) promote reliable and efficient system operations; and
  - (2) provide workable transmission scheduling provisions for the timely delivery of power.
- (b) Satisfy all Control Area Requirements
  - (1) The Transmission Customer or its Scheduling Agent must designate the delivering and receiving Control Areas, which will implement the transmission schedule. The Transmission Customer must also notify any intermediary Control Areas of the schedule.

- (2) BPA will be the delivering Control Area for generation within BPA's Control Area and the receiving Control Area for loads within BPA's Control Area.
- (c) If BPA is the intermediary Control Area, BPA will be the Control Area responsible for coordinating interchange schedules with the delivering and receiving Control Areas. BPA has no obligation to accept transmission schedules from any HCA that does not agree to abide by the scheduling requirements set forth in BPA's Transmission Scheduling Procedures posted on BPA's OASIS.
- (d) The Transmission Customer or its Scheduling Agent may submit interchange transmission schedules; however, the delivering Control Area, Receiving Control Area, and Intermediary Control Area shall confirm and then implement the interchange transmission schedules.

## 5. COORDINATING REQUIREMENTS

- (a) Scheduled hourly values are to be referenced by the "Hour Ending" time on the 24-hour clock (i.e., the schedule for 2-3 p.m. is referred as the "hour ending 15" or in other words "hour ending 1500").
- (b) Unless otherwise agreed, all transmission schedules will be effectuated on an hourly basis using the standard 20-minute ramp period centered on the hour (i.e., beginning 10 minutes prior to the hour and ending 10 minutes after the hour).
- (c) Each day, all schedules with BPA are to be stated in Pacific Time (PT) and are to begin with the Hour Ending 1.
- (d) The Transmission Customer or its Scheduling Agent agrees to submit all hourly scheduled quantities in whole megawatt-hour amounts.

## 6. PRESCHEDULING REQUIREMENTS FOR ESTABLISHING HOURLY SCHEDULES

- (a) Preschedule Submissions
  - (1) The Transmission Customer or its Scheduling Agent agrees to submit Transmission Schedule(s) covering all transactions into, out of, or within BPA's Control Area.



- (2) BPA may require the Transmission Customer or the Transmission Customer's Scheduling Agent to submit estimated preschedules prior to the final preschedule.
  - (3) The Transmission Customer or its Scheduling Agent agrees to submit a final hourly preschedule for the next day or days consistent with the BPA's Transmission Scheduling Procedures as posted on BPA's OASIS.
- (b) Information Required to Be Included in Preschedule. Any schedule submitted to BPA by the Transmission Customer or its Scheduling Agent must include, at a minimum, the following information:
- (1) the Delivering Control Area, the Receiving Control Area, and if applicable the Intermediary Control Area;
  - (2) the supplier (Delivering Party), receiver (Receiving Party), and wheeling entities involved in the transaction, if different from the Control Areas;
  - (3) the hourly MW amounts of the transmission schedule;
  - (4) the starting and ending times for each transmission schedule;
  - (5) the Transmission Service being scheduled by product type (i.e. PTP or NT and firm or nonfirm) and subproduct type (i.e. hourly, daily, weekly, monthly, and/or annual);
  - (6) the Point of Interconnection/Delivery for the transaction;
  - (7) Transmission Agreement Contract Numbers and/or OASIS Reservation identification numbers as required by NERC; and
  - (8) all other pertinent information as required by BPA to accurately reflect transmission scheduling requirements as posted on BPA's OASIS.

**7. REAL-TIME CHANGES**

- (a) To the extent changes from the preschedule become necessary, the Transmission Customer or its Scheduling Agent must submit such requests to change the transmission schedule as specified in BPA's Transmission Scheduling Procedures posted on BPA's OASIS.
- (b) Multihour changes from preschedule shall specify an "Hour Beginning" and an "Hour Ending" and shall never be stated as "until further notice."
- (c) Upon a Transmission Customer's or its Scheduling Agent's request, BPA will consider mid-hour changes from preschedule under critical operating conditions such as loss of a resource or transmission path. The Transmission Customer or its Scheduling Agent and BPA must agree to the effective time, ramp duration, integrated, and revised net schedules for mid-hour changes. Mid-hour schedule changes shall not be made for economic or load shaping purposes unless such requests can be determined to be a result of emergency operating conditions. Such changes are subject to applicable charges.

