

"Redacted Attachment A"

Avista Corporation
Monthly Power Cost Deferral Report
Month of January 2010

Long-term Power Transaction
(See attached)

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UTILITY MANAGEMENT
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STATE OF UTAH
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REGISTRATION

TRANSACTION RECORD
BETWEEN
SOVEREIGN POWER, INC.
AND
AVISTA CORPORATION

TRANSACTION RECORD

This Transaction Record ("Transaction") shall serve to confirm a transaction made between Sovereign Power, Inc. ("Sovereign Power" or "Buyer"), a corporation chartered by the Spokane Tribe of Indians, and Avista Corporation ("Avista"), a Washington corporation, sometimes hereinafter referred to individually as "Party" and collectively as "Parties" under Avista's Electric Tariff, Seventh Revised Volume No. 9 ("Vol. No. 9") pursuant to which Buyer shall acquire Dynamic Capacity and Energy Service at wholesale for resale to its customer, Kaiser Aluminum & Chemical Corporation ("KACC" or "Customer").

WHEREAS, Sovereign Power desires to purchase Dynamic Energy and Capacity Service from Avista for purposes of supplying KACC, and Avista is willing to supply such services to Sovereign Power;

WHEREAS, KACC entered into a Telemetering Agreement on or about January 28, 1998 with The Washington Water Power Company, now known as Avista, pursuant to which KACC's Trentwood facility operates as though it were within Avista's Balancing Authority Area;

WHEREAS, Avista and KACC have agreed upon the accounting treatment of residual metering charges owed by Avista to KACC pursuant to a letter agreement dated September 14, 2004, and Avista desires that such treatment be implemented through a Transaction with Sovereign Power;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, Sovereign Power and Avista agree as follows:

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1. DEFINITIONS:

Except as modified herein, capitalized terms appearing in Vol. No. 9 shall have the meanings specified therein. The following terms, when used herein with initial capitalization, whether in the singular or the plural, shall have the meaning specified:

- 1.1 Avista Electric System: The electric transmission and distribution facilities that are owned, operated and maintained by Avista.
- 1.2 Balancing Authority Area: The electrical (not necessarily geographical) area within which a controlling electric utility has the responsibility to adjust its generation to match internal load and power flows across Interchange Points to other areas controlled by other electric utilities.
- 1.3 BPA: The Bonneville Power Administration, or its successor.
- 1.4 Business Day: Every day other than a Saturday or Sunday or a national holiday. National holidays shall be those holidays observed by NERC.
- 1.5 Commission or FERC: The Federal Energy Regulatory Commission or its successor.
- 1.6 Delivery Point: That point where Avista will make available to Sovereign Power the Dynamic Capacity and Energy Services under this Transaction, which Delivery Point is Customer's interconnection with the BPA electric system at the Trentwood Substation.
- 1.7 Deviation Storage Account: An account established between Avista and Sovereign Power for the purpose of accounting for any hourly deviations between Customer's actual Loads and Resources and Customer's forecasted Loads and scheduled Resources.
- 1.8 Dynamic Capacity: The electric generating capability, expressed in megawatts (MW) and associated megawatt-hours (MWh), made available to Sovereign Power by Avista at the Delivery Points pursuant to this Transaction.
- 1.9 Good Utility Practice: The practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act Section 215(a)(4) and all applicable and generally followed standards, guidelines, criteria, practices and methods established by FERC, NERC, the WECC and the

NWPP, and including design methods, equipment specification methods, manufacturer quality assurance screening and ordering practices, maintenance practices and the like.

