

Service Agreement No. 96MS-96008  
 August 13, 1996

**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  
**WASHINGTON WATER POWER**

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This FIRM TRANSMISSION SERVICE AGREEMENT is made and entered into this 14th day of August, 1996, by and between the Bonneville Power Administration (hereinafter referred to as "BPA") and Washington Water Power (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 the Parties are interconnected directly with each other and/or with other electric utility systems; and

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

WHEREAS the Transmission Customer has a General Transmission Agreement (IR Agreement), Contract No. DE-MS79-95BP93952, and the Parties desire to replace the IR Agreement and facilitate additional Firm Transmission Service under the Point-to-Point Tariff; and

WHEREAS Bonneville and the Transmission Customer have various other contracts pertaining to facilities of the Federal Columbia River Transmission System, including but not limited to the General Transfer Agreement (Contract No. DE-MS79-86BP91970), the General Exchange Agreement (Contract No. DE-MS79-86BP91948), and the Montana Intertie Agreement (Contract No. DE-MS79-81BP90210);

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 (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 by the Parties, BPA may change the terms and conditions

of the Tariff upon, and only upon, a determination by the Commission that such change is just and reasonable and not unduly discriminatory or preferential.

- 1.2 **Application.** The Application for Firm 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 Service Specifications.** The Statement of Service Specifications for Firm Point-to-Point Transmission Service under this Service Agreement requested by the Transmission Customer and accepted by BPA is 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 are not required for the Application dated July 10, 1996. If performed for a future application, the studies shall be incorporated by this reference and made a part of this Service Agreement as Exhibits "D" and "E," respectively.

## 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 AND TERMINATION OF PRIOR AGREEMENT

- 3.1 **Effective Date.** Service under this Service Agreement shall commence and terminate as specified in the Statement of Specifications, Exhibit C.

**3.2 Termination of Prior Agreement.** The IR Agreement shall be terminated as of the effective date of this Service Agreement.

**ARTICLE 4  
CHARGES AND PAYMENTS**

The Transmission Customer shall compensate BPA for Firm Transmission Service provided hereunder at the effective rate(s) and render payment as follows:

**4.1 Rates for Transmission Service.** The Transmission Customer shall pay BPA pursuant to the following rates as applicable for services provided hereunder pursuant to Commission pricing policy.

- (a) Point-to-Point Transmission Rate (PTP-96, or its successor, as revised and listed in the Wholesale Power and Transmission Rate Schedules);
  
- (b) Ancillary Products and Services Rate (APS-96, or its successor, as revised and listed in the Wholesale Power and Transmission Rate Schedules), reference Exhibit C, Section 10, Ancillary Services Provided, for charges provided by BPA to the Transmission Customer:
  - (1) Energy Imbalance.
  - (2) Control Area Reserves for Resources.
  - (3) Load Regulation.
  - (4) Transmission Losses;

- (c) Reserved Nonfirm Transmission Rate (RNF-96, or its successor, as revised and listed in the Wholesale Power and Transmission Rate Schedules);
- (d) Energy Transmission Rate (ET-96, or its successor, as revised and listed in the Wholesale Power and Transmission Rate Schedules);
- (e) Southern Intertie Transmission Rate (IS-96, as revised and listed in the Wholesale Power and Transmission Rate Schedules); and
- (f) Eastern Intertie Transmission Rate (IE-96, as revised 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 and 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 to the following or deposited in the mail

postage prepaid and properly addressed to the following:

If the notice is to the Transmission Customer:

Senior Vice President, Rates and Resources  
Washington Water Power  
P.O. Box 3727  
Spokane, WA 99220  
(509) 482-4272 Fax

If the notice is to BPA:

Customer Account Executive  
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 the same not be in writing, confirmation thereof shall be made in writing as soon as reasonably practicable thereafter, upon request of the Party being served.

Representative for notices of an operating nature:

If to Transmission Customer:

Wholesale Marketing Representative  
Washington Water Power  
P.O. Box 3727  
Spokane, WA 99220

If to BPA:

Vice President for Field Transmission Services  
Bonneville Power Administration TF-DOB1  
P.O. Box 3621  
Portland, OR 97208-3621  
(360) 418-2250

**ARTICLE 6  
SYSTEM OPERATIONS**

The Transmission Customer having Point(s) of Interconnection with the Federal Columbia River Transmission System 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. For purposes of this Service Agreement and Section 7.4 of the Tariff, any agreement between the Parties pertaining to and governing the interconnections and Points of Delivery described in Exhibit C may be the "interconnection agreement" as such term is used in Section 7.4 of the Tariff. Points of Delivery not on the Transmission Customer's system shall be governed by agreements between Bonneville and those interconnected parties.

