

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)	
)	
Avista Corporation, d/b/a Avista Utilities)	Docket No. UE-23_____
)	
For an Order Approving a Service Territory)	PETITION OF AVISTA
Agreement Between Avista Corporation and)	CORPORATION
<u>Public Utility District No. 1 of Asotin County</u>)	

I. INTRODUCTION

1 In accordance with RCW 54.48.030, Avista Corporation, doing business as Avista Utilities ("Avista" or "Company"), at 1411 East Mission Avenue, Spokane, Washington, hereby petitions the Commission for an order approving a proposed Service Territory Agreement ("Agreement") between the Company and Public Utility District No. 1 of Asotin County ("Asotin County PUD" or "PUD"), attached herewith as Exhibit 1.

2 Avista is a utility that provides service to approximately 411,000 electric customers and 377,000 natural gas customers in a 30,000 square-mile area in eastern Washington, northern Idaho, and Oregon. The largest community served by Avista is Spokane, Washington, which is the location of its corporate headquarters. Please direct all correspondence related to this Petition as follows:

David J. Meyer, Esq.
Vice President and Chief Counsel for
Regulatory & Governmental Affairs
Avista Corporation
P. O. Box 3727
1411 E. Mission Avenue, MSC 27
Spokane, Washington 99220-3727
Telephone: (509) 495-4316
E-mail: david.meyer@avistacorp.com

Patrick Ehrbar
Director of Regulatory Affairs
Avista Corporation
P. O. Box 3727
1411 E. Mission Avenue, MSC 27
Spokane, Washington 99220-3727
Telephone: (509) 495-8620
E-mail: patrick.ehrbar@avistacorp.com

3 Statutes that may be brought at issue in this Petition include RCW 54.48.020 and RCW
54.48.030.

II. BACKGROUND

4 RCW 54.48.020 states that the “legislature hereby declares that the duplication of the
electric lines and service of public utilities and cooperatives is uneconomical, may create
unnecessary hazards to the public safety, discourages investment in permanent underground
facilities, and is unattractive, and thus is contrary to the public interest and further declares
that it is in the public interest for public utilities and cooperatives to enter into agreements for
the purpose of avoiding or eliminating such duplication.”

5 Therefore, in order to implement the intent of the prior statute, RCW 54.48.030 states that
“any public utility and any cooperative is hereby authorized to enter into agreements with any
one or more other public utility or one or more other cooperative for the designation of the
boundaries of adjoining service areas which each such public utility or each such cooperative
shall observe, for the establishment of procedures for orderly extension of service in adjoining
areas not currently served by any such public utility or any such cooperative and for the
acquisition or disposal by purchase or sale by any such public utility or any such cooperative
of duplicating utility facilities...”

6 Asotin County PUD was formed in November 1984, for the intended purpose of
acquiring ownership of water systems through condemnation. In 1994 the Asotin County
PUD entered the electrical business by purchasing three (3) miles of underground electrical
distribution lines from Clearwater Power Company. This distribution line serves the PUD’s
only electrical customer, Quail Ridge Golf Course. Asotin County PUD also electrically
serves seven water wells with energy supplied by Bonneville Power Administration (“BPA”)

and transmits to such wells through Avista’s transmission system under BPA’s Network Integration Transmission Service Agreement (“NITSA”). Exhibit 1B to the NITSA captures low voltage substation and distribution system charges for transmitting BPA power to each Asotin County PUD delivery point. Exhibit 1B was revised to reflect the new Wastewater Treatment Plant delivery point electrically connected to Avista’s Dry Gulch 1208 feeder.

7 For multiple years, the City of Clarkston City Council partnered with Asotin County PUD to explore a proposal whereby the PUD would take over the management of the City of Clarkston Wastewater Treatment Plant. At the end of December 2022, the City of Clarkston and the PUD entered into an Agreement that provides for contract operation of the City Sewer System by the PUD. The Agreement was effective January 1, 2023, and the PUD began contract operation on April 1, 2023. The Agreement gives the PUD full authority for operations, maintenance, improvements, setting of rates and billing of customers with the option in 2023/2024 to take over ownership of the plant. Given Avista’s history of positive partnership with Asotin County PUD, knowing that the PUD has self-served its own wells for many years, and given that the Wastewater Treatment Plant would be a single, lone addition to the PUD, Avista agrees that transferring service to the PUD for this limited purpose would be appropriate, subject to entering into a Service Territory Agreement.

III. PROPOSED AGREEMENT

8 The proposed Agreement is the result of negotiation between the two utilities. Both utilities support the Agreement as being in the public interest, consistent with RCW 54.48.020. Under the terms of the Agreement, Asotin County PUD would provide electric service to the Wastewater Treatment Plant commencing on the effective date, which shall be the first business day following the date of an Order issued by the Washington Utilities and

Transportation Commission. Further, both utilities are expressly prohibited from soliciting to provide electric service provided by either Avista or the PUD, a provision that provides necessary protections to Avista. Importantly, Section 3.3 states that Avista shall provide electric service to all new customers, and that the PUD is expressly prohibited to provide electric service to any customer other than itself (i.e., the Wastewater Treatment Plant). The PUD will also supply the Wastewater Treatment Plant with energy supplied by BPA and that energy will be transmitted to the delivery point through Avista's transmission system under BPA's NITSA (Network Integration Transmission Service Agreement). The FERC accepted revisions to the NITSA, capturing low voltage substation and distribution system charges, will result in an incremental increase in transmission revenue from BPA for transmitting power to the Wastewater Treatment Plant.

IV. TERM

9 The term of the Agreement is meant to continue for a primary term of fifty (50) years; however, either Party may terminate this Agreement by giving the other Party written notice of termination one hundred and eighty (180) days in advance of the next renewal date. The 180-day prior notice provision will provide the parties a reasonable opportunity to negotiate a new agreement prior to the termination of the Agreement.

V. SUMMARY

10 The proposed Service Territory Agreement between Avista and Asotin County PUD is the result of negotiation and is supported by both parties. The terms of the Agreement are consistent with the public interest and the public policy set forth in RCW 54.48, which encourages the use of service territory agreements.

VI. REQUEST FOR RELIEF

11 WHEREFORE, as described herein and set forth in the proposed Agreement, the Company respectfully requests that the Commission issue an order approving the Agreement, as required under RCW 54.48.030.

DATED this 3rd day of October 2023



By: _____
Patrick Ehrbar
Director of Regulatory Affairs, Avista Corp.

Exhibit 1

SERVICE TERRITORY AGREEMENT

Between

AVISTA CORPORATION

and

PUBLIC UTILITY DISTRICT NO. 1 OF ASOTIN COUNTY

This Service Territory Agreement (“Agreement”) is made and entered into on this 26th day of June, 2023, by and between Avista Corporation, a Washington Corporation, (“Avista”) and Public Utility District No. 1 of Asotin County, (“Asotin”). Avista and Asotin are each referred to herein as a “Party” and collectively as the “Parties”.

