

Avista Utilities
1411 East Mission P.O. Box 3727
Spokane, Washington 99220-3727
Telephone 509-489-0500
Toll Free 800-727-9170

UG-010319
(CT)



01 MAR -5 PM 1:00
STANDARD TIME
COMMUNICATIONS
PROCESSED

March 2, 2001

Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
Olympia WA 98504-7250

Attention: Ms. Carole Washburn, Executive Secretary

SUBJECT: Application of Avista Utilities for a Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire

Dear Ms. Washburn:

Enclosed you will find an original application plus one copy from Avista Utilities for a Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire as provided in RCW 80.28.190.

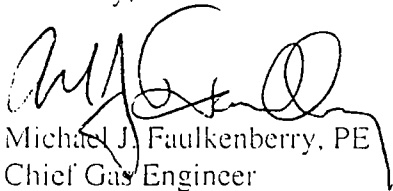
Specifically the purpose of this application involves extending the natural gas area that we currently serve to a new section south of the City of Odessa, Washington. Avista Utilities is currently the only distributor of natural gas in the vicinity.

We would appreciate your prompt processing of this application as the primary customer in the area has already begun site preparation and would like all the utilities installed underground at the same time.

Please find enclosed the check and the certified copy of the county franchise with the formal submittal.

Should you have any questions regarding this request or need additional help in any way, please call me at (509) 495-8499 or Kris McCaig at (509) 495-2057.

Sincerely,



Michael J. Faulkenberry, PE
Chief Gas Engineer

Cc: Phil Robinson Kris McCaig
 Barney Porter Gas Engineering Correspondence File

RMS
MA

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Application of
Avista Utilities

for a Certificate of Public Convenience and Ne-
cessity to Operate a Gas Plant for Hire in the
general area or areas of

UG-010319
(CT)

Received by.....

Date

Application No.....

Amount \$.....

(LEAVE ABOVE LINES BLANK)

Avista Utilities

(Name of applicant)

hereby

makes application to the Washington Utilities and Transportation Commission for a Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire as provided in RCW 80.28.190.

APPLICATION

- 1. Name under which applicant's business is or will be conducted Avista Utilities
- 2. Address, main office 1411 E. Mission St., PO Box 3727, Spokane, WA 99220-3727
- 3. Address, branch offices N/A

4. If applicant is a corporation list below the names and addresses of principal officers.

Name	Title	Address
Please refer to latest tariff		
on file with Commission		

5. If a corporation supply the following information with respect to stockholders of record of applicant as of the last day of the month immediately preceding date of application herein.

Names and addresses of the 10 common or preferred stockholders (if any) owning greatest number of shares with voting rights	Number Shares Owned		Total Number of Votes
	Common	Preferred	
Please refer to latest tariff			
on file with Commission			

6. If applicant is not a corporation list below the name and address of each person having an equity in the business.

Name

Address

7. Is this an application for an amendment of an existing certificate of public convenience and necessity already issued to applicant? YES NO _____

8. Is applicant presently operating a gas plant for hire in the State of Washington in the area or areas involved in this application? YES NO _____

Area now served

Since

Area now served

Since

See map of existing certified area. (See Attachment I)

9. Is any other gas company operating a gas plant for hire in any part of the area or areas for which applicant herein requests certification? YES _____ NO If YES, give name of other company or companies by areas.

10. Does applicant hold franchises or other governmental consents from any municipality in the area or areas involved in this application? YES NO _____ If YES, attach a certified copy of such franchise. If NO, state action taken or to be taken to procure such.

Franchises

11. State the adequacy of gas supply and proposed date that service will be made available. Attachment II provides a Stoner[®] Network analysis plot of a study for the scenario described in Item #14 of this application. As can be seen from this plot, minimal pressure drop is experienced.

12. Is applicant familiar with all the rules and regulations of the Washington Utilities and Transportation Commission regarding the operation of a gas plant for hire? YES NO _____

13. Is applicant submitting herewith its proposed tariff or tariffs covering the service to be offered in the area or areas involved in this application? YES _____ NO If answer is NO, state when applicant intends to submit such. Existing tariffs on file with Commission are to

14. ^{apply.} On a separate sheet designated "Exhibit A" submit a feasibility study relating to the area sought stating fully the economic conditions upon which this application is based to include the estimated cost of new plant required to exercise this certificate, the manner of financing such cost, anticipated revenues, expenses, and rate of return.

15. On separate sheets designated "Exhibit B" provide detailed map(s) and legal description for each service area showing the boundaries thereof proposed to be served under this application. Indicate (on separate sheets, if necessary) general location of facilities and service areas in accord with feasibility study.

FINANCIAL STATEMENT

ASSETS	LIABILITIES
Utility Plant (See Below) \$ _____	Common Stock \$ _____
Less Deprn. & Amort. Reserves \$ _____	Preferred Stock \$ _____
Net Utility Plant in Service. \$ _____	Premiums, Assessments on
Invest. in Assoc. Companies.. \$ _____	Capital Stock \$ _____
Other Invest. & Fund Accts... \$ _____	Installments received on
Current & Accrued Assets:	Capital Stock \$ _____
Cash \$ _____	Capital Surplus \$ _____
Receivables (Net) \$ _____	Earned Surplus \$ _____
Materials & Supplies \$ _____	Disc. & Exp. on Cap. Stock-Dr. \$ _____
Other Current & Accrued	Other Equity \$ _____
Assets \$ _____	Total Equity \$ _____
Deferred Debits:	Long-Term Dept-Bonds \$ _____
Unamortized Debt Discount	Current & Accrued Liabilities:
and Expense \$ _____	Notes Payable \$ _____
Preliminary Survey and	Accounts Payable \$ _____
Investigation Charges . . . \$ _____	Other \$ _____
Other Deferred Debits \$ _____	Deferred Credits:
	Unamortized Premium on
	Debt \$ _____
	Other \$ _____
	Operating Reserves \$ _____
	Contributions in Aid of
	Construction \$ _____
Total All Assets \$ _____	Total Liabilities and Other
	Credits \$ _____

UTILITY PLANT

Utility Plant in Service	Utility Plt. Purchased or Sold. \$ _____
Intangible Plant \$ _____	Utility Plt. in Process of
Production Plant \$ _____	Reclassification \$ _____
Products Extraction Plant.. \$ _____	Utility Plt. Leased to Others.. \$ _____
Storage Plants \$ _____	Property Held for Future Use. \$ _____
Transmission Plant \$ _____	Construction (In Progress and
Distribution Plant \$ _____	Completed Not Classified).. \$ _____
General Plant \$ _____	Utility Plant Acquisition
	Adjustments (Net) \$ _____
	Plant Adjustments & Other... \$ _____
Total Utility Plant in Service. \$ _____	Total Utility Plant \$ _____

WHEREFORE, The undersigned applicant requests that the Washington Utilities and Transportation Commission make its order granting to such applicant a Certificate of Public Convenience and Necessity as provided for in RCW 80.28.190.

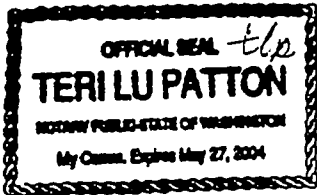
Dated at SPOKANE, WASHINGTON, this 2nd day of MARCH, 1920

Avista Corporation
By [Signature]
(Signature of applicant)

STATE OF Washington }
County of Spokane } ss.

Michael J. Faulkenberry, being first duly sworn, deposes and says that he is Chief Gas Engineer of applicant in the proceeding entitled above, that he has read the foregoing application and knows the contents thereof; that the same is true of his own knowledge except as to matters which are therein stated on information or belief, and as to those matters he believes it to be true.

Subscribed and sworn to before me this 2nd day of March, 1920



Teri Lu Patton
TERI LU PATTON
Notary Public in and for the State of Washington
Residing at Spokane
My commission expires May 27, 2004.

NOTE: Wherever there is insufficient space provided for supplying any foregoing required information attach same on separate sheets.

Where applicant is an existing public service company and has on file with the Commission documents containing information fully responsive to any inquiry herein reference to such documents may be made.

A remittance of twenty-five dollars (\$25) is to be forwarded with an application for certification or an amendment of an existing certificate; a remittance of ten dollars (\$10) with an application for transfer.