**8. EMERGENCY REQUIREMENTS**

- (a) Loss of Transmission Path
  - (1) The path operator shall notify affected Transmission Customers, their Scheduling Agents and impacted Control Areas as rapidly as possible of the loss of a transmission path.
  - (2) The path operator will establish the effective time (midpoint of ramp) of schedule change.
  - (3) All parties to a transaction shall terminate or modify transmission schedules, as required, per the established effective time, and agree on integrated and revised net transmission schedules.

(b) Loss of Generating Resource

The Transmission Customer agrees to adhere to the following requirements for any resources that it operates, and agrees to ensure, through contractual arrangement, that any entity operating a resource on its behalf likewise agrees to the following:

- (1) The operating entity (generating entity) will notify BPA and affected Transmission Customers, their Scheduling Agents, and impacted Control Areas as quickly as possible of the resource loss.
  - (2) The entity with Control Area responsibility will establish the effective time (midpoint of ramp) of schedule change.
  - (3) All parties to a transaction shall terminate or modify transmission schedules, as required, as of the established effective time, and agree on integrated and revised hourly amounts of transmission schedules.
- (c) BPA and the Transmission Customer, its Scheduling Agent, and impacted Control Areas agree to expedite communications to avoid accumulation of inadvertent powerflows or net transmission schedules which place a control burden on other Control Areas.

**9. AFTER-THE-FACT VERIFICATION**

The Transmission Customer or its Scheduling Agent agrees to verify all transmission schedules and tie line checks each week with a final verification at the end of each month consistent with the following principles:

- (a) The Transmission Customer or its Scheduling Agent and BPA will check all scheduled transmission accounts.
- (b) The Transmission Customer or its Scheduling Agent will check the scheduled transmission accounts with all affected Host Control Areas (net interchange amounts).

- (c) The Transmission Customer or its Scheduling Agent and BPA will agree on the hourly transmission amounts and the transmission attributes of the transmission schedule (i.e. firm, nonfirm, hourly, daily, weekly, monthly, annual), transmission loss calculations, and transmission loss schedules (as appropriate).
- (d) The Transmission Customer or its Scheduling Agent will assist BPA, as necessary, to reconcile all differences between actual and scheduled deliveries in a timely manner.

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# 11995

**REVISION NO. 5, EXHIBIT J  
ANCILLARY SERVICES**

*This Revision No. 5 to Exhibit J modifies Ancillary Services to show the Transmission Customer will provide Reactive Supply and Voltage Control effective December 1, 2005. This Exhibit J is subject to the ACS-06 Rate Schedule or its successor rate schedule.*

		<b>Provided By</b>	<b>Contract No.</b>
1.	<b>SCHEDULING, SYSTEM CONTROL AND DISPATCH</b>	Transmission Provider	97TX-50002
2.	<b>REACTIVE SUPPLY AND VOLTAGE CONTROL</b>	Transmission Customer	97TX-50002
3.	<b>REGULATION &amp; FREQUENCY RESPONSE</b>	N/A	
4.	<b>ENERGY IMBALANCE SERVICE</b>	N/A	
5.	<b>OPERATING RESERVE - SPINNING RESERVE</b>	Transmission Customer	97TX-50002
6.	<b>OPERATING RESERVE - SUPPLEMENTAL RESERVE</b>	Transmission Customer	97TX-50002

**7. PROVISIONS RELATING TO THE SELF-SUPPLY OF REACTIVE SUPPLY AND VOLTAGE CONTROL FROM GENERATION SOURCE**

Avista Energy, Inc. has qualified to provide Reactive Supply and Voltage Control for the demand listed below pursuant to the Transmission Provider's Business Practice ID #ANC-004 Self-Supply of Generation Supplied Reactive, Version 1 (GSR Business Practice). The Transmission Provider may terminate Avista Energy, Inc.'s ability to provide Reactive Supply and Voltage Control if Avista Energy, Inc. fails to comply with the requirements of Transmission Provider's GSR Business Practice, as it may be revised.