RECITALS

WHEREAS, Avista currently provides Electric Service to Customers in and around the City of Clarkston, including the City of Clarkston Sewer System and Wastewater Treatment Plant (“Plant”);

WHEREAS, the City of Clarkston has engaged Asotin to operate the Plant and intends to transfer ownership of the Plant to Asotin;

WHEREAS, Asotin has requested to provide Electric Service to the Plant commencing upon the date on which the City of Clarkston transfers ownership of the Plant to Asotin;

WHEREAS, Avista has agreed to allow Asotin to provide Electric Service to the Plant in accordance with this Agreement and such other agreements for the use of Avista’s infrastructure as are necessary for Asotin to provide Electric Service to the Plant, including the agreements attached hereto as Addendum A;

WHEREAS, the Washington legislature has recognized that agreements similar to this Agreement for, among other things, the purpose of eliminating duplication of service are in the public interest (*see* RCW 54.48.020);

NOW THEREFORE, in consideration of the mutual covenants contained herein, the Parties agree as follows:

AGREEMENT

1. DEFINITIONS

- 1.1 “Agreement” means this Service Area Agreement.
- 1.2 “Asotin” shall have the meaning provided in the introductory paragraph of this Agreement.
- 1.3 “Avista” shall have the meaning provided in the introductory paragraph of this Agreement.
- 1.4 “Customer” means any Person, including any corporation, partnership, government agency, or other entity that has applied for, or is named as a person having joint responsibility for, Electric Service and that has been accepted, and is currently receiving or is entitled to receive such Electric Service. This may also include a person or other entity whose Electric Service has been involuntarily disconnected and that person or entity then seeks to have such service reconnected.
- 1.5 “Effective Date” shall have the meaning provided in Section 2 of this Agreement.
- 1.6 “Electrical Service” means the provision of electric power (demand) and electric energy irrespective of whether said electric power and energy is actually utilized by the Customer.
- 1.7 “Electric Service Facility” includes power poles, transformers, junction enclosures, vaults, pipes, wires, meters, and other equipment associated with the delivery of electricity to end users.
- 1.8 “Expansion” means the growth or development of a Customer’s business or residence in a contiguous location.
- 1.9 “New Customer” means any Person who applies for or who may apply for Electric Service from a Party on or after the Effective Date of this Agreement.
- 1.10 “Person” means any individual, partnership, corporation, business trust, joint-stock company, trust, unincorporated association, joint venture, governmental authority or agency, limited liability company or any other entity of whatever nature.
- 1.11 “WUTC” means the Washington Utilities and Transportation Commission.

2. TERM

The term of this Agreement shall commence on the Effective Date, which shall be the first business day following the date of an Order issued by the WUTC approving this Agreement and shall continue in effect for a period of fifty (50) years, and thereafter shall automatically renew on each anniversary of the Effective Date and continue from year to year thereafter unless terminated by either Party as provided in Section 4 of this Agreement. Upon expiration or termination of this Agreement, Avista shall resume the provision of Electric Service to the Plant.

3. RULES REGARDING SERVICE

3.1. Service to Existing Customers.

(a) Except as provided in Section 3.1(b) of this Agreement, neither Party will extend its Electric Service Facilities to or solicit to provide Electric Service to any Customer(s) at a location that, as of the Effective Date of this Agreement, is being served by the other Party.

(b) Subject to the terms of this Agreement and such other agreements as are necessary for Asotin to provide Electric Service to the Plant, including the Agreements attached hereto in Addendum A, Asotin shall provide Electric Service to the Plant commencing on the Effective Date; provided that, if (i) the City of Clarkston does not complete its transfer of ownership of the Plant to Asotin on or before April 1, 2024, or (ii) at any time after the transfer of ownership of the Plant to Asotin, Asotin transfers ownership of the Plant to any other Person, Avista may, upon not less than sixty (60) days' written notice to Asotin, resume its provision of Electric Service to the Plant.

(c) On and after the Effective Date through such date as Avista resumes the provision of Electric Service to the Plant in accordance with this Agreement, Asotin shall be solely responsible for providing Electric Service to the Plant and shall, to the extent permitted by law, indemnify and hold Avista harmless from any and all losses arising out of Asotin's provision of Electric Service to the Plant.

(d) In the event that Avista provides written notice that it will resume its provision of Electric Service to the Plant pursuant to this Section 3.1(b) or this Agreement is to terminate pursuant to Section 2, Asotin shall take such actions as a reasonable and necessary to assist in the transition to allow Avista to resume the provision of Electric Service to the Plant.

3.2 Expansions. The Party providing electric service to a Customer at a particular location will provide Electric Service to any Expansion at that location or on contiguous property that does not cross any roads. Expansions shall not include any growth or development of a Customer's facilities at noncontiguous locations.

3.3 New Customers. Unless otherwise expressly agreed in writing by the Parties, as between Avista and Asotin, Avista shall provide Electric Service to all New Customers. Asotin shall not solicit to provide or provide Electric Service to any New Customers.

4. TERMINATION

After fifty (50) years from the Effective Date of this Agreement, either Party may terminate this Agreement by giving the other Party written notice of termination one hundred and eighty (180) days in advance of the next renewal date.

5. BREACH OF AGREEMENT

5.1 If either Party breaches any provision of this Agreement, the non-breaching party shall have the right to terminate this Agreement, at its sole option, and/or pursue its remedies at law or equity for all damages proximately resulting from such breach or to seek equitable relief. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach. In the event that either Party installs any facilities in breach of this Agreement, the Party installing such facilities will, upon request of the non-breaching Party, promptly remove or abandon any such facilities at the breaching Party's sole cost. All remedies afforded in this Agreement shall be taken and construed as cumulative, that is, in addition to every other remedy provided by law or equity. If any action is brought to enforce this Agreement or any provision thereof, to rescind the same, to collect damages for an alleged breach thereof, or for an injunction or declaratory judgment to enforce the terms of this Agreement, the prevailing Party in such action shall be entitled to its reasonable attorney fees and costs incurred.

5.2 In the event of a breach of this Agreement, the non-breaching Party shall give written notice of the breach and of the cure demanded. The breaching Party shall have fifteen (15) days from the date of such written notice to provide the non-breaching Party written notice of its agreement to cure the breach. Any breach of this Agreement shall thereafter be cured in a timely fashion with consideration of weather, the nature of the breach, and avoidance of, or minimization of, disruption of electric service to any customer. In the event that the breaching party fails to provide written notice of its agreement to cure the breach or fails to timely cure the breach, the non-breaching party may, at its election, pursue its remedies provided herein.

6. MISCELLANEOUS

6.1 Validity. It is understood and agreed by the Parties that if any part, term, or provision of this Agreement is held by the courts or any regulatory agency of competent jurisdiction to be illegal or in conflict with any applicable law, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the Parties shall be construed and enforced as if the Agreement did not contain the particular part, term, or provision held to be illegal or in conflict with any applicable law, so long as the intent of the Agreement, and the benefits arising therefrom will continue substantially the same.

6.2 Amendment and Variance. Any amendments to or variance from the terms of this Agreement may be made only upon mutual agreement of both Parties set forth in writing and, if applicable, upon approval by the WUTC.

6.3 Binding Effect. This Agreement shall be binding upon the Parties hereto and their successors and permitted assigns. Neither Party may assign or transfer this Agreement without the express prior written consent of the other Party; provided, however, that either Party may assign this Agreement to an affiliate or a successor who acquires all or substantially all of the assigning Party's assets without the other Party's written consent.

6.4 Headings. Section headings are for the purpose of convenience and reference only and shall not be deemed to define, limit, or extend the scope or intent of the sections to which they pertain.

6.5 Notice. Unless specifically stated to the contrary, notice required by this Agreement shall be considered given on the date deposited in the United States Mail with postage prepaid and properly addressed to the proper Party or sent via electronic mail to an electronic email address provided by the receiving Party. Notices shall be addressed to the following:

For Public Utility District No. 1 of Asotin County:

Tim Simpson, General Manager
Asotin County PUD
P.O. Box 605
Clarkston, WA 99403-0605

For Avista Corporation:

Avista Corporation
Attn: Director of Customer Solutions
P. O. Box 3727
Spokane, WA 99220-3727

Either Party may change its contact information for notices at any time by providing the other Party written notice of such change.