Original and copy of this application with exhibits are to be filed.

INDEX OF ATTACHMENTS

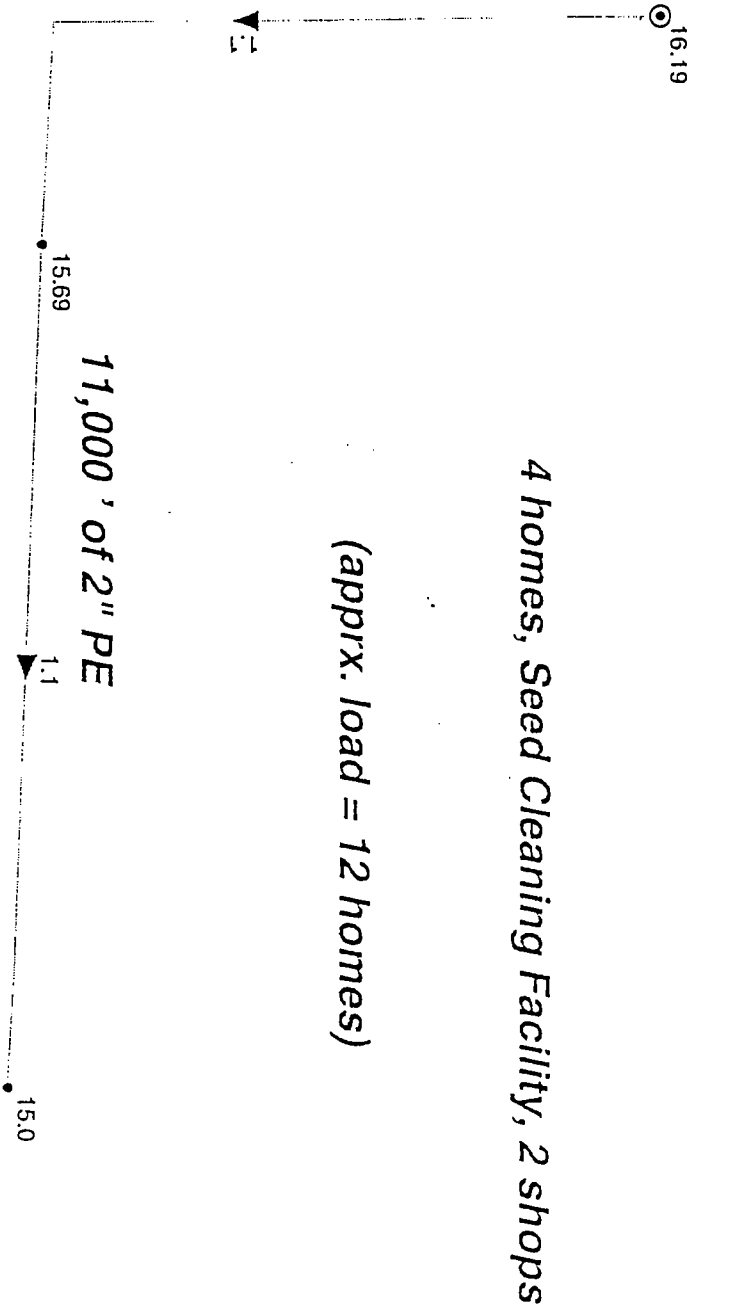
Attachment I	Map of Existing and Proposed Certificated Area
Attachment II	Stoner® Network Analysis of Proposed Project
Attachment III	Letter of Understanding for Seed Cleaning Facility
Attachment IV	Letter of Agreement for 2" PE Main Extension to Schafer Farm
Attachment V	Cost Estimate for Proposed 2" PE Main to Seed Cleaning Facility
Attachment VI	Cost Estimate for Proposed 2" PE Main & Services to Schafer Farm
Attachment VII	Economic Analysis of Seed Cleaning Facility & Schafer Residence Services
Attachment VIII	Calculated Allowance for Economic Justification

ATTACHMENT II

Odessa 2" PE Main Extension to Jerry Schafter Farm
 Note: 1.08 Mcfh results in an insignificant pressure drop

Model Name: untitled

October 30, 2000 11:22 AM



PRESSURE (PSIG)		COUNT
BELOW	15.20	1
	15.40	0
	15.60	0
	15.80	0
ABOVE	16.00	1

MIN = 15.00
 MAX = 16.19
 ANNOTATION:
 NODE PRESSURE
 NODE OFF
 NODE OFF
 ELEM FLOW MCFH

State: Balanced
 Corners: (FEET)
 UL: (0.1)
 LL: (0.0)
 UR: (1.1)
 LR: (1.0)

“Exhibit A” (Item 14)

Avista Utilities has been asked to extend natural gas service to the area located approximately 1 mile south of the Odessa, WA City limits and 1 mile east of Highway 21. Avista currently provides natural gas to a point right at the south city limits of Odessa and is the only natural gas provider in the region.

It is proposed to install 11,600 feet of 2" P.E. to serve the PDA's new seed cleaning facility and the four homes and two shops on the Jerry Schafer farm. The 2" main will be extended from the existing system with an MAOP of 60 psig. Avista will pay the cost to install the 2200 feet of 2" PE main to the seed cleaning facility due to the allowance given for revenue generated by the load (See Attachment III). Mr. Schafer has agreed to pay the cost to extend the 2" main above and beyond the credits that have been given for the new load (See Attachment IV).

The estimated cost of this project is \$55,000 (See Attachments V & VI).

Attachment VII addresses the economic justification for the project utilizing a three-year allowable ratio of extension cost to annual revenue of 3:1. Attachment VIII shows the calculated allowance worksheet for the economic justification.

Avista Corporation
1411 East Mission P.O. Box 3727
Spokane, Washington 99220-3727
Telephone 509-489-0500
Toll Free 800-727-9170



RECEIVED
FEB 7 2001

CONTRACT SERVICES

February 6, 2001

Todd King
Public Development Authority
207 W 1st Street
Odessa, WA 99159

RE: Service Offering
Contract No. M-08860

Dear Mr. King:

This will confirm the intention of the parties to enter into agreements for the installation of electric and natural gas services (hereinafter referred to as "Services") to your new industrial site located 2000 feet south of the existing city limits in Odessa, WA on Highway 21, the first phase of the project being a seed cleaning facility (hereinafter referred to as "Site"). The following are the terms that the parties have agreed to, pending the final outcome of certain factors as described herein:

1. AVISTA Corporation dba AVISTA Utilities (hereinafter referred to as "AVISTA") by and through its usual procedures will extend Services to the Public Development Authority's (hereinafter referred to as "Customer") Site. Such installations shall be in accordance with and subject to, the applicable certification, Rates, Rules and Regulations of AVISTA, including Electric Schedule 51 and Natural Gas Schedule 151, as filed with the Washington Utilities and Transportation Commission (hereinafter referred to as "Commission").
2. AVISTA's initial analysis indicates that in accordance with Schedules 51 and 151, such installations may be accomplished at no cost to the Customer. AVISTA will provide ditching, one (1) highway road crossing with two (2) bore holes and casings, and installation of the electric and natural gas distribution systems to the Customer's Site.
3. AVISTA will provide temporary, overhead electric service for the first phase of the project until the underground work associated with the Services, as described in No. 2 above, can be completed.
4. Because of installation efficiencies, if Customer elects to install both electric and natural gas services at the same time, AVISTA will not require a natural gas take-or-pay contract.
5. AVISTA may provide two additional bore holes and casings at the highway crossing for the installation of Customer's water and sewer services, in conjunction with the bore holes for permanent installation of electric and natural gas services. Customer shall arrange for the actual water and sewer pipe installation with the appropriate local

government entity. Customer agrees to pay to AVISTA fifty percent (50%) of the total costs associated with these additional bores. Based on costs for loose rock conditions, the current estimated total cost of these additional bores is Six Thousand One Hundred Forty Dollars (\$6,140), resulting in a cost to the Customer of Three Thousand Seventy Dollars (\$3,070).

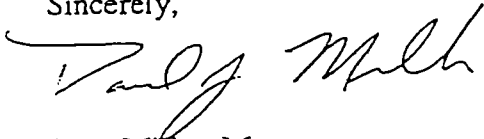
6. In the event Customer qualifies, AVISTA will make available under the Electric Energy Efficiency Programs Schedule, any and all monetary incentives for the installation of energy efficient equipment.

