

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



April 13, 2010

Mr. David Danner
Executive Director & Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P. O. Box 47250
Olympia, Washington 98504-7250

2010 APR 14 AM 9:56
RECEIVED
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

RE: Supplemental Filing - Docket No. UE-091902 (Avista Corporation Affiliated Interest Filing/Lancaster) (Consent and Assignment Agreements)

Dear Mr. Danner:

Avista is filing herewith certain Consent and Assignment agreements, Attachment K, that will allow Avista Turbine Power to assign its entire interest in the Rathdrum PPA to Avista Corporation, essentially removing Avista Turbine Power from the middle of the transactions between Avista Corporation and Rathdrum Power.

Background:

As previously described in Avista's affiliated interest filings related to Lancaster in this docket, Avista Turbine Power, Inc. ("ATP") and Rathdrum Power, LLC ("Rathdrum Power") are parties to a Power Purchase Agreement dated December 10, 1998, as amended on June 11, 1999, June 23, 1999, December 28, 1999, March 2, 2001, and October 9, 2001 (the "Rathdrum PPA"). Under the Rathdrum PPA, ATP has the right to purchase all of the electrical energy and capacity available from a generating facility (the "Rathdrum Facility") owned and maintained by Rathdrum Power, which is located in Rathdrum, Idaho. In 2007, ATP entered into a contract with Coral Power, L.L.C. (the "Coral Contract"), under which ATP transferred all of its rights to the electrical energy and capacity from the Rathdrum Facility to Coral Power, for a term expiring on December 31, 2009. Under the Coral Contract, Coral Power, L.L.C. purchased the electrical energy and capacity from the Rathdrum Facility under substantially the same terms those applicable to ATP under the Rathdrum PPA. The Coral Contract expired by its terms on December 31, 2009.

On December 7, 2009, ATP and Avista Corporation entered into a Power Purchase Agreement (the "Avista PPA"), under which ATP conveyed all of its rights to the electrical energy and capacity available from the Rathdrum Facility to Avista Corporation beginning on January 1, 2010. The purpose of the Avista PPA was to allow Avista Corporation to purchase from ATP, on the same terms as ATP purchases from Rathdrum Power under the Rathdrum PPA, all of the rights to the electrical

energy and capacity available from the Rathdrum Facility commencing upon the expiration of the Coral Contact and to allow Avista Corporation to continue to exercise such rights for the duration of the Rathdrum PPA. This Avista PPA was the subject of a previous affiliated interest filing in this docket.

On December 7, 2009, ATP filed the Avista PPA with the Federal Energy Regulatory Commission ("FERC") and requested that FERC approve the affiliate transaction. On December 30, 2009, FERC issued an order authorizing the sale of energy and capacity between ATP and Avista Corporation pursuant to the Avista PPA effective January 1, 2010.¹ In authorizing the affiliate transaction, FERC specifically found that the transaction satisfied FERC's concerns regarding affiliate abuse.² Effective January 1, 2010, Avista began utilizing the plant for the benefit of its customers.

Current Activity:

As a result of more recent discussions with Rathdrum Power and its lenders, ATP was informed that it would be possible to assign ATP's interest in the Rathdrum PPA directly to Avista Corporation and thereby reduce the administrative steps involved in Avista Corporation's exercise of its rights to the electrical energy and capacity available from the Rathdrum Facility. Under this proposal, Avista Corporation would become the direct counterparty to Rathdrum Power under the Rathdrum PPA, and Avista Corporation would be able to exercise all of the rights and obligations under the Rathdrum PPA directly. ATP would effectively step-out of the middle of these transactions and communications between Avista Corporation and Rathdrum Power would be that much more direct.

Rathdrum Power and its lenders have entered into consent and assignment agreements that will allow ATP to assign its entire interest in the Rathdrum PPA to Avista Corporation, with Avista Corporation assuming all rights and obligations of ATP under the Rathdrum PPA. Upon the effective date of such an assignment, ATP and Avista Corporation will terminate the Avista PPA, as it will no longer be needed to provide Avista Corporation with the rights to the electrical energy and capacity available from the Rathdrum Facility. In connection with the assignment, ATP, Avista Corporation, Rathdrum Power and its lenders have agreed to conform certain provisions of the existing Rathdrum Facility documents that previously have referenced ATP as the purchaser under the Rathdrum PPA so that Avista Corporation is appropriately referenced as the purchaser after the assignment.

In addition, on April 13, 2010, the Company filed the supplemental testimony of Robert J. Lafferty in Docket UE-100467, Avista's pending general rate case. The purpose of that testimony is to address the reasons for the consent and assignment agreements discussed above, as well as to introduce those agreements into that record.

¹ Avista Turbine Power, Inc., 129 FERC ¶ 61,296 (2009).

² *Id.* at PP 1, 22.

Letter to Mr. David Danner
April 7, 2010
Page 3 of 3

Other Items:

It has also come to our attention that Attachment H and Attachment I, which were provided in the Company's December 30, 2009 filing in this docket, need to be resubmitted. The originally supplied documents only had the odd pages copied and scanned. Please find attached the REVISED Attachment H and I in the above listed Docket.

Please feel free to contact me at 509.495.4316 should you have any questions.

Sincerely,

A handwritten signature in black ink, consisting of a stylized 'D' followed by 'Meyer'.

David Meyer
Vice President and Chief Counsel for
Regulatory and Governmental Affairs

cc: All Parties in Docket Nos. UE-090134, UG-090135 & UG-060518 (consolidated)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have served the attached Supplemental Contracts and Agreements in Docket UE-091902 upon the persons and entities listed on the Service List below by electronic mail and mailing a copy thereof, postage prepaid to the following:

David Danner
Executive Director & Secretary
Washington Utilities and Trans. Comm.
1300 S. Evergreen Park Dr. SW
Olympia, WA 98504-7250
ddanner@utc.wa.gov

Simon ffitch
Office of the Attorney General
Public Counsel Section
800 Fifth Avenue, Suite 2000
Seattle, WA 98104-3188
simonf@atg.wa.gov

Ms. Paula Pyron
Executive Director
Northwest Industrial Gas Users
4113 Wolfberry Court
Lake Oswego, OR 97035
ppyron@nwigu.org

Deborah Reynolds
Washington Utilities & Trans. Comm.
1300 S. Evergreen Park Dr. SW
Olympia, WA 98504-7250
dreynolds@utc.wa.gov

