

**AVISTA CORPORATION
AFFILIATED INTEREST FILING**

ATTACHMENT A

March 2015

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Spokane Energy, LLC

)
)

Docket Nos. EC15-_____

**JOINT APPLICATION OF SPOKANE ENERGY, LLC AND AVISTA
CORPORATION FOR APPROVAL OF ASSIGNMENT OF CAPACITY SALES
AGREEMENT, WAIVERS, AND REQUEST FOR EXPEDITED
CONSIDERATION**

Pursuant to section 203 of the Federal Power Act (“FPA”), 16 U.S.C. § 824b, and Part 33 of the regulations of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 CFR Part 33, Spokane Energy, LLC (“Spokane Energy”) and Avista Corporation (“Avista”) (collectively, the “Applicants”) hereby submit this Application for authority to assign and transfer Spokane Energy’s interests in an Agreement for Long-Term Purchase and Sale of Firm Capacity (“Capacity Contract”) to its parent company, Avista. Spokane Energy proposes to transfer all of its rights and obligations under the Capacity Contract, and all of the existing transmission rights necessary to perform under the Capacity Contract, to Avista. The assignment of the Capacity Contract eliminates unnecessary administrative burden. As demonstrated in this Application, the proposed assignment and transfer is consistent with the public interest. In support of this Application, Spokane Energy submits the following:

I. DESCRIPTION OF APPLICANTS

Spokane Energy is a Washington limited liability company whose principal place of business is located at 1411 E. Mission Ave., Spokane, WA 99202. Spokane Energy is

a wholly-owned subsidiary of Avista, which was formed for the sole purpose of holding the Capacity Contract which is the subject of this Application. Spokane Energy is authorized to sell electric energy and capacity at wholesale and at market-based rates.¹ Spokane Energy does not own, operate or control any electric transmission, distribution, or generation assets.

Avista (formerly known as The Washington Water Power Company) is a corporation created and organized under the laws of the State of Washington with its principal office in Spokane, Washington. Avista is an investor-owned utility engaged in the business of generating, transmitting, and distributing electric power to wholesale and retail customers and transmitting electric power on behalf of third parties. Avista is authorized by the Commission to engage in sales of capacity and energy at cost-based and market –based rates.² Avista also offers open-access transmission services pursuant to its Commission-approved Open Access Transmission Tariff. Avista is also engaged in the distribution of natural gas in certain portions of Washington, Idaho, and Oregon.

II. DESCRIPTION OF TRANSACTION

The contract proposed to be assigned is the Capacity Contract which was originally between The Washington Water Power Company (“WWP”)³ and Portland General Electric Company (“PGE”). The Capacity Contract was originally executed in

¹ Spokane Energy was first authorized to sell energy and capacity at market-based rates in an order issued on October 16, 1998. *Spokane Energy, LLC*, 85 FERC ¶ 61,059 (1998).

² Avista (formerly known as The Washington Water Power Company) was first granted market-based rate authority in an order issued on November 29, 1996 in Docket No. ER97-7. *The Washington Water Power Company*, 77 FERC ¶ 61,233 (1996). On January 25, 1999, Avista filed a notice of succession, including succession with regard to The Washington Water Power Company’s rate schedules, in Docket No. ER99-1435-000. In a letter order issued on February 24, 1999, the Commission accepted Avista’s January 25, 1999 filing.

³ Avista was formerly known as The Washington Water Power Company.

1992 and will expire by its terms on December 31, 2016.⁴ The Capacity Contract is a “right-to-capacity” agreement, whereby WWP was to make 150 MW of capacity available to PGE at rates specified in the Capacity Contract. PGE schedules energy out of this capacity when it needs it and later returns an equal amount of energy. The Capacity Contract designates a single point of delivery for both capacity and return energy, and provides that the parties may request alternate delivery points provided the requesting party incurs any increases in costs for wheeling and losses associated with such deliveries.⁵

In 1998, WWP (now Avista) assigned its rights and obligations under the Capacity Contract and all of the transmission rights necessary to perform under the Capacity Contract to Spokane Energy.⁶ After the assignment, Spokane Energy met its obligations under the Capacity Contract through a matching agreement it entered into with Enron Power Marketing, Inc. (“Enron”) (which was later assumed by Peaker LLC), under which Enron and later Peaker delivered the required capacity and energy to Spokane Energy at the low-voltage side of the generator step-up facility at the specific

⁴ The Capacity Contract was originally accepted for filing by letter dated August 3, 1992, in Docket No. ER92-680-000 and designated as WWP Rate Schedule FERC No. 178 and PGE Rate Schedule FERC No. 82.

⁵ Under the Capacity Contract, the point of delivery is the point where Public Utility District No. 2 of Grant County’s Wanapum 230 kV Switchyard interconnects with Bonneville Power Administration’s Vantage 500/230 kV Substation.

⁶ WWP filed an application for approval of the assignment of the Capacity Contract to Spokane Energy on September 8, 1998, in Docket No. EC98-61. The Commission issued an order authorizing the assignment on November 25, 1998. *The Washington Water Power Company*, 85 FERC ¶ 62,131 (1998). The Capacity Contract was assigned to Spokane Energy on December 31, 1998. *See* Notice of the Consummation of the Disposition of Facilities filed in Docket No. EC98-61 on January 21, 1999. Spokane Energy filed, and the Commission accepted, the Capacity Contract as Spokane Energy Rate Schedule FERC No. 2 in Docket No. ER99-1409. *Spokane Energy, LLC*, Letter Order issued February 24, 1999 in Docket No. ER99-1409. Avista will separately file the Capacity Contract as an Avista rate schedule and simultaneously request, pursuant to section 35.15 of the Commission’s regulations (18 C.F.R. §35.15) that the Commission cancel Spokane Energy Rate Schedule FERC No. 2 effective upon the approval of the assignment of the Capacity Contract to Avista that is the subject of this filing.

generators providing the energy, and accepted return energy from Spokane Energy on the WWP/Avista system. Enron in turn entered into a matching agreement with WWP (later assumed by Peaker and Avista, respectively) under which WWP/Avista provided the required capacity and energy to Enron/Peaker at the low-voltage side of the generator step-up facility at the specific generators providing the energy and accepted return energy from Enron/Peaker on WWP's/Avista's system. WWP/Avista also provided Spokane Energy with any necessary scheduling and billing services under a services agreement.

