

**AMENDED AND RESTATED ELECTRIC DISTRIBUTION
SERVICE AGREEMENT**

THIS AMENDED AND RESTATED ELECTRIC DISTRIBUTION SERVICE AGREEMENT (“Agreement”), dated as of August 31, 2011, is entered into by and between Avista Corporation (“Avista”) and Consolidated Irrigation District No. 19 (“Consolidated”), hereinafter sometimes referred to individually as a “Party” and collectively as the “Parties.”

WITNESSETH:

WHEREAS, Consolidated operates eleven pumping facilities located in the Spokane Valley (hereinafter collectively referred to as the “Spokane Valley Project”). The Spokane Valley Project provides an irrigation and domestic water supply for lands lying east of the city of Spokane, extending eastward to the Washington-Idaho boundary and on into Idaho for a short distance. Bureau of Reclamation-built project facilities were constructed and are designed to serve over 7,000 acres of irrigable land within the valley. Power for the Spokane Valley Project is obtained from the Federal Columbia River Power System from the Bureau of Reclamation. Consolidated receives electric energy to operate the Spokane Valley Project from the Bureau of Reclamation (such energy delivered thereunder referred to as “Bureau Energy”). The Spokane Valley Project has been operated and maintained by Consolidated since January 1, 1968 and provides sprinkler irrigation and serves domestic, municipal, and industrial requirements; and

WHEREAS, pursuant to a separate arrangement between the Bonneville Power Administration (“Bonneville”) and Consolidated, Bonneville transmits and delivers the Bureau Energy to Bonneville’s transmission interconnections with Avista in Spokane, Washington; and

WHEREAS, Consolidated has executed, or will execute, a separate Long-Term Firm Point-to-Point Transmission Service Agreement with Avista to transmit and deliver Bureau Energy from Avista’s transmission interconnections with Bonneville to Avista’s Barker Substation, East Farm Substation, Liberty Lake Substation and Opportunity Substation (“Transmission Agreement”); and

WHEREAS, Avista owns and operates distribution facilities that allow Avista to deliver Bureau Energy from Avista’s Barker Substation, East Farm Substation, Liberty Lake Substation and Opportunity Substation to the Spokane Valley Project; and

WHEREAS, Consolidated and Avista desire to enter into this Agreement for the delivery of Bureau Energy from Avista’s Barker Substation, East Farm Substation, Liberty Lake Substation and Opportunity Substation across Avista’s distribution system to the Spokane Valley Project pursuant to the terms and conditions set forth herein; and

WHEREAS, in order to obtain acceptance from the Commission, the Parties intend to provide for rate adjustments under this Agreement consistent with any general retail rate adjustments implemented by Avista pursuant to an order by the Commission.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, the Parties agree as follows:

1. **Definitions.** In addition to words defined elsewhere in this Agreement as indicated with initial capitalization, whenever used in this Agreement, the terms below shall have the following meanings:

- 1.1 “Delivery Points” means those points on Avista’s electric system where Bureau Energy transferred by Avista pursuant to this Agreement will be made available to Consolidated for the Spokane Valley Project as described in Exhibit 1.
- 1.2. “Avista Receipt Point” means the point where Bureau Energy is received on Avista’s distribution system for delivery pursuant to this Agreement which point(s) are located at the 115 kV side of the 115/13.8 kV Barker Substation, East Farm Substation, Liberty Lake Substation and Opportunity Substation transformers.
- 1.3. “Commission” means the Washington Utilities and Transportation Commission.
2. Term and Termination. Avista shall file this Agreement, subsequent to its execution, in a timely manner with the Commission. This Agreement shall become effective on the first day following approval of the Commission and shall terminate upon the earliest of the following events: (1) termination or expiration of the Bureau Energy contract, (2) termination of the Transmission Agreement, (3) expiration of the Transmission Agreement, which occurs on September 30, 2016, *provided, however*, that in the event Consolidated continues to purchase transmission service from Avista following expiration of the Transmission Agreement, this Agreement shall remain in effect until such time as the Parties execute, and the Commission approves, a replacement Electric Distribution Service Agreement, or (4) upon termination by either Party after providing at least one year prior written notice of termination.
3. Delivery of Electricity. Subject to the delivery of Bureau Energy to Avista's Receipt Point, Avista shall deliver the Bureau Energy to Consolidated at the Delivery Points.
4. Service Characteristics and Demand Limit.
 - 4.1 Electric power delivered to the Delivery Points shall be three-phase, approximately sixty (60) Hertz alternating current, at Avista’s standard nominal operating voltage, and shall be delivered to the Spokane Valley Project in amounts not exceeding a demand limit of 4000 kVa distributed among the eleven pumps that compose the Spokane Valley Project.
 - 4.2 Added Load. Consolidated shall notify Avista in advance of the addition of any electric load that would exceed the rated capacity of any of the facilities provided by Avista to serve the Spokane Valley Project. In the event Consolidated exceeds the nominal demand provided in Section 4.1, Consolidated shall be liable for all loss and damage to Avista's equipment and facilities resulting from such excess usage.
5. Metering Equipment. Electric power delivered hereunder shall be measured by metering equipment installed at the Delivery Points described in Section 1.1 above. All metering equipment shall be installed, owned, and maintained by Avista.
6. Operation and Maintenance of the Spokane Valley Project and Delivery Facilities. The eleven pumping stations composing the Spokane Valley Project are served by Avista’s Barker, East Farm, Liberty Lake, and Opportunity distribution feeders. Avista shall own all electrical service facilities including the 480 volt service conductor up to the point of attachment to Consolidated’s service wire conductors where they extend from the conduit rising from the metering enclosures.
7. Billing and Payment.
 - 7.1 Monthly Billing. Each month during the term of this Agreement, Avista shall bill Consolidated a monthly service fee of Six-Thousand Six-Hundred Fifty-Five Dollars and

Ninety-Five Cents (\$6,655.95). The monthly service fee shall be adjusted upon the effective date of each change in Avista's base retail rates pursuant to a general rate case order by the Commission. Such monthly service fee adjustment shall be calculated pursuant to the same method as outlined in Exhibit 3, *provided, however*, that Consolidated's load ratio share under this method shall remain constant for the term of this Agreement. Such bill shall be mailed to Consolidated at the address set forth in Section 16 below.

- 7.2 Payment. Consolidated shall pay the amount specified in each invoice by electronic funds transfer of immediately available funds within thirty (30) days of the bill mailing date (the "Due Date"). If Consolidated fails to pay Avista the entire amount of any bill by the Due Date, Consolidated shall pay interest on the unpaid balance, from the Due Date until paid in full, at a rate of 120 percent of the Prime Commercial Lending Rate, compounded monthly, as announced by Bank of America at its Spokane & Eastern Branch office in Spokane, Washington; *provided, however*, that the interest rate shall not exceed the maximum rate allowed by applicable law. All payments to Avista shall be submitted via electronic funds transfer to the account specified on each invoice.
8. Scheduling. Scheduling for service under this Agreement shall be pursuant to then current borderline scheduling practices between Avista and Bonneville. In the event borderline scheduling practices between Avista and Bonneville cease to exist, Consolidated shall schedule service under this Agreement pursuant to standard transmission scheduling practices outlined in Avista's Open Access Transmission Tariff or such other scheduling practice as may be mutually agreed upon by the Parties.
9. Losses. Consolidated shall be responsible for all energy loss related to service under this Agreement as described in Exhibit 2. Consolidated shall provide losses to Avista pursuant to current scheduling practices pursuant to Section 8.
10. Billing by Others. Except as otherwise set forth in this Agreement, Avista shall not be responsible for Consolidated's billing arrangements for the purchase of Bureau Energy, or for the transmission thereof by others. Consolidated shall be responsible for sales, use and other taxes associated with the acquisition and/or transmission, by others, of Bureau Energy.
11. Easements and Access to Consolidated's Property. Consolidated hereby authorizes Avista or its agent to do all work necessary on the lands of Consolidated to accomplish the installation, operation, and maintenance of Avista's lines and facilities to provide electric service required hereunder. Consolidated shall grant, without cost to Avista, good and sufficient recordable easements, in a form satisfactory to Avista, that provide for Avista's facilities to be located over, on, across and/or under said lands of Consolidated covering rights-of-way for the installation, operation and maintenance of Avista's facilities required to render service hereunder.
12. Force Majeure. As used in this Agreement, "Force Majeure" means the inability of either Party to perform its obligations as set forth herein as a result of unforeseeable causes beyond the reasonable control of and without the fault or negligence of the Party claiming Force Majeure ("Force Majeure Events"), which Force Majeure Events may include, but are not limited to, the following: acts of God, strikes, lockouts, acts of war, riots, landslides, earthquakes, fires, floods, unforeseeable or unusual weather conditions, washouts, explosions, breakage or accident to machinery or conduit, Force Majeure occurrences as defined by any approved tariffs, or any binding order, rule or regulation of any court or governmental authority, or any other occurrence beyond the reasonable control of either Party whether similar or dissimilar to any of the foregoing examples. If either Party is rendered wholly or partially unable to perform its obligations under this Agreement due to a Force Majeure Event, that Party shall be excused from whatever performance is affected by the Force Majeure Event to the extent so affected, and shall not be liable for said non-performance to