POINT OF RECEIPT AND VOLTAGE	QUALIFYING GENERATOR	DEMAND	EFFECTIVE
Lancaster (230 kV)	Avista Rathdrum Generating Station	250 MW	December 1, 2005

AVISTA ENERGY, INC.

By: David Dickson

Name: DAVID DICKSON  
 (Print/Type)  
 Title: VICED PRESIDENT ELECTRIC MARKETING

Date: \_\_\_\_\_

UNITED STATES OF AMERICA  
 Department of Energy  
 Bonneville Power Administration

By: Toni L. Timberman

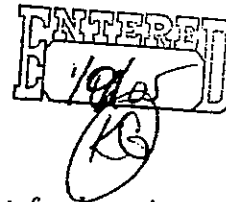
Name: Toni L. Timberman  
 (Print/Type)  
 Title: Transmission Account Executive

Date: March 1, 2006

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# 11995 Exhibit K Revision 2

**EXHIBIT K  
REVISION NO. 2  
SPECIAL PROVISIONS**



*This Revision No. 2 to Exhibit K changes the monthly prepay amount for long-term firm transmission services consistent with the 2006 Transmission & Ancillary Service Rate Schedules.*

**1. CREDITWORTHINESS AND PREPAYMENT FOR SERVICE**

- (a) The Transmission Provider's creditworthiness business practices and provisions shall apply, as revised or replaced.
- (b) The Transmission Customer shall make monthly prepayments of the charges specified in paragraph 1(e) of this Exhibit. The Transmission Customer shall make the prepayment on or before the 15<sup>th</sup> of each month for the subsequent month. Should the 15<sup>th</sup> fall on a weekend or Federal holiday, the prepayment must be made on the preceding business day.
- (c) The Transmission Customer shall wire transfer all prepayments to the Federal Reserve Bank in New York City so that they arrive no later than 2:00 p.m. Eastern Standard or Daylight Time, whichever is in effect. The Transmission Provider will verify that payment has been received at the Federal Reserve Bank.
- (d) The Transmission Customer shall include the following information on all wire transfers under this Agreement:
  - (1) ABA number – The ABA number for the Federal Reserve Bank in New York City is 021030004.
  - (2) Receiving Bank – “TREAS NYC” designates the Federal Reserve Bank in New York City as the receiving bank.
  - (3) Product Code – “CTR” needs to follow “TREAS NYC” to provide the product code (separated by a slash).
  - (4) Account – Agency Location Code of 89001401 directs the payment to the BPA Fund in the U.S. Treasury.

- (5) Third Party Information – After “OBI=” the Transmission Customer should indicate “TRANSMISSION PREPAY” in order to identify the payment when it is received.
- (e) The following charges are subject to prepayment: PTP (long-term and short-term firm, and nonfirm) transmission service charges; Scheduling, System Control and Dispatch Service charges; and Reactive Supply and Voltage Control from Generation Source Service charges, charges are calculated based on current rate schedules for these items. The monthly charge for long-term firm transmission services beginning February 1, 2006, under this Agreement is \$376,000. Prepayment in this amount will be due by January 15, 2006.

Should the Transmission Customer purchase either short-term firm or nonfirm PTP transmission service under this Service Agreement, the Transmission Customer shall calculate the amount to be prepaid based on the current rate for these services and prepay such charges for each month as described in paragraph 1(b) of this Exhibit K.

- (f) The following charges are subject to payment under the Transmission Provider’s normal transmission billing process with the exception that late payment and suspension provisions are included below: Operating Reserve – Spinning Reserve Service, Operating Reserve – Supplemental Reserve Service, and other charges as appropriate.
- (g) This Exhibit K shall be updated as necessary by the Transmission Provider to reflect changes in the Transmission Provider’s transmission and ancillary service rates or changes in the requirements for prepayment.