In consideration of the assignment, Spokane Energy provided WWP a lump sum payment based on the present value of the stream of payments under the Capacity Contract. Spokane Energy received the lump sum amount from a funding vehicle ("Trust") which did not take title to any power or own any facilities for the sale of power at wholesale or for the transmission of power. In exchange for the amount Spokane Energy received from the Trust, the Trust was to be repaid with all but \$1.00/kW-month of the amounts received by Spokane Energy from PGE under the Capacity Contract.

The proceeds from the Capacity Contract through December 31, 2014, repaid the Trust in full. Accordingly, after December 31, 2014, the contracts that were required to facilitate this arrangement are no longer necessary and there is no longer any reason for the Capacity Contract to be held by Spokane Energy. Accordingly, Spokane Energy and Avista intend to terminate their contracts with Peaker, and Spokane Energy proposes to assign the Capacity Contract back to Avista. After the assignment, Avista will directly meet its obligations under the Capacity Contract. Avista already provides the capacity and energy and receives the return energy under the Capacity Contract through the various contracts (described above) between and among Avista, Spokane Energy, and

Peaker. The reassignment of the Capacity Contract back to Avista will provide for more efficient administration of the Capacity Contract.

III. STANDARD FOR APPROVAL OF THE TRANSFER AND ASSUMPTION AGREEMENT

The Commission has held that power sale contracts are jurisdictional facilities and the assignment of such contracts requires section 203 authorization.⁷ The Commission will approve a proposed disposition of facilities under section 203 of the FPA, if the disposition is consistent with the public interest. In evaluating consistency with the public interest, the Commission focuses on: (1) the effect on competition; (2) the effect on rates; and (3) the effect on regulation.⁸ The proposed assignment of Spokane Energy's interests will have no adverse effect on competition, rates, or regulation.

A. The Proposed Assignment Will Not Have Any Adverse Impact on Competition in Wholesale Markets

The proposed assignment will not have any adverse impacts on competition in wholesale markets. This Application requests approval for the transfer of a Capacity Contract from Avista's subsidiary, Spokane Energy, back to Avista. The proposed transfer will not result in any increase in control over, or ownership of, generation or transmission facilities.⁹ Therefore, while the proposed transfer involves a disposition of jurisdictional facilities, it does not raise any generation or market power concerns.

B. The Proposed Assignment Will Not Have Any Adverse Impact On Avista's Rates

⁷ *E.g., Enron Power Marketing, Inc.*, 65 FERC ¶ 61,305 at 62,405 (1993, *order on clarification and reh'g*), 66 FERC 61,244 (1994).

⁸ *Inquiry Concerning the Commission's Merger Policy Under the Federal Power Act*, FERC Stats. and Regs. ¶ 31,044 at 30,111, 30-113-114 (1996) ("Order No. 592"), *recon.*, 79 FERC ¶ 61,321 (1997) ("Order No. 592-A") (Order Nos. 592 and 592-A are referred to herein as the "*Merger Policy Statement*").

⁹ *See Portland General Electric*, 81 FERC ¶ 61,374 (1997) (approving an assignment and transfer of two contracts from PGE to its corporate affiliate).

The proposed intra-corporate assignment will also have no adverse impact on Avista's rates. Avista does not propose to change rates for service as a result of the assignment. The accounting and ratemaking treatment of the proposed disposition in this Application will assure that all ratepayers are held harmless by the assignment. Specifically, Avista will continue to record an amortization of the portion of the lump sum payment received to Account 447.74 (power sales) and an appropriate portion to Account 447.71 (transmission) through the year 2016. Revenues from the Capacity Contract will also be recorded monthly in Accounts 447.74 and 447.71.

C. The Proposed Assignment Will Have Not Have Any Adverse Impact On Regulation

The Proposed assignment of the Capacity Contract back to Avista will also have no adverse effect on regulation. The Commission's regulatory jurisdiction over Avista will continue after the assignment.¹⁰ Avista will also continue to be subject to the jurisdiction of the state utility commission's with regard to any retail ratepayers. Accordingly, there is no effect on either federal or state regulatory authority.

D. The Proposed Assignment Is in the Public Interest

The assignment of Spokane Energy's interests in the Capacity Contract back to Avista is in the public interest. The assignment eliminates the need for certain contractual arrangements between and among Spokane Energy, Avista, and Peaker, such that the Capacity Contract can be administered directly and more efficiently by Avista.

The proposed assignment of the Capacity Contract will not adversely impact competition

¹⁰ To the extent that Spokane Energy is a public utility under the FPA, Spokane Energy will continue to be subject to the Commission's regulatory jurisdiction. After the Trust is repaid and the Capacity Contract is assigned to Avista, Spokane Energy will no longer have any jurisdictional facilities and will likely terminate its market-based rate authority.

in wholesale markets, Avista's rates, or federal or state regulatory jurisdiction. Because the proposed assignment will have no adverse impact on competition, rates, or regulation, and the proposed assignment is consistent with the public interest, Spokane Energy respectfully requests that the Commission approve the proposed assignment so that such assignment can be effective on April 1, 2015.

E. The Proposed Assignment Will Not Result in Cross-Subsidization or the Pledge or Encumbrance of Utility Assets

Pursuant to section 203(a)(4) of the FPA, the Commission considers whether a proposed transaction will result in a cross-subsidization of a non-utility associated company by a utility company, or in a pledge or encumbrance of utility assets for the benefit of an associated company. The Commission's concern is whether a proposed transaction will result in a traditional utility with captive customers cross-subsidizing its associated companies to the harm of captive ratepayers. As discussed in Section VI.N. below, the proposed assignment does not raise any such concern as the proposed assignment will not result in any cross-subsidization of any associated companies to the harm of any captive ratepayers.

