

**SERVICE AGREEMENT
FIRM TRANSPORTATION SERVICE
FOR TRANSPORTATION OF GAS**

This AGREEMENT made October 8, 2009

BETWEEN:

FOOTHILLS PIPE LINES LTD., a body corporate having an office and carrying on business in the City of Calgary in the Province of Alberta (herein referred to as "Company")

OF THE FIRST PART

AND:

Avista Corporation, a body corporate, having an office and carrying on business in the City of Spokane, in the State of Washington (herein referred to as "Shipper")

OF THE SECOND PART

**SERVICE AGREEMENT
FIRM TRANSPORTATION SERVICE**

ARTICLE 1

Scope of Agreement

1.1 Company agrees to receive from Shipper at each Receipt Point herein specified, the quantity of gas up to the Maximum Daily Delivery Quantity, and to transport and deliver to Shipper at each Delivery Point herein specified in the quantity from time to time nominated by Shipper up to the Maximum Daily Delivery Quantity, and Shipper agrees to accept such gas deliveries from Company, subject to the terms and conditions of this Service Agreement, Firm Transportation Service.

1.2 If Shipper desires to tender to Company on any day a quantity of gas in excess of Shipper's Maximum Daily Delivery Quantity for such Shipper's Delivery Point for such day, it shall notify Company of such desire. If Company, in its sole judgment, determines that it has the necessary capacity available to receive and transport all or any part of such excess quantity and make deliveries in respect thereof, and that the performance of Company's obligations to other Shippers under their Service Agreements will not be adversely affected thereby, Company may elect to deliver to Shipper said excess quantity or part thereof, and so notify Shipper

ARTICLE 2

Rate Schedule and Rates

2.1 This Service Agreement, Firm Transportation Service is subject to the provisions of Rate Schedule FT, Firm Transportation Service and Rate Schedule OT, Overrun Transportation Service and the General Terms and Conditions of this Gas Transportation Tariff, as they may be amended or superseded from time to time, which Rate Schedules and General Terms and Conditions of this Gas Transportation Tariff are by this reference incorporated herein and made a part hereof

2.2 Shipper shall pay Company for all gas transportation services during the term of this Service Agreement, Firm Transportation Service in accordance with such Rate Schedules as are filed with the National Energy Board as the same may hereafter be amended or superseded pursuant to the National Energy Board Act.

ARTICLE 5

Title and Custody

5.1 Although Company does not acquire title of the gas transported under this Service Agreement, Firm Transportation Service gas received by Company from Shipper hereunder shall be deemed to be in the custody and under the control of Company from the time such gas is accepted for transportation at the Receipt Points until it is delivered to Shipper at the Delivery Points.

ARTICLE 6

Address of Parties

6.1 Any notice or any request, demand, statement, bid or bill (for the purpose of this subsection, collectively referred to as "Notice") provided for by the Rate Schedules, the Service Agreements and the General Terms and Conditions, or any other Notice which either Shipper or Company may wish to give to the other, shall be in writing and shall be directed as follows:

Shipper: Avista Corporation
1411 East Mission
Spokane, Washington
99201

Attention: Mr. Eric Scott
Fax: (509) 495-8766
E-mail: Eric.Scott@avistacorp.com

Company: Foothills Pipe Lines Ltd.
450 First Street S.W.
Calgary, AB
T2P 5H1

Attention: Manager, Western Markets and Interconnects
Fax: 403 920 2341
E-mail: dan_rotisky@transcanada.com

ARTICLE 8

Agreements Being Superseded

8.1 This agreement supersedes as of October 8, 2009 the following agreements between parties hereto for the transportation of gas by Company for Shipper:

(Not Applicable)

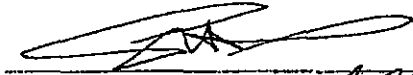
ARTICLE 9

Amendment of Appendix A

9.1 Shipper and Company may at any time and from time to time amend Appendix A to Shipper's Service Agreement, Firm Transportation Service by executing a new Appendix A to Shipper's Service Agreement, Firm Transportation Service which shall be given effect as of the effective date and shall thereupon be deemed to be incorporated in Shipper's Service Agreement, Firm Transportation Service.

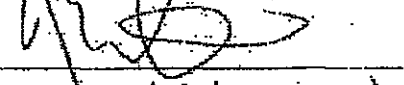
IN WITNESS WHEREOF the parties hereto have hereunto executed these presents all as of the day, month and year first above written.

FOOTHILLS PIPE LINES LTD.

Per: 

Per: 

AVISTA CORPORATION

Per: 

Per: Karla Christie Director, Natural Gas Supply

APPENDIX B

FOOTHILLS PIPE LINES LTD.
PRO FORMA
GAS TRANSPORTATION TARIFF