- 1.10 Interchange Point: The electrical interconnection point between two electrical systems that is established and metered for the purpose of defining Balancing Authority Area boundaries.
- 1.11 Load: The Customer's electric load at its Trentwood facility.
- 1.12 Load Following: The continuous balancing of resources with load and the maintenance of electrical system frequency.
- 1.13 Load Shaping: The hourly balancing of any deviations between Customer's actual Loads and Resources and Customer's forecasted Loads and scheduled Resources.
- 1.14 NERC: The North American Electric Reliability Council, or its successor.
- 1.15 Non-Firm Energy Index Rate: The daily weighted average electricity price reported in the Dow Jones Mid-Columbia Electricity Index for non-firm energy delivered On Peak and/or Off Peak expressed in dollars per megawatt-hour. In the absence of the Dow Jones Mid-Columbia Electricity Index for non-firm energy delivered On Peak and/or Off Peak, a comparable publication of non-firm energy prices at the Mid-Columbia as agreed to by the Parties shall be the Non-Firm Energy Index Rate. The Parties agree that for the purposes of this Transaction in no event shall the Non-Firm Energy Index Rate be greater than \$500 per MWh.
- 1.16 NWPP: The Northwest Power Pool, or its successor.
- 1.17 On-Peak: The hours ending 0700 through 2200 Pacific Prevailing Time, Monday through Sunday, including NERC holidays.
- 1.18 Off-Peak: All hours other than On-Peak hours.
- 1.19 Pacific Prevailing Time: The Pacific Time, either standard or daylight, whichever is in effect at the pertinent time.
- 1.20 Resources: The electric power purchased for the purpose of serving Customer's Load.
- 1.21 Safety and Reliability Requirements: All requirements of Good Utility Practice, all applicable mandatory requirements concerning levels of reserves and provisions for contingencies, all applicable mandatory laws, governmental rules, regulations, and orders, and all applicable mandatory reliability criteria, standards, guidelines and operating procedures of NERC, FERC, WECC, NWPP and other organizations that apply to the planning, design and operation of a Party's electrical system.

- 1.22 Telemetry Equipment: The instantaneous and hourly power flow metering, transducers, communication equipment and communication circuits necessary to provide Avista with a signal usable by Avista for the purpose of meeting Customer's Dynamic Capacity requirements and to provide the signal or signals usable by any third party operator of adjacent Balancing Authority Areas.
- 1.23 Term: Shall have the meaning assigned to such term in Section 2.
- 1.24 Transaction: This Transaction Record, including any exhibits attached hereto, as may be amended. Any exhibits are made part of this Transaction by this reference.
- 1.25 Uncontrollable Force: The definition of "Uncontrollable Force" under Section 9 of Vol. No 9 is hereby expanded and modified for purposes of this Transaction to include any event that constitutes an "Uncontrollable Force" under the Dynamic Capacity and Energy Agreement between Buyer and Customer or as it may be subsequently amended, and to exclude governmental action by a sovereign tribal entity.
- 1.26 Vol. No. 9: Means Avista's FERC Electric Tariff Seventh Revised Volume No. 9 as may be amended.
- 1.27 WECC: The Western Electric Coordinating Council, or its successor.

2. TERM

Term of Transaction - The Term of this Transaction shall commence on [REDACTED] and continue through [REDACTED] unless terminated earlier pursuant to the terms of this Transaction.

3. REGULATORY REQUIREMENTS AND APPROVALS

- 3.1 Approval - This Transaction shall terminate unless the execution and delivery hereof are authorized and ratified before January 15, 2010 by Sovereign Power's Board of Directors and, if necessary, Avista Board of Directors. Sovereign Power shall provide Avista written notice of such approval. If, in its sole discretion, Avista determines that FERC acceptance or approval of this Transaction is required, Avista and Sovereign Power shall take any necessary steps to file this Transaction with FERC prior to commencement of service. In the event that FERC approval or acceptance of this Transaction is required, the Parties obligations to provide service hereunder are conditioned upon FERC's acceptance for filing or approval without change of the terms and conditions herein within sixty days of the effective date of this Transaction. In the event that FERC does not so approve the Transaction or approves it upon conditions that are unacceptable to either Party in its sole discretion, the Parties' obligations to provide service shall terminate upon the effective date of the order of FERC disapproving this Transaction or approving it with unacceptable conditions. The Parties agree to attempt to negotiate in good faith

for a period of thirty days following such termination a substitute agreement that shall comply with the conditions of FERC and preserve the economic benefits to both Parties of the terms and conditions of this Transaction, provided nothing herein shall be construed as an obligation to execute any such substitute agreement.