6.6 Governing Law; Attorney Fees. This Agreement shall be construed and interpreted in accordance with the laws of the State of Washington without reference to its choice of law provisions. If any suit or action is instituted in connection with any controversy arising out of this Agreement or to enforce any rights hereunder, the substantially prevailing Party, as determined by the adjudicator in the suit or action, shall be entitled to recover, in addition to costs, such sums as the court may find reasonable as attorneys' fees, including litigation expenses and costs, and such similar sums incurred on any appeal.

WHEREFORE, each Party represents that this Agreement is executed by a duly authorized representative of such Party on the date first written above.

AVISTA CORPORATION

**PUBLIC UTILITY DISTRICT NO. 1 OF
ASOTIN COUNTY**



10-3-23

By: Stacie Maier
Title: Director of Business and Public Affairs

Timothy Simpson Digitally signed by Timothy Simpson
Date: 2023.06.26 07:17:57 -07'00'

By: Tim Simpson
Title: General Manager

Addendum A – Other Agreements



June 21, 2023

Tim Simpson
General Manager
Public Utility District No. 1 of Asotin County
P.O. Box 605
Clarkston, WA 99403-0605

Dear Tim;

This Letter Agreement (“Agreement”) amends the Interconnection and Operating Agreement between Public Utility District No. 1 of Asotin County (“Asotin”) and Avista Corporation (“Avista”) that was entered into on November 28, 2005 (“Interconnection and Operating Agreement”).

At the request of Asotin and the Bonneville Power Administration (“Bonneville”), Avista has agreed to provide transfer service to the new Point of Delivery, consisting of the wastewater treatment plant, which is in addition to the other points of delivery identified in Exhibit A to this Agreement. The attached Exhibit A lists the revised points of delivery and shall supersede and replace Exhibit A in the Interconnection and Operating Agreement dated November 28, 2005, in its entirety. The attached Exhibit A may be used as an exhibit in filings with the Federal Energy Regulatory Commission (“FERC”) and Washington Utilities and Transportation Commission (“WUTC”) as needed.

All wheeling arrangements shall be made through Bonneville and shall be made under the terms and conditions of the Amended and Restated Service Agreement for Network Integration Transmission Service (NITSA) between Bonneville and Avista (Avista Contract No. AV-TR11-1091-1), which has been updated consistent with this Agreement. This Letter Agreement is subject to approval or acceptance for filing by FERC without any change or condition that is unacceptable to Avista.

Avista shall supply wheeling services to Bonneville under the NITSA, consistent with the terms and conditions outlined in the Avista Open Access Transmission Tariff.

If the above terms are acceptable to Asotin, please indicate your concurrence by countersigning a copy of this letter, keeping one for your records and returning one copy to Avista to the attention of Mr. Kenneth Dillon.

Sincerely,

Kenneth L Dillon Digitally signed by Kenneth L Dillon
Date: 2023.06.21 15:54:49 -07'00'

Kenneth Dillon
Senior Manager, FERC Policy and Transmission Services

Public Utility District No. 1 of Asotin County

Electronic Signature: Timothy Simpson Digitally signed by Timothy Simpson
Date: 2023.06.26 07:08:52 -07'00'

If providing hard copy signature:

Name: _____
(Print/Type)

Title: _____

Signature: _____

Date: _____

Attachments

Revised Exhibit A

**REVISED EXHIBIT A
POINTS OF DELIVERY**

1) Well #1 – 1400 Chestnut Avenue (via Pound Lane Substation)

Location: The point on Avista’s distribution service system at 1400 Chestnut Avenue in Clarkston, Washington where the 480 volt facilities of Avista and Asotin are connected

Voltage: 480 V

Metering: At or near the Point of Delivery in the 480 V circuit over which electric power and energy flows

2) Well #2 – 1500 Critchfield Road (via Pound Lane Substation)

Location: The point on Avista’s distribution service system at 1500 Critchfield Road and Clemons Road in Clarkston, Washington where the 480 volt facilities of Avista as Asotin are connected

Voltage: 480 V

Metering: At or near the Point of Delivery in the 480 V circuit over which electric power and energy flows

3) Well #3 – 1500 16th Avenue (via Pound Lane Substation)

Location: The point of Avista’s distribution service system at 1500 16th Avenue in Clarkston, Washington where the 2400 volt facilities of Avista and Asotin are connected

Voltage: 2400 V

Metering: At or near the Point of Delivery in the 2400 V circuit over which electric power and energy flows

4) Well #5 – 2200 3rd Avenue (via Dry Gulch Substation)

Location: The point on Avista’s distribution service system at 2200 3rd Avenue in Clarkston, Washington where the 2400 volt facilities of Avista and Asotin are connected

Voltage: 2400 V

Metering: At or near the Point of Delivery in the 2400 V circuit over which electric power and energy flows

5) **Well #6 – 2101 Critchfield Road (via Pound Lane Substation)**

Location: The point on Avista's distribution service system at 2101 Critchfield Road in Clarkston, Washington where the 2400 volt facilities of Avista and Asotin are connected

Voltage: 2400 V

Metering: At or near the Point of Delivery in the 2400 V circuit over which electric power and energy flows

6) **Well #7 – 1825 Reservoir Road (via Pound Lane Substation)**

Location: The point on Avista's distribution service system at 1825 Reservoir Road in Clarkston, Washington where the 2400 volt facilities of Avista and Asotin are connected

Voltage: 2400 V

Metering: At or near the Point of Delivery in the 2400 V circuit over which electric power and energy flows

7) **Clarkston Heights Booster Station – 1500 16th Avenue (via Pound Lane Substation)**

Location: The point on Avista's distribution service system at 1500 16th Avenue in Clarkston, Washington where the 480 volt facilities of Avista and Asotin are connected

Voltage: 480 V

Metering: At or near the Point of Delivery in the 480 V circuit over which electric power and energy flows

8) **City of Clarkston Wastewater Treatment Plant – 102 13th Street (via Dry Gulch Substation)**

Location: The point on Avista's distribution service system at 102 13th Street in Clarkston, Washington where the 480 volt facilities of Avista and Asotin are connected

Voltage: 480 V

Metering: At or near the Point of Delivery in the 480 V circuit of which electric power and energy flows

AMENDED AND RESTATED SERVICE AGREEMENT
for
NETWORK INTEGRATION TRANSMISSION SERVICE
between
the BONNEVILLE POWER ADMINISTRATION
and
AVISTA CORPORATION
under
AVISTA CORPORATION'S
OPEN ACCESS TRANSMISSION TARIFF
FERC ELECTRIC TARIFF VOLUME NO. 8

[For service to PUD NO. 1 OF ASOTIN COUNTY]

<u>Section</u>	<u>Description</u>	<u>Page</u>
1.	Definitions	3
2.	Standard Provisions	3
3.	Term and Regulatory Filing	4
4.	Network Integration Transmission Service	4
5.	Other Services	5
6.	Construction of Facilities	5
7.	Billing and Payment	5
8.	Miscellaneous Provisions	6

Exhibit 1: Specifications for Network Integration Transmission Service

Exhibit 2: Specifications and Charges for Ancillary Services

Exhibit 3: Network Operating Agreement

This AMENDED AND RESTATED NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT ("Amended Service Agreement") is made and entered into this _____ day of June, 2023, by and between AVISTA CORPORATION ("Avista") and the Bonneville Power Administration ("Bonneville"), which hereinafter may be referred to individually as "Party" or collectively as "Parties".