Chuck Eberdt
The Energy Project
1322 N. State St.
Bellingham, WA 98225
Chuck Eberdt@opportunitycouncil.org

Nancy Hirsh
David S. Johnson
The Northwest Energy Coalition
811 1st Ave., Suite 305
Seattle, WA 98104
nancy@nwenergy.org

Ronald L. Roseman
Attorney At Law
2011 14th Avenue East
Seattle, WA 98112
ronaldroseman@comcast.net

Gregory J. Trautman
Washington Utilities & Trans. Comm.
1400 S. Evergreen Park Dr. SW
Olympia, WA 98504-0128
gtrautma@utc.wa.gov

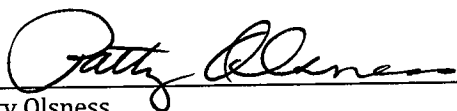
Chad Stokes
Tommy Brooks
Cable Huston Benedict
Haagensen & Lloyd LLP
1001 SW Fifth Avenue, Ste 2000
Portland, OR 97204-1136
cstokes@cablehuston.com
tbrooks@cablehuston.com

S. Bradley Van Cleve
Irion Sanger
Davison Van Cleve, P.C.
333 S.W. Taylor, Suite 400
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bvc@dvclaw.com
ias@dvclaw.com
mail@dvclaw.com

Judge Adam Torem
Washington Utilities and Trans. Comm.
1300 S. Evergreen Park Dr. SW
Olympia, WA 98504-7250
atorem@utc.wa.gov

I declare under penalty of perjury that the foregoing is true and correct.

Dated at Spokane, Washington this 13th day of April, 2010.



Patty Olsness
Manager, Rates & Tariffs

ATTACHMENT K

RECEIVED
PROPERTY MANAGEMENT

2010 APR 14 AM 9:56

STATE OF TEXAS
UNIVERSITY
OF TEXAS

JOINT CONSENT AND TERMINATION

This JOINT CONSENT AND TERMINATION (this "Consent") is granted as of March 19, 2010, under (i) that certain Loan and Reimbursement Agreement, dated as of March 8, 2000 (the "Loan Agreement"), among Rathdrum Power, LLC ("Borrower"), the Lenders named therein (the "Lenders"), and Credit Agricole Corporate & Investment Bank (as successor to Calyon New York Branch, itself as successor to Credit Lyonnais New York Branch), as Administrative Agent for the Banks (the "Administrative Agent") and Issuing Bank thereunder, (ii) that certain Power Purchase Agreement, dated as of December 10, 1998, between Avista Turbine Power, Inc. ("Assignor"), as assignee of Avista Energy, Inc., and Borrower (as amended, modified or supplemented from time to time, the "Power Purchase Agreement"), (iii) that certain Consent to Assignment of Power Purchase Agreement, dated as of March 8, 2000, between Assignor and Credit Agricole Corporate & Investment Bank (as successor to Calyon New York Branch, itself as successor to Credit Lyonnais New York Branch), as Security Agent for the Lenders (the "Security Agent"), (the "PPA Consent to Assignment"), (iv) that certain Guaranty Agreement, dated as of June 11, 1999, by Avista Corporation ("Assignee") in favor of Borrower (as amended, modified or supplemented from time to time, the "Guaranty Agreement"), and (v) that certain Consent to Assignment of PPA Parent Guaranty, dated as of March 8, 2000, between Assignee and the Security Agent (the "Guaranty Consent to Assignment").

W I T N E S S E T H:

WHEREAS, Borrower owns an electric generating power plant located in Rathdrum, Idaho, and Assignor currently purchases all of the electric power and capacity from such generating plant pursuant to the Power Purchase Agreement;

WHEREAS, Assignor has requested that Borrower consent, and Borrower is willing to grant its consent pursuant to the terms and conditions of this Consent, to the assignment, transfer and conveyance by Assignor of all of Assignor's rights, title and interests under the Power Purchase Agreement and the PPA Consent to Assignment to Assignee, and the assumption by Assignee of all of Assignor's rights, title and interests under the Power Purchase Agreement and the PPA Consent to Assignment, which transaction shall be evidenced by a form of Assignment and Assumption Agreement attached hereto as Exhibit A (such transaction, the "Assignment");

WHEREAS, in connection with the Assignment, Assignee and Borrower are willing to terminate the Guaranty Agreement from and after the effective date of the Assignment;

WHEREAS, the consummation of the Assignment and the termination of the Guaranty Agreement are restricted by certain provisions contained in the Loan Agreement and, accordingly, Borrower has conditioned its consent to the Assignment and the termination of the Guaranty Agreement on the approval of the Required Lenders under the Loan Agreement to the Assignment and the termination of the Guaranty Agreement;

WHEREAS, the undersigned Required Lenders are willing to provide such consents and to allow the termination of the Guaranty Consent to Assignment, but only upon the terms and subject to the conditions set forth below; and

WHEREAS, on the effective date of the Assignment, Borrower and the Required Lenders will enter into an amendment to the Loan Agreement (the "Loan Agreement Amendment")

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Defined Terms. Capitalized terms used herein without definition shall, unless otherwise provided herein, have the meanings ascribed to them in the Loan Agreement.

2. Lender Consents. Each of the undersigned Lenders, constituting the Required Lenders, hereby consents, in accordance with Section 10.9(a) of the Loan Agreement, (a) to the Assignment, (b) to the termination of the Guaranty Agreement and (c) to the termination of the Guaranty Consent to Assignment, and waives any claim that an Event of Default occurs or will occur under Section 11.1(d)(ii), Section 11.1(h) or Section 11.1(j) of the Loan Agreement as a result of Borrower's agreement to permit the Assignment, the termination of the Guaranty Agreement and the termination of the Guaranty Consent to Assignment.

3. Borrower Consents. Borrower hereby waives any claim that an Event of Default (as defined in the Power Purchase Agreement) will occur under Section 18.1(b)(ii) of the Power Purchase Agreement as a result of the Assignment, the termination of the Guaranty Agreement and the termination of the Guaranty Consent to Assignment, and further consents and agrees to the assignment by Assignor of all of Assignor's rights, title and interests under the Power Purchase Agreement and the PPA Consent to Assignment to Assignee and the assumption by Assignee of all of Assignor's rights, title and interests under the Power Purchase Agreement and the PPA Consent to Assignment pursuant to the Assignment, notwithstanding any provisions in Power Purchase Agreement, including but not limited to Section 21.2(a).