- 3.2 Eligibility - Currently, Sovereign Power does not require services hereunder as part of any transmission arrangements between the Parties and as such Sovereign Power is not receiving transmission dependent service from Avista. If at a later time, Sovereign Power does acquire transmission dependent customers or generation within the Avista transmission network, then Sovereign Power must provide notice to Avista as provided herein within thirty days of such acquisition. The Parties shall negotiate in good faith toward providing for alternate arrangements for services hereunder which may be affected by such transmission dependent customers or generation.
- 3.3 Right to Terminate - In the event that FERC, the Washington Utilities and Transportation Commission ("WUTC") or any successor thereto, or any court of law having authority determines that Sovereign Power is subject to the jurisdiction of either the FERC or the WUTC, either Party shall have the right to terminate this Transaction pursuant to the terms of this Section upon notice to the other Party. Such notice shall be given within two months of the final decision of the FERC, WUTC, or court of law, and termination of the Transaction shall occur no earlier than two months following the notice.
- 3.4 No Obligation for Safety or Reliability - By entering into this Transaction, Avista does not assume any obligation or responsibility for Sovereign Power's or KACC's compliance with any Safety and Reliability Requirements, including but not limited to any NERC or WECC mandatory reliability criteria, standards, guidelines or operating procedures.

4. DYNAMIC CAPACITY AND ENERGY SERVICE UNDER VOL. No. 9

- 4.1 Sale of Dynamic Capacity and Energy Service - For the entire Term of the Transaction, Avista shall make available to Buyer, and Buyer shall purchase, an amount of Dynamic Capacity and Energy Service necessary to meet Customer's Load requirements. Therefore, under this Transaction, Avista shall only supply the Dynamic Capacity and Energy Service necessary to follow the deviations between actual Customer Load and Customer Scheduled Resources. Dynamic Capacity and Energy Service shall be dynamically provided by Avista such that generation is adjusted on a continuous and instantaneous basis to match actual power flow to scheduled power flow across Interchange Points to other Balancing Authority Areas.
- 4.2 Rates For Dynamic Capacity and Energy Service - Pursuant to Vol. No. 9, Service Schedule E, the fees owed to Avista by Sovereign Power, on a calendar month basis, for Dynamic Capacity and Energy Service shall be equal to the Dynamic Capacity rate, expressed in dollars per megawatt-hour (MWh) shown in Exhibit A multiplied by Customer's Load for the same month expressed in megawatt-hours, plus any

additional charges as determined in accordance with Section 5 of this Transaction.

- 4.3 Rates for Dynamic Capacity and Energy Service for Future Loads – Sovereign Power shall, by providing six months written notice to Avista, identify any new single incremental Load increases that will result in an increase in Sovereign Power's power requirements of [REDACTED] or more in any consecutive 12-month period at any time during the Term of this Transaction. Avista shall provide Dynamic Capacity and Energy Service, as defined under this Transaction, necessary to provide Load Following and Load Shaping services to Sovereign Power for a new large single Load addition at a separately negotiated rate, contingent upon the Parties reaching agreement on the separate price for this additional service. Should the Parties fail to reach agreement on a rate for providing the incremental services to be provided herein within ninety days from the date Avista receives notice of a new large single Load increase from Sovereign Power, then the arbitration process may be initiated by either Party in accordance with Section 13 of this Transaction.

5. DEVIATION BANDWIDTHS

- 5.1 Deviation Bandwidths: Sovereign Power shall make reasonable efforts in accordance with Good Utility Practice to match, on an hourly basis, the schedule of Sovereign Power's Resources with the forecast of Sovereign Power's and/or Customer's Loads. Charges for any deviations between Sovereign Power's and/or Customer's actual Loads and Resources and Sovereign Power's and/or Customer's forecasted Loads and scheduled Resources expressed in MWh accumulated during each hour shall be as follows (positive deviation is net energy flow to Avista, negative deviation is net energy flow to Sovereign Power):

Bandwidth 1: Applies to deviations that are less than or equal to [REDACTED] of the scheduled amount of energy or [REDACTED] whichever is larger in absolute value. The positive and negative deviations will be priced at the Non-Firm Index Energy Rate for each hour.