RECITALS

WHEREAS, Avista provides Network Integration Transmission Service over its Transmission System under Avista's Open Access Transmission Tariff – FERC Electric Tariff Volume No. 8 ("Tariff"); and

WHEREAS, Bonneville has historically purchased transmission service to serve its wholesale federal power customers connected to Avista's Transmission System and/or Avista's low-voltage substation and distribution facilities; and

WHEREAS, Avista has provided Network Integration Transmission Service to Bonneville for service to PUD No. 1 of Asotin County's loads connected to Avista's Transmission System since January 1, 2006 and Bonneville has requested continuing service to PUD No. 1 of Asotin County's loads; and

WHEREAS, Avista has entered into an Interconnection and Operating Agreement with PUD No. 1 of Asotin County, providing for, among other things, the operation and maintenance of the interconnected electric facilities of Avista and PUD No. 1 of Asotin County; and

WHEREAS, Avista and Bonneville have entered into or are entering into follow-on agreements, of which this Service Agreement is one, wherein, collectively, Bonneville purchases transmission service from Avista for service to all of Bonneville's wholesale utility customers connected to Avista's Transmission System.

WHEREAS, Bonneville desires to add an additional point of delivery to serve new electric load associated with the Wastewater Treatment Plant (WWTP) operated by PUD No. 1

of Asotin County, identified in Exhibit 1A of this Service Agreement as point of delivery number eight.

NOW THEREFORE, the Parties agree as follows:

Section 1 - Definitions

Unless otherwise defined herein, all capitalized terms shall have their respective meanings as set forth in the Tariff. Bonneville shall be the Transmission Customer as such term is used in the Tariff and Avista shall be the Transmission Provider as such term is used in the Tariff.

Section 2 - Standard Provisions

- 2.1 **Terms and Conditions and Incorporation of Tariff:** The terms and conditions under which Network Integration Transmission Service is offered and accepted are pursuant to this Service Agreement and to the Tariff. The Tariff is hereby incorporated by this reference and made a part of this Service Agreement. Unless otherwise mutually agreed by the Parties, Avista may change the terms and conditions of the Tariff upon, and only upon, approval by the Commission pursuant to a filing by Avista.
- 2.2 **Incorporation of Exhibits:** The following exhibits are incorporated herein and made a part of this Service Agreement: Exhibit 1, including Exhibits 1A and 1B (Specifications for Network Integration Transmission Service), Exhibit 2 (Specifications and Charges for Ancillary Services), and Exhibit 3 (Network Operating Agreement).
- 2.3 **Completed Application:** By receipt of Bonneville's request for transmission service dated September 27, 2010, Avista has determined that Bonneville has provided a Completed Application for Network Integration Transmission Service under the Tariff.

- 2.4 System Impact and Facilities Studies: Study Agreements for a System Impact Study and/or a Facilities Study are not required for Avista to provide continuing Network Integration Transmission Service to Bonneville.

Section 3 - Term and Regulatory Filing

- 3.1 Effective Date and Filing: The Effective Date of this Amended and Restated Service Agreement for Network Integration Transmission Service (“Amended Service Agreement”) shall be the date upon which the Service Territory Agreement between Avista and Public Utility District No. 1 of Asotin County (“Service Territory Agreement”) becomes effective in accordance with its terms, which shall be the first business day of the first full month immediately following the date of an order issued by the Washington Utilities and Transportation Commission approving the Service Territory Agreement. For the avoidance of doubt, this Amended Service Agreement shall not become effective unless or until such time as the Service Territory Agreement becomes effective. Upon the Effective Date of this Amended Service Agreement, the prior Service Agreement entered into on September 27, 2011, shall be terminated, replaced and superseded in its entirety by this Amended Service Agreement.
- 3.2 Cancellation Rights: If the Commission determines that any part of this Service Agreement must be changed, Avista shall offer an amended Service Agreement reflecting such changes to Bonneville. In the event such amended Service Agreement is not executed by Bonneville within fifteen (15) business days after it is offered by Avista, this Service Agreement shall be void and have no further force and effect.
- 3.3 Termination of Agreement: Except as provided in Section 3.2, this Service Agreement shall remain in effect through September 30, 2028.

Section 4 - Network Integration Transmission Service

Commencing on the Effective Date Avista shall provide, and Bonneville shall take and pay for, Network Integration Transmission Service pursuant to the Tariff. Avista's obligation to provide Network Integration Transmission Service shall be subject to Avista's right to Curtail or Interrupt schedules pursuant to the Tariff. Exhibit 1 to this Service Agreement lists Bonneville's designated Network Resources and Network Loads.

- 4.1 Transmission Service: Section 34 of the Tariff and Exhibit 1 describe the applicable rates and charges methodology for Network Integration Transmission Service.
- 4.2 Direct Assignment Facilities and Low-voltage Substation and Distribution Facilities: Exhibit 1 (specifically, Exhibit 1B) describes the applicable rates and charges for any Direct Assignment facilities and for transfer service over any low-voltage substation and distribution facilities.
- 4.3 Power Factor Penalty Adjustment: Power delivered at each Point of Delivery shall be at a power factor greater than or equal to 0.95, leading or lagging, unless otherwise mutually agreed upon by the Parties. To compensate for deliveries made to a Point of Delivery at a power factor of less than 0.95, leading or lagging, Avista may adjust the billing demand at such Point of Delivery. Avista shall provide one months' notice to Bonneville prior to applying any such penalty adjustment for the first time at a Point of Delivery. Exhibit 1 describes the methodology for a power factor penalty adjustment.

Section 5 - Other Services

Commencing on the Effective Date Avista shall provide, and Bonneville shall take and pay for, all applicable Ancillary Services. The amounts of such services, specific terms and conditions associated with such services and the charges for such services are listed in Exhibit 2 to this Service Agreement.

Section 6 - Construction of Facilities

As of the Service Commencement Date, no construction of new or additional Direct Assignment Facilities or Network Upgrades are required for Network Integration Transmission Service to be provided pursuant to this Service Agreement.

Section 7 - Billing and Payment

Billing and payment for all services provided under this Service Agreement shall be pursuant to Section 7 of the Tariff. Bills sent to Bonneville shall be sent to:

Attention: Transfer Scheduling & After the Fact – PTKT
Bonneville Power Administration
P. O. Box 3621
Portland, Oregon 97208-3621
Facsimile No. (503) 230-3266

All payments to Avista shall be submitted via electronic funds transfer to the account specified on each billing invoice.

Section 8 - Miscellaneous Provisions

- 8.1 Interconnection with Other Systems: Nothing contained in this Service Agreement shall restrict or limit either Party from establishing, altering or terminating interconnection points with any entity not a party to this Service Agreement or amending or entering into such agreements.
- 8.2 Future Changes or Additions: Future changes or additions that increase Avista's Transmission System capability shall not obligate Avista to provide any transmission or other services in addition to those services provided under this Service Agreement, except by separate Application pursuant to Section 31.2 of the Tariff or pursuant to Avista's responsibilities under Section 28.2 of the Tariff.

- 8.3 Waivers: Any waiver at any time by either Party hereto of its rights with respect to the other Party or with respect to any matter arising in connection with this Service Agreement shall not be considered a waiver with respect to any other default of the same or any other matter.
- 8.4 Effect of Section Headings: Section headings appearing in this Service Agreement are inserted for convenience of reference only and shall not be construed to be interpretations of the text of this Service Agreement.
- 8.5 Assignment: Avista may assign this Service Agreement only upon the prior written consent of Bonneville, provided, however, that Bonneville hereby consents to assignment of this Service Agreement to a successor where such successor acquires all or substantially all of Avista's electric transmission assets. Bonneville and Bonneville's wholesale utility customer that receives energy delivered under this Service Agreement may request an assignment of this Service Agreement from Bonneville to Bonneville's wholesale utility customer. This assignment shall include all rights and post-assignment obligations associated with this Service Agreement. Such assignment shall require mutual agreement by Avista and Bonneville, provided that Avista shall not unreasonably withhold such agreement. When notice of such assignment is provided to Avista, Bonneville, Avista and Bonneville's wholesale utility customer shall work in good faith to make any necessary modifications to this Service Agreement and the Network Operating Agreement, implement metering modifications, ensure compliance with the Tariff, and make any other adjustments necessary to allow such assignment to proceed. If Avista withholds agreement to such assignment, Avista shall provide a detailed written explanation as to why it is withholding agreement and shall include a detailed list of remedies that would allow Avista to agree to such assignment. A Party requesting assignment shall provide at least six months' prior notice to the other Party. Subject to the foregoing restrictions on assignment, this Service Agreement shall be binding upon,

inure to the benefit of and be enforceable by the Parties and their successors and assigns.