4. Termination of Guaranty Agreement. Upon the effective date of the Assignment, the obligations of Assignee under the Guaranty Agreement and the Guaranty Consent to Assignment shall terminate and be of no further force or effect with respect to obligations thereunder arising after such date.

5. Effectiveness. This Consent shall not become effective unless and until the date that the Administrative Agent and Borrower shall each have received counterparts of this Consent, duly executed and delivered by each of Borrower, the Administrative Agent, the Security Agent and the Required Lenders. The Assignment, the termination of the Guaranty Agreement and the termination of the Guaranty Consent to Assignment (collectively, the "Assignment Transactions") shall not become effective unless and until (i) Assignee makes any necessary regulatory filings with The Washington Utilities and Transportation Commission (the "WUTC") and (ii) the regulatory proceedings related to such filings shall have been completed without the disapproval by the WUTC of Assignee's entry into the Assignment Transactions, per se. The effectiveness of this Consent, however, is not otherwise conditioned upon the nature of the ratemaking treatment (i.e., cost recovery) afforded by the WUTC with respect to the assigned Power Purchase Agreement. As soon as practicable following the execution of this Consent, Assignee shall file all applications, agreements, filings, notices and other documents with any such commission or regulatory authority as may be necessary in connection with the Assignment Transactions and shall exercise commercially reasonable efforts to prosecute and complete the

regulatory proceedings related to such filings. The date on which the Assignment Transactions become effective shall be promptly confirmed in writing by Assignor and Assignee to Borrower. In the event that the Assignment Transactions are not consummated by July 1, 2011, then this Consent and the authorities granted herein shall be null and void.

6. Continuing Effect. Except as set forth herein or in the Loan Agreement Amendment, all of the terms and provisions of the Power Purchase Agreement, Loan Agreement and the other Financing Documents are and shall remain in full force and effect.

7. Counterparts. This Consent may be executed in any number of counterparts by the parties hereto, each of which counterparts when so executed shall be an original, but all the counterparts shall together constitute one and the same instrument. Delivery of an executed signature page of this Consent (which may be by electronic mail or facsimile transmission) shall be effective as delivery of a manually executed counterpart hereof.

8. Severability. Any provision of this Consent that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate nor render unenforceable such provision in any other jurisdiction.

9. GOVERNING LAW. THIS CONSENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK.

10. Headings. The headings of this Consent are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.


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IN WITNESS WHEREOF, the parties hereto have caused this Consent to be duly executed and delivered by their respective proper and duly authorized officers as of the day and year first above written.

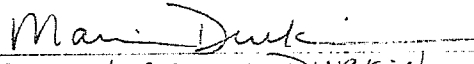
RATHDRUM POWER, LLC

By: Michael L. Everett
Name: Michael L. Everett
Title: Vice President

AVISTA TURBINE POWER, INC.

By: 
Name: Mark T. Thies
Title: SVP - CFO & Treasurer

AVISTA CORPORATION

By: 
Name: MARIAN DURKIN
Title: SVP General Counsel

CREDIT AGRICOLE CORPORATE &
INVESTMENT BANK
as Administrative Agent, Bank and Security Agent

By: *Thomas W. Boylan*
Name: **Thomas W. Boylan**
Title: **Director**

NATIXIS

By: _____


Name:

Title:

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.
NEW YORK BRANCH

By: Billy Tracy
Name:
Title: Billy Tracy
Vice President
& Manager

DZ BANK AG DEUTSCHE ZENTRAL-
GENOSSENSCHAFTSBANK,
Frankfurt am Main, New York Branch


By: 
Name: William Kersten
Title: Vice President

By: 
Name: John Hammarskjold
Title: Vice President

HSH NORDBANK AG

By: _____
Name:
Title:

TEACHERS INSURANCE AND ANNUITY
ASSOCIATION OF AMERICA

By: Lisa M. Ferraro 
Name: Lisa M. Ferraro
Title: Managing Director

Signature Page to Joint Consent

ASSIGNMENT AND
ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Assignment") is entered into as of March 19, 2010, by and among AVISTA TURBINE POWER, INC., a Washington corporation ("Assignor"), AVISTA CORPORATION, a Washington corporation ("Assignee"), and CREDIT AGRICOLE CORPORATE & INVESTMENT BANK (as successor to Calyon New York Branch, itself as successor to Credit Lyonnais New York Branch), as Security Agent for the Lenders (the "Security Agent"), with reference to the following facts:

WHEREAS, Assignor (as successor in interest to Avista Energy, Inc.) and Rathdrum Power, LLC ("Seller") are party to that certain Power Purchase Agreement, dated as of December 10, 1998, (as amended, modified or supplemented from time to time, the "Power Purchase Agreement") relating to the sale of electricity by Seller to Assignor,

WHEREAS, Assignor and the Security Agent are party to that certain Consent to Assignment of Power Purchase Agreement, dated as of March 8, 2000, (the "PPA Consent to Assignment").

WHEREAS, Assignor is desirous of assigning, transferring and conveying unto Assignee all of Assignor's rights, title and interest in the Power Purchase Agreement and the PPA Consent to Assignment from and after the date hereof, and Assignee is willing and prepared to accept the same and pay for the obligations in respect thereof from and after the date hereof; and

WHEREAS, Assignor is desirous of delegating any and all duties, obligations, responsibilities, liabilities, claims, demands and other commitments in respect of the Power Purchase Agreement and the PPA Consent to Assignment from and after the date hereof, and Assignee is willing and prepared to perform and to be bound by all the terms, conditions and covenants of Assignor in the Power Purchase Agreement and the PPA Consent to Assignment from and after the date hereof.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor, Assignee and Security Agent agree as follows:

1. Effectiveness. The assignment and assumption transactions provided for in Section 2 of this Assignment shall not become effective unless and until (i) Assignee makes any necessary regulatory filings with The Washington Utilities and Transportation Commission (the "WUTC") and (ii) the regulatory proceedings related to such filings shall have been completed without the disapproval by the WUTC of Assignee's agreement to perform and be bound by all of the terms, conditions and covenants contained in the Power Purchase Agreement and the PPA Consent to Assignment. The effectiveness of this Assignment, however, is not otherwise conditioned upon the nature of the ratemaking treatment (*i.e.*, cost recovery) afforded by the WUTC with respect to the assigned Power Purchase Agreement. As soon as practicable following the execution of this Assignment, Assignee shall file all applications, agreements,

filings, notices and other documents with any such commission or regulatory authority as may be necessary in connection with this Assignment and shall exercise commercially reasonable efforts to prosecute and complete the regulatory proceedings related to such filings. The date on which the assignment and assumption transactions provided for in Section 2 of this Assignment become effective upon satisfaction of such conditions being referred to herein as the "Effective Date" and such date shall be confirmed in writing among Assignor, Assignee and the Security Agent. In the event that the assignment and assumption transactions provided for in Section 2 of this Assignment are not effective by July 1, 2011, then this Assignment shall be null and void.