Bandwidth 2: Applies to the deviation that is greater than [REDACTED] of the scheduled amount of energy or [REDACTED] whichever is larger in absolute value up to and including [REDACTED] of the scheduled amount of energy or [REDACTED] whichever is larger in absolute value. When energy is taken by Sovereign Power, the charge is [REDACTED] of the Non-Firm Index Energy Rate for each hour. When energy is taken by Avista, the charge is [REDACTED] of the Non-Firm Index Energy Rate for each hour.

Bandwidth 3: Applies to the deviation that is greater than [REDACTED] of the scheduled amount of energy or greater than [REDACTED] whichever is larger in absolute value. When energy is taken by Sovereign Power, the charge is [REDACTED] of the Non-Firm Index Energy Rate for each hour. When energy is

taken by Avista, the charge is [REDACTED] of the Non-Firm Index Energy Rate for each hour.

5.2 Deviation Account. The Bandwidth charges are set out in Exhibit A and are in addition to the Dynamic Capacity Base Rate and shall be accounted for in a Deviation Account. Sovereign Power shall have the responsibility to maintain the accounting for the Deviation Account on an hourly basis. For each month of the Term of the Transaction, or at Avista's request, Sovereign Power shall provide to Avista a report that summarizes the status of the Deviation Account. The Deviation Account shall be financially settled monthly, with the Party owing sums from such account paying the owed balance to the other Party. The amounts in the account shall be calculated on an hour-to-hour basis. The hour-to-hour changes in the Deviation Account as measured in megawatt hours shall be multiplied by the Non-Firm Energy Index Rate for such On Peak or Off Peak hour.

5.3 Intentional Deviation.

Notwithstanding any other term of this Transaction, for any hour that an imbalance is determined by Avista to be due to an intentional deviation by Sovereign Power or Customer no credit will be given when energy taken by Avista is less than the scheduled energy.

5.4 Spill and Negative Price Conditions. Notwithstanding any other provision of this Transaction, except for those hours when Avista sells energy at a negative price, Avista shall not be charged, and Sovereign Power shall receive no credit, for energy delivered to Avista during any hour in which the Noxon Rapids hydroelectric development is spilling. Avista shall use reasonable commercial efforts to communicate to Customer on a prescheduled basis the expected starting time and duration of spill at the Noxon Rapids hydroelectric development. For any hour in which Avista sells energy at a negative price, Sovereign Power will pay Avista for any energy it delivers to Avista during such hour at a rate equal to the absolute value of the average negative price for energy that Avista sold during such hour. Energy sent to Avista during any hour that Noxon is spilling will be exempt from any imbalance charges.

6. INFORMATION EXCHANGE

6.1 Planning Data - The Parties agree to exchange any Load, Resource or other planning and coordinating information as may be reasonably requested for the purposes of estimating Customer's hourly capacity and energy requirements provided under this Transaction and in compliance with applicable Safety and Reliability Requirements.

6.2 Right to Examine Records - Avista may, upon reasonable notice, examine Sovereign Power's records and estimates associated with this Transaction.

7. DELIVERY

Unless otherwise mutually agreed upon by the Parties, electric power shall be delivered and the receiving Party shall take title at the Delivery Point.

8. THIRD PARTY CHARGES

In the event that the provision of Dynamic Capacity and Energy Service under this Transaction by Avista results in charges to either Avista or Sovereign Power by the owner or operator of any third party facilities, such charges, if any, shall be paid by Sovereign Power or Customer. Sovereign Power agrees to contractually require Customer to pay such charges. The Parties agree that such third party charges may include, but are not limited to, any charges associated with third party wheeling, transmission losses, reactive power supply, or third party stranded costs or exit fees.