## **2. LATE PAYMENT AND SUSPENSION**

- (a) If the Transmission Customer fails to make a full Monthly Prepayment by the Prepayment Due Date, or a full payment on any invoice by the invoice due date, the Transmission Provider shall have the right, at its sole option, to suspend service on the earlier of a) the day Transmission Customer's prepaid amount has been depleted, or b) the last day of the month for which the Transmission Customer has prepaid transmission services.
- (b) If suspension occurs, all payments must be brought current by the Transmission Customer prior to reinstatement. Following a suspension and reinstatement, the Transmission Customer may resume scheduling on the first day of the next month for which prepayment has been made, as set forth above.



(c) If the Transmission Customer fails to make the required prepayment(s) and that results in suspension of transmission services, as described above, the Transmission Provider shall follow established processes regarding Customer Default as provided for in the Billing and Payment section outlined under the Transmission Provider's current Tariff.

3. This Exhibit K shall remain in effect until the date the Transmission Provider notifies the Transmission Customer in writing that the Transmission Customer otherwise satisfies the Transmission Provider's credit requirements as stated in the Transmission Provider's then-current business practices.

AVISTA ENERGY, INC.

UNITED STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By: David Dickson

By: Toni L. Timberman

Name: \_\_\_\_\_  
(Print/Type)

Name: Toni L. Timberman  
(Print/Type)

Title: DAVID DICKSON  
VICE PRESIDENT  
ELECTRIC, MARKETING & TRADING

Title: Transmission Account Executive

Date: 1/4/05

Date: December 30, 2005

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**REVISION 2, EXHIBIT C, TABLE 1  
STATEMENT OF SPECIFICATIONS FOR  
LONG-TERM FIRM TRANSMISSION SERVICE**

**SCANNED**

5-19-04

ST

#11995

The OASIS Number is 235, Assignment Reference Number (Aref) is 386841

*This revision adds 100 MW of transmission service from the Lancaster Substation (POR) to the John Day Substation (POD), effective 0000 hours on January 1, 2005.*

The Transmission Customer and the Transmission Provider agree to the following Conditions:

**1. TERM OF TRANSACTION**

**Start Date:** 2400 hours on June 30, 2001.

**Termination Date:** 0000 hours on July 1, 2026.

**2. SUMMARY OF POINTS OF INTERCONNECTION AND POINTS OF DELIVERY/DELIVERING PARTY/CONTROL AREA/RECEIVING PARTY/SCHEDULING AGENT**

Delivering Party (Resource)	POR (Voltage)	Maximum POR Demand (kW)	POD (Voltage)	POD Control Area	Maximum POD Demand (kW)	Scheduling Agent
Avista Rathdrum Generating Plant	Lancaster Substation 230 kV	250,000	John Day Substation 500 kV	BPA	250,000	Avista Energy

**3. DESCRIPTION OF POINTS OF INTERCONNECTION**

**Lancaster Substation**

**Location:** The point in BPA's Lancaster Substation where the 230 kV facilities of the Parties are connected;

**Voltage:** 230 kV;

**Metering:** In BPA's Lancaster substation, in the 230 kV circuit over which such electric power and energy is made available to BPA.

4. DESCRIPTION OF POINTS OF DELIVERY

John Day Substation

Location: The point in BPA's John Day Substation where the line terminals of the Pacific AC Intertie are connected to the 500 kV bus;

Voltage: 500 kV;

Metering: Scheduled quantities.

5. DESIGNATION OF PARTY SUBJECT TO RECIPROCAL SERVICE OBLIGATION

Not applicable.

6. NAME(S) OF ANY INTERVENING SYSTEMS PROVIDING TRANSMISSION SERVICE

None.

7. SHORT DISTANCE DISCOUNT

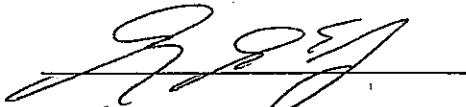
Not applicable.

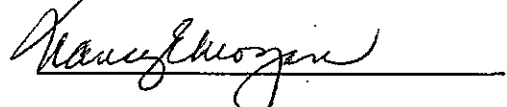
8. SPECIAL PROVISIONS

Remedial Action Scheme. The Rathdrum Generating Project will be included in a Remedial Action Scheme that will drop the project generation for certain line outages in accordance with the terms of the System Impact Study performed as required by Avista Energy's request for transmission service.

AVISTA ENERGY, INC.

UNITES STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By:   
Name: Gary G. Ely  
Print/Type

By:   
Name: Nancy E. Morgan  
Print/Type

Title: Chairman, President & CEO

Title: Transmission Account Executive

Date: May 18, 2004

Date: 5-11-04

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**EXHIBIT C  
SPECIFICATIONS FOR LONG-TERM  
FIRM POINT-TO-POINT TRANSMISSION SERVICE**

**REVISION NO. 3, TABLE 1  
REQUEST FOR TRANSMISSION SERVICES**

The OASIS Assign Ref is: 386841

**1. ASSIGNMENT**

This Revision No. 3 to Table 1 of Exhibit C reduces the Reserved Capacity from 250 MW to 0 MW due to the transfer of the total Reserved Capacity to Avista Corporation, Contract No. 96MS-96008, Tables 1J and 1K.

**2. CURRENT TRANSACTION**

**A. TERM OF TRANSACTION**

Service Commencement Date: 0000 hours on January 1, 2005.

Termination Date: 0000 hours on January 1, 2010.

**B. DESCRIPTION OF CAPACITY AND ENERGY TO BE TRANSMITTED BY TRANSMISSION PROVIDER AND MAXIMUM AMOUNT OF CAPACITY AND ENERGY TO BE TRANSMITTED (RESERVED CAPACITY)**

Contract POR (Source) Name and Voltage	Reservation - Scheduling (POR)	POR Balancing Authority	Contract POD (Sink) Name and Voltage	Reservation - Scheduling (POD)	POD Balancing Authority	Reserved Capacity (MW)
LANCASTER230	LANCASTER	BPAT	JOHNDAYINT1500	JOHNDAY	BPAT	250

**3. REVISED TRANSACTION**

**A. TERM OF TRANSACTION**

Service Commencement Date: 0000 hours on January 1, 2010.

Termination Date: 0000 hours on July 1, 2026.

**B. DESCRIPTION OF CAPACITY AND ENERGY TO BE TRANSMITTED BY TRANSMISSION PROVIDER AND MAXIMUM AMOUNT OF CAPACITY AND ENERGY TO BE TRANSMITTED (RESERVED CAPACITY)**

Contract POR (Source) Name and Voltage	Reservation - Scheduling (POR)	POR Balancing Authority	Contract POD (Sink) Name and Voltage	Reservation - Scheduling (POD)	POD Balancing Authority	Reserved Capacity (MW)
LANCASTER230	LANCASTER	BPAT	JOHNDAYINT1500	JOHNDAY	BPAT	0

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4. SPECIAL PROVISIONS

All rights and responsibilities associated with this transmission service have been transferred to Avista Corporation, including any rights associated with Section 2.2 of the BPA's Open Access Transmission Tariff to continue to take, roll over, or renew this transmission service.

5. SIGNATURES

The Parties have caused this Exhibit to be executed as of the date both Parties have signed this Exhibit.

AVISTA ENERGY, INC.

UNITES STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By: Tracy Van Orden

By: Toni L. Timberman

Name: Tracy Van Orden  
Print/Type

Name: Toni L. Timberman  
Print/Type

Title: Controller

Title: Senior Transmission Account Executive

Date: 12/14/09

Date: 12/17/09

PHoward:slv:6060:11/10/2009 (W:\TMC\CT\Avista Energy, Inc\Revision\50002\_Rev3C\_T1.doc)