The parties understand that the foregoing considerations are dependent upon final approval by the Commission of any regulatory-related issues.

The parties mutually agreed to hold in confidence the pricing and all other Information disclosed as Confidential Information using the same standard of care that each party uses to protect its own proprietary or Confidential Information.

The service offerings presented herein are valid for a period of 30 days. If you are in agreement with the foregoing understandings, please indicate your approval and acceptance by signing below and returning an originally signed copy of this letter to my attention within 30 days of receipt.

Sincerely,



Dave Miller, Manager
Commercial and Industrial Sales

Agreed to:

Public Development Authority

James R. Walter
(Signature)

James R. Walter
(Printed Name)

President
(Title)

2/7/01
(Date)

Accepted:

AVISTA Corporation
dba AVISTA Utilities

Dave Miller
(Signature)

Dave Miller
(Printed Name)

Sales Manager
(Title)

2/14/01
(Date)

Avista Corporation
1411 East Mission P.O. Box 3727
Spokane, Washington 99220-3727
Telephone 509-489-0500
Toll Free 800-727-9170



RECEIVED

FEB 1 2001

CONTRACT SERVICES

January 25, 2001

LETTER OF AGREEMENT

Mr. Jerry Schafer
PO Box 369
Odessa, WA 99159

**Re: Letter of Agreement – Natural Gas Line Extension
Contract No. Mg-08901**

Dear Mr. Schafer:

This Letter will confirm the Agreement between the parties to enter into a Line Extension Agreement to install natural gas services ("Facilities") to Customer's property located eleven thousand six hundred (11,600) feet south of AVISTA's existing Certified Service Area in Odessa, WA on Highway 21 (the "Property"). AVISTA Corporation dba AVISTA Utilities, Inc. ("AVISTA") and Mr. Jerry Schafer (the "Customer") agree as follows:

1. Customer desires to hire a contractor in install the Facilities necessary to provide natural gas service to Customer's Property. As such, Customer shall hire a Contractor to install the natural gas distribution facilities from the following list of AVISTA-certified Contractors:

a.	Rich Schuman Excavating:	Rich Schuman	509-659-0295
b.	Ressa Construction:	Mike Ressa	509-684-6717
c.	Mountain Utility:	Lloyd Burchett	509-468-8546
d.	Knight Construction:	Doug Knight	509-276-2229
2. AVISTA's analysis indicates that in accordance with Natural Gas Schedule 151, AVISTA will provide the AVISTA materials and on-site inspector, and Customer shall be responsible for all other costs associated with the project.
3. Customer shall request an AVISTA inspector's approval of all construction on Customer's Property.
4. Customer shall provide all ditching necessary to install the natural gas distribution pipe on Customer's Property.
5. Customer shall ensure that only AVISTA supplied materials are used in installation of all natural gas Facilities.

6. The parties acknowledge that this Agreement is contingent upon approval, by the Washington Utilities and Transportation Commission ("Commission"), of a Certificate of Service for AVISTA to provide natural gas service in Customer's service territory, and Customer shall not initiate construction of any facilities until such certification has been acquired.
7. Upon AVISTA's receipt of a Certificate of Service from the Commission, Customer agrees to enter into a Line Extension Agreement with AVISTA to initiate installation of the natural gas Facilities as soon as practicable.

The parties mutually agree to hold in confidence the pricing and all other information disclosed as Confidential Information using the same standard of care that each party uses to protect its own proprietary or Confidential Information.

By signing this Letter of Agreement, the parties accept the terms and conditions set forth herein. A copy of this Letter of Agreement will be sent to Customer via mail as soon as it has been fully executed.

Sincerely,

Ceil Over for Mike Faulkenberry

Mike Faulkenberry
Chief Gas Engineer

Agreed to:

J & E. Schaefer Farms Inc

Mr. Jerry Schaefer

Jerry D Schaefer
(Signature)

Jerry D Schaefer
(Printed Name)

Pres.
(Title)

2-14-01
(Date)

Accepted:

AVISTA Corporation
dba AVISTA Utilities, Inc.

Michael J. Faulkenberry
(Signature)

MICHAEL J. FAULKENBERRY
(Printed Name)

CHIEF GAS ENGINEER
(Title)

2/15/01
(Date)

ATTACHMENT V

Project: Odessa Main Extension (Seed Cleaning Facility)				
Construction Area: Odessa, WA				
Date: January 15, 2000				
	Size	Quantity	Unit Cost	Total (inc. sales tax)
MATERIALS				
2" pe main extension				
PE, tee, butt fusion	770-7762	2"X2" 1 ea	\$5.04	\$5
pipe, PE, 2", 500' coils	770-6310	2" 2200 ft	\$0.48	\$1,140
coupling, PE, socket type	770-1525	2" 10 ea	\$1.11	\$12
cap, PE, socket type	770-0875	2" 2 ea	\$1.31	\$3
valve, poly, socket ends, 80 PSI	770-8655	2" 1 ea	\$195.70	\$211
service tee, PE, socket type	770-7775	2"X2"X2" 1 ea	\$4.27	\$5
90 degree elbow, PE, socket type	770-1857	2" 1 ea	\$2.79	\$3
sign, warning gas pipeline 6 foot tall	662-0310	n/a 2 ea	\$13.13	\$29
anode, 4-1/2 lb zinc	770-0170	n/a 2 ea	\$16.77	\$36
test box, 1-1/4", yellow "little" link (cathodic)	770-7891	n/a 2 ea	\$13.89	\$30
riser, service, non-cp plastic, anodeless	770-7190	3/4" 6 ea	\$12.17	\$79
sand pad (6" pad, 6" shade)		n/a 178 cu. Yds.	\$6.00	\$1,153
tracer wire, cnd, cu solid 14 yellow direct bury	283-1002	n/a 2200 ft	\$0.03	\$71
Hwy 21 crossing				
pipe casing, API -5L, GRD B, 0.250 w.t., bare		4" 65 ft	\$4.71	\$331
thinsulator, casing, 2" plastic (4" min. casing)	770-7978	4" x 2" 15 ea	\$5.57	\$90
sign, warning gas pipeline 12" tall X 9" wide poly	662-0425	12"X9" 4 ea	\$6.12	\$26
test box, 1-1/4", yellow "little" link (cathodic)	770-7891	n/a 1 ea	\$13.89	\$15
pipe, black, std wall, 21' lengths for vent piping	778-6110	2" 40 ft	\$2.31	\$100
casing seal, 2"X4" boot type (PE carrier pipe)	770-0782	2"X4" 4 ea	\$41.88	\$181
return bend elbow, 180 degree, stl weld, std wall	770-2070	2" 2 ea	\$27.51	\$59
meter set assembly		AL425 1 ea	\$334.15	\$361
Subtotal:				\$3,941
CONTRACT CONSTRUCTION LABOR				
Highway 21 crossing				\$2,500
Subtotal:				\$2,500
AVISTA CONSTRUCTION LABOR				
plow and install 2" PE main (30% rock, trenching, \$215.00 fixed cost)		2 C/Days	\$5.40/ft for 2200 ft	\$12,095
build & set meter for facility		2 C/Days	\$371.12	\$742
Subtotal:				\$12,837
TECHNICAL LABOR				
Engineering		1 M/Days	\$187.00	\$187
Real Estate		0.5 M/Days	\$187.00	\$94
Drafting		1 M/Days	\$152.00	\$152
Subtotal:				\$433
MISC. COSTS				
Permit fee for Hwy crossing		1 ea	\$300.00	\$300
Subtotal:				\$300
TOTAL DIRECTS				\$20,011
INDIRECTS				
LABOR INDIRECTS (70.00%)				\$9,288.82
MATERIALS INDIRECTS (16.0%)				\$630.60
transportation expense				
crew truck meter install		16 hr	\$25.00	\$400
TOTAL INDIRECTS				\$10,319
SUBTOTAL				\$30,330
INDIRECT ENG. & CONSTR. SUPV. (13.50%)				\$4,094.60
AFUDC (0.889%/MONTH for 2 months)				\$612
				\$4,707
GRAND TOTAL				\$35,037
Gas Crew				
Pressure Controlmen		27.94 hr.		
Gas Crewman		18.45 hr.		
		46.39 hr.	371.12 per day(8hr)	