9. RESOURCES AND LOAD

- 9.1 Resources - Buyer shall include in its Dynamic Capacity and Energy Agreement with Customer the following requirements: (a) that Customer shall acquire generation Resources in amounts sufficient to cover the Customer Load, and (b) that Customer, or Customer's dispatchers, schedulers, or scheduling agents, shall submit to Avista monthly forecasts of On-Peak and Off-Peak Customer Load and corresponding quantities of Customer Scheduled Resources with each supplying party. Such monthly Load estimates shall be provided to Avista prior to the applicable month and may be modified on a daily basis by providing modified Customer Load forecasts to Avista by 0900 hours Pacific Prevailing Time or sooner as may be required by Good Utility Practice on the Business Day immediately preceding the day or days on which power is to be delivered, unless otherwise mutually agreed to by the Parties.
- 9.2 Obligation to Match Resources to Load - Buyer shall include in its Dynamic Capacity and Energy Agreement with Customer the requirement that Customer, or its dispatchers, schedulers or scheduling agents, shall use reasonable commercial efforts to match, on an hourly basis, the sum of all Customer Scheduled Resources to the forecast of the Customer Load.
- 9.3 Resource Curtailment and Service Interruption - In the event that any of Customer's Resources, as scheduled each day, are curtailed, or service from Customer's Resources is interrupted, Buyer shall contractually require in its Dynamic Capacity and Energy Agreement with Customer that Customer or Customer's scheduling agent will immediately notify Avista of such curtailment or interruption.
- 9.4 Interruption Of Load For System Reliability - Buyer shall contractually require in its Dynamic Capacity and Energy Agreement with Customer that Customer Load shall continue to have protective relays installed which shall be set to trip Customer Load as part of Avista's regional responsibility to shed load for underfrequency system conditions.
- 9.5 No Scheduling or Dispatching Duties Imposed on Buyer: This Transaction contemplates that either Customer or Avista will provide all scheduling and

dispatching services necessary to receive Dynamic Capacity and Energy Service from Avista in accordance with this Transaction. Buyer's duties and obligations with regard to scheduling and dispatch are limited exclusively to those duties specified in the preceding provisions of this Section 9.

10. TRANSMISSION COSTS

Notwithstanding any other provision of this Transaction, Avista's obligation to provide Dynamic Capacity and other services to Buyer under this Transaction is limited to, and contingent upon, its ability to obtain transmission service and, if any are required, ancillary services on its own transmission system. Avista shall use commercially reasonable efforts to obtain any necessary transmission and/or ancillary services on its own transmission system prior to the Effective Date of this Transaction. Buyer shall reimburse Avista at a rate not to exceed the applicable FERC transmission tariff rate(s) for the cost of acquiring such transmission and ancillary services and shall reimburse Avista for any losses under Vol. 9.

11. BILLING AND PAYMENT

11.1 Billing And Payment - Billing and payment provisions shall be as specified in the General Terms of Vol. No. 9, except that Sovereign Power shall not be required to remit funds to Avista unless and until Sovereign Power has received payment from Customer pursuant to the Dynamic Capacity and Energy Agreement between Sovereign Power and Customer. Within two (2) Business Days following receipt of payment from Customer, Sovereign Power shall transact payment to Avista by means of an intra-bank transfer from Sovereign Power's account at the Washington Trust Bank to Avista's account at the Washington Trust Bank. In the event that Avista owes money to Sovereign Power, Avista shall similarly transact payment by means of an intra-bank transfer from Avista's account at the Washington Trust Bank to Sovereign Power's account at the Washington Trust Bank.

11.2 Invoice Detail - All invoices from Avista shall separately itemize and document all Dynamic Capacity payments owed by or credited to Buyer under this Transaction.

11.3 Disputed Bills - In the event of a good faith dispute about any invoice, Buyer shall remit the undisputed portion of such invoice and utilize the provisions of Section 13 regarding this dispute.