8.6 Notices: Any formal written notice or request made to Avista under this Service Agreement shall be directed to:

Attention: Manager, Transmission Services
Avista Corporation
1411 East Mission Avenue
Spokane, Washington 99202
or
P. O. Box 3727
Spokane, Washington 99220-3727

Any formal written notice or request made to Bonneville under this Service Agreement shall be directed to:

Attention: Manager, Transfer Services – PST
Bonneville Power Administration
P. O. Box 3621
Portland, Oregon 97208-3621

8.7 Notices of an Operating Nature: Any notice or request pertaining to matters of an operating or maintenance nature, or of a routine character pertaining to delivery or receipt of power, shall be given in such manner as the Parties from time to time shall arrange.

IN WITNESS WHEREOF, the Parties hereto have caused this Service Agreement to be executed in their respective names by their duly authorized representatives as of the date first noted above.

AVISTA CORPORATION

By: Kenneth L Dillon Digitally signed by Kenneth L Dillon
Date: 2023.06.21 10:39:12 -07'00'

Kenneth Dillon

Senior Manager, FERC Policy and Transmission Services

Signed this 21 day of June, 2023

BONNEVILLE POWER ADMINISTRATION

By: DANIEL YOKOTA Digitally signed by DANIEL
YOKOTA
Date: 2023.06.20 12:04:59 -07'00'

Dan Yokota

Manager, Transfer Services

Signed this 20 day of June, 2023

EXHIBIT 1
SPECIFICATIONS FOR
NETWORK INTEGRATION TRANSMISSION SERVICE

Designated Network Resources

Power Sales Agreement between Bonneville and PUD No. 1 of Asotin County (Bonneville Contract No. 09PB-13003)

Designated Network Loads

(See Exhibit 1A)

Monthly Transmission Charge

(Pursuant to Section 34 of the Tariff)

Monthly Charges for Direct Assignment and Low Voltage Facilities

(See Exhibit 1B)

Power Factor Penalty Adjustment

Subject to the one-month notice provision contained in Section 4.3, in Avista's determination of Bonneville's Monthly Transmission Charge and Monthly Charges for Direct Assignment and Low Voltage Facilities, Avista may adjust the monthly billing demand applicable to a Point of Delivery with a power factor of less than 0.95, leading or lagging. Such adjustment shall be made by multiplying the monthly demand by 0.95 and dividing the result by the monthly average power factor at such Point of Delivery.

Losses

(Pursuant to Section 28.5 of the Tariff)

In addition to the transmission loss factor specified in Section 28.5 of the Tariff, Avista shall specify low-voltage loss factors for applicable substation and distribution facilities at each Point of Delivery. Avista shall provide at least thirty (30) days' prior written notice to Bonneville of any revision to a low-voltage loss factor, including appropriate background information supporting such revision. Any such revision to a low-voltage loss factor shall be made effective on the first day of a specified month.

Bonneville shall return losses concurrent with its scheduled power deliveries to Avista. Any deviation amounts associated with such return of losses shall be settled pursuant to the terms and conditions specified for Energy Imbalance Service.

Bonneville and Avista may from time to time agree to terms for financial settlement of losses. Any change between physical return and financial settlement of losses shall have a term of at least one year and shall be preceded by at least six-months' notice, unless otherwise mutually agreed upon by the Parties.

EXHIBIT 1A
DESIGNATED NETWORK LOADS
(POINTS OF DELIVERY)

1) Well #1 – 1400 Chestnut Avenue (via Pound Lane Substation)

Location: The point on Avista's distribution service system at 1400 Chestnut Avenue in Clarkston, Washington where the 480 volt facilities of Avista and PUD No. 1 of Asotin County (Asotin) are connected

Voltage: 480 V

Metering: At or near the Point of Delivery in the 480 V circuit over which electric power and energy flows

Metering Location Adjustment: Avista will adjust metered hourly demand amounts for losses between Avista's Transmission System and the metering point. Such adjustments shall be specified in written correspondence between Avista and Bonneville.

2) Well #2 – 1500 Critchfield Road (via Pound Lane Substation)

Location: The point on Avista's distribution service system at 1500 Critchfield Road and Clemons Road in Clarkston, Washington where the 480 volt facilities of Avista and Asotin are connected

Voltage: 480 V

Metering: At or near the Point of Delivery in the 480 V circuit over which electric power and energy flows

Metering Location Adjustment: Avista will adjust metered hourly demand amounts for losses between Avista's Transmission System and the metering point. Such adjustments shall be specified in written correspondence between Avista and Bonneville.

3) Well #3 – 1500 16th Avenue (via Pound Land Substation)

Location: The point on Avista's distribution service system at 1500 16th Avenue in Clarkston, Washington where the 2400 volt facilities of Avista and Asotin are connected

Voltage: 2400 V

Metering: At or near the Point of Delivery in the 2400 V circuit over which electric power and energy flows

Metering Location Adjustment: Avista will adjust metered hourly demand amounts for losses between Avista's Transmission System and the metering point. Such adjustments shall be specified in written correspondence between Avista and Bonneville.

4) **Well #5 – 2200 3rd Avenue (via Dry Gulch Substation)**

Location: The point on Avista's distribution service system at 2200 3rd Avenue in Clarkston, Washington where the 2400 volt facilities of Avista and Asotin are connected

Voltage: 2400 V

Metering: At or near the Point of Delivery in the 2400 V circuit over which electric power and energy flows

Metering Location Adjustment: Avista will adjust metered hourly demand amounts for losses between Avista's Transmission System and the metering point. Such adjustments shall be specified in written correspondence between Avista and Bonneville.

5) **Well #6 – 2101 Critchfield Road (via Pound Lane Substation)**

Location: The point on Avista's distribution service system at 2101 Critchfield Road in Clarkston, Washington where the 2400 volt facilities of Avista and Asotin are connected

Voltage: 2400 V

Metering: At or near the Point of Delivery in the 2400 V circuit over which electric power and energy flows

Metering Location Adjustment: Avista will adjust metered hourly demand amounts for losses between Avista's Transmission System and the metering point. Such adjustments shall be specified in written correspondence between Avista and Bonneville.

6) **Well #7 – 1825 Reservoir Road (via Pound Lane Substation)**

Location: The point on Avista's distribution service system at 1825 Reservoir Road in Clarkston, Washington where the 2400 volt facilities of Avista and Asotin are connected

Voltage: 2400 V

Metering: At or near the Point of Delivery in the 2400 V circuit over which electric power and energy flows

Metering Location Adjustment: Avista will adjust metered hourly demand amounts for losses between Avista's Transmission System and the metering point. Such adjustments shall be specified in written correspondence between Avista and Bonneville.