\$7482

Incremental

Project: Odessa Main Extension (Schafer Farm) (Customer Ditch and Main Install with Certified Contractor)				
Construction Area: Odessa, WA				
Date: January 15, 2001				
	Size	Quantity	Unit Cost	Total (inc. sales tax)
MATERIALS				
2" pe main extention				
PE, tee, butt fusion	770-7762	2"X2" 1 ea	\$5.04	\$5
pipe, PE, 2", 500' coils	770-6310	2" 9400 ft	\$0.48	\$4,873
coupling, PE, socket type	770-1525	2" 18 ea	\$1.11	\$22
cap, PE, socket type	770-0875	2" 2 ea	\$1.31	\$3
valve, poly, socket ends, 80 PSI	770-8655	2" 1 ea	\$195.70	\$211
90 degree elbow, PE, socket type	770-1857	2" 1 ea	\$2.79	\$3
sign, warning gas pipeline 6 foot tall	662-0310	n/a 2 ea	\$13.13	\$28
anode, 4-1/2 lb zinc	770-0170	n/a 2 ea	\$16.77	\$36
pipe, PE, 500' coils, SDR 11	770-6305	3/4" 1200 ft	\$0.14	\$181
service tee, tapping, PE, socket type	770-7785	2"X3/4" 6 ea	\$5.05	\$33
riser, service, non-cp plastic, anodeless	770-7190	3/4" 6 ea	\$12.17	\$79
coupling, PE, socket type	770-1524	3/4" 6 ea	\$0.55	\$4
tracer wire, cnd, cu solid 14 yellow direct bury	283-1002	10600 ft	\$0.03	\$343
test box, 1-1/4", yellow "little" link (cathodic)	770-7891	1-1/4" 9 ea	\$12.63	\$123
sand pad (6" pad, 6" shade)		n/a 696 cu. Yds.	\$6.00	\$4,510
Subtotal:				\$10,455
AVISTA CONSTRUCTION LABOR				
tap main and run new 3/4" services		2 C/Days	\$347.12	\$694
Avista Inspector		5 C/Days	\$180.56	\$903
Per diem for gas crew (\$60/person per day, 2-man crew)		2 Days	\$120.00	\$240
Per diem for inspector (\$60/person per day)		5 Days	\$60.00	\$300
Subtotal:				\$2,137
TECHNICAL LABOR				
Engineering		1 M/Days	\$187.00	\$187
Drafting		1 M/Days	\$152.00	\$152
Subtotal:				\$339
TOTAL DIRECTS				\$12,931
INDIRECTS				
LABOR INDIRECTS (70.00%)				\$1,733.23
MATERIALS INDIRECTS (16.0%)				\$1,672.74
transportation expense				
inspector vehicle		40 hr	\$25.00	\$1,000
TOTAL INDIRECTS				\$4,406
SUBTOTAL				\$17,337
INDIRECT ENG. & CONSTR. SUPV. (13.50%)				\$2,340.45
AFUDC (0.889%/MONTH for 2 months)				\$350
				\$2,690
GRAND TOTAL				\$20,027
Gas Crew				
Foreman		24.94 hr.		
Gas Crewman		18.45 hr.		
		43.39 hr.	347.12 per day(8hr)	
Inspector		22.57 hr.	180.56 per day(8hr)	

\$10,455
Incremental

Economic Analysis of Natural Gas Extension to Odessa Seed Cleaning/Schaefer Farms
Updated 2-28-01

Avista has been asked to extend natural gas service to an area outside its current franchise boundaries to serve a new seed cleaning business plus several residences known by the common description of Schaefer Farms. This area is located south of the existing city limits in Odessa WA on the south side of Highway 21 in Lincoln County.

Avista currently provides natural gas service within a few thousand feet of the proposed site and is the only natural gas provider in the region.

It is estimated that the seed cleaning facility itself, with approximately 5,000 square feet of office space, will use the equivalent natural gas of four homes even if no natural gas is used in the actual seed drying process. At the current time the additional homes to be built on the Schaefer Farm area number four plus two projected heated shop areas. Altogether it is conservatively estimated that approximately 10,000 therms per year will be used in the combined areas. Using Avista's current \$0.78154 revenue per therm, that equates to \$23,446.20 in allowance per schedule 151 over a three year period plus the monthly basic charge for seven meters over three years for a total of \$24,706.20 (see attachment VIII).

Avista's projected incremental natural gas related costs for both the seed cleaning facility and the homes beyond totals \$17,937 including the 4" bore and casing for a 2" natural gas pipe under Highway 21. In addition Avista has agreed to provide two additional 10" Highway 21 bores including casings (cost estimate about \$3,250 each or \$6,500 total) for a future water line and a sewer line. As the enclosed signed contract from Mr. Schaefer confirms, he will be paying for the labor provided by the Avista approved contract crews. Thus Avista's total incremental costs are within the total allowance.

lessa

Calculated Allowances for Individual Residential Natural Gas Usage
(State of Washington Schedule 101)

	est. use *	assumptions	allowance**
Furnace <1000 sq. ft.	600	80% efficient	\$1,407
1000-2000 sq. ft.	700	80% efficient	1,641
over 2000 sq. ft.	850	80% efficient	1,993
Fireplace insert/stove	75	with central furnace	176
Fireplace insert/stove	400	no central furnace	938
Decorative logs	50		117
Water heater	250	150 degree average	586
Pool heater	200	four months usage per year	469
Spas/hot tubs	150	year round usage	352
Ranges/stoves	50		117
Cooktops	20		47
Clothes dryers	50		117

* estimated average usage in therms per year

** based on schedule 151 (three times annual revenue) using
a revenue per therm of \$0.78154 as of 1-11-2001

For natural gas devices not included above or for equipment that uses energy at other than a standard rate, follow these steps to get the allowance:

- (a) find the device BTU usage/hr and multiply times estimated usage hrs/year
- (b) divide (a) by 100,000 BTU/therm conversion rate to get therms per year
- (c) multiply result from (b) times revenue per therm shown above times three

Adjust for furnace efficiency by subtracting from estimated therms and using steps above
(eg, furnace is 90% efficient, it will use approximately 10% fewer therms; for a small furnace subtract 60 therms (600x10%) or use 540 therms/yr*\$0.78154*3=\$1,266)

Sample	3 x annual basic chg	\$180	Yours	3 x annual basic chg	\$180
med house furnace	1,641		x 7 meters	= \$1260	
hot water tank	586		10 1000 therm		
			usage areas	\$7815	
			x 3 years	= \$23446.20	
Total allowance	\$2,407		Total allowance	\$24,706.20	

For main extensions/multiple residences, please call Phil (4010 or 981-2154) to review alternative economics

“Exhibit B” (Item 15)
Legal Description

Beginning at the Northeast corner of Section 15, Township 21 North, Range 33 East, W.M.; thence West along the North line of Sections 15, 16, 17 and 18, Township 21 North, Range 33 East, W.M. and Section 13, Township 21 North, Range 32 East, W.M., to the Northwest corner of said Section 13; thence North along the East line of Section 11, Township 21 North, Range 32 East, W.M. to the Northeast corner of said Section 11; thence West along the North line of Sections 11 and 10, Township 21 North, Range 32 East, W.M. to the Northwest corner of said Section 10; thence South along the West line of Sections 10, 15 and 22, Township 21 North, Range 32 East, W.M. to the Southwest corner of said Section 22; thence East along the South line of Sections 22, 23 and 24, Township 21 North, Range 32 East, W.M. and Sections 19, 20, 21 and 22, Township 21 North, Range 33 East, W.M., to the Southeast corner of said Section 22; thence North along the East line of Sections 22 and 15, Township 21 North, Range 33 East, W.M. to the Northeast corner of said Section 15 and the Point of Beginning;

All located in Lincoln County, State of Washington.