2. Assignment and Assumption. Subject to the terms and conditions of this Assignment:

(a) Assignor hereby irrevocably assigns, conveys and transfers unto Assignee, its successors and assigns, all of Assignor's rights, title and interests in and to the Power Purchase Agreement and the PPA Consent to Assignment from and after the Effective Date. Assignor hereby delegates any and all duties, obligations, responsibilities, liabilities, claims, demands and other commitments under the Power Purchase Agreement and the PPA Consent to Assignment unto Assignee, its successors and assigns, from and after the Effective Date; and

(b) From and after the Effective Date, Assignee hereby accepts all of Assignor's rights, title and interests in and to the Power Purchase Agreement and the PPA Consent to Assignment, and agrees to perform and be bound by all of the terms, conditions and covenants contained in the Power Purchase Agreement and the PPA Consent to Assignment in all respects with the same force and effect as if Assignee had entered into the Power Purchase Agreement and the PPA Consent to Assignment originally. Assignee hereby assumes any and all duties, obligations, responsibilities, liabilities, claims, demands and other commitments under the Power Purchase Agreement and the PPA Consent to Assignment from and after the Effective Date.

2. Allocation of Liability. For the avoidance of any doubt, Assignor and Assignee agree that Assignor shall be responsible for all liabilities, and entitled to all benefits, as purchaser under the Power Purchase Agreement and the PPA Consent to Assignment with respect to periods of time prior to the effectiveness of the assignment of the Power Purchase Agreement and the PPA Consent to Assignment to Assignee effected hereunder, and that Assignee shall be responsible for all liabilities, and entitled to all benefits, as purchaser under the Power Purchase Agreement and the PPA Consent to Assignment with respect to period of time on and after the effectiveness of the assignment of the Power Purchase Agreement and the PPA Consent to Assignment to Assignee effected hereunder.

3. Further Assurances. The Assignor and Assignee hereby agree, each at its own expense, to perform all such further acts and execute and deliver all such further agreements, instruments and other documents as such other party shall reasonably request to evidence more effectively the assignment, acceptance and assumption made by the Assignor and Assignee under this Assignment.

4. Legal Authority. Assignor and Assignee represent to the other that it has the full

legal right, power and authority to enter into this Assignment and that this Assignment shall constitute a valid and legally binding obligation of such party enforceable against it in accordance with its terms.


5. Successors and Assigns. This Assignment shall be binding upon, and inure to the benefit of, Assignor, Assignee, the Security Agent and their respective successors and assigns.

6. GOVERNING LAW. THIS ASSIGNMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK.

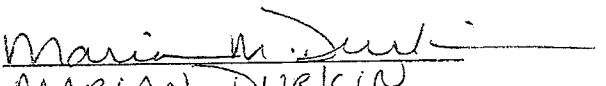
7. Counterparts; Signatures. This Assignment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument. Any signature page of any such counterpart, or any electronic facsimile thereof, may be attached or appended to any other counterpart to complete a fully executed counterpart of this Assignment. Any electronic facsimile transmission of any signature of a party shall be deemed an original and shall bind such party.

IN WITNESS WHEREOF, this Assignment has been executed and delivered by Assignor, Assignee and the Security Agent as of the day and year first above written.

Assignor: AVISTA TURBINE POWER, INC.

By: 
Name: Mark T. Thies
Title: SVP - CFO & Treasurer

Assignee: AVISTA CORPORATION

By: 
Name: MARIAN DURKIN
Title: SVP General Counsel

The Security Agent:

CREDIT AGRICOLE CORPORATE &
INVESTMENT BANK

By: *Thomas W. Boylan*
Name: **Thomas W. Boylan**
Title: **Director**

**ASSIGNMENT AND NOVATION AGREEMENT
FIRM TRANSPORTATION CAPACITY**

THIS AGREEMENT made effective as of the 8th day of October, 2009

AMONG:

Avista Energy, Inc., a body corporate, having an office and carrying on business in the City of Spokane, in the State of Washington, (hereinafter referred to as the "Assignor")

- and -

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

- and -

Foothills Pipe Lines Ltd., a body corporate, having an office in the City of Calgary, in the Province of Alberta (hereinafter referred to as "Foothills")

THIS AGREEMENT WITNESSETH THAT:

A. WHEREAS the Assignor and Foothills are parties or successors in interest to parties to a firm gas transportation contract made effective the 1st day of November, 2004, as amended or supplemented, from time to time (hereinafter referred to as the "Contract"); and

B. AND WHEREAS the Assignor wishes to assign, set over, transfer and convey a portion of the interest and obligations of the Assignor in and under the Contract to Assignee;

NOW THEREFORE in consideration of the premises hereto and the mutual covenants and agreements herein set forth, the parties hereto mutually agree as follows:

1. Notwithstanding other provisions contained in this Agreement, any assignment made hereunder shall be subject to and conditional upon the delivery by the Assignee of financial assurances

satisfactory to Foothills prior to January 1, 2010 (the "Effective Date") Foothills shall notify the parties to this Agreement of the satisfactory fulfilment of this condition. If such financial assurances are not so received by Foothills, this Agreement and the Assignee's Contract, as defined pursuant to clause 7 of this Agreement shall be null and void and of no further effect.