7) **Clarkston Heights Booster Station – 1500 16th Avenue (via Pound Lane Substation)**

Location: The point on Avista's distribution service system at 1500 16th Avenue in Clarkston, Washington where the 480 volt facilities of Avista and Asotin are connected

Voltage: 480 V

Metering: At or near the Point of Delivery in the 480 V circuit over which electric power and energy flows

Metering Location Adjustment: Avista will adjust metered hourly demand amounts for losses between Avista's Transmission System and the metering point. Such adjustments shall be specified in written correspondence between Avista and Bonneville.

8) **Wastewater Treatment Plant – 102 13th Street (via Dry Gulch Substation)**

Location: The point on Avista's distribution service system at 102 13th Street in Clarkston, Washington where the 480 volt facilities of Avista and Asotin are connected

Voltage: 480 V

Metering: At or near the Point of Delivery in the 480 V circuit of which electric power and energy flows

Metering Location Adjustment: Avista will adjust metered hourly demand amounts for losses between Avista's Transmission System and the metering point. Such adjustments shall be specified in written correspondence between Avista and Bonneville.

EXHIBIT 1B
DIRECT ASSIGNMENT AND LOW-VOLTAGE
SUBSTATION AND DISTRIBUTION CHARGES
(per month)

<u>Point of Delivery</u>	<u>Joint-Use Substation</u>	<u>Sole-Use Substation</u>	<u>Low-Voltage Facilities</u>
Critchfield	\$1,350	\$310	\$772
Pound Lane	\$519	---	\$2,237
Dry Gulch	\$247	\$116	\$235

EXHIBIT 2
SPECIFICATIONS AND CHARGES FOR ANCILLARY SERVICES

Scheduling, System Control and Dispatch Service

(Pursuant to Schedule 1 of the Tariff)

Reactive Supply and Voltage Control from Generation Sources

(Pursuant to Schedule 2 of the Tariff)

Regulation and Frequency Response Service

(Pursuant to Schedule 3 of the Tariff)

The monthly Regulation and Frequency Response Service obligation shall be 2.0% of Bonneville's monthly peak Network Load.

Energy Imbalance Service

(Pursuant to Schedule 4 of the Tariff)

Bonneville has elected to financially settle imbalances within Deviation Band 1.

Operating Reserve - Spinning Reserve Service

(Pursuant to Schedule 5 of the Tariff)

As of the Effective Date, applicable minimum operating criteria stipulate that operating reserves associated with Spinning Reserve Service are applied to a Control Area's on-line generation. Accordingly, Bonneville, as a certified Control Area, may elect to include the provision of Spinning Reserve Service with its scheduled energy deliveries under this Service Agreement to Avista's Control Area and not purchase Spinning Reserve Service from Avista for those Network Resources located outside Avista's Control Area. As of the Effective Date and until further notice, Bonneville has so elected.

Should applicable minimum operating criteria for operating reserves no longer stipulate as noted above, but instead stipulate that operating reserves associated with Spinning Reserve Service are applied to load served within a Control Area, this Exhibit 3 shall be revised to reflect the appropriate charge or, in the alternative, applicable requirements for self-provision of Spinning Reserve Service by Bonneville.

Operating Reserve - Supplemental Reserve Service

(Pursuant to Schedule 6 of the Tariff)

As of the Effective Date, applicable minimum operating criteria stipulate that operating reserves associated with Supplemental Reserve Service are applied to a Control Area's on-line generation. Accordingly, Bonneville, as a certified Control Area, may elect to include the provision of Supplemental Reserve Service with its scheduled energy deliveries under this

Service Agreement to Avista's Control Area and not purchase Supplemental Reserve Service from Avista for those Network Resources located outside Avista's Control Area. As of the Effective Date and until further notice, Bonneville has so elected.

Should applicable minimum operating criteria for operating reserves no longer stipulate as noted above, but instead stipulate that operating reserves associated with Supplemental Reserve Service are applied to load served within a Control Area, this Exhibit 3 shall be revised to reflect the appropriate charge or, in the alternative, applicable requirements for self-provision of Supplemental Reserve Service by Bonneville.

EXHIBIT 3
NETWORK OPERATING AGREEMENT

NETWORK OPERATING AGREEMENT
between
AVISTA CORPORATION
and the
BONNEVILLE POWER ADMINISTRATION

NETWORK OPERATING AGREEMENT
between
AVISTA CORPORATION
and the
BONNEVILLE POWER ADMINISTRATION

This NETWORK OPERATING AGREEMENT (“Agreement”) is attached to the Network Integration Transmission Service Agreement (“Service Agreement”) between Avista and Bonneville and incorporated therein.

Section 1 – Purpose of Network Operating Agreement

The purpose of this Agreement is to provide for terms and conditions associated with technical and operational issues necessary for the implementation of Network Integration Transmission Service under the Tariff. The Parties shall adhere to Good Utility Practice, including all applicable NERC, WECC and NWPP reliability criteria, subject to the Agreement Limiting Liability Among Western Interconnected Systems, so long as both Avista and Bonneville are parties to such agreement.

Section 2 – Definitions

Unless otherwise defined herein, all capitalized terms shall have their respective meanings as set forth in the Tariff.

- 2.1 **NERC** – The North American Electric Reliability Corporation, or its successor.
- 2.2 **NWPP** – The Northwest Power Pool, or its successor.

- 2.3 Tariff - Avista's Open Access Transmission Tariff - FERC Electric Tariff Volume No. 8, as such may be amended or replaced.
- 2.4 WECC – The Western Electricity Coordinating Council, or its successor.

Section 3 – Term

This Agreement shall become effective and remain effective concurrent with the term of the Service Agreement.

Section 4 – Network Operating Committee

- 4.1 Membership – The Network Operating Committee shall be composed of representatives from Avista, Bonneville and Bonneville's wholesale utility customer(s) that receive(s) energy delivered under the Service Agreement.
- 4.2 Responsibilities – The Network Operating Committee shall meet at least once per year to: (i) adopt rules and procedures consistent with this Agreement and the Tariff governing operating and technical requirements necessary for implementing Network Integration Transmission Service under the Tariff; (ii) review Network Resources and Network Loads on an annual basis in order to assess the adequacy of the Transmission System, and (iii) obtain from Avista its operating policies, procedures, and guidelines for network interconnection and operation.
- 4.3 General Customer Information Requirement – Bonneville shall, when requested by Avista, provide load forecasts, generation forecasts, schedules and any other information necessary for Avista's calculation of available transmission capability on Avista's Transmission System and for Avista's implementation of redispatch, curtailment, load shedding and congestion management procedures.

Section 5 – Interconnection Principles and Requirements

Avista and Bonneville are parties to the Exchange Agreement (BPA Contract No. DE-MS79-86BP91948) providing for, among other things, the ownership, operation and maintenance of the Parties' interconnected electric facilities. Principles and requirements associated with the interconnection of the Parties' electric facilities shall be pursuant to the Exchange Agreement or its successor. If at any time Avista and Bonneville shall fail to be parties to the Exchange Agreement or its successor, Avista may amend this Agreement to provide for the ownership, operation and maintenance of the Parties' interconnected electric facilities.

Section 6 – Interconnection of Network Resources

- 6.1 Interconnection with Avista's Transmission System – Terms and conditions for the connection of a Network Resource to Avista's Transmission System shall be pursuant to the applicable Large Generation Interconnection Procedures or Small Generation Interconnection Procedures under the Tariff.
- 6.2 Interconnection with Non-Avista Facilities within Avista Control Area – Unless otherwise agreed upon with a third party, Bonneville shall be responsible for all costs associated with the connection of any generation resource, to be designated a Network Resource under the Service Agreement, to non-Avista facilities within Avista's Control Area and/or operated in parallel with Avista's electric system. Such costs shall include, but not be limited to, those costs associated with system protection requirements and revisions. All such interconnections shall be pursuant to Avista's Facility Connection Requirements as set forth under NERC Standard FAC-001 and any other applicable NERC, WECC and NWPP standards or criteria and Good Utility Practice. All Network Resources shall be operated to avoid disturbances or interference with the safe and reliable operation of the

Transmission System and shall be operated and maintained in accordance with NERC, WECC and NWPP standards and criteria and Good Utility Practice.

