

**Exhibit 1**

**Special Contract between Avista and Spokane Tribe of Indians**

**ELECTRIC DISTRIBUTION  
SERVICE AGREEMENT**

**THIS ELECTRIC DISTRIBUTION SERVICE AGREEMENT** (“Agreement”), dated as of November 19, 2014, is entered into by and between Avista Corporation (“Avista”) and the Spokane Tribe of Indians (“Spokane Tribe”), hereinafter sometimes referred to individually as a “Party” and collectively as the “Parties.”

**WITNESSETH:**

**WHEREAS**, the Spokane Tribe operates three pumping facilities located near Little Falls, Washington known as the Arm, Arm Relift and Little Falls pumping stations (hereinafter collectively referred to as the “Project”). The Project was constructed and originally owned by the Bureau of Reclamation. In 1988, as part of a lawsuit settlement, the Bureau of Reclamation transferred ownership of the Project to the Bureau of Indian Affairs. The Project and all associated electrical facilities are held in trust by the Bureau of Indian Affairs for the benefit of the Spokane Tribe. The Spokane Tribe receives electric energy to operate the Project from the Bureau of Reclamation under a contract dated September 4, 1975 (such contract referred to hereinafter as the “Bureau Contract” and all energy delivered thereunder referred to as “Bureau Energy”); and

**WHEREAS**, pursuant to a separate arrangement between the Bonneville Power Administration (“BPA”) and the Spokane Tribe, BPA transmits and delivers Bureau Energy to Avista’s Westside Substation in Spokane, Washington; and

**WHEREAS**, Avista provides Long-Term Firm Point-to-Point Transmission Service to the Spokane Tribe pursuant to a separate agreement under Avista’s Open Access Transmission Tariff to transmit and deliver Bureau Energy from Avista’s Westside Substation to Avista’s Little Falls Substation (“Transmission Agreement”); and

**WHEREAS**, Avista owns and operates distribution facilities over which Avista may deliver Bureau Energy from Avista’s Little Falls Substation to the Project; and

**WHEREAS**, the Spokane Tribe and Avista are party to the Electric Distribution Service Agreement dated January 29, 2009, which expires under its own terms on December 31, 2014; and

**WHEREAS**, the Spokane Tribe and Avista desire to enter into this Agreement for the continued delivery of Bureau Energy from Avista’s Little Falls Substation across Avista’s distribution system to the Project pursuant to the terms and conditions set forth herein.

**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 the Spokane Tribe for the Project.
  - 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 is located at the 115 kV side of the 115/34.5 kV Little Falls Substation transformer.

- 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 January 1, 2015, or such other date specified by the Commission, and shall terminate upon the earlier of the following: (1) termination or expiration of the Bureau Contract, (2) termination by either Party after providing at least one year's prior written notice of termination, (3) upon mutual agreement of both Parties, or (4) termination or expiration of the Transmission Agreement, *provided, however*, that in the event the Spokane Tribe continues to purchase transmission service from Avista following such termination or 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.
3. Delivery of Electricity. Subject to the delivery of Bureau Energy to Avista's Receipt Point, Avista shall deliver the Bureau Energy to the Spokane Tribe 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 a nominal potential of 34.5 kV, and shall be delivered to the Project in amounts not exceeding a demand limit of 3000 kW distributed among the three pumps that compose the Project.
- 4.2 Added Load. The Spokane Tribe 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 Project. In the event the Spokane Tribe exceeds the nominal demand provided in Section 4.1, the Spokane Tribe 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. All metering equipment shall be installed, owned, and maintained by Avista.
6. Operation and Maintenance of the Project and Delivery Facilities. The three pumping stations composing the Project are served by Avista's Little Falls 34.5 kV feeder. The Spokane Tribe shall be responsible for all electrical facilities, including conductors, entering the Arm and Arm Relift pumping stations and which extend from the last Avista-owned pole, including all facilities within the pumping station fences. Avista shall maintain ownership of the electrical facilities necessary to supply service up to and including the final pole from which the Spokane Tribe's conductors enter the pumping station. Avista shall own all electrical service facilities including the 480 volt service conductor up to the point of attachment to the Spokane Tribe's service wire conductors where they extend from the conduit rising from the metering enclosure for the Little Falls Pumping Station.
7. Billing and Payment.
- 7.1 Monthly Billing. Each month during the term of this Agreement, Avista shall bill the Spokane Tribe a monthly Electric Distribution Service Charge of One-Thousand Six-Hundred Sixty-Five Dollars and Eighty-Seven Cents (\$1,665.87). Such bill shall be mailed to the Spokane Tribe at the address set forth in Section 16.
- 7.2 Payment. The Spokane Tribe shall pay the amount specified in each invoice by transfer of immediately available funds within thirty (30) days of the bill mailing date (the "Due Date"). If the Spokane Tribe fails to pay Avista the entire amount of any bill by the Due Date, the