12. TAX REIMBURSEMENT

Avista agrees to reimburse Buyer for all taxes imposed by any jurisdiction (including, without limitation, business and occupation taxes, gross receipts taxes, sales taxes and public utility taxes), fees, levies, assessments, surcharges, fines, and penalties (but excluding Buyer's federal, state and local income taxes, payroll taxes, or administrative taxes and FERC fees, levies and assessments and any fines or penalties assessed by

FERC, NERC, or WECC for any violation or alleged violation, including any violation or alleged violation of any Safety and Reliability Requirements), that may be levied on Buyer or Customer and are a result of, or in connection with, purchases and sales made by Buyer under this Transaction and the Dynamic Capacity and Energy Agreement between Buyer and Customer. All amounts payable to Buyer under this provision may be netted and set-off by Buyer against the fees payable under this Transaction by Buyer to Avista.

13. ARBITRATION

The determination of any disputed matter between the Parties arising out of or relating to this Transaction shall be first submitted to senior management, and failing resolution by senior management within thirty (30) days of referral, shall be subject to resolution by binding arbitration in accordance with this Section 13.

13.1 Initiation and Selection of Arbitrators - The Party calling for arbitration shall serve notice in writing upon the other Party, setting forth in detail the question or questions to be arbitrated, the relief sought, and the arbitrator appointed by such Party. The other Party shall, within twenty-five (25) business days after the receipt of such notice, appoint the second arbitrator by notice in writing to the Party calling for arbitration, and the two so appointed shall choose and appoint a third (if the Parties have not agreed upon and appointed a third). If such other Party fails to appoint the second arbitrator within said twenty-five (25) business days, or if a third arbitrator has not been appointed by agreement between the Parties within twenty-five (25) business days after receipt of notice of appointment of the second arbitrator (or, in the absence of such agreement, by the two arbitrators who have been appointed), either Party, upon five (5) business days' written notice delivered to the other Party, may apply to the Chief Justice of the Supreme Court of the State of Washington for appointment of the second or third arbitrator, as the case may be. Neither Party may discuss any matter to be arbitrated with any arbitrator after such arbitrator is appointed but prior to receipt of the arbitrators' determination by both Parties, without providing notice to the other Party and reasonable opportunity to participate. The Parties intend that every arbitrator be a person with experience in the subject matter to be arbitrated.

13.2 Procedure - The arbitration shall be conducted pursuant to the Washington Arbitration Act, RCW Chapter 7.04, as amended. The rules of procedure for the conduct of the arbitration (including rules regarding the extent of discovery) shall be determined by a majority of the arbitrators. Such rules of procedure shall direct the expeditious evaluation of the merits of the matter and rendering of decision consistent with the complexity of the matter being arbitrated. In any such arbitration, each Party thereto shall have:

- (a) full access to the records of the other Party that pertain to the subject matter or the controversy;
- (b) the power to call for testimony of any director, officer, employee, agent, or

representative of the other Party having knowledge relevant to the controversy, and

- (c) all other rights of discovery afforded to parties in civil actions under the then applicable Federal Rules of Civil Procedure (or rules or laws applicable to Federal Court proceeding adopted in lieu thereof).

Disputes regarding the extent of discovery shall be resolved by the arbitrators.

- 13.3 Timeliness - Unless otherwise agreed by the Parties, the arbitrators shall render a determination of the matters submitted and the relief awarded within thirty (30) calendar days of the completion of the arbitration proceeding. In determining matters submitted for arbitration, no arbitrator shall be required to adhere to or advance the position of any particular Party. The determination of the matters submitted for arbitration shall be made by a majority of the arbitrators, and shall be binding as between the Parties. The determination shall be in writing, but need not affirm or deny each contention of the Parties or set forth the reasons therefore. The determination of the arbitrators shall be final and binding and shall be enforceable by a court of competent jurisdiction at the request of either Party.
- 13.4 Costs - Each Party shall pay for the services and expenses of the arbitrator appointed by or for it, and for all of its own costs including its own attorney fees, and compensation for its witnesses and consultants. The costs for the services and expenses of the third arbitrator and all administrative costs of the arbitration shall be paid equally by the Parties, unless the arbitrators expressly decide to allocate costs disproportionately among the Parties.
- 13.5 Third Party Participation - Customer shall have the right to participate as a party in any arbitration under this section. Such participation by Customer shall be at Customer's sole expense.