Section 7 – Redispatch and Curtailment of Network Resources

- 7.1 **Redispatch to Manage Transmission System Constraints** – In the event that Avista requires redispatch of Network Resources pursuant to Section 33.2 of the Tariff, Avista shall determine the least cost redispatch that effectively removes the constraint without regard to ownership or purchaser of the output of such Network Resources. At such time as Avista develops a formal redispatch protocol, Avista shall provide such protocol and any applicable accounting measures necessary to identify such redispatch costs to Bonneville. Such redispatch costs shall be borne by Avista and its Network Customers based upon a load ratio share methodology consistent with Section 33.3 of the Tariff.
- 7.2 **Curtailment of Network Resources Pursuant to Section 33 of the Tariff** – Consistent with Section 33 of the Tariff, Avista may direct specific operation of a Network Resource, including Curtailment, without prior notice to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. Avista may direct specific operation of a Network Resource, including Curtailment, on a planned basis with prior notice to facilitate maintenance on the Transmission System or to respond to a condition which may impair or degrade the reliability of the Transmission System.
- 7.3 **Curtailment of Contract Resources** – Unless otherwise specified by Avista, designated contract Network Resources scheduled to Avista’s system at a Point of Receipt shall not be available for redispatch. Pursuant to Section 33 of the Tariff, Avista may require the Curtailment of scheduled deliveries from contract Network Resources at a specified Point of Receipt. In the event of such Curtailment Avista shall, pursuant to Good Utility Practice and on a comparable basis with service to all other affected Network Customers

and Avista's bundled retail Native Load Customers, accept scheduled deliveries up to an amount equal to the Curtailment at any other available Point of Receipt on Avista's system. Unless Avista directs Bonneville to incur additional transmission cost by providing a specific redirect instruction, any costs incurred by Bonneville to redirect or otherwise move its schedules to such other available Point(s) of Receipt due to such Curtailment shall not be treated as redispatch cost. Any Energy Imbalances outside Deviation Band 1 that are incurred for the hour in which any such Curtailment is implemented shall be settled as if such Energy Imbalances are within Deviation Band 1. If no alternative Point of Receipt is available to Bonneville for the following hour or hours during such Curtailment, any resulting Energy Imbalances shall continue to be settled as if they are within Deviation Band 1.

Section 8 - Scheduling

- 8.1 Scheduling and Schedule Revisions – Schedules for Bonneville's designated Network Resources shall be submitted to Avista on the scheduling day prior to commencement of service and no later than the earlier of 10:00 a.m. or such other reasonable time that is generally accepted within the region and consistently adhered to by Avista. Schedules shall be stated in increments of one megawatt per hour. Electronic tag or schedule revisions for Network Integration Transmission Service will be permitted up to twenty (20) minutes prior to the start of the hour in which such scheduled power flows, *provided, however, that:*
- (a) Bonneville shall submit schedule revisions during the normal schedule revision time period ending eighty (80) minutes prior to the start of the hour in which such scheduled power flows. For example, for the flow hour beginning at 1000 hours and ending at 1100 hours, Bonneville shall submit any revision to an electronic

tag or schedule for such hour prior to 0840 hours. Bonneville may further revise such electronic tag or schedule prior to 0940 hours.

- (b) Bonneville shall make best efforts to ensure that its 80-minutes prior schedule revision is as accurate as possible and that any 20-minutes prior schedule revision is minimized. In determining its 80-minutes prior schedule revision, Bonneville shall incorporate the same load forecasting tools, including, but not limited to, assumptions, measurements, algorithms and calculations, that it uses in determining any 20-minutes prior schedule revision. Bonneville shall not place any bounds or restrictions on its determination of its 80-minutes prior schedule revision that will limit the accuracy or otherwise restrict its 80-minutes prior schedule revision for a given hour with respect to any such determination of its 20-minutes prior schedule revision for such hour.
- (c) If at any such time Avista determines that Bonneville's 20-minutes prior schedule revisions are too large, Avista may request that the Parties meet to address the issue. In such event, Avista shall document and justify its concerns and the Parties shall work in good faith to address the issue.

Bonneville shall not submit any intra-hour scheduling adjustments until such time as, pursuant to a filing by Avista that is accepted by the Commission, Avista may settle imbalances for the same intra-hour time period for which intra-hour schedule adjustments are submitted by Bonneville.

- 8.2 Scheduling of Network Resources – Bonneville's designated Network Resources under the Service Agreement amount to the purchase of system power from the Federal Columbia River Power System by, or third-party resources scheduled through Bonneville's Control Area on behalf of, Bonneville's wholesale utility customer. At such time as Bonneville intends to designate a specific generation resource connected to Avista's Transmission System or to a third-party system as a Network Resource, the

Parties shall develop applicable terms and conditions regarding the scheduling of such resource and amend this Agreement accordingly.

8.3 Combining Schedules from Multiple Agreements – For purposes of administratively simplifying scheduling and imbalance calculation requirements, Avista may consent, and as of the Effective Date has consented, to the combining of schedules for multiple agreements for Network Integration Transmission Service and the Parties shall agree upon any such combination of schedules. Avista shall retain the right to require scheduling to be performed separately under separate agreements, *provided, however*, that Avista shall provide a minimum of six months notice prior to implementing any such transition from combined schedules to separate schedules.

8.4 Sharing of Aggregate Schedule Information – For purposes of reliable and economic operation of Avista's Control Area and pursuant to 18 C.F.R. §358.7(c) and §358.7(h)(2)(ii) (as published April 1, 2011), Bonneville consents to Avista's transmission function passing on an aggregated sum of Bonneville's schedules associated with all of its borderline wheeling loads to Avista's load-serving entity and control area balancing function, which function has been identified as an *energy or marketing affiliate* for purposes of Avista's Standards of Conduct.

Section 9 – Metering and Communications

9.1 Meters and Meter Reading – Avista and/or Bonneville shall own and maintain all meters used to determine any billing associated with the Service Agreement. As of the Effective Date, meters at the Points of Delivery are provided by Bonneville. Meters at the Point(s) of Delivery shall be read pursuant to the Meter Reading and Meter Test Procedures outlined in Section 9.5.

9.2 Exchange of Metering Data – The Party owning, operating and maintaining each meter used to determine billing associated with the Service Agreement shall provide to the

other Party all hourly meter readings and any more frequent readings, if existing, from each such meter. All meter reading information for a given month shall be validated and made available to the other Party in the succeeding month by 10:00 a.m. of the fifth (5th) working day of such succeeding month. All meter reading records and scheduled amounts shall be exchanged electronically between the Parties on a monthly basis. Either Party shall notify the other as soon as practicable in the event of system configuration changes or other events which may affect meter readings or access to meter reading information including, but not limited to, advance notice of planned line and substation outages and planned communications outages.

9.3 Use of Bonneville's Meter Reading Information – Consistent with Section 9.2 above, Bonneville shall make its real and reactive power metering data at the Points of Delivery, and any other point that Avista reasonably deems appropriate for purposes of accounting for the transmission service provided under the Service Agreement, available to Avista via Bonneville's Meter Data Management System. The meter reading information made available to Avista via Bonneville's Meter Data Management System shall be the same meter reading information used by Bonneville in its billings to its wholesale utility customers served via the Points of Delivery. In the event Bonneville revises or replaces its Meter Data Management System, Bonneville shall make provision to continue to provide such data to Avista in a format compatible with that previously provided by the Meter Data Management System and used by Avista in its billing systems.