2. The Assignor does hereby assign, set over, transfer and convey to the Assignee as of the effective date hereof that portion of the interest of the Assignor in and under the Contract which entitles the Assignor to firm transportation service for 27,841 (GJs) per day of natural gas (the "Assigned Portion of the Contract"), and all benefits and obligations derived or to be derived therefrom, to have and hold the same to the Assignee for its sole use and benefit absolutely.
3. The Assignee hereby accepts the within assignment and covenants and agrees with the Assignor and Foothills, and each of them, that the Assignee shall be bound by, observe and perform the terms, provisions, covenants and agreements to be observed and performed by the Assignor under the Assigned Portion of the Contract arising from and after the Effective Date, to the same extent as if the Assignee had been a party thereto in the place and stead of the Assignor. Notwithstanding the foregoing, nothing contained in this Agreement shall be construed as creating any joint obligation on the part of the Assignee with any other assignee taking a partial assignment of the Assignor's Contract, it being the intention of the parties that the obligations of the Assignee under the Assignor's Contract shall be independent of those of any other assignee, unless explicitly stated to the contrary.
4. The Assignee expressly acknowledges that in all matters relating to the Assigned Portion of the Contract, subsequent to the assignment hereof to the Assignee, and prior to the delivery by the Assignee of a fully executed copy of this Agreement to Foothills, the Assignor has been acting as trustee for and as the fully authorized agent of the Assignee, and the Assignee does hereby expressly ratify, adopt and confirm that all acts or omissions shall be construed for all purposes as made or done by the Assignee.
5. Notwithstanding the assignment from the Assignor to the Assignee herein set out, the Assignor agrees with Foothills that the Assignor will continue to be liable to Foothills for any obligations

contained in the Contract relating directly or indirectly thereto, as the case may be, in existence prior to the effective date hereof.

6. (a) The Assignor releases and relieves Foothills from its obligations to the Assignor arising under the provisions of the Assigned Portion of the Contract from and after the Effective Date. Foothills hereby releases and discharges the Assignor of and from the observance and performance of the covenants, agreements, duties and obligations of the Assignor to be observed and performed under the Assigned Portion of the Contract, as may have arisen or accrued or may arise or accrue from and after the Effective Date.
 - (b) The Assignee waives any claim it may have against Foothills by reason of any dealings by Foothills with the Assignor, as Shipper under the Contract, after the effective date hereof and prior to the delivery by the Assignee of a fully executed copy of this Agreement to Foothills.
7. The Assignee agrees to execute concurrently herewith, a contract (the "Assignee's Contract") providing for transportation of the Assigned Portion of the Contract on the Foothills transportation facilities. Upon execution by both the Assignee and Foothills of the Assignee's Contract, and upon the satisfactory fulfillment of all conditions under this agreement, the rights and obligations of the Assignee in respect of the Assigned Portion of the Contract as created hereunder will merge with the rights and obligations created under the Assignee's Contract, such that the Assignee's Contract will be the surviving document governing the transportation of the Assigned Portion of the Contract.

- 8 The address of the Assignee for all notices to be hereafter served on it under the terms of the Contract shall be:

ASSIGNOR: Avista Energy, Inc.
1411 East Mission, MSC-23
Spokane, Washington
99202

Attention: Ms Tracy VanOrden

ASSIGNEE: Avista Corporation
1411 East Mission
Spokane, Washington
99201

Attention: Mr. Eric Scott

FOOTHILLS: TransCanada PipeLines Limited
450 - 1st Street S.W.
Calgary, Alberta, Canada
T2P 5H1

Attention: Leader,
Customer Services

- 9 The Assignee and Foothills hereby ratify and confirm the Contract.
- 10 Nothing herein contained shall be taken as authorization for or consent to any further assignment of the right, title and interest or the obligations of the Assignee under the Contract.
- 11 Unless expressly altered hereby, all terms and conditions of the Contract continue to be in full force and effect and shall enure to the benefit of and be binding on the parties hereto and their respective successors and permitted assigns.

12 This Agreement shall be interpreted, construed and enforced in accordance with the laws of Alberta

IN WITNESS WHEREOF the parties hereby have executed and delivered this Agreement as of the day and year first above written.

Avista Energy, Inc.

Per: Nancy Van Orden

Per: Tracy Van Orden, Controller, Avista Energy

Avista Corporation

Per: [Signature]

Per: Kevin Christie, Director, Natural Gas Supply

Foothills Pipe Lines Ltd.

Per: [Signature]

Per: [Signature]

ATTACHMENT I

2010 APR 14 AM 9:57
STATE OF WYOMING
COUNTY OF WYOMING

STATE OF WYOMING
COUNTY OF WYOMING
2010 APR 14 AM 9:57

**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:

Avisia 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**

WHEREAS, Shipper wishes to obtain service relating to the transportation of gas through Company's transportation system; and

WHEREAS, Company is willing to provide such service;

In consideration of the premises and of the mutual covenants herein contained, the parties do covenant and agree as follows:

**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 OI, 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 3

Term of Agreement

3.1 The term of this Service Agreement shall be as set forth in Appendix A, which shall be for a minimum term of one year.

3.2 Notwithstanding the provisions of subsection 3.1, if at any time during the term hereof Foothills Pipe Lines Ltd. Gas Transportation Tariff with Shippers transporting U.S. Gas from the Prudhoe Bay area of Alaska through all or any part of the Phase I facilities takes effect, Shipper and Company agree to forthwith execute a Gas Transportation Tariff identical in form and substance to the aforementioned Gas Transportation Tariff which shall be identical in form and substance to that attached as Appendix B hereto. Upon execution of such new Gas Transportation Tariff this Gas Transportation Tariff shall terminate.

ARTICLE 4

Receipt and Delivery Points and Pressures

4.1 All receipts of gas from Shipper shall be at the Receipt Point of such gas, as identified in Appendix A attached to this Service Agreement, Firm Transportation Service, as the same may be in effect from time to time.

4.2 Should measuring equipment not be provided at either the Receipt Point or the Delivery Point, Shipper shall be responsible for measuring the gas volume and quality as specified in the General Terms and Conditions of this Gas Transportation Tariff subject to approval by Company.

4.3 The Delivery Points for gas to be transported hereunder shall be the points set forth in Appendix A attached to this Service Agreement, Firm Transportation Service as the same may be in effect from time to time.

4.4 The delivery pressure of the gas tendered by Shipper to Company for transportation shall be at a pressure sufficient to enter Company's system at the Receipt Point, up to that specified for such Receipt Point in Appendix A attached to this Service Agreement, Firm Transportation Service.

4.5 The delivery pressure of the gas delivered by Company to Shipper shall be at the pressure available from Company's system at the Delivery Point as specified for such Delivery Point in Appendix A attached to this Service Agreement, Firm Transportation Service.