14. DAMAGES

- 14.1 In the event that Avista fails to perform as required hereunder and where such failure is not excused by Uncontrollable Force, Avista shall pay Buyer, an amount equal to: (i) the cost at which Buyer or Customer purchases, or would be able to purchase using efforts that are commercially reasonable under the circumstances, replacement services during the period of Avista's failure to perform and reasonable actual costs of collection and related litigation, minus (ii) the cost of services provided herein as if Avista had performed.
- 14.2 Sovereign Power shall be excused from performance: (i) by Uncontrollable Force; and (ii) to the extent that that Customer is discharged from its obligations to Sovereign Power by reason of an order of a bankruptcy court having jurisdiction of Customer. Sovereign Power's obligations to Avista shall be discharged to the same extent and shall not be deemed damages to Avista.

15. ASSIGNMENT

- 15.1 Neither party may assign its rights or obligations under this Transaction, or transfer any interest therein, without the prior written consent of the other Party, except if such assignment is:
- (a) made to any person or entity into which or with which the Party making the assignment is merged or consolidated or to which the Party transfers substantially all of its assets; or
 - (b) made at Buyer's request to an alternative power marketer that has a tariff on file with FERC.
- 15.2 In the event either Party wishes to make an assignment where written notice is required, the Party in receipt of such notice shall provide written notice granting or withholding consent within thirty (30) days after receipt of notice of assignment. Consent shall not be unreasonably withheld. Failure of a Party to provide notice granting or withholding consent within such thirty (30) day period shall constitute consent. Any assignment requiring consent but made without consent shall be void.
- 15.3 All respective covenants and obligations of the assigning Party shall be and become the respective obligations of its successors and assignees. Upon assignment of this Transaction by a Party, and the written acknowledgement of such covenants and obligations by the assignee to the non-assigning Party, the assigning Party shall be relieved of all duties and obligations from and after the date of assignment.
- 15.4 Avista consents to the assignment of claims arising out of any breach of Avista's duties under the Transaction from Sovereign Power to Customer.

16. WAIVER AND DEFAULT

- 16.1 Avista hereby waives the following provisions of Vol. No. 9: (1) the credit terms of Section 12.4; (2) the provisions of Section 19 to the extent it hereby agrees that Customer is a third-party beneficiary of this Transaction.
- 16.2 In lieu of the credit terms of Section 12.4, the Parties agree that in the event either Party (the "Defaulting Party") shall (i) make an assignment or any general arrangement for the benefit of creditors; (ii) default in the payment or performance of any obligation to the other Party (the "Non-Defaulting Party") under the Transaction; (iii) file a petition or otherwise commence, authorize or acquiesce in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection for creditors or have such petition filed or proceeding commenced against it; (iv) otherwise become bankrupt or insolvent (however evidenced); or (v) be unable to pay its debts as they fall due; then the Non-Defaulting Party shall have the right to declare the Defaulting Party to be in default. Default shall be grounds

for termination of this Transaction if such Default is not cured within twenty (20) days of written Notice of Default. Upon termination, there shall be no further obligation or liability between the Parties pursuant to this Transaction; provided, that obligations for services provided up to the date of termination shall remain until satisfied.

17. NO STRANDED COSTS

Neither Party has any expectation of any continuing obligation to sell or purchase Dynamic Capacity and Energy Service after the expiration of this Transaction in accordance with its terms. Accordingly, Avista acknowledges and agrees that there is no obligation on the part of Buyer or Customer for payment of any stranded costs or exit fees related to this Transaction or any service provided hereunder.

18. OTHER SERVICES

18.1 Obligation to Provide Reserves to Avista - Nothing in this Transaction shall require Buyer or Customer to provide reserves of any kind, including stability reserves, to Avista except as may be explicitly agreed to between the parties under separate agreement.

18.2 Obligation to Provide Reserves - In the event that FERC, NERC, or WECC adopts a policy, through an approved Safety or Reliability Requirement or otherwise, that changes how operating reserves are charged (e.g., split operating reserves between load and generation), Buyer and/or Customer shall be responsible for obtaining any reserves required to be provided by load. In the event that Buyer elects to purchase such reserves from Avista, the Parties agree to negotiate the applicable rates for reserves consistent with such new policy.