Spokane Tribe 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 in each invoice.

8. Scheduling. Scheduling for service under this Agreement shall be 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. The Spokane Tribe shall be responsible for all energy loss related to service under this Agreement as described in Exhibit 1. The Spokane Tribe shall provide losses to Avista pursuant to current scheduling practices pursuant to Section 8. By mutual agreement from time to time the Parties may establish alternative arrangements to settle any loss obligation by the Spokane Tribe. Such alternative arrangements shall be consistent with the treatment of loss return energy in the Transmission Agreement.
10. Billing by Others. Except as otherwise set forth in this Agreement, Avista shall not be responsible for the Spokane Tribe's billing arrangements for the purchase of Bureau Energy, or for the transmission thereof by others. The Spokane Tribe 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 the Spokane Tribe's Property. The Spokane Tribe hereby authorizes Avista or its agent to do all work necessary on the lands of the Spokane Tribe to accomplish the installation, operation, and maintenance of Avista's lines and facilities to provide electric service required hereunder. The Spokane Tribe 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 the Spokane Tribe 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 Project shall not permit the Spokane Tribe the right to extend the term of this Agreement, nor relieve the Spokane Tribe 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 the Spokane Tribe, 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. The Spokane Tribe 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 the Spokane Tribe 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 the Spokane Tribe, its agents or employees, and Avista, its agents or employees, the Spokane Tribe 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 the Spokane Tribe, its agents or employees.

14. Assignment. The Spokane Tribe 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 the Spokane Tribe 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 the Spokane Tribe, 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  
Attention: Manager, Transmission Services  
Contract No. AV-TR14-0338

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

Spokane Tribe of Indians  
P. O. Box 100  
Wellpinit, WA 99040  
Attn: Chairman

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

SPOKANE TRIBE OF INDIANS

By: JA Schlect

By: Carol Evans

Jeff Schlect

for Rudy Peone

Senior Manager, Transmission Services

Chairman, Spokane Tribe of Indians

Signed this 30<sup>th</sup> day of September, 2014

Signed this 19 day of <sup>November</sup>~~October~~, 2014

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**Loss Calculations**

Note: Feeder distances are taken from Avista's GIS mapping system.						
<b>Feeder</b>	<b>Distribution Section</b>	<b>Distribution Line Distance (miles)</b>	<b>Distribution Line Loss Factors</b>	<b>Station Xfmr Loss Factors</b>	<b>Service Xfmr Loss Factors</b>	<b>Total Loss Factors</b>
LF34F1	Arm Pumps	4.090	4.090	1.250	1.250	6.590
LF34F1	Arm Relift Pumps	6.130	6.130	1.250	1.250	8.630
LF34F1	Little Falls Pump	0.150	0.150	1.250	1.250	2.650

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, add 1.25 % losses.

Pumps are metered at 480 volts. The Spokane Tribe owns the service transformers for the Arm Pumps and Arm Relift Pumps. Avista owns the service transformer for the Little Falls Pump.