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: dcm_ronsky@transcanada.com

6.2 Any Notice may be given by telecopier or other telecommunication and any such Notice shall be deemed to be given four (4) hours after transmission. Notice may also be given by personal delivery or by courier and any such Notice shall be deemed to be given at the time of delivery. Any Notice may also be given by prepaid mail and any such Notice shall be deemed to be given four (4) Banking Days after mailing. In the event regular mail service, courier service, telecopier or other telecommunication shall be interrupted by a cause beyond the control of the parties hereto, then the party sending the Notice shall utilize any service that has not been so interrupted to deliver such Notice. Each party shall provide Notice to the other of any changes of address for the purposes hereof. Any Notice may also be given by telephone followed immediately by personal delivery, courier, prepaid mail, telecopier, or other telecommunication, and any such Notice so given shall be deemed to be given as of the date and time of the telephone Notice.

ARTICLE 7

Miscellaneous Provisions

7.1 The Tariff shall be governed by and construed in accordance with the laws of the Province of Alberta and the applicable laws of Canada, and Company and Customers irrevocably submit to the jurisdiction of the courts of the Province of Alberta for the interpretation and enforcement of the Tariff.

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)

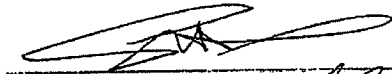
ARTICLE 9

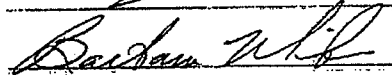
Amendment of Appendix A

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 *Account Manager*
Natural Gas Supply

APPENDIX A
to the Service Agreement, Firm Transportation Service
Dated October 8, 2009 Between

Foothills Pipe Lines Ltd.
AND
Avista Corporation (Shipper)
AVA-F9

- 1. Receipt Point: Alberta/British Columbia Border near Coleman, Alberta
- 2. Delivery Point: British Columbia/U.S. international border near Kingsgate, B C
- 3. Shipper's Haul Distance 170.7 Km
- 4. Applicable Company Zone Zone 8
- 5. Maximum Day Delivery Quantity (MDDQ) 27,841 GJ/d
- 6. Service Commencement Date January 1, 2010
- 7. Service Termination Date October 31, 2017
- 8. Surcharge Amount: N/A
- 9. Appendix A Effective Date January 1, 2010

Avista Corporation

(signature)

(name/title)

(signature)

(name/title)

TransCanada PipeLines Limited

(signature)

(name/title)

(signature)

(name/title) **Barbara Miles**
Manager
Contracts & Billing

Kevin Christie
Director, Natural Gas Supply

S. Hill, Sr. BKS Analyst

APPENDIX B

FOOTHILLS PIPE LINES LTD.
PRO FORMA
GAS TRANSPORTATION TARIFF

FOOTHILLS PIPE LINES LTD.
PRO FORMA
GAS TRANSPORTATION TARIFF

The aforementioned Pro Forma Tariff will be applicable to the transportation of Alaska, Alberta, and Northern Canada source gas through the completed Foothills Pipe Lines Ltd system in Canada. This Gas Transportation Tariff is provided under separate cover.

RATE SCHEDULE FT
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule FT, Firm Transportation Service is available to any Shipper which has:

- (a) Satisfied all applicable requirements as set forth in the Capacity Allocation Procedures and subsection 5.8 of the General Terms and Conditions of this Gas Transportation Tariff; and
- (b) Executed a Service Agreement, Firm Transportation Service with Company, for a minimum term of one (1) year ending on the last day of a Month.

For Zones 8 and 9 only, Backhaul service is also available under Rate Schedule FT, Firm Transportation Service.

2. APPLICABILITY

This Rate Schedule FT, Firm Transportation Service shall apply to all transportation services under Shipper's Service Agreement, Firm Transportation Service other than service specifically provided for in another rate schedule, as of the Billing Commencement Date, whether or not gas is actually transported.

3. SERVICE DESCRIPTION

Service rendered by Company for Shipper under this Rate Schedule FT, Firm Transportation Service consists of:

- (a) The receipt of gas from Shipper (or for Shipper's account) at each Receipt Point as specified in the Service Agreement, Firm Transportation Service;

- (b) The transportation of gas by Company through the transportation system, described in section 6 hereof; and
- (c) The delivery by Company to Shipper of gas nominated by Shipper (or for Shipper's account) at each Delivery Point specified in the Service Agreement, Firm Transportation Service.

4. SERVICE AGREEMENT

This Rate Schedule FT, Firm Transportation Service is subject to all terms, conditions, stipulations and provisions of the Service Agreement, Firm Transportation Service.

5. GENERAL TERMS AND CONDITIONS

This Rate Schedule FT, Firm Transportation Service is subject to all terms, conditions, stipulations and provisions of the General Terms and Conditions of this Gas Transportation Tariff.

6. SUBSIDIARY COMPANIES AND ZONES

6.1 General

Company's transportation system consists of operating segments with each segment operated by a Subsidiary Company. Company and Subsidiary Companies have entered into transportation agreements for provision of transportation services by Subsidiary Companies for Company. Copies of the applicable transportation agreements are attached hereto as Supplements I through III. Each Subsidiary Company shall divide its segment into one or more Zones as defined in Schedule I, Annex II of the Northern Pipeline Act and described in subsection 6.2 hereof. Shipper, through its Service

Agreement, Firm Transportation Service with Company, shall contract to have its gas transported through one or more of these Zones.

6.2 Description

The Subsidiary Companies listed below own and operate the portions of the Phase I gas transportation system set opposite the name of each such Subsidiary Company.

<u>Subsidiary Company</u>	<u>Zone No.</u>	<u>Description</u>	<u>Length (km)</u>
Foothills Pipe Lines (Alta.) Ltd.	6	From Caroline, Alberta to the Alberta/ Saskatchewan border near Empress, Alberta.	378.49
	7	From Caroline, Alberta to the Alberta/B.C. border near Coleman, Alberta.	124.03
Foothills Pipe Lines (South B.C.) Ltd.	8	From the Alberta/B.C. border near Coleman, Alberta to the B.C./U.S. border near Kingsgate, B.C.	170.7
Foothills Pipe Lines (Sask.) Ltd.	9	From the Alberta/ Saskatchewan border near Empress, Alberta to the Saskatchewan/U.S. border near Monchy, Saskatchewan.	258.97

7. CHARACTER OF SERVICE

7.1 Firm Transportation Service

Gas transported by Company for Shipper under this Rate Schedule FT, Firm Transportation Service shall not be subject to curtailment or interruption except as provided in subsection 7.2.4 herein and in the General Terms and Conditions of this Gas Transportation Tariff.