either Party provided that notice of such Force Majeure Event is given to the other Party within a reasonable time. The occurrence of a Force Majeure Event effecting Avista's ability to deliver electric power to the Spokane Valley Project shall not permit Consolidated the right to extend the term of this Agreement, nor relieve Consolidated from its minimum charge obligations; *provided, however,* that such minimum charges shall be prorated based on the actual number of days of service provided to Consolidated, if a Force Majeure Event affecting Avista results in Avista's inability to deliver electric power for a period in excess of twenty-four (24) hours.

13. Indemnification and Hold Harmless Protection. Consolidated shall indemnify and save harmless Avista from any liability, loss, or expense arising from or growing out of injury to persons, including death, or damage to property, which may occur on the electric system of Consolidated and on its side of the specified Delivery Points unless such loss is due to the negligence of Avista. Where such claim or loss is caused by the concurrent negligence of Consolidated, its agents or employees, and Avista, its agents or employees, Consolidated hereby agrees to indemnify, defend and save Avista harmless from all such claims or losses to the extent that such claim or loss was caused by the negligence of Consolidated, its agents or employees.
14. Assignment. Consolidated shall not (by contract, operation of law or otherwise) assign this Agreement, or any right or interest in this Agreement, without Avista's prior written consent. No such assignment, with or without prior consent by Avista, shall relieve Consolidated from its responsibilities under this Agreement, and all obligations and liabilities incurred hereunder shall be preserved until satisfied. Subject to the foregoing restriction on assignment by Consolidated, this Agreement shall be fully binding upon, inure to the benefit of, and be enforceable by the successors, assigns and legal representatives of the respective Parties to this Agreement.
15. Amendment and Waiver. This Agreement contains all of the terms and conditions bearing upon the subject matter and shall not be changed or varied except by written agreement executed by the Parties hereto through duly authorized representatives. If at any time the terms hereto are not strictly adhered to or enforced, they shall not thereby be deemed waived or modified, but shall at all subsequent times and dates be deemed in full force and effect.
16. Notices. Unless otherwise specified, any notice required under this Agreement shall be given in writing, and shall be effective from the date received by the Party to which it is provided.

16.1 Notices to Avista shall be mailed or delivered to the attention of:

Avista Corporation
1411 East Mission Avenue
Spokane, Washington 99202-1902
or
P. O. Box 3727
Spokane, Washington 99220-3727
Attention: Manager, Transmission Services

16.2 Notices to Consolidated shall be mailed or delivered to the attention of:

Consolidated Irrigation District No. 19
N. 120 Greenacres
Greenacres, WA 99016
Attention: Manager

A Party may change the place or address for delivery of notices to it by giving notice to the other Party as thus described.

17. Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Washington, without giving effect to its principles of conflicts of law.
18. Venue. Any action at law or in equity to enforce the terms and conditions of this Agreement shall be brought in Spokane County, Washington.
19. Headings. The section headings in this Agreement are for convenience only and shall not be considered part of or used in the interpretation of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives on the date(s) set forth below.

AVISTA CORPORATION

**CONSOLIDATED IRRIGATION
DISTRICT NO. 19**





Jeff Schlect

Bob Ashcraft

Manager, Transmission Services

Manager

Date: August 31, 2011

Date: 8/31/11

Exhibit 1

Points of Delivery

- 1) Consolidated Irrigation Valley Well Pump #1
Location: E. 14111 Mission Avenue, Opportunity, Washington
Feeder: Opportunity 12F1
- 2) Consolidated Irrigation Valley Well Pump #2
Location: N. 120 Greenacres Rd., Greenacres, Washington
Feeder: Barker 12F1
- 3) Consolidated Irrigation Valley Well Pump #3
Location: E. 19417 Sprague Avenue, Greenacres, Washington
Feeder: Liberty Lake 12F1
- 4) Consolidated Irrigation Valley Well Pump #4
Location: E. 19010 Mission Avenue, Greenacres, Washington
Feeder: Barker 12F2
- 5) Consolidated Irrigation Valley Well Pump #5
Location: N. 3123 Barker Rd., Barker, Washington
Feeder: Barker 12F3
- 6) Consolidated Irrigation Valley Well Pump #6
Location: N. 4623 Kinney Rd., Barker, Washington
Feeder: Barker 12F2
- 7) Consolidated Irrigation Valley Well Pump #7
Location: N. 5401 Lynden Rd., Greenacres, Washington
Feeder: Liberty Lake 12F1
- 8) Consolidated Irrigation Valley Well Pump #8
Location: N. 4121 Lynden Rd., Greenacres, Washington
Feeder: Liberty Lake 12F2
- 9) Consolidated Irrigation Valley Well Pump #9
Location: E. 24414 Garland Avenue, Greenacres, Washington
Feeder: East Farms 12F1
- 10) Consolidated Irrigation Valley Well Pump #10
Location: E. 24015 Joseph Avenue, Greenacres, Washington
Feeder: Liberty Lake 12F2
- 11) Consolidated Irrigation Valley Well Pump #11
Location: N. 5405 Idaho Rd., Greenacres, Washington
Feeder: East Farms 12F1

Exhibit 2**Loss Calculations**

Note: Feeder distances are approximate, taken from Avista Feeder Maps						
Feeder	Distribution Section	Dist Line Distance (miles)	Dist Line Loss Factors	Dist Xfmr Loss Factors	Sub Xfmr Loss Factors	Total Loss Factors
OPT12F1	Opportunity Sub - Pump #1	1.451	1.451	1.250	1.250	3.951
BKR12F1	Barker Sub - Pump #2	2.403	2.403	1.250	1.250	4.903
LIB12F3	Liberty Lake Sub - Pump #3	3.222	3.222	1.250	1.250	5.722
BKR12F1	Barker Sub - Pump #4	1.480	1.480	1.250	1.250	3.980
BKR12F3	Barker Sub - Pump #5	0.414	0.414	1.250	1.250	2.914
BKR12F2	Barker Sub - Pump #6	2.799	2.799	1.250	1.250	5.299
LIB12F2	Liberty Lake Sub - Pump #7	2.930	2.930	1.250	1.250	5.430
LIB12F2	Liberty Lake Sub - Pump #8	3.190	3.190	1.250	1.250	5.690
EFM12F1	East Farms Sub - Pump #9	2.521	2.521	1.250	1.250	5.021
LIB12F2	Liberty Lake Sub - Pump #10	4.321	4.321	1.250	1.250	6.821
EFM12F1	East Farms Sub - Pump #11	0.994	0.994	1.250	1.250	3.494

Note: Distribution line loss factors are calculated by multiplying the line distance in miles by a factor of 1.00%. All transformers, whether substation or service, have a 1.25 % loss factor.

Exhibit 3**Calculation of Monthly Service Fee****Consolidated Irrigation Load Ratio Share of Washington Distribution Facilities Cost**

From Revenues Allowed in WUTC Docket No. UE-100467 Approved Settlement Case – rates effective 1-Dec-2010

WA Normalized Annual kWh (2010 test year)	5,407,535,000
Consolidated Irrigation 2010 Annual kWh*	5,393,024
Consolidated Irrigation Load Ratio Share	0.099732%
Total WA Distribution Cost	\$90,525,535
Less Customer Service, Information and Sales	<u>-\$10,439,284</u>
WA Distribution Facilities Cost	\$80,086,251
Consolidated Irrigation Annual Revenue Requirement	\$79,871.34
Consolidated Irrigation Monthly Service Fee	\$6,655.95

* Excludes meter location adjustment factors (MLAF) and transmission losses