IV. REQUEST FOR EXPEDITED CONSIDERATION

Applicants request that the Commission provide a comment period of twenty-one days (21) and issue an order granting the requested authorization by April 1, 2015, in order to permit the proposed assignment to be effective on April 1, 2015. As described above, prior to the proposed assignment, Spokane Energy holds the Capacity Contract, but Avista Corporation provides the capacity and energy and provides scheduling and billing services through a series of contractual arrangements between and among Avista,

Spokane Energy, and Peaker. The proposed assignment merely facilitates the unwinding of certain contractual arrangements that are no longer necessary after the Trust is repaid. After the proposed assignment is effective, Avista will continue to provide the same services it is currently providing, but such services will be provided directly under the Capacity Contract. Accordingly, expedited treatment is warranted under Section 33.11 of the Commission's regulations because (a) the proposed assignment does not involve a merger or consolidation of a traditional public utility with a franchised service territory, (b) the proposed assignment is consistent with Commission precedent, and (c) the Application does not require a market power analysis to be conducted pursuant to Appendix A to the *Merger Policy Statement*.¹¹

V. INFORMATION REQUIRED BY SECTION 33.2 OF THE COMMISSION'S REGULATIONS AND REQUESTS FOR WAIVER

In support of this Application, Spokane Energy hereby submits the following information required by Part 33 of the Commission's regulations.¹² To the extent that certain requested information is inapplicable to the Commission's consideration of whether the proposed assignment is consistent with the public interest, Applicants respectfully request that the Commission waive such information requirements as discussed below.

A. The Exact Name and Address of the Applicant and Its Principle Business Office – Section 33.2(a)

The name and principle office of Spokane Energy are as follows:

¹¹ 18 C.F.R. § 33.11; Transactions Subject to FPA Section 203, 113 FERC ¶ 61,315, P 194 (2005) ("Order No. 669"), *order on reh'g*, Order No. 669-A, *order on reh'g*, 116 FERC 61,076 (2006) ("Order No. 669-B"); *see also Merger Policy Statement*.

¹² 18 C.F.R. § 33.2.

Spokane Energy, LLC
1411 E. Mission Ave.
Spokane, WA 99202

The name and principle office of Avista are as follows:

Avista Corporation
1411 E. Mission Ave.
Spokane, WA 99202

B. Name and Address of the Person Authorized to Receive Notices and Communications with Respect to the Application – Section 33.2(b)

The following persons are authorized to receive notice and communications on behalf of Avista and Spokane Energy:

For Spokane Energy and Avista:

Lori Hamilton
Manager FERC Compliance
Avista Corporation
1411 E. Mission Ave., MSC-7
Spokane, WA 99202
Phone: (509) 495-4846
Email: lori.hamilton@avistacorp.com

Michael G. Andrea
Senior Counsel
Avista Corporation
1411 East Mission Ave., MSC-23
Spokane, WA 99202
Telephone: (509) 495-2564
Fax: (509) 777-5468
Email: michael.andrea@avistacorp.com

Applicants request that these persons be placed upon the official service list compiled by the Secretary of the Commission for this proceeding pursuant to 18 C.F.R. § 385.2010.

C. All Business Activities of the Applicant, including authorizations by charter ore regulatory approval – Section 33.2(c)(1)

The business activities of Applicants are described in Section I above.

Accordingly, Applicants request a waiver of the requirement to file Exhibit A.

D. A list of all energy subsidiaries and energy affiliates, percentage ownership interest in such subsidiaries and affiliates, and a description of the primary business in which each energy subsidiary

and affiliate is engaged is provided as Exhibit B to this Application — 18 C.F.R. § 33.2(c)(2)

There are no energy subsidiaries or energy affiliates of the Applicants relevant to the proposed assignment other than Spokane Energy and Avista. Applicants, therefore, request waiver of the requirement to file additional information in Exhibit B.

E. Organizational Charts Depicting the Applicant’s Current and Proposed Post-Transaction Corporate Structures Indicating All Parent Companies, Energy Subsidiaries and Energy Affiliates — 18 C.F.R. § 33.2(c)(3)

The proposed assignment does not affect the corporate structure of any party to the proposed assignment and, therefore, Spokane Energy is not required to provide organizational charts as Exhibit C to this Application. 18 C.F.R. § 33.2(c)(3). To the extent necessary, Applicants request waiver of the requirement to file organizational charts in Exhibit C.

F. Descriptions of All Joint Ventures, Strategic Alliances, Tolling Arrangements or Other Business Arrangements, Including Transfers of Operational Control of Transmission Facilities to Commission Approved Regional Transmission Organizations, Both Current, and Planned to Occur Within a Year from the Date of Filing, to Which the Applicant or its Parent Companies, Energy Subsidiaries, and Energy Affiliates is a Party, Unless the Applicant Demonstrates that the Proposed Transaction Does not Affect Any of its Business Interests — 18 C.F.R. § 33.2(c)(4)

Spokane Energy is a wholly-owned subsidiary of Avista, which was formed for the sole purpose of holding the Capacity Contract which is the subject of this Application. As a result of the proposed assignment, the Capacity Contract will be held by Avista. Because Spokane Energy does not have any other business interests, there are no other impacts on Spokane Energy’s business interests. Accordingly, to the extent

necessary, Spokane Energy requests waiver of the requirement to provide information in Exhibit D to this Application.

F. The Identity of Common Officers or Directors of Parties to the Proposed Transaction — 18 C.F.R. § 33.2(c)(5)

Common officers and directors of Spokane Energy and Avista (the parties to the proposed assignment) are identified in Exhibit E to this Application. 18 C.F.R. § 33.2(c)(5).

G. Description and Location of Wholesale Power Sales Customers and Unbundled Transmission Services Customers Served by the Applicant or its Parent Companies, Subsidiaries, Affiliates, and Associate Companies — 18 C.F.R. § 33.2(c)(6)

After the proposed assignment is effective, Avista will hold the Capacity Contract. The proposed assignment will not alter any other existing wholesale power sales or transmission services. Applicants request waiver of the requirement to file information in Exhibit F.

H. A Description of Jurisdictional Facilities Owned, Operated, or Controlled by the Applicant or its Parent Companies, Subsidiaries, Affiliates, and Associated Companies — 18 C.F.R. § 33.2(d)

The only jurisdictional facilities relevant to the Transaction are the Capacity Contract and Avista's transmission facilities, open access transmission tariff, service agreements pursuant to such tariff and associated books and records. Accordingly, Applicants request waiver of the requirement to file additional information in Exhibit G.