7.2 Receipt and Delivery Obligations

7.2.1 At each Delivery Point, Company and Shipper shall establish the Maximum Daily Delivery Quantity ("MDDQ") and shall specify the portion of such MDDQ to be received at each Receipt Point. The aforementioned MDDQ and portions thereof shall be specified in Appendix A to the Service Agreement, Firm Transportation Service.

7.2.2 At each Delivery Point, identified in Appendix A to the Service Agreement, Firm Transportation Service, Company is obligated to deliver to Shipper a daily quantity of gas which has an aggregate energy content of all gas received from Shipper at each Receipt Point destined for such Delivery Point, less Shipper's share for each Zone of the energy content of Company Use Gas used in the transportation of such gas on such day.

Shipper's share shall be calculated pursuant to section 8 of the General Terms and Conditions of this Gas Transportation Tariff.

7.2.3 Notwithstanding subsection 7.2.2 herein, Shipper shall not be allocated a share of Company Use Gas in respect of Backhaul service.

7.2.4 Company will provide Backhaul service under this Rate Schedule FT, Firm Transportation Service to Shipper on Zones 8 and 9 only in circumstances where such service is requested by Shipper and, in Company's judgement, there is sufficient quantity of gas being received into Company's system to enable such service to be provided.

7.3 Daily Gas Nominations

7.3.1 Shipper shall advise Company, in writing, of the total daily quantity of gas nominated by it for each Delivery Point. Such total daily quantity of gas shall not, subject to Article 1.2 of Shipper's Service Agreement, Firm Transportation Service, exceed the MDDQ for each such Delivery Point.

7.3.2 Out of such total daily quantity of gas nominated for each Delivery Point, Shipper shall advise Company of the daily quantity of gas nominated by it for transportation from each Receipt Point.

7.3.3 Shipper may provide its nomination through written confirmations received by Company from a downstream carrier. Company shall rely on such confirmations received from downstream carrier to determine Shipper's nomination quantities at Delivery Points. For certainty, this would include Shipper's written confirmation received by Company from Northern Border or Gas Transmission Northwest.

8. CHARGE FOR SERVICE

The rate used in calculating Shipper's monthly bill for Service under Rate Schedule FT, Firm Transportation Service in the Zone is the FT Rate.

8.1 Shipper's Obligation to Pay

Shipper shall be obligated to pay to Company in respect of each Billing Month, a charge for services rendered hereunder being the aggregate of Shipper's monthly demand charges determined in accordance with subsection 8.2.1 hereof and Shipper's Surcharge determined in accordance with subsection 8.2.2 hereof. Shipper's obligation to pay is not subject to any adjustment or abatement under any circumstances except as specifically provided for in section 9 hereof, and such obligation shall be billed by Company to Shipper in accordance with section 5 of the General Terms and Conditions of this Gas Transportation Tariff.

8.2 Monthly Charges

8.2.1 Monthly Demand Charge

Shipper's monthly demand charge for a Billing Month shall be the product of:

- (a) Shipper's MDDQ as indicated on Schedule A to Shipper's Service Agreement, Firm Transportation Service for such billing month;
- (b) Shipper's Haul Distance for the Zone; and
- (c) the FT Rate for the Zone.

8.2.2 Monthly Surcharge

Shipper's surcharge amount, if any, shall be an amount to recognize the recovery of costs associated with special facilities installed by Company for Shipper agreed to between Company and Shipper expressed in dollars per month. Such amount shall be set out on Schedule A to Shipper's Service Agreement, Firm Transportation Service.

8.3 Allocation of Gas Delivered

Notwithstanding any other provision of this Rate Schedule FT, Firm Transportation Service, and any Service Agreement or the General Terms and Conditions of this Gas Transportation Tariff, and without regard to how gas may have been nominated, the aggregate quantity of gas delivered to a Shipper at the Delivery Point during any Billing Month shall be allocated for billing purposes as follows:

- (a) first to service to Shipper under Rate Schedule STFT, Short Term Firm Transportation Service to a maximum of the aggregate MDDQ for such Delivery Point under such Rate Schedule STFT, Short Term Firm Transportation Service;
- (b) second to service to Shipper under Rate Schedule FT, Firm Transportation Service to a maximum of the aggregate MDDQ for such Delivery Point under Rate Schedule FT, Firm Transportation Service; and
- (c) third, for Zone 8 and Zone 9 to service to Shipper under Rate Schedule IT, Interruptible Service and for Zone 6 and Zone 7 to Shipper under Rate Schedule OT, Overrun Transportation Service.

8.4 Charge for Over-Run Gas in Zone 8 and Zone 9

In the event that Company determines, in respect of a Billing Month, that Shipper has tendered for transportation, and Company has transported for Shipper, a quantity of gas in excess of the MDDQ as indicated on Appendix A of Shipper's Service Agreement, Firm Transportation Service, Shipper shall pay Company an amount equal to the product of a quantity of gas equal to such excess and the IT Rate for Service under Rate Schedule IT, Interruptible Transportation Service.

8.5 Accounting

Company shall maintain books of account in accordance with the requirements of the National Energy Board and, to the extent not inconsistent with such requirements, in accordance with generally accepted accounting principles in Canada.

9. FAILURE TO DELIVER GAS**9.1 General**

If Company shall, in any billing month, fail for any reason to make delivery to any Shipper of the whole or any portion of the quantity of gas nominated by such Shipper from Company in accordance with such Shipper's Service Agreement, Firm Transportation Service, such Shipper's obligation to pay Company pursuant to section 8 of Rate Schedule FT, Firm Transportation Service shall be subject only to the adjustments expressly provided in this section 9.

9.2 Make-Up Gas

In the event that Company fails on any day to deliver to Shipper at the Delivery Point the quantity of gas Shipper has in good faith nominated up to Shipper's MDDQ (unless such failure is due to planned repairs, maintenance, replacement or other upgrading, or other work related to Company's transportation system for which Company gave Shippers notice under subsection 8.8 of the General Terms and Conditions) Shipper shall be

entitled, subject to subsection 6.5 of the General Terms and Conditions and within two years of such failure, to have Company transport such quantities of gas in excess of Shipper's MDDQ sufficient to make-up such deficiency ("Make-Up Gas") at no additional demand charge. Demand charges credited to Shipper under subsection 9.4.1 shall be recovered by Company respecting Make-Up Gas.

9.3 Allocation of Service

If Company is on any day required to allocate service pursuant to Article 1.2 of the Service Agreement, Firm Transportation Service of two or more Shippers, Company shall give priority in such allocation to quantities of gas desired to be tendered in respect to Make-Up Gas over Interruptible Transportation Service. .