18.3 Blackout Restoration - Avista, as Balancing Authority Area operator for Customer, shall be responsible to manage blackout restoration in accordance with Good Utility Practice.

19. WAIVER OF SOVEREIGN IMMUNITY; WAIVER

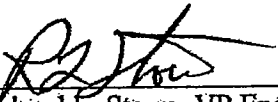
19.1 Sovereign Power hereby waives claims of sovereign immunity incident to the performance or enforcement of the obligations set forth herein. Except for the waiver of sovereign immunity regarding this Transaction as set forth in this Section, nothing in this agreement shall be construed to waive the Spokane Tribe of Indian's sovereign immunity for any other purpose.

19.2 The failure of either Party to insist on strict compliance with any terms, covenants, or conditions of this Transaction by the other Party shall not be deemed waiver of that term, covenant, or condition, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power of all and or any other terms.

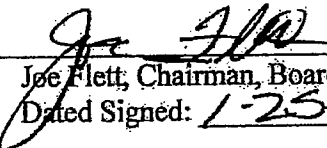
20. SIGNATURE CLAUSE

The signatories hereto represent that they have been authorized to enter into this Transaction on behalf of the Party for whom they sign.

AVISTA CORPORATION

By: 
Richard L. Storro, VP Energy Resources
Dated Signed: 1-25-10

SOVEREIGN POWER, INC.

By: 
Joe Flett, Chairman, Board of Directors
Dated Signed: 1-25-10

TRANSACTION RECORD
 BETWEEN
 SOVEREIGN POWER, INC.
 AND
 AVISTA CORPORATION

EXHIBIT A – RATES

Tariff	Rate Type	Period	Quantity	Rate
Vol. No. 9	Dynamic Capacity Base Rate	Term of Transaction	Up to [REDACTED] Scheduled Energy	[REDACTED]
			[REDACTED] Scheduled Energy	[REDACTED]
			Greater than [REDACTED] Scheduled Energy	[REDACTED]
			Minimum Charge	[REDACTED]

Bandwidth	Bandwidth Rate
<p>Bandwidth 1 Applies to deviations that are less than or equal to [REDACTED] of the scheduled amount of energy or [REDACTED] whichever is larger in absolute value.</p>	<p>The positive and negative deviations will be priced at the Non-Firm Index Energy Rate for each hour, except as provided in section 5.4 of the Transaction.</p>
<p>Bandwidth 2 Applies to the deviation that is greater than [REDACTED] of the scheduled amount of energy or [REDACTED] whichever is larger in absolute value up to and including [REDACTED] of the scheduled amount of energy or [REDACTED] whichever is larger in absolute value.</p>	<p>When energy is taken by Sovereign Power, the charge is [REDACTED] of the Non-Firm Index Energy Rate for each hour.</p>
	<p>When energy is taken by Avista, the charge is [REDACTED] of the Non-Firm Index Energy Rate for each hour, except as provided in section 5.4 of the Transaction.</p>
<p>Bandwidth 3 Applies to the deviation that is greater than [REDACTED] of the scheduled amount of energy or</p>	<p>When energy is taken by Sovereign Power, the charge is [REDACTED] of the Non-Firm Index Energy Rate for each hour.</p>

greater than [REDACTED] whichever is larger in absolute value.	When energy is taken by Avista, the charge is [REDACTED] of the Non-Firm Index Energy Rate for each hour, except as provided in section 5.4 of the Transaction.
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Intentional Deviation.

Notwithstanding any other term of this Transaction, for any hour that an imbalance is determined by Avista to be due to an intentional deviation by Sovereign Power or Customer no credit will be given when energy taken by Avista is less than the scheduled energy. For any hour that energy taken by Buyer exceeds the scheduled energy the charge is the greater of [REDACTED] of the Non-Firm Index Energy Rate for each hour or [REDACTED]