SCHEDULE 146

TRANSPORTATION SERVICE FOR CUSTOMER-OWNED GAS - WASHINGTON

AVAILABLE:

To Commercial and Industrial Customers in the State of Washington whose requirements exceed 250,000 therms of 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:

$250.00 Basic Charge, plus

(I)

(I)

First 20,000 therms $0.08151 per therm

Next 30,000 therms $0.07257 per therm

Next 250,000 therms $0.06548 per therm

Next 200,000 therms $0.06059 per therm

All over 500,000 therms $0.04565 per therm

ANNUAL MINIMUM:

Each Customer shall be subject to an Annual Minimum Deficiency Charge if their gas usage during the prior year did not equal or exceed 250,000 therms. Such Annual Minimum Deficiency Charge shall be determined by subtracting the Customer’s actual usage for the twelve-month period ending each August from 250,000 therms multiplied by $0.07257 per therm.

(I)

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.

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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.

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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 (Prescribed Tolerance). Under an overrun entitlement order, gas used in excess of the confirmed daily allocation 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 the highest absolute price at NW Wyoming Pool, NW south of Green River, Stanfield ORE, Kern River Opal or NW Can. Bdr. (Sumas) as reflected in the Daily Price Survey published in Platt’s “Gas Daily” for the corresponding Flow Day. In addition to the purchased gas cost described above, the following penalty for such daily unauthorized overrun usage shall apply: $0.50 per therm for daily usage in excess of daily confirmed allocations plus the Prescribed Tolerance; and $1.00 per therm for daily usage in excess of 2% above the Prescribed Tolerance. For all unauthorized gas taken during a gas flow day having zero confirmed allocation, the penalty shall be $1.00 per therm for all gas usage. 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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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: a) $0.50 per therm for that part of the unauthorized underrun which is at least 5% under the confirmed daily allocation for such day, but not more than 10% of the confirmed daily allocation for such day, or b) $1.00 per therm for that part of the unauthorized underrun which is greater than 10% under the confirmed daily volume for such day. 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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13. If the confirmed monthly gas allocation exceeds 105%, or falls below 95%, of the Customer’s corresponding monthly usage, 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 for each therm in excess of 105% or below 95%, on the imbalance as described Said 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.

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18. The above Rate is subject to the provisions of Purchase Gas Cost Adjustment Schedule 150, Purchase Gas Cost Adjustment Schedule 156, Gas Rate Adjustment Schedule 155, Tax Adjustment Schedule 158, and Energy Efficiency Rider Adjustment Schedule 191.

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