



Department of Energy

Bonneville Power Administration
P.O. Box 61409
Vancouver, WA 98666-1409

TRANSMISSION SERVICES

June 7, 2018

In reply refer to: TSE/TPP-2

Contract No. 18TX-16632
Letter Agreement

Jeff Schlect, Senior Manager FERC,
Policy and Transmission Services
Avista Corporation
1411 East Mission Avenue
Spokane, WA 99220-3727

Dear Mr. Schlect,

By this Letter Agreement, Contract No. 18TX-16632 (Letter Agreement), the United States of America, Department of Energy, Bonneville Power Administration (BPA) agrees to accept title to the substation terminal equipment listed and described in the table below (Equipment), from Avista Corporation (Avista). BPA and Avista are sometimes individually referred to herein as a "Party" and collectively as the "Parties".

BPA'S HATWAI SUBSTATION 230kV Equipment				
Location	Position	Dispatch No.	Equipment type	Date Installed
Hatwai Substation 230 kV	Bay 4 Main Bus Disconnect	MB A-113	Pascor VB	3/22/2012
Hatwai Substation 230 kV	Bay 4 Line Side Disconnect	LS A-113	Pascor VB	9/29/2012
Hatwai Substation 230 kV	Bay 4 Auxiliary Bus Disconnect	AB A-113	Pascor VB	9/29/2012
Hatwai Substation 230 kV	Bay 4 Relays	HR0530	Schweitzer	9/20/2013
Hatwai Substation 230 kV	Bay 4 Breaker	A-113 O-03765	ABB Gas Puffer	3/27/2012

BPA's Hatwai Substation is located in Section 13, Township 36 North, Range 5 West, Boise Meridian, Nez Perce County, Idaho, and shown on BPA's official plan drawing No. 152900B and plot plan No. 211959.

For and in consideration of the promises and conditions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to the following terms and conditions:

1. EFFECTIVE DATE

This Letter Agreement shall be effective upon signature of both Parties.

2. RESPONSIBILITIES OF THE PARTIES

- (a) Avista shall transfer ownership of the Equipment to BPA by a Transfer of Ownership Agreement, Contract No. 18TX-16631, included with this Letter Agreement for your approval and signature. The Parties agree to execute all documents necessary to implement the provisions of this Letter Agreement.
- (b) Upon transfer of ownership of the Equipment to BPA, Avista and BPA agree to modify the Maintenance Obligations and Ownership Agreement No. 16TX-16252, as amended, to reflect that Avista will no longer be responsible for operations and maintenance charges related to the Equipment. BPA agrees to accept the responsibility for future replacements, operation and maintenance expenses related to the Equipment.

3. SUCCESSORS OR ASSIGNS

The terms and conditions of this Letter Agreement are binding on all successors or assigns of the Parties.

4. CHOICE OF LAW

Interpretation of this Letter Agreement shall be governed by Federal law, where applicable. Where Federal law is not applicable, this Letter Agreement shall be governed by the laws of the State of Washington.

5. STANDARD PROVISIONS

- (a) **Amendment**
No amendment of this Letter Agreement shall be of any force or effect unless set forth in a written instrument signed by authorized representatives of each Party.
- (b) **Entire Agreement**
This Letter Agreement, including documents expressly incorporated by reference, constitutes the entire agreement between the Parties. It supersedes all previous communications, representations, or contracts, either written or oral, which purport to describe or embody the subject matter of this Letter Agreement.

18TX-16632, Avista Corporation

(c) **No Third Party Beneficiaries**

This Letter Agreement is made and entered into for the sole benefit of the Parties, and the Parties intend that no other person or entity shall be a direct or indirect beneficiary of this Letter Agreement.

(d) **Uncontrollable Forces**

The Parties shall not be in breach of their respective obligations to the extent the failure to fulfill any obligation is due to an Uncontrollable Force.

“Uncontrollable Force” means an event beyond the reasonable control of, and without the fault or negligence of, the Party claiming the Uncontrollable Force, that prevents that Party from performing its contractual obligations under this Agreement and which, by exercise of that Party’s reasonable care, diligence and foresight, such Party was unable to avoid. Uncontrollable Forces include, but are not limited to:

- (1) strikes or work stoppage;
- (2) floods, earthquakes, or other natural disasters; terrorist acts; and
- (3) final orders or injunctions issued by a court or regulatory body having competent subject matter jurisdiction which the Party claiming the Uncontrollable Force, after diligent efforts, was unable to have stayed, suspended, or set aside pending review by a court of competent subject matter jurisdiction.

Neither the unavailability of funds or financing, nor conditions of national or local economies or markets shall be considered an Uncontrollable Force. The economic hardship of either Party shall not constitute an Uncontrollable Force. Nothing contained in this provision shall be construed to require either Party to settle any strike or labor dispute in which it may be involved. If an Uncontrollable Force prevents a Party from performing any of its obligations under this Letter Agreement, such Party shall: (1) immediately notify the other Party of such Uncontrollable Force by any means practicable and confirm such notice in writing as soon as reasonably practicable; (2) use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligation hereunder as soon as reasonably practicable; (3) keep the other Party apprised of such efforts on an ongoing basis; and (4) provide written notice of the resumption of performance. Written notices sent under this section must comply with section 6, Notices.

(d) **Waiver**

No waiver of any provision or breach of this Letter Agreement shall be effective unless such waiver is in writing and signed by the waiving Party, and any such waiver shall not be deemed a waiver of any other provision of this Letter Agreement or any other breach of this Letter Agreement.

6. NOTICES

Any notice or other communication related to this Letter Agreement shall be delivered in person, or with proof of receipt by email, facsimile, First Class Mail or overnight delivery service. Notices are effective on the date received. Either Party may change the contact information by providing notice of such change to the following person and address:

To Avista Corporation:

1411 East Mission Avenue
Spokane, WA 99202-2600
Attention: Jeff Schlect
Title: Senior Manager, FERC
Policy and Transmission
Services
Phone: (509) 495-8856
Fax: (509) 495-4851
Email: Jeff.schlect@avistacorp.com

To Bonneville Power Administration

Attention: Transmission Account
Executive for Avista
Corporation – TSE/TPP-2
Phone: (360) 619-6016
Fax: (360) 619-6940
Email: txsalescontracts@bpa.gov

First Class Mail:

Bonneville Power Administration
P.O. Box 61409
Vancouver, WA 98666

Overnight Delivery Service:

Bonneville Power Administration
905 NE 11th Avenue
Portland, OR 97232

18TX-16632, Avista Corporation

7. SIGNATURES

This Letter Agreement may be executed in several counterparts, all of which taken together will constitute one single agreement and the Letter Agreement may be executed and delivered electronically. The Parties have executed this Letter Agreement as of the last date indicated below.

If you have any questions, please contact Jennifer Gumm at (509) 822-4601 or Angela DeClerck at (360) 619-6007.

AVISTA CORPORATION

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By:



By:



Name:

Dennis P. Vermillion

Name:

Angela DeClerck

Title:

President

Title:

Senior Transmission Account Executive

Date:

6-13-18

Date:

June 18, 2018