Pay to the Order of: WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
1300 S. EVERGREEN PK. DR. SM.
OLYMPIA, WA 98504-8002

Pay Amount: TWENTY FIVE DOLLARS AND 00/100 DOLLARS

Date: 03/02/01

Bank of America
Commercial Disbursement Account
Northbrook, IL

Pay This Amount: \$ 25.00

Signature: *[Signature]*

Second Signature Required for Amounts Over \$1,000,000.00

⑈931375⑈ ⑆071923284⑆ 87853⑈01885⑈

Invoice Number	Date	Voucher	Gross Amount	Discount	Net Amount
	022801	667934	APPLICATION FEE FOR CERTIFICATE 25.00		25.00
Check Number	Date	Vendor Number	Vendor Name	Total Amount	
-S- 931375	030201	863109	WASHINGTON UTILITIES	25.00	

IN THE MATTER OF THE APPLICATION OF THE
WASHINGTON WATER POWER COMPANY DOING
BUSINESS IN THE STATE OF WASHINGTON
FOR A FRANCHISE TO CONSTRUCT, OPERATE
AND MAINTAIN A GAS DISTRIBUTION SYSTEM
IN, OVER, ALONG AND UNDER COUNTY ROADS,
HIGHWAYS AND OTHER COUNTY PROPERTY IN
LINCOLN COUNTY, WASHINGTON

F R A N C H I S E

Commissioners' Order No. 92-22

Application of THE WASHINGTON WATER POWER COMPANY, a corporation doing business in Washington at Spokane, for a franchise to construct, operate and maintain a gas transmission and distribution system in, over, along and under County Roads, highways and other County property in LINCOLN County, Washington, as hereinafter set forth, having come on regularly of hearing before the County Commissioners of LINCOLN County, Washington, on the 6th day of April, 1992, at the hour of 11:00 o'clock AM. under the provisions of Chapter 187, State Session Laws of 1937, and it appearing to the Board that notice of said hearing has been duly given as required by law, and that it is in the public interest to grant the franchise herein granted;

NOW THEREFORE,

IT IS ORDERED that a franchise be, and the same is hereby given and granted to THE WASHINGTON WATER POWER COMPANY, doing business in the State of Washington at Spokane, its successors and assigns, hereinafter referred to as the Grantee, for a period of twenty-five (25) years from and after the date of the entry of this order, to construct, operate and maintain a gas transmission and distribution system in, under, along and over the following described public county roads and county property in LINCOLN County, Washington, to-wit:

All those public county roads and county property herein listed in Exhibit (A) attached hereto and by this reference made a part hereof.

This Franchise is granted upon the following express terms and conditions, to-wit:

I.

THE WASHINGTON WATER POWER COMPANY, its successors and assigns (hereinafter designated as the "grantee") shall have the right and authority to enter upon the county roads, rights-of-way and other county property herein described, for the purpose of constructing and installing its gas transmission and distribution system and all necessary facilities connected therewith (herein referred to collectively as the "distribution system"), and for repairing, operating, maintaining, removing and replacing all or any portion of its distribution system.

II.

All construction and installation work where crossing county roads or rights-of-way or other county property outside of the corporate limits of any incorporated town shall be subject to the approval and pass the inspection of the County Engineer.

III.

Prior to commencement of construction of any portion of said distribution

traffic turnouts and road obstructions, etc. No such construction shall be commenced without the grantee first securing a written permit from the County Engineer, including approval endorsed on one set of plans and specifications returned to the grantee. All such work shall be subject to the approval of and shall pass the inspection of the County Engineer.

IV.

In any work which requires breaking of surface of the county roads, rights-of-way, or other county property subject to this franchise for the purpose of laying, relaying, connecting, disconnecting and repairing the said distribution system, and making connections between the same to structures and buildings of consumers or making connections to other facilities of the grantee now in existence or hereafter constructed, the grantee shall be governed by and conform to the general rules now existing or hereafter adopted by the officers charged with the supervision and care of such county roads, rights-of-way, and other county property; and the grantee at its own expense and with all convenient speed shall complete the work for which the surface has been broken and forthwith replace the work and make good the county road, right-of-way or county property and leave same in as good condition as before the work was commenced; provided however, that no such breaking of the surface on the county roads, rights-of-way or other county property shall be done prior to the filing of its plans with the County engineer, provided, however, that in cases of emergency arising out of office hours when an immediate excavation may be necessary for the protection of private or public property the same shall be reported to the County sheriff. Plans for the restoration of the county road, right-of-way or other county property to the same condition as it was prior to such breaking shall be filed with the County Engineer. The County Commissioners upon notice to the grantee may at any time order or have done any and all work that they consider necessary to restore to a safe condition any such county road, right-of-way or other county property left by the grantee or its agents in a condition dangerous to life and/or property, and the grantee upon demand shall pay to the county all costs of such work.

V.

All gas distribution lines and facilities constructed, operated and maintained across county road, right-of-way or other county property covered by this franchise shall be constructed, operated and maintained in compliance with the provisions of the U.S. Department of Transportation Pipeline Safety Regulations, Parts 191-192, Revised as of October 1, 1990. and in accordance with the further requirements of the additional rules prescribed in the orders of the Washington Utilities and Transportation Commission, First Supplemental General Order No. 8336 dated August 18, 1952, and Consolidated Cause Nos. U-8799 and U-8800 dated the 4th day of November, 1955, or as such orders of the Washington Utilities and Transportation Commission may be modified. The gas lines shall be laid as directed by the County Engineer at depths of not less than that specified in the Commission order above referred to. All construction or installation of such lines and facilities, service repair, or relocation of the same, performed along or under the county road, right-of-way or other county property subject to this franchise shall be done in such a manner as not to interfere with the construction and maintenance of other utilities, public or private, drain, drainage ditches and structures, irrigation ditches and structures located therein, nor with the grading or improvement of such county road, right-of-way or other county property. All utilities, public or private, actually installed in such county road, right-of-way or other county property prior in time to the installation of the lines and facilities of the grantee shall have preference as to the positioning and locations of such utilities so installed with respect to the grantee. Such

as possible with public travel and shall take all due and necessary precautions to guard the same, so that damage or injury shall not occur or arise by reason of such work; and where any such trenches, ditches or tunnels are left open at night, the grantee shall place warning lights and barricades at such a position as to give adequate warning of such work. The grantee shall be liable for any injury to person or persons or damage to property sustained through its carelessness or neglect, or through any failure to properly guard or give warning of any trenches, ditches or tunnels dug or maintained by the grantee.

VII.

The County in granting this franchise does not waive any rights which it now has or may hereafter acquire with respect to county road, right-of-way or other county property and this franchise shall not be construed to deprive the county of any powers, rights or privileges which it now has or may hereafter acquire to regulate the use of and to control the county road, right-of-way or other county property covered by this franchise.

VIII.

If at any time the county shall improve or change any county road, right-of-way or other county property subject to this franchise by grading or regrading, planking or paving the same, changes of grade, altering, changing, repairing or relocating the same or by constructing drainage facilities, the grantee upon written notice from the County Engineer shall, at its sole expense, with all convenient speed change the location or readjust the elevation of its gas distribution system and other facilities so that the same shall not interfere with such county work and so that such lines and facilities shall conform to such new grades or routes as may be established. The county shall in no wise be held liable for any damages to said grantee that may occur by reason of any of the county's improvements, changes or works above enumerated, except for damage caused by negligence of the county's employees or agents.

All work performed by the grantee under this section shall pass the inspection of the County Engineer. The grantee shall pay all reasonable costs of and expenses incurred in the examination, inspection and approval of such work.

XI.

The laying, construction, operation and maintenance of the grantee's gas distribution system authorized by this franchise shall not preclude the County, its agents, or its contractors from blasting, grading, excavating, or doing other necessary roadwork contiguous to the said lines and facilities of the grantee, providing that the grantee shall be given not less than fifteen (15) days' notice of said blasting or other work in order that the grantee may protect its lines and facilities; provided further that, in the event of an emergency as determined by the County Engineer, the grantee shall be given forty-eight (48) hours notice.

X.

Before any work is performed under this franchise which may affect any existing monuments or markers of any nature relating to subdivisions, plats, roads and all other surveys, the grantee shall reference all such monuments and markers. The reference points shall be so located that they will not be disturbed during the grantee's operations under this franchise. The method of referencing these monuments or other points to be referenced shall be approved by the County Engineer.

XI.