9.4 Billing Adjustment

9.4.1 Demand Charge Credit

- (a) Subject to subsection 9.4.1(b), if in any month Company is unable to deliver up to 98 percent of the quantity of gas that Shipper has in good faith nominated up to the MDDQ times the number of days in such month, then in respect of such month, a credit shall be applied to the monthly bill rendered by Company determined according to the following formula:

$$\text{Credit} = \text{FT Rate} \times \frac{\text{Shipper's Haul Distance}}{\text{Shipper's MDDQ} - \text{Average Day Delivery Quantity*}}$$

*Average Day Delivery Quantity = Deliveries to Shipper in any Month in which a Demand Charge Credit is applicable, divided by the number of days in that particular Month.

- (b) No credit to the Monthly bill shall be made if Company delivers less than 98 percent of the quantity of gas nominated as a result of planned repairs, maintenance, replacement or other upgrading, or other work related to Company's transportation system for which Company gave firm Shippers

notice under subsection 8.8 of the General Terms and Conditions on Company's Facilities or as a result of Shipper being unable to deliver gas at the Receipt Point or accept gas at the Delivery Point.

9.5 Exception

Subsections 9.2 through 9.4 hereof shall not apply to any failure of Company to make delivery to Shipper of any gas nominated by Shipper pursuant to Shipper's Service Agreement, Firm Transportation Service if such failure is caused or contributed to by the failure of Shipper to, or to be able to, deliver to or take delivery from Company of such gas, or by any other action of Shipper or Persons acting on its behalf which causes or contributes to such a failure by Company.

10. RENEWAL RIGHTS IN ZONES 6, 7 AND 9**10.1 Availability**

Shippers to whom renewal rights are available, shall have the option ("Renewal Option") of extending the existing term of the Service Agreement, Firm Transportation Service with respect to all or, if Company agrees, a portion of Shipper's firm capacity rights beyond the primary term specified in the Service Agreement, Firm Transportation Service provided that:

- (a) Shipper has at any time in the past executed a Service Agreement, Firm Transportation Service containing a term of at least five consecutive years; such Service Agreement, Firm Transportation Service or any extensions or amendments thereto or any amended Service Agreement, Firm Transportation Service executed in replacement or in substitution therefore, has not terminated prior to the exercise of the renewal rights granted herein;
- (b) Shipper is not in default with respect to any of its obligations under its Service Agreement(s), Firm Transportation Service;

- (c) If requested by Company, Shipper has provided Financial Assurances in accordance with subsection 5.8.1 of the General Terms and Conditions of this Gas Transportation Tariff; and
- (d) Shipper provides Company, at the time the notice referred to in subsection 10.2.1 or 10.2.3 hereof is provided to Company, evidence satisfactory to Company that Shipper has obtained or will be able to obtain appropriate upstream and downstream firm transportation arrangements.

10.2 Procedures

10.2.1 Company may give Shipper notice (“Renewal Notice”) not more than 5 years and not less than six (6) months prior to termination of Shipper’s Service Agreement, Firm Transportation Service that Shipper must exercise the Renewal Option. Shipper has the right to renew the Service Agreement, Firm Transportation Service prior to this Renewal Notice being given upon written notice to Company. As long as at least five (5) years remain in the term of the Shipper’s Service Agreement, Firm Transportation Service then such Renewal Notice cannot be given by Company. Shipper has the right to extend its Service Agreement, Firm Transportation Service one year at a time to maintain a term of at least five (5) years and thereby remain outside the period in which a Renewal Notice can be given.

10.2.2 Once a Renewal Notice is given to Shipper, Shipper shall have ten (10) business days from the date of the Renewal Notice to provide Company with a written notice from Shipper of Shipper’s election to extend the term of the Service Agreement, Firm Transportation Service for a period of at least five (5) years.

10.2.3 If Shipper fails to provide a written request or indicates to Company that it does not wish to renew its capacity in accordance with section 10.2.2, the Company may make the capacity available to other parties in an Open Season in accordance with subsection 4.1 of the Capacity Allocation procedures of this Gas Transportation Tariff.

10.2.4 Upon receipt of all bids for the capacity pursuant to the Open Season in accordance with subsection 4.1 of the Capacity Allocation procedures of this Gas Transportation Tariff, the Company shall select the highest net present value bid(s) and notify Shipper of the terms of the successful bid(s) within 15 business days of the close of the Open Season. Shipper may retain this capacity if Shipper agrees to match the highest net present value bid(s) obtained in the Open Season. In the event that such bid(s) is longer than five (5) years, Shipper may retain the capacity by extending its Service Agreement by a minimum of five (5) years provided that such notice is made in writing to Company within 10 business days following the date of the bid notification from Company. If no bids are received, Company may accept other terms of renewal if requested in writing from Shipper, notwithstanding that if the remaining term is less than five (5) years, notice may be given pursuant to subsection 10.2.

10.2.5 Following receipt of Shipper's written request in accordance with either subsections 10.2.1, 10.2.2 or 10.2.4, Company will, within 5 business days, provide Shipper with an amendment to the Service Agreement, Firm Transportation Service setting out the renewal term. Shipper shall execute and return the amendment to the Service Agreement, Firm Transportation Service to Company within fifteen (15) business days of receipt from Company, failing which Shipper's Renewal Option terminates.

10.3 Shipper shall have Renewal Rights to be exercised in the same manner and upon the same terms and conditions as set forth above during any renewal term.

11. RENEWAL RIGHTS IN ZONE 8

11.1 Availability

Shippers in Zone 8 shall be entitled to renew all or, if Company agrees, a portion of service under a Service Agreement, Firm Transportation Service if Shipper gives notice to Company of such renewal at least one (1) year prior to termination of Shipper's Service Agreement, Firm Transportation Service. If Shipper does not provide such

notice, service shall terminate on the date specified in Shipper's Service Agreement, Firm Transportation Service.

11.2 Procedures

Shipper's notice to renew in Zone 8 pursuant to subsection 11.1 shall be irrevocable for the year immediately prior to the termination of service specified in Shipper's Service Agreement, Firm Transportation Service.

Any renewal of service is subject to the Financial Assurances provisions in subsection 5.8 of the General Terms and Conditions.

Shipper's notice shall specify a renewal term in Zone 8 of not less than one (1) year consisting of increments of whole months.