I. A Narrative Description of the Proposed Transaction for which Commission Authorization is Requested, Including: (1) the Identity of All Parties Involved in the Transaction; (2) All Jurisdictional Facilities and Securities Associated With or Affected By the Transaction; (3) the Consideration for the Transaction; and (4) the Effect of the Transaction on Such Jurisdictional Facilities and Securities – 18 C.F.R. § 33.2(e)

Page 11 of 14 — JOINT APPLICATION OF SPOKANE ENERGY, LLC AND AVISTA CORPORATION FOR APPROVAL OF ASSIGNMENT OF CAPACITY SALES AGREEMENT, WAIVERS, AND REQUEST FOR EXPEDITED CONSIDERATION

The information requested by Section 33.2(e) of the Commission's regulations is provided in Sections II and III above and in Exhibit I. Therefore, Applicants request waiver of the requirement to file Exhibit H.

J. All Contracts Related to the Proposed Transaction Together With Copies of All Other Written Instruments Entered Into or Proposed to be Entered Into by the Parties to the Transaction – 18 C.F.R. § 33.2(f)

Applicants submit in Exhibit I (1) the Capacity Contract; and (2) the Transfer and Assumption Agreement under which Spokane Energy assigns, and Avista assumes, the Capacity Contract.

K. A Statement Explaining the Facts Relied Upon to Demonstrate that the Proposed Transaction is Consistent with the Public Interest – 18 C.F.R. § 33.2(g)

The facts relied upon to demonstrate that the proposed assignment is consistent with the public interest are described in Sections II, III, and IV above. Therefore, Applicants request waiver of the requirement to file Exhibit J.

L. A General or Key Map Showing the Properties of Each Party to the Transaction – 18 C.F.R. § 33.2(h)

The proposed assignment would not result in any new combination of market participants and, therefore, a map would not convey any useful information regarding the proximity of properties not previously under common control. Therefore, Applicants request waiver of the requirement to file Exhibit K.

M. Identify the Licenses, Orders, or Other Approvals Required From Other Regulatory Bodies in Connection with the Proposed Transaction, and the Status of Other Regulatory Actions – 18 C.F.R. § 33.2(i)

Avista will make filings to notify the Washington Utilities and Transportation

Commission (“WUTC”) about the proposed assignment, but there are no licenses, orders, or other approvals required from the WUTC or other regulatory bodies in connection with the proposed transaction. Therefore, Applicants request waiver of the requirement to file Exhibit L.

N. An Explanation, With Appropriate Evidentiary Support for Such Explanation, of How the Proposed Transaction Will Not Result in Cross-Subsidization of Non-Utility Associate Company or the Pledge or Encumbrance of Utility Assets for the Benefit of an Associate Company – 18 C.F.R. § 33.2(j)

As described in Exhibit M, the proposed transaction is limited to Spokane Energy’s assignment of the Capacity Contract to Avista. The proposed assignment will not result in cross-subsidization of non-utility associate company or the pledge or encumbrance of utility assets for the benefit of an associate company.

VI. PROPOSED ACCOUNTING ENTRIES

In accordance with 18 C.F.R. § 33.5, the proposed accounting entries showing the effect of the proposed assignment with sufficient detail to indicate the effects on all account balances are as follows:

	Debit	Credit
<u>Spokane Energy</u>		
124.0 Energy Contract Rights		\$27,119,378
216.0 Retained Earnings	\$27,119,378	
<u>Avista Corporation</u>		
124.0 Energy Contract Rights	\$27,119,378	
253.0 Other Deferred Credits		\$27,119,378

Amounts are estimated based on forecasted balance in January 2015.

VII. VERIFICATION

Attached hereto as Attachment 1 are Verifications as required by 18 C.F.R. § 33.7, signed on behalf of each of the Applicants.

VII. CONCLUSION

WHEREFORE, for the foregoing reasons, the Applicants respectfully request that the Commission consider this Application on an expedited basis and issue an order granting the requested waivers and authorizing the proposed assignment under section 203 of the FPA no later than April 1, 2015, so that the proposed assignment may be effective on April 1, 2015.

Respectfully submitted,

AVISTA CORPORATION



Michael G. Andrea
Senior Counsel

Dated: March 2, 2015

EXHIBIT E

Identity of Common Officers or Directors of Parties to the Proposed Transaction

Dennis Vermillion: Senior Vice President & Environmental Compliance Officer of Avista Corporation and President, Avista Utilities
Manger of Spokane Energy, LLC

EXHIBIT I

All Contracts Related to the Proposed Transaction

TRANSFER AND ASSUMPTION AGREEMENT

THIS TRANSFER AND ASSUMPTION AGREEMENT ("Assignment") by and between Spokane Energy, LLC, a Washington limited liability company ("Spokane Energy"), and Avista Corporation, a Washington corporation ("Avista") (formerly known as the Washington Water Power Company) is entered into on March 2, 2015.

WHEREAS, Washington Water Power Company ("WWP") (now Avista) and Portland General Electric Company ("PGE") entered into an Agreement for Long Term Purchase and Sale of Firm Capacity on June 26, 1992, as amended (the "Capacity Contract"); and

WHEREAS, WWP (now Avista) and Spokane Energy entered into a Transfer and Assumption Agreement on September 4, 1998 to assign, transfer and convey WWP's rights and obligations under the Capacity Contract, and all of the transmission rights necessary to perform under the Capacity Contract, to Spokane Energy ("1998 Assignment"); and

WHEREAS, the 1998 Assignment became effective on December 31, 1998, when certain conditions were satisfied, including but not limited to, obtaining approval for the assignment from the Federal Energy Regulatory Commission ("FERC" or "Commission") on November 25, 1998; and

WHEREAS, in consideration of the 1998 Assignment, Spokane Energy provided WWP/Avista a lump sum payment based on the present value of the stream of payments under the Capacity Contract. Spokane Energy borrowed the amount from the Spokane Energy Funding Trust ("Trust"). The Trust was to be repaid with all but \$1.00/kW-month of the amounts received by Spokane Energy from PGE under the Capacity Contract. The proceeds from the Capacity Contract for capacity and energy provided to PGE through December 31, 2014, repaid the Trust in full; and