If at any time the county shall vacate any county road, right-of-way or other county property which is subject to rights granted by this franchise and said vacation shall be for the purpose of acquiring the fee or other property interest in said road, right-of-way or other county property for the use of LINCOLN County, in either its proprietary or governmental capacity, then the Board of County Commissioners may at their option and by giving thirty (30) days written notice to the grantee, terminate this franchise with reference to such county road, right-of-way or other county property so vacated and the county shall not be liable for any damage or loss to the grantee by reason of such termination; provided, that if the county can provide an alternate route across other county property, roads, or rights-of-way, the county shall do so within a reasonable time prior to such termination, it being understood and agreed that the grantee shall pay all costs of changing and rerouting its distribution system.

XII.

The Grantee hereby agrees to protect and save harmless the County of LINCOLN from any and all claims, actions or damages of every kind and description which may be asserted against such county by reason of the grantee's acts in connection with the construction, operation and maintenance of said distribution system. In case that suit or action is brought against the county for damages arising out of or by reason of the above-mentioned causes, the grantee will upon notice to it of the commencement of said action defend the same at its sole cost and expense. In case a final judgment shall be rendered against the County in such suit or action, the grantee will fully satisfy said judgment within ninety (90) days after said suit or action shall have finally been determined by a trial court, or appellate court or courts if appeal be taken, if determined adversely to the county. Upon grantees failure to satisfy said final judgment within the ninety (90) day period, the Board of County Commissioners may upon due notice terminate this franchise and the County shall have a lien upon the distribution system which may be enforced against the property for the full amount of any such final judgment so taken against the County.

Acceptance by the County of any work performed by the grantee at the time of completion shall not be a ground for avoidance of this covenant.

XIII.

This franchise shall not be deemed to be an exclusive franchise. It shall in no way prohibit the County of LINCOLN from granting other franchises of a like nature or franchises for other public or private utilities under, along, across, over and upon any of the county road, right-of-way or other county property subject to this franchise and shall in no wise prevent or prohibit the county from constructing, altering, maintaining or using any of said roads, rights-of-way, drainage structures or facilities, irrigation structures or facilities, or any other county property or affect its jurisdiction over them with full power to make all necessary changes, relocations, repairs, maintenance, etc., the same as the county may deem fit.

XIV.

All provisions, conditions, regulations and requirements herein contained shall be binding upon the successors and assigns of the grantee, and all privileges as well as all obligations and liabilities of the grantee, shall inure to its successors and assigns equally as if they were

XVI.

It is understood that, in the event any of the county roads or rights-of-way, as designated in this franchise which, by reason of the subsequent incorporation of any city or town, or extension of the limits, then the control of the county with respect to this franchise shall be at an end and shall terminate as to such roads and rights-of-way so included within such city or town limits.

XVII.

In preparing plans and specifications for the installation of gas distribution lines across paved county roads, or other roads or rights-of-way as designated by the County Engineer, where said lines are to be operated at pressures in excess of 125 psig and have a diameter of six (6) inches or more, the grantee shall use as a guide and reference the plans and specifications in the American Petroleum Institute Code No. 1102, Second Edition, November, 1955, titled "Recommended Practice on Form of Agreement and Specification for Pipe Line Crossings Under Railroad Tracks", and amendments thereto, and the "Standard Specifications for Road and Bridge Construction" established by the Washington State Highway Commission and amendments thereof.

All plans and specifications for county road crossings shall be subject to approval of the County Engineer.

Notwithstanding the provisions of this Section, the County Engineer may require or permit modifications of such specifications referred to in this Section and approve such plans and specifications submitted by the grantee in applying for a permit for such work.

XVIII.

If the grantee shall willfully violate or fail to comply with any of the provisions of this franchise through willful and unreasonable neglect or willful and unreasonable failure to heed or comply with any notice given the grantee under the provisions of this grant, then the said grantee shall forfeit all rights conferred hereunder and this franchise may be revoked or annulled by the Board of County Commissioners, provided, however, that the Board of County Commissioners shall give thirty (30) days written notice of its intention to revoke or annul the franchise during which period the grantee shall have the opportunity to remedy the situation.

XIX

This Franchise shall update and supersede all prior franchises heretofore granted to The Washington Water Power Company or its predecessors, by Grantor, or its predecessors, and shall affirm, authorize and ratify all prior installations authorized by permits or other action not previously covered by this Franchise.

THIS 6 day of July, 1974.



ATTEST:

Robert W. Homan
John C. Moos
Donald H. Schiefel

Board of County commissioners of
LINCOLN COUNTY.

Larry Lindblom
County Engineer
Auditor

Approved as to Form:

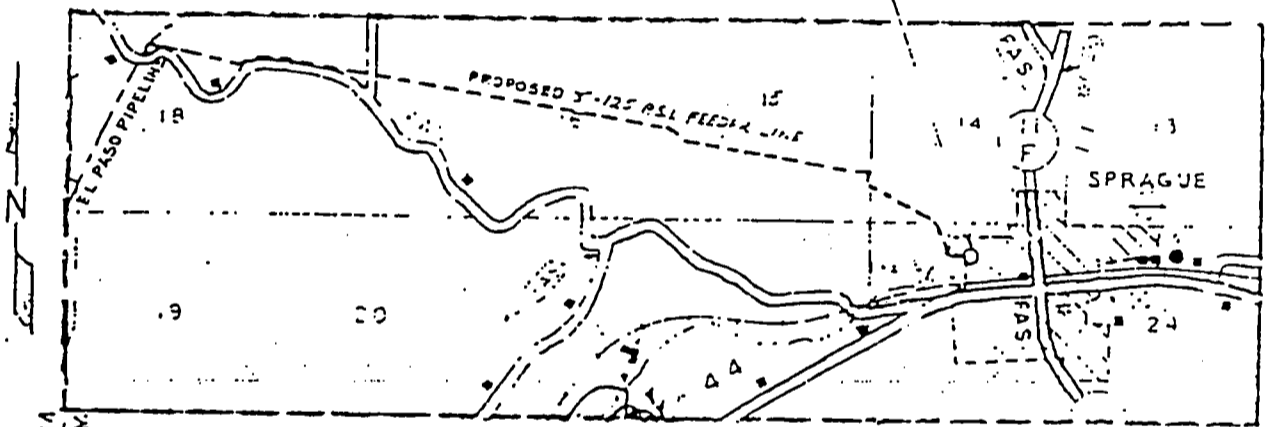
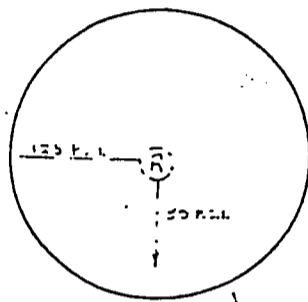
Ronald B. Shepherd
Prosecuting Attorney

Robert Breshean P.E.
County Engineer

EXHIBIT A

Franchise No. 92-22 covers all County roads, highways and rights-of-way, located within the following Townships, Ranges and Sections, less all incorporated areas within Lincoln County:

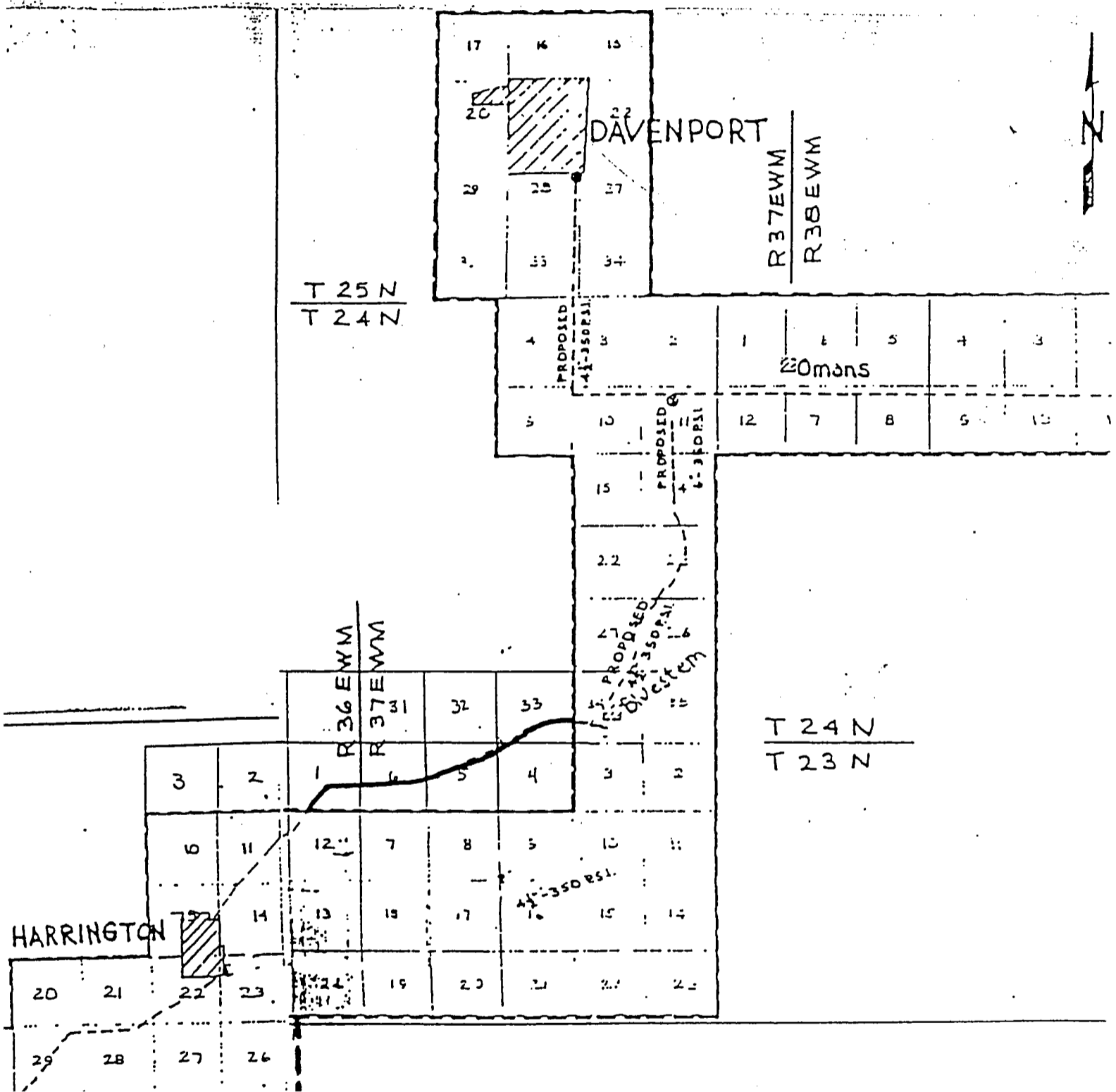
<u>TOWNSHIP</u>	<u>RANGE</u>	<u>SECTION</u>
21N	38 EWM	13, 14, 15, 16, 17, 18, 21, 22, 23, 24
23N	36 EWM	1, 2
23N	37 EWM	4, 5, 6
24N	37 EWM	31, 32, 33



R37EW1A
R38LW1

T21N

R36EW1A
R37EW1



ORDINANCE NO. 490

AN ORDINANCE GRANTING A FRANCHISE TO THE WASHINGTON
WATER POWER COMPANY FOR THE CONSTRUCTION, OPERATION
AND MAINTENANCE OF NATURAL GAS FACILITIES WITHIN
THE TOWN OF ODESSA

In the Matter of the Application of The Washington Water Power Company for a franchise to locate, construct, operate and maintain plants and works, and all necessary or desirable appurtenances thereto for the manufacture, purchase, transmission and distribution of gas along and across rights of way and present and future public properties:

WHEREAS, The Washington Water Power Company, a corporation organized under the laws of the State of Washington (hereinafter referred to as "Grantee"), has heretofore filed with the Town of Odessa, State of Washington, (hereinafter referred to as "Grantor" or the "Town") its written application for a Franchise to locate, construct, operate and maintain such plants and works and all necessary or desirable appurtenances thereto for the manufacture, purchase, transmission and distribution of gas under, along and across all Town rights of way and public property in the Town of Odessa, State of Washington; and

WHEREAS, the Town duly fixed the time and place for hearing said application and due and timely notice of said hearing on such application was given pursuant to statute and ordinance, and hearing on said application having been held as prescribed by law, and the Town having been fully advised in the premises and having determined that it is in the public interest to grant such Franchise in the manner herein set forth,

NOW, THEREFORE, IT IS ORDERED, that the Washington Water Power Company, its successors and assigns, is hereby granted a Franchise for the purposes identified below and subject to the following terms and conditions:

SECTION 1. GRANT: Grantor hereby grants to Grantee, its successors and assigns, the right, power, privilege and authority to construct, or otherwise acquire, and to own, maintain, equip, and operate plants and works, and all necessary or desirable appurtenances thereto, for the manufacture, purchase, transmission and distribution of gas, including the right to construct, lay, maintain, operate, extend, renew, remove, replace, repair, use and operate a gas distribution system, in, under, upon, over, across, and along the present and future public properties within the present or any future corporate limits of the Grantor, including streets, rights of way, bridges and other structures, for the purpose of transporting, distributing and selling gas (with the right and privilege to make such connections with said pipes as will enable the Grantee to supply gas) for heating, lighting, and other purposes.

SECTION 2. TERM: The rights, privileges and franchise hereby grant to, and transferred upon the Grantee shall, unless this Franchise be sooner terminated as herein provided, extend for a term of twenty-five (25) years from the date of written acceptance hereof by the Grantee.

SECTION 3. RIGHT OF EXCAVATION: For the purpose of carrying into effect the privileges granted thereunder, Grantee is authorized at any time to make all necessary excavations in the streets, alleys, roads, rights of way and public grounds within the franchised area, but such excavation shall be carried out with reasonable dispatch and with as little interference with or inconvenience to the rights of the public as may be feasible. Grantee shall restore all streets, alleys, roads, rights of way and public grounds in as good and safe condition in all respects as before the commencement of such work. Once a paved surface in any franchise area has been cut by the Grantee, it shall be properly maintained in good condition and repair by Grantee for a period of five (5) years or until such time as the area is resurfaced or reconstructed by Grantor. In case any obstruction caused by Grantee shall remain longer than seven (7) days after notice to remove it, or in case of neglect by Grantee to safeguard any dangerous places, Grantor may remove such obstruction or safeguard such dangerous places at the expense of Grantee.

SECTION 4. NON-INTERFERENCE WITH EXISTING FACILITIES:

A. The Grantee, in the exercise of the rights herein granted, shall construct plants and works, and all necessary or desirable appurtenances thereto, and other facilities or equipment installed or used in the enjoyment of the franchise in such a manner as to not unreasonably interfere with other uses of franchised areas. This obligation shall not permit unreasonable interference with Grantee's installations by other Town permittees or franchisees.

B. It remains the responsibility of the Grantee to anticipate and avoid duplicating service, facilities, installation or conflicts with other natural gas franchises or other utilities, franchisees or permittees. The Town assumes no responsibility for such conflicts or errors.

C. All construction, installation, repair or relocation of lines and appurtenances performed by Grantee along or under the roads, rights of way or properties subject to this Franchise shall be done in such a manner as not to interfere with the construction and maintenance of other utilities, public, or private, drains, drainage ditches and structures, irrigation ditches and structures located therein, nor with the grading or improvement of such roads, rights of way or other public property subject to this Franchise.

SECTION 5. NECESSARY CONSTRUCTION/MAINTENANCE BY GRANTOR: The laying, construction, operation and

or other work, and provided further that the Grantor, its agents and contractors shall be liable for any damages, including any consequential damages to third parties, caused by said work to any installations belonging to Grantee.

SECTION 6. CONDUCT OF GRANTEE'S BUSINESS: A condition of this franchise is Grantee's acceptance of the obligation to comply with all federal, state, or local laws or regulations applicable to the exercise of franchised functions or franchise obligations.

By way of limitation of the foregoing and in addition, the Grantor reserves all lawful powers and franchise authority. This franchise is subject to exercise of such power or authority as Grantor may now or hereafter determine proper, whether by ordinance, resolution, or administrative orders.

The authority reserved by the Grantor shall relate, not by way of limitation, to the location of Grantee's facilities or other matters to the extent the same may affect municipal interest. It shall include the right to curtail or exclude on a temporary or permanent basis a specific route or installation of Grantee's facilities because of inadequate space or other reasonable cause.