9.4 Tests of Metering Installations – Each Party shall, at its expense, test its measuring installations associated with this Agreement and the Service Agreement in accordance with the Meter Reading and Meter Test Procedures outlined in Section 9.5, attached hereto. The Parties may mutually agree to use a single set of meters. In the event that a single set of meters are utilized, tests of such meters shall be conducted jointly by the

Parties in accordance with Section 9.5 and shall be witnessed and agreed to by representatives of each Party.

9.5 Meter Reading and Meter Test Procedures

- (a) Meter Readings – Meter readings associated with the delivery of electric power to the Point(s) of Delivery shall be the responsibility of the Party owning such meters. Electric power deliveries in any month shall be calculated on information based on meter readings, with any necessary date adjustments made by pro-rating metered amounts to the number of days in such month. In the event a recording metering device is installed, actual hourly and monthly energy deliveries shall be determined from the record developed. Each Party shall permit representatives of the other Party to inspect all of the records relating to the delivery or transmission of electric power under the Service Agreement.
- (b) Meter Testing – Avista and/or Bonneville shall own and maintain all meters used to determine any billing under the Service Agreement.
- (i) Avista meters shall be tested and inspected in accordance with Avista's meter testing program ("Avista Program") as filed with the Washington Utilities and Transportation Commission and/or the Idaho Public Utilities Commission. If requested by Bonneville, Avista shall provide copies of applicable test and calibration records and calculations. Avista shall permit representatives of Bonneville, and/or Bonneville's wholesale utility customer to be present at all times the meters are being tested. Additionally, Avista shall test any or all such meters as may reasonably be requested by Bonneville. Reasonable costs for such requested test shall be paid by Bonneville unless any of the meters are found to be inaccurate, as defined in the Avista Program, in which case Avista shall pay for the test.
- (ii) Bonneville's meters shall be tested and inspected in accordance with Bonneville's meter testing program ("Bonneville Program"). If requested by Avista, Bonneville shall provide copies of applicable test and calibration records and calculations. Bonneville shall permit a representative of Avista to be present at all times the meters are being tested. Additionally, Bonneville shall test any or all such meters as may reasonably be requested by Avista. Reasonable costs for such requested test shall be paid by Avista unless any of the meters are found to be inaccurate, as defined in the Bonneville Program, in which case Bonneville shall pay for the test.

Each Party shall give reasonable notice of the time when any such test or inspection is to be made to the other Party who may have representatives present at such tests or inspections. Any component of such installations found to be defective or inaccurate shall be adjusted, repaired or replaced to provide accurate metering.

- (c) Adjustments – If any meter fails to register, or if the measurement made by such meter during a test made as provided below fails to meet the standards of such test, or if an error in meter reading occurs, adjustment shall be made correcting all measurements for the actual period during which such inaccurate measurements were made. Should any metering equipment at any time fail to register, or should registration thereof be so erratic as to be meaningless, the capacity, energy and reactive power delivered shall be determined from the best available data. If an estimate is required due to metering equipment malfunction, the method of estimating capacity, energy and reactive power delivered shall be made available and agreed upon by both Parties. The approval process shall not delay billings. Such corrected measurements shall be used to re-calculate billed amounts under the Service Agreement.

- 9.6 Metering and Communications Required for Integration of Network Resources – Unless otherwise agreed upon with a third party, Bonneville shall be responsible for all costs associated with the installation, operation and maintenance of any metering, communications and SCADA equipment necessary for the integration of any generation resource to be designated a Network Resource under the Service Agreement and connected to Avista's Transmission System or within Avista's Control Area. All such installations shall be pursuant to Avista's Facility Connection Requirements as set forth under NERC Standard FAC-001 and any other applicable NERC, WECC and NWPP standards or criteria and Good Utility Practice.

- 9.7 Metering and Communications Required for Ancillary Services – Unless otherwise agreed upon with a third party, Bonneville shall be responsible for all costs associated with the installation, operation, and maintenance of any metering, communications and SCADA equipment necessary for the provision of Ancillary Services by Bonneville or by a third party. All such installations shall be pursuant to Avista's Facility Connection Requirements as set forth under NERC Standard FAC-001 and any other applicable NERC, WECC and NWPP standards or criteria and Good Utility Practice.
- 9.8 Installation and Use of Avista Meters – Notwithstanding any other provision in this Section 9, Avista may at any time install meters or metering equipment to make any measurements for any Point of Delivery required for any computation or determination mentioned in this Agreement or the Service Agreement. If such meters or metering equipment are so installed, such measurements shall be used thereafter in such computation or determination.
- 9.9 Real-Time Data Acquisition – For the purpose of enabling Avista to monitor the loads on its transmission system, Avista may require the acquisition of real-time load data (megawatts and megavars) at Points of Delivery that have meters and metering equipment owned by Bonneville. The Parties shall facilitate such data acquisition pursuant to Good Utility Practice and Bonneville shall provide either of the following to Avista:
- (a) Megawatt and megavar indications from Bonneville's supervisory control and data acquisition (SCADA) system, if existing, in a format agreed upon by the Parties, or
 - (b) The following:
 - (i) Metering current transformers ("CTs") and potential transformers ("PTs"),
 - (ii) Space in Bonneville's substation control house or cabinet for an Avista remote terminal unit or such other equipment that performs a comparable function ("Avista Equipment"), to be supplied by Avista,

- (iii) Voltage and current indications from Bonneville's CTs and PTs to the Avista Equipment, and
- (iv) Space for any conduit needed by Avista for its communications out of the substation.

Section 10 - Operation and Maintenance

10.1 **Maintenance Scheduling and Continuity of Service** – Avista may Curtail or otherwise temporarily suspend service at the Points of Delivery:

- (a) pursuant to Section 33.7 of the Tariff; and
- (b) without prior notice of such Curtailment or temporary suspension as may be necessary due to Force Majeure pursuant to Section 10 of the Tariff. Consistent with Section 33.7 of the Tariff, Avista shall use reasonable efforts to repair the cause of any such Curtailment or temporary suspension comparable to such reasonable efforts Avista uses with respect to its bundled retail Native Load Customers.

10.2 **Emergency Planning and Operation** – As the Transmission Provider, Avista is responsible for planning, coordinating and implementing emergency operation schemes applicable to Avista's Transmission System. Examples of such schemes include NWPP programs related to underfrequency load shedding, undervoltage load shedding and system restoration. Other schemes may be developed to meet NERC, WECC or NWPP reliability planning and operations objectives. Bonneville shall:

- (a) participate in the development and implementation of such load shedding and other programs to facilitate system reliability and security;
- (b) install and maintain or, in the alternative, require its wholesale utility customer served via the Service Agreement to install and maintain, any required load shedding relays, including underfrequency and undervoltage relays; and
- (c) participate in system restoration planning.

Section 11 - Miscellaneous

- 11.1 Supremacy of Tariff – In the event of any irreconcilable difference between the Tariff and this Agreement, the language of the Tariff shall govern.
- 11.2 Notices – Any formal notice to be served, given or made in connection with this Agreement shall be in writing and shall be directed as provided in the Service Agreement. Notices of an operating nature shall be given as provided in the Service Agreement.
- 11.3 Assignment – Any assignment of this Agreement shall be pursuant to the terms of assignment in the Service Agreement.
- 11.4 Amendment – From time to time Avista may amend this Agreement. Avista shall provide reasonable prior notice of any such amendment to Bonneville and the Parties shall work in good faith to reach consensus on the content of such amendment. Any such amendment shall become effective upon acceptance for filing by the Commission.