WHEREAS, Spokane Energy desires to assign and transfer to Avista, and Avista desires to assume all of Spokane Energy's rights and obligations under the Capacity Contract, and all of the existing transmission rights necessary to perform under the Capacity Contract.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the sufficiency of which are hereby acknowledged and confessed, Spokane Energy and Avista hereby agree as follows:

1. Subject to the conditions set forth in Section 3 below, Spokane Energy hereby assigns, transfers and conveys to Avista, and Avista hereby assumes all rights, interest, liabilities, debts, duties and obligations of Spokane Energy under the Capacity Contract, and all of its existing transmission rights necessary to perform the Capacity Contract. Spokane Energy and Avista hereby expressly agree that all terms, provisions, restrictions, duties and responsibilities under the Capacity Contract shall apply to Avista as if Avista had itself executed such Capacity

Contract. Without limiting the generality of the foregoing, the parties agree that the transfer and conveyance made hereby is without recourse to Spokane Energy, and that Spokane Energy's sole recourse with respect to any of the rights and responsibilities under the Capacity Contract, which are transferred to and assumed by it hereunder, shall be against PGE. Further, the parties acknowledge and agree that Spokane Energy shall retain until satisfied all rights and obligations for capacity and energy provided to PGE pursuant to Capacity Contract prior to the date this Assignment becomes effective.

2. Spokane Energy and Avista agree to promptly execute and deliver any and all such other and further instruments and documents which may be necessary or advisable in order to fully effectuate the transaction set forth herein.

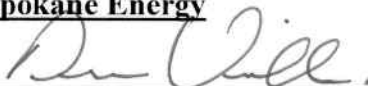
3. The parties hereby acknowledge and agree that this Assignment is not effective until the later of April 1, 2015, or the date upon which all of the following conditions are satisfied:

- a) The Long Term Services Agreement between Enron Power Marketing, Inc. ("Enron") (which was later assumed by Peaker, LLC) and WWP (now Avista) dated October 1, 1998, is terminated;
- b) The Agreement for Long Term Purchase and Sale of Firm Capacity between Enron (which was later assumed by Peaker, LLC) and Spokane Energy dated October 1, 1998, is terminated; and
- c) FERC has issued final approval of this Assignment.

As used herein, "final approval" by FERC means the date when a particular document is either accepted for filing or permitted to become effective by FERC.

IN WITNESS THEREOF, the parties have caused this Agreement to be executed as of the date first set forth above by their respective duly authorized officers.

Spokane Energy



(Signature)

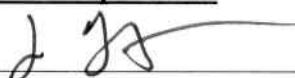
Dennis Vermillion

(Printed Name)

Manager

(Title)

Avista Corporation



(Signature)

Jason Thackston

(Printed Name)

Sr. V.P., Energy Resources

(Title)

**PORTLAND GENERAL ELECTRIC COMPANY
AND
THE WASHINGTON WATER POWER COMPANY**

**AGREEMENT
FOR LONG TERM
PURCHASE AND SALE OF
FIRM CAPACITY**

Table of Contents

WP-PS92-4817

SECTION	PAGE
RECITALS	1
1. DEFINITIONS	1
2. TERM	2
2.1 Effective Date	2
2.2 Commencement of Deliveries	2
2.3 Date of Termination	3
3. PURCHASE AND SALE OF FIRM CAPACITY	3
3.1 Firm Capacity	3
3.2 Return Energy	3
3.3 Points of Delivery	3
3.4 Schedules	4
3.5 Price	4
3.8 Service Interruptions	4
4. UNCONTROLLABLE FORCES AND LIABILITY	5
4.1 Uncontrollable Forces	5
4.2 Liability	5
5. SETTLEMENTS	6
5.1 Accounting	6
5.2 Payment dates	6
5.3 Method of Payment	6
6. FIXED RATES	6
7. NOTICES	7
8. ASSIGNMENT	7
9. NO THIRD-PARTY BENEFICIARIES	7
10. NO DEDICATION OF FACILITIES	8
11. IMPLEMENTATION	8
12. OBLIGATIONS SEVERAL	8
13. SEVERABILITY	8
13.1 Negotiation of Replacement Clauses	8
13.2 Termination for Unenforceability or Invalidity	8
14. NO WAIVER	9
15. ARBITRATION	9
15.1 Matters to be Arbitrated	9
15.2 Initiation and Selection of Arbitrators	9
15.3 Procedure	10
15.4 Costs	10
16. GOVERNING LAW	11
17. ENTIRE AGREEMENT	11
18. EFFECT OF SECTION HEADINGS	11
19. SIGNATURE CLAUSE	11
EXHIBIT 1	12

THIS AGREEMENT is made by and between Portland General Electric Company, an Oregon Corporation, ("PGE"), and The Washington Water Power Company, a Washington Corporation ("WWP"), sometimes hereinafter referred to individually as "Party" and collectively as "Parties".

RECITALS

WHEREAS, PGE is engaged in the generation, transmission and distribution of Electric Power in the State of Oregon; and

WHEREAS, WWP is engaged in the generation, transmission and distribution of Electric Power in the States of Washington, Idaho and Montana; and

WHEREAS, WWP desires to sell and PGE desires to purchase firm system Capacity at the Point of Delivery in accordance with the terms and conditions set forth below; and

WHEREAS, the Parties enter into this Agreement in good faith, so that each will receive long-term benefits therefrom;

NOW THEREFORE, the Parties agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, the following terms, when used with initial capitalization, shall have the following meanings. The singular of any definition shall include the plural and the plural shall include the singular.

- 1.1 **Agreement** means this Agreement for Long Term Purchase and Sale of Firm Capacity, as amended or replaced.
- 1.2 **BPA** means the Bonneville Power Administration, or its successor.
- 1.3 **Capacity** means firm electric generating capability, expressed in megawatts (MW), which WWP is obligated to provide to PGE pursuant to subsection 3.1 in an amount not to exceed the Contract Demand.
- 1.4 **Contract Demand** means 50 MW for the period starting November 1, 1992, and ending October 31, 1994, and 150 MW for the period starting November 1, 1994 through the term of this Agreement.
- 1.5 **Day** means any 24-Hour period commencing at 0000 Hours.
- 1.6 **Effective Date** means the date upon which this Agreement becomes effective pursuant to the provisions of subsection 2.1.
- 1.7 **Electric Power** means electric peaking capacity or electric energy or both.