Whenever any Town requirement or proposal shall be asserted to be prohibited or limited by an authority of the WUTC or other regulatory authority, whether because of preemption, conflict, inconsistency, or for any other reason, Grantee agrees, in good faith, to seek a modification thereof to accommodate the Town or where this is not possible, to cooperate with the Town to make such adjustments in the relationship of the parties as may be possible. The Town, likewise, agrees to cooperate with Grantee in good faith so as not to unreasonably intrude into Grantee's business operations. Grantee shall not rely upon this franchise or any prior Town action or inaction as an estoppel or bar to invoke this provision.

SECTION 7. RIGHTS OF INGRESS/EGRESS: The Grantee, its agents and employees, shall have the right and power of ingress and egress upon its customers' properties for the purpose of installing, servicing and maintaining its facilities, including the testing and reading of service meters.

SECTION 8. VACATION OF PROPERTIES BY GRANTOR: If, at any time, the Grantor shall vacate any road, right of way or other public property which is subject to rights granted by this franchise, such vacation shall be subject to the granting of a perpetual easement in favor of Grantee, its successors and assigns, for underground transmission and distribution lines and installations in place at the time of vacation and for the purpose of operating and maintaining such facilities, except that all rights and privileges of Grantor as defined in this franchise shall remain in force. Such vacation shall, by its terms, expressly prohibit any use of the vacated properties which will interfere with

respect to road rights of way or other property of Grantor under this Franchise, and this Franchise shall not be construed to deprive the Grantor of any such powers, rights or privileges which it now has or may hereafter acquire to regulate the use of and to control the Grantor's roads, rights of way and other public property covered by this Franchise.

SECTION 10. EMERGENCY REMOVAL BY GRANTOR: The Grantor reserves the right to remove any such distribution lines, equipment and related appurtenances ("Grantee's facilities") herein provided for in case of general conflagration or in other cases of extreme emergency, where there is neither the time nor the opportunity for Grantee to perform such work. Grantor shall use reasonable care in the exercise of such emergency powers. Grantor shall indemnify and hold harmless the Grantee, its successors and assigns, against any and all property damage, personal injury, death, or other liability to third parties sustained as a result of the negligent exercise of such reserved emergency powers, and shall, at its expense, restore Grantee's facilities removed as a result of such exercise.

SECTION 11. NON-EXCLUSIVE FRANCHISE: This Franchise shall not be deemed to be an exclusive Franchise. It shall in no manner prohibit the Grantor from granting other franchises of a like nature or franchises to other public or private utilities under, along, across, over and upon any of Grantor's roads, rights of way or other property of Grantor subject to this Franchise and shall in no way prevent or prohibit the Grantor from constructing, altering, maintaining or using any of said roads, rights of way, drainage structures or facilities, irrigation structures or facilities, or any other property of Grantor or affect its jurisdiction over such property to make all necessary changes, relocations, repairs, maintenance, etc., insofar as the Grantor may deem fit.

SECTION 12. FORFEITURE: The franchise hereby granted may be revoked by the Town Council by duly enacted ordinance in the event the Grantee or any lessee or other user shall fail, after ninety (90) days written notice mailed to Grantee's Spokane office, to comply with any of the terms, conditions, or obligations imposed upon the Grantee hereunder, but the Grantor shall have no obligation to do so. No forbearance by the Grantor shall comprise a waiver of the Grantor's right to enforce any provision of this franchise.

Upon lawful revocation or expiration of the terms of this franchise and if no renewal or extension thereof is granted, Grantee may, at the discretion of the Town Council, be required, in part or entirely, to remedy all its plants and works, and all necessary or desirable appurtenances thereto, and other facilities or equipment installed or used in the enjoyment of the franchise or the remedy, sale, or

Grantor may take all other actions deemed necessary and proper by Grantor to accommodate this transition to any successor as may be in the best interests of Grantor and its residents.

SECTION 13. EXPANSION OF GRANTEE'S FACILITIES: Any facilities and appurtenances in streets, alleys, rights of way and public places, incidental to the franchise system, that have been or are at any future time acquired, leased, or utilized in any manner by Grantee are thereupon to be deemed authorized by and shall be subject to all provisions of this Franchise.

SECTION 14. CHANGE OF BOUNDARIES OF GRANTOR: Any subsequent additions or modifications of the boundaries of the Grantor, whether by annexation, consolidation or otherwise, shall be subject to the provisions of this Franchise as to all such areas. Grantor shall notify Grantee of the precise scope of any change of Boundaries not less than sixty (60) days prior to such change becoming effective.

SECTION 15. PRIOR FRANCHISES SUPERSEDED: This Franchise shall update and supersede all prior natural gas franchises heretofore granted to The Washington Water Power Company or its predecessors, by Grantor, or its predecessors, and shall affirm, authorize and ratify all prior installations authorized by permits or other action not previously covered by this Franchise.

SECTION 16. ASSIGNMENT OF FRANCHISE: The franchise hereby granted shall not be sold, leased, assigned, or otherwise alienated without the express consent of Grantor, expressed by ordinance of the Town Council passed for that purpose, and no rule or estoppel shall be invoked against Grantor in case it shall assert the invalidity of any attempted transfer in violation of this section. Such consent shall not be unreasonably withheld. Grantor reserves the right to invoke any or all provisions of this franchise upon the Grantee's successors, assigns, judgment creditors, or distributees of facilities or property used in enjoyment of privileges conferred herein, whether or not stated elsewhere, all without waiver of the right to withhold consent nor expressly given of any such transfer and/or require a new franchise.

SECTION 17. EFFECT OF INVALIDITY: The Franchise is granted pursuant to the laws of the state of Grantor relating to the granting of such rights and privileges by Grantor. If any article, section, sentence, clause, or phrase of this Ordinance is for any reason held illegal, invalid, or unconstitutional, such invalidity shall not affect the validity of the Ordinance or any of the remaining portions. The invalidity of any portion of this Ordinance shall not abate, reduce, or otherwise affect any obligation required of Grantee.

SECTION 19. INDEMNITY: Grantee shall at all times fully defend, indemnify, and hold Grantor, its agencies, boards, officers, agents, and employees harmless from any and all claims, accidents, losses, or liabilities (including those relating to the placement of Grantee's facilities in so far as the same may affect the surrounding environment), arising from or by reason of any intentional or negligent act, occurrence, or omission of the Grantee, singularly or jointly with others, its representative, permittees, or employees in the construction, operation, use, or maintenance of any of the Grantee's facilities and/or enjoyment of any privileges granted by this franchise or because of Grantee's performance of franchise obligations. Such indemnity shall include costs of negotiation or defense, any other costs incurred, and reasonable attorneys fees for the substantially prevailing party.

Grantee shall not be responsible for damages determined to arise out of the Grantor's sole negligence or, in the case where damages are determined to arise out of concurrent negligence of the parties, Grantee's liability shall extend to damage determined to arise beyond the extent of Grantee's concurrent negligence only so far as permitted by law.

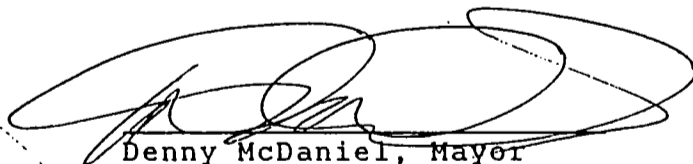
It is not the intent of this franchise to acknowledge, create, imply, or expand any duty or liability of the Grantor with respect to its role as franchising authority in the exercise of its police power or for any other purpose. Any Town duty, nonetheless deemed created, shall be a duty to the general public and not to any specific party, group, or entity.

SECTION 20. ABANDONMENT OF FRANCHISE. Grantee may at any time abandon the rights and authorities granted hereunder, provided that twelve (12) months written notice of intention to abandon is given to Grantor.

SECTION 21. ACCEPTANCE OF FRANCHISE: Grantee shall notify Grantor in writing of its acceptance of this franchise within thirty (30) days of the approval of this Franchise by Grantor.

PASSED AND APPROVED on this 6th day of March, 1995.

Town of Odessa



Denny McDaniel, Mayor

ATTEST:

E. Sharon Hest