**ARTICLE 7  
SCHEDULING PROVISIONS**

All transactions under this Service Agreement shall be scheduled in accordance with the scheduling provisions in Section 2.7(d) of the Tariff.

**ARTICLE 8  
SPECIFICATIONS FOR ANCILLARY SERVICES**

Ancillary Services 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.

**ARTICLE 9  
MISCELLANEOUS**

9.1 **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 amending or entering into such agreements.

- 9.2 **Governing Law.** This Service Agreement shall be interpreted, construed, and enforced in accordance with Federal law.
- 9.3 **Amendments.** This Service Agreement may be amended upon mutual agreement of the Parties, which amendment shall be reduced to writing and executed by both Parties. BPA may change rates pursuant to applicable law and procedures. BPA may also change system loss factors and other technical and measurable system factors to account for changes in system conditions. The Transmission Customer may use the dispute resolution procedures available under the Tariff to challenge such changes.
- 9.4 **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 not be affected thereby and shall remain in full force and effect.
- 9.5 **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.
- 9.6 **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 other third person or entity nor have the Parties conferred any right or remedy upon any third person or entity other than the Parties hereto, their respective successors and assigns to enforce this Service Agreement.

- 9.7 **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.
- 9.8 **Successors and Assigns.** This Service Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and assigns.
- 9.10 **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.
- 9.11 **Entire Agreement.** This Service Agreement constitutes the entire Agreement between the Parties with respect to the subject matter hereof, and there are no

other understandings or agreements between the Parties with respect thereof.

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 Carol S. Fleischman  
Customer Account Executive

Name Carol S. Fleischman  
(Print/Type)

Date August 13, 1996

WASHINGTON WATER POWER

By W. Lester Bryan *WLB*

Name W. Lester Bryan  
(Print/Type)

Title President & COO

Date 8/14/96

08/13/96 (PM/BUD-TMC-WATMCTWWPPTPFINAL.DOC)

Exhibit D, Page 1 of 1  
Service Agreement No. 96MS-96008  
Washington Water Power  
Effective at 0001 hours  
on October 1, 1996

## SYSTEM IMPACT STUDY

A System Impact Study is not required at this time for the service under this Service Agreement.

Exhibit E, Page 1 of 1  
Service Agreement No. 96MS-96008  
Washington Water Power  
Effective at 0001 hours  
on October 1, 1996

## FACILITIES STUDY

A Facility Study is not required at this time for the service under this Service Agreement.

08/13/96 (PM/BUD-TMC-WATMC\CTWWP\PTPFINAL.DOC)

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

**TABLE 1K  
REQUEST FOR TRANSMISSION SERVICES**

The OASIS Assign Ref is: 73613033

*This Table 1K to Exhibit C documents the Transfer of 100 MW of transmission service from Avista Energy, Inc. Contract No. 97TX-50002, Exhibit C Revision No. 2, Table 1, Assign Ref 386841, to Avista Corporation.*

**1. TERM OF TRANSACTION**

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

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

**2. 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<br>(Source)<br>Name and Voltage | Reservation -<br>Scheduling<br>(POR) | POR<br>Balancing<br>Authority | Contract POD<br>(Sink)<br>Name and Voltage | Reservation -<br>Scheduling<br>(POD) | POD<br>Balancing<br>Authority | Reserved<br>Capacity<br>(MW) |
|--|--------------------------------------|-------------------------------|--|--------------------------------------|-------------------------------|------------------------------|
| LANCASTER230                                 | LANCASTER                            | BPAT <sup>1</sup>             | JOHNDAYINTI500                             | JOHNDAY                              | BPAT                          | 100                          |

**3. POINT OF RECEIPT**

**Lancaster 230 kV**

**Location:** the point adjacent to the Transmission Provider's Lancaster Substation, where the 230 kV facilities of the Transmission Provider and Cogentrix Energy, LLC are connected;

**Voltage:** 230 kV;

**Metering:** scheduled quantities.

<sup>1</sup> Bonneville Power Administration Transmission Services

4. **POINTS OF DELIVERY**

**John Day Intertie 500 kV**

**Location:** the points in the Transmission Provider'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**

Avista Corporation.

6. **NAMES OF ANY INTERVENING SYSTEMS PROVIDING TRANSMISSION SERVICE**

None.

7. **SERVICE AGREEMENT CHARGES**

Service under this Agreement will be subject to some combination of the charges detailed below. The appropriate charges for transactions will be determined in accordance with the terms and conditions of the Tariff.

(a) **Transmission Charge**

PTP-10 Rate Schedule or successor rate schedules and the ACS-10 Rate Schedule or successor rate schedules.

1. **Short Distance Discount (SDD)**

Not Applicable.

(b) **System Impact and/or Facilities Study Charges**

Not required for service under this Assign Ref.

8. **OTHER PROVISIONS SPECIFIC TO THIS SERVICE AGREEMENT**

All rights and responsibilities associated with this transmission service have been transferred from Avista Energy Contract No. 97TX-50002, Revision 2 to Table 1, including any rights associated with Section 2.2 of BPA's Open Access Transmission Tariff to continue to take, roll over, or renew this transmission service.

Avista Corporation may not reduce capacity or terminate service.


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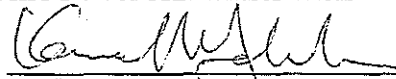
9. SIGNATURES

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

AVISTA CORPORATION

UNITED STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By: 

By: 

Name: Dennis P. Vermillion  
(Print/Type)

Name: Toni L. Timberman  
(Print/Type)

Title: President, Avista Utilities

Title: Senior Transmission Account Executive

Date: 12/14/09

Date: 12/17/09

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

**TABLE 1J  
REQUEST FOR TRANSMISSION SERVICES**

The OASIS Assign Ref is: 73613021

*This Table 1J to Exhibit C documents the Transfer of 150 MW of transmission service from Avista Energy, Inc. Contract No. 97TX-50002, Exhibit C Revision No. 2, Table 1, Assign Ref 386841, to Avista Corporation.*

**1. TERM OF TRANSACTION**

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

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

**2. 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 <sup>1</sup>       | JOHNDAYINTI500                       | JOHNDAY                        | BPAT                    | 150                    |

**3. POINT OF RECEIPT**

**Lancaster 230 kV**

**Location:** the point adjacent to the Transmission Provider's Lancaster Substation, where the 230 kV facilities of the Transmission Provider and Cogentrix Energy, LLC are connected;

**Voltage:** 230 kV;

**Metering:** scheduled quantities.

<sup>1</sup> Bonneville Power Administration Transmission Services



4. **POINTS OF DELIVERY**

**John Day Intertie 500 kV**

**Location:** the points in the Transmission Provider'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**

Avista Corporation.

6. **NAMES OF ANY INTERVENING SYSTEMS PROVIDING TRANSMISSION SERVICE**

None.

7. **SERVICE AGREEMENT CHARGES**

Service under this Agreement will be subject to some combination of the charges detailed below. The appropriate charges for transactions will be determined in accordance with the terms and conditions of the Tariff.

(a) **Transmission Charge**

PTP-10 Rate Schedule or successor rate schedules and the ACS-10 Rate Schedule or successor rate schedules.

1. **Short Distance Discount (SDD)**

Not Applicable.

(b) **System Impact and/or Facilities Study Charges**

Not required for service under this Assign Ref.

8. **OTHER PROVISIONS SPECIFIC TO THIS SERVICE AGREEMENT**

All rights and responsibilities associated with this transmission service have been transferred from Avista Energy Contract No. 97TX-50002, Revision 2, to Table 1.

The Transmission Customer can reduce capacity or terminate service with a 2 year written notice to the Transmission Provider.

**Reservation Priority:** According to Section 2.2(d), Reservation Priority for Existing Firm Service Customers, of the Transmission Provider's Tariff, the Transmission Customer does not have the right to continue transmission service when service under this Exhibit C, Table 1J, terminates.

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9. SIGNATURES

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

AVISTA CORPORATION

UNITED STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By: *Dennis P. Vermillion*

By: *Toni L. Timberman*

Name: *Dennis P. Vermillion*  
(Print/Type)

Name: *Toni L. Timberman*  
(Print/Type)

Title: *President, Avista Utilities*

Title: Senior Transmission Account Executive

Date: *12/14/09*

Date: *12/17/09*

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*As to form, 2008*