- 1.8 **Energy** means electric energy, expressed in megawatthours (MWh), delivered by WWP to PGE pursuant to subsection 3.1.
- 1.9 **FERC** means the Federal Energy Regulatory Commission or its successor.
- 1.10 **Heavy Load Hours** means Hours ending 0700 through 2200, Monday through Saturday, except for Western Systems Coordinating Council (WSCC) designated holidays.
- 1.11 **Hours or Hourly** means hours measured by Pacific Time, Standard or Daylight, whichever is in effect at the pertinent time.
- 1.12 **Light Load Hours** means all Hours except for Heavy Load Hours.
- 1.13 **Point of Delivery** means the point(s) of delivery set forth in subsection 3.3.
- 1.14 **Return Energy** means energy delivered by PGE to WWP as a return of Energy delivered to PGE by WWP.
- 1.15 **Week** means the period of seven consecutive days, beginning each Monday at 0000 Hours.
- 1.16 **Work Day** means each Day that WWP and PGE jointly observe as a regular work day.

2. **TERM**

2.1 **Effective Date**

The Effective Date of this Agreement shall be the date on which this Agreement has been executed by both Parties.

2.2 **Commencement of Deliveries**

Delivery of Capacity and associated Energy will commence the later of:

- (1) the date on which BPA agrees to increase PGE's contract demand at PGE's point of integration at the Vantage Substation under the BPA/PGE IR General Transmission Agreement (Contract No. DE-MS79-89BP92273), or PGE Arranges other transmission acceptable to PGE and WWP, that will permit PGE to transmit the Capacity and associated Energy purchased pursuant to this Agreement between the Point of Delivery and PGE's system,
- (2) November 1, 1992,
- (3) the date this Agreement is either accepted for filing or permitted to become effective by FERC pursuant to Section 11.

2.3 Date of Termination

This Agreement shall terminate at 2400 Hours on December 31, 2016. All liabilities accrued under this Agreement prior to termination shall be preserved until satisfied.

3. PURCHASE AND SALE OF FIRM CAPACITY**3.1 Firm Capacity**

Upon the date of commencement of deliveries pursuant to subsection 2.2 through the remaining term of this Agreement, WWP shall make available to PGE, and PGE shall purchase, Capacity in an amount equal to the Contract Demand. At PGE's request, WWP shall deliver Energy to PGE at up to the maximum rate of delivery in any Hour equal to the Contract Demand. Energy may be scheduled for delivery during:

- a) all Light Load Hours;
- b) Heavy Load Hours, provided however, Heavy Load Hour Energy deliveries shall not exceed:

500 MWh per day and 2,500 MWh per week for the period starting November 1, 1992, through October 31, 1994, and

1,500 MWh per day and 7,500MWh per week for the period starting November 1, 1994, through the termination of this Agreement.

3.2 Return Energy

Within 168 Hours of receiving Energy from WWP, PGE shall deliver an amount of Return Energy to WWP equal to such Energy received. PGE may deliver Return Energy at any rate of delivery up to a maximum rate of delivery in any Hour equal to the Contract Demand. PGE shall not accrue a cumulative obligation to deliver Return Energy in excess of 2,500 MWh starting with commencement of deliveries through October 31, 1994 and 7,500 MWh starting November 1, 1994 through the term of this Agreement (partial weeks shall be pro rated).

3.3 Points of Delivery

Unless otherwise agreed by the Parties' schedulers or dispatchers, the primary Point of Delivery for both Capacity and Return Energy shall be at the point where Public Utility District No. 2 of Grant County's Wanapum 230 kilovolt (kV) Switchyard (Wanapum) interconnects with BPA's Vantage 500/230 kV Substation

(Vantage). PGE shall have the option to deliver Return Energy to WWP at either the primary Point of Delivery or Wanapum. Either Party may request any interconnecting point on PGE's or WWP's system that has unused transfer capability available be used as an alternative Point of Delivery. Neither Party shall be obligated to accept deliveries at such an alternate Point of Delivery, however, acceptance of an alternate Point of Delivery shall not be unreasonably withheld. The Party requesting an alternate Point of Delivery shall incur any increased costs (as compared to deliveries at the primary Point of Delivery) for wheeling and losses associated with such deliveries. PGE shall be responsible for all transmission costs and losses associated with transmitting Capacity and Return Energy between the primary Point of Delivery and PGE. WWP shall be responsible for all transmission costs and losses associated with transmitting Capacity and Return Energy between the primary Point of Delivery and WWP.

3.4 Schedules

PGE shall submit preschedules to WWP for delivery of Energy or Return Energy by 1000 Hours on the last Work Day prior to delivery, or at such other times as mutually agreed by PGE and WWP. PGE shall endeavor to avoid excessive requests for changes from the prescheduled amounts of Energy or Return Energy. PGE may change Energy or Return Energy schedules at any time up to 30 minutes prior to the Hour on which deliveries are scheduled to occur.

3.5 Price

PGE shall pay WWP for Capacity a monthly amount equal to the Contract Demand expressed in MW multiplied by the rates shown in Exhibit 1.

3.8 Service Interruptions

All deliveries of Energy and Return Energy shall be deemed to be made during the Hours and in the amount scheduled; provided that, if scheduled deliveries are interrupted due to uncontrollable forces, as described in Section 4, such schedules shall be adjusted to reflect such interruptions. Any scheduled deliveries so interrupted shall be rescheduled at a later date as mutually agreed by the Parties' dispatchers or schedulers.

4. UNCONTROLLABLE FORCES AND LIABILITY

4.1 Uncontrollable Forces

Neither Party to this Agreement shall be considered to be in default in performance of any obligation other than the payment of money hereunder if failure of performance shall be due to uncontrollable forces. The term "uncontrollable forces" means any cause beyond the control of the Party affected, including, but not limited to, failure or loss of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, and restraint by court order or public authority, which by exercise of due foresight such Party could not reasonably have been expected to avoid, and which by exercise of due diligence it shall be unable to overcome. A Party shall not, however, be relieved of liability for failure of performance if such failure be due to causes arising out of its own negligence or to removable or remediable causes which it fails to remove or remedy with reasonable dispatch. Any Party rendered unable to fulfill any obligation by reason of uncontrollable forces shall exercise due diligence to remove such inability with all reasonable dispatch. Nothing contained herein, however, shall be construed to require a Party to prevent or settle a strike against its will. Damage to the electrical system of either PGE or WWP caused by or arising out of an electrical disturbance shall be governed under subsection 4.2 and not under the provisions of subsection 4.1.

4.2 Liability

Subject to applicable state and federal law which specifically limits a Party's ability to enter into this Agreement, and except for any damage, loss, claim, cost, charge, or liability resulting from action knowingly or intentionally taken, or failed to be taken, with intent that injury or damage be inflicted, or which action is wantonly reckless or grossly negligent, no Party ("First Party") shall be liable whether in contract, warranty, tort, or strict liability, to the other Party ("Second Party") for damage to the Second Party's electric system or facilities caused by or arising out of actions taken by the First Party or out of any electric disturbance originating on the First Party's electric system, whether or not such actions or electric disturbance constituted or resulted from the First Party's negligent act or omission. Each Party releases the other Party from any such liability. This limitation and release does not apply to liability for compensatory damages from a breach of any obligation to deliver Capacity or Energy under this Agreement or any obligation to pay money under this Agreement. In the event of a breach of

any obligation to deliver Capacity, Energy, or Return Energy under this Agreement or any obligation to pay money under this Agreement, a party may pursue any remedy available at law or equity.

5. SETTLEMENTS

5.1 Accounting

All transactions shall be accounted for on the basis of scheduled Hourly quantities. The Parties shall maintain records of Hourly energy schedules for accounting and operating purposes. Except as otherwise agreed by the parties, the accounting period for transactions hereunder shall be the calendar month.

5.2 Payment dates

By the 10th day of each calendar month, WWP shall submit invoices for the dollar amount due for services provided under this Agreement during the previous month. PGE shall pay the amount by electronic wire transfer on or before the 20th day of the calendar month. Amounts due shall be paid pursuant to subsection 5.3. Simple interest shall accrue on any unpaid amounts at a rate of fifteen percent (15%) per year until paid, or the highest rate allowed by law, whichever is lower. Interest shall be accrued from the due date to the date of payment, and shall be computed on the actual number of days elapsed.

5.3 Method of Payment

Payments shall be made by electronic fund transfers to WWP :

Seattle First National Bank (ABA #125000024)

for credit to

The Washington Water Power Company, account #13972203

WWP may change its transfer account specified in this subsection by giving PGE notice of such change as provided in Section 7.

6. FIXED RATES

The rates for service specified in this Agreement shall remain in effect for the term of the Agreement and shall not be subject to change through application to the Federal Energy Regulatory Commission pursuant to the provisions of Sections 205 or 206 of the Federal Power Act absent the agreement of both Parties hereto.

7. NOTICES

Any notice provided for in, or served, given or made in connection with this Agreement, shall be in writing and shall be deemed properly served, given or made and shall be effective if delivered in person or sent by certified United States mail, as follows:

If to WWP:

The Washington Water Power Company
P. O. Box 3727
Spokane, Washington 99220-3727
Attn: Senior Vice President, Rates and Resources

If to PGE:

Portland General Electric Company
121 S.W. Salmon
Portland, OR 97204
Attn: Manager, Power Contracts

Either Party may change its address specified in this subsection by giving the other Party notice of such change as provided herein.

8. ASSIGNMENT

This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties. This Agreement shall not be assigned or transferred by either Party, except in connection with a merger or sale of all or a substantial portion of such Party's properties or as expressly authorized in writing by the other Party; provided however, such authorization shall not be unreasonably withheld. No assumption by any third party of any of the obligations hereunder shall discharge either Party from liability in respect of prior obligations hereunder unless the other Party shall have given its written consent to such discharge. Any attempted or purported transfer of this Agreement other than in accordance with this Section 8 shall be void and of no effect.

9. NO THIRD-PARTY BENEFICIARIES

There are no third-party beneficiaries of this Agreement. This Agreement shall not confer any right or remedy upon any person or entity other than the Parties and their respective successors and assigns permitted under Section 8. No action may be commenced or prosecuted against any Party by any third party claiming to be a third-party beneficiary of this Agreement or the transactions contemplated hereby. This Agreement shall not release or discharge any obligation

or liability of any third party to any Party or give any third party any right of subrogation or action over or against any Party.

10. NO DEDICATION OF FACILITIES

No undertaking by one Party to the other Party under any provision of this Agreement shall constitute a dedication of the electric system of such Party (or any portion thereof) to the public or to the other Party.

11. IMPLEMENTATION

This Agreement is subject to acceptance for filing by FERC, without any change or condition by FERC which is unacceptable to either WWP or PGE. WWP shall timely file this Agreement, together with the required supporting documentation and data, with the FERC. Each Party shall take such additional action as may be reasonably required for the implementation and performance of this Agreement in accordance with its terms.

12. OBLIGATIONS SEVERAL

The duties, obligations and liabilities of the Parties are intended to be several and not joint or collective. Nothing in this Agreement shall be construed to create an association, trust, partnership or joint venture or to impose a trust or partnership duty, obligation or liability on or with regard to either Party. Each Party shall be individually and severally liable for its own obligations under this Agreement.

13. SEVERABILITY

13.1 Negotiation of Replacement Clauses

If it appears that any Section, subsection, paragraph, clause, or provision of this Agreement may be finally adjudicated by a court of competent jurisdiction to be invalid or unenforceable then: 1) the remaining terms of this Agreement shall remain in full force and effect to the maximum extent permitted by law, and 2) the Parties shall meet and negotiate in good faith to substitute or supplement provisions to preserve the intent and benefits of the Agreement.

13.2 Termination for Unenforceability or Invalidity

If any Section, subsection, clause, or provision of this Agreement or any agreement referred to in this Agreement shall be finally adjudicated by a court of competent jurisdiction to be invalid or unenforceable, and the invalidity or unenforceability materially impairs the benefits of this Agreement to any Party, and the Parties are unable to negotiate substitute or supplemental provisions as

provided in subsection 13.1, then the aggrieved Party may terminate this Agreement by providing ten (10) days written notice of its intention to do so within thirty (30) days of the effective date of such adjudication.

14. NO WAIVER

Except as otherwise provided herein, no provision of this Agreement may be waived except in writing. No failure by either Party to exercise, and no delay in exercising, any right, power or remedy under this Agreement shall operate as a waiver thereof. Any waiver at any time by a Party of its right with respect to a default under this Agreement, or with respect to any other matter arising in connection therewith, shall not be deemed a waiver with respect to any subsequent default or matter.

15. ARBITRATION

15.1 Matters to be Arbitrated

The determination of any disputed matter between the Parties arising out of or relating to this Agreement shall be subject to resolution by binding arbitration in accordance with subsections 15.2, 15.3, and 15.4 below.

15.2 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 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 business days, or if a third arbitrator has not been appointed by agreement between the Parties within twenty-five 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 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 the arbitrators' determination, without providing notice to the other Party and reasonable opportunity to participate. The Parties intend that every arbitrator be an unbiased person with experience in the subject matter to be arbitrated.

15.3 Procedure

Unless otherwise agreed by the Parties and except as otherwise provided herein, the arbitration shall be conducted pursuant to the Washington Arbitration Act, Chapter 7.04 of the Revised Code of Washington, as the same may have been or may be amended. The rules of procedure for the conduct of the arbitration 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 proceedings adopted in lieu thereof).

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

Unless otherwise agreed upon by the Parties, the Parties hereby instruct the arbitrators that they should render a determination of the matters submitted and the relief awarded within thirty 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 and shall affirm or deny each contention of the Parties and shall 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.

15.4 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.

16. GOVERNING LAW

This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of Washington or the laws of the United States of America, whichever is applicable, as if executed and to be performed wholly within the State of Washington.

17. ENTIRE AGREEMENT

This Agreement, including the exhibits hereto, constitutes and expresses the entire agreement between the Parties concerning the subject matter hereof and shall not be amended or modified except by written agreement of PGE and WWP, provided however, the Parties may establish operating procedures.

18. EFFECT OF SECTION HEADINGS


Section headings and subheadings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

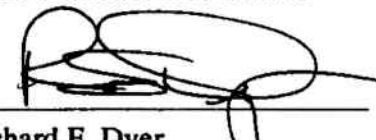
19. SIGNATURE CLAUSE

The signatories hereby represent that they have been appropriately authorized to execute this Agreement on behalf of the Party for whom they sign. This Agreement shall not become effective and binding upon WWP or PGE until and unless the Board of Directors of WWP approves and/or ratifies the Agreement at its regularly scheduled meeting during August, 1992. WWP shall notify PGE in writing of the Board of Directors decision within 7 days of such meeting.

THE WASHINGTON WATER
POWER COMPANY

PORTLAND GENERAL
ELECTRIC COMPANY

By: 
W. Lester Bryan
Senior Vice President,
Rates and Resources


Richard E. Dyer
Vice President,
Marketing, Power Supply & Planning

Date: _____

Date: 6/26/92

Approved as to form: RBS
6-24-92

EXHIBIT 1

<u>Calendar</u> <u>Year</u>	<u>Rates</u> <u>\$/Mw-Mo</u>
1992	\$5,400
1993	\$5,640
January 1, through October 31, 1994	\$5,900
November 1, through December 31, 1994	\$6,280
1995	\$8,650
1996	\$10,780
1997	\$10,590
1998	\$10,400
1999	\$10,240
2000	\$10,080
2001	\$9,920
2002	\$9,970
2003	\$10,020
2004	\$10,080
2005	\$10,130
2006	\$10,180
2007	\$10,240
2008	\$10,290
2009	\$10,340
2010	\$10,390
2011	\$10,440
2012	\$10,500
2013	\$10,550
2014	\$10,610
2015	\$10,660
2016	\$10,710

AMENDMENT TO FIRM CAPACITY CONTRACT

This Amendment to Firm Capacity Contract (this "Amendment") is dated as of the 4th day of September, 1998, by and between The Washington Water Power Company, a Washington corporation ("WWP"), and Portland General Electric Company, an Oregon corporation ("PGE").

WHEREAS, WWP and PGE are parties to an Agreement for Long Term Purchase and Sale of Firm Capacity dated June 26, 1992 (the "Firm Capacity Contract");

WHEREAS, the parties desire to amend the Firm Capacity Contract on the terms and conditions set forth herein; and

WHEREAS, capitalized terms not otherwise defined shall have the meaning set forth in the Firm Capacity Contract.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Section 8 of the Firm Capacity Contract is hereby amended and restated in its entirety as follows:

8. ASSIGNMENT

This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties. Either Party may assign or transfer its rights and obligations under this Agreement to a third party; provided, however, that PGE's right to assign or transfer its rights and obligations hereunder shall be limited to third parties, in each case, (a) having a credit rating of at least "A" from Standard & Poors Corporation or "A2" from Moody's Investor Services, Inc., (b) having net equity and gross revenues at least equivalent to PGE's (based on PGE's and such third party's most recent audited financial statements covering the same period), (c) engaged in a line of business that would enable it to perform its obligations under this Agreement subsequent to the Assignment, and (d) that can take or arrange for delivery of both Capacity and Return Energy at a control area at the Point of Delivery specified in or pursuant to Section 3.3 hereof. Each Party shall notify the other in writing of any assignment under this Section 8 within five (5) days of any such

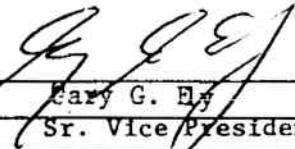
assignment. Upon assignment by a party hereto pursuant to this Section 8, the assigning party shall have no further liabilities or obligations under this Agreement. Any attempted or purported transfer of this Agreement other than in accordance with this Section 8 shall be void and of no effect.

2. This Amendment shall only become effective upon written notice from WWP to PGE to that effect; provided, that such notice must be given on or prior to April 30, 1999, or this amendment shall be null and void.


3. This Amendment may be executed in counterparts and all such counterparts, when so executed and delivered, shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have set their hands as of the date first written above.

THE WASHINGTON WATER
POWER COMPANY

By: 
Name: Gary G. Ely
Title: Sr. Vice President

PORTLAND GENERAL ELECTRIC
COMPANY

By: 
Name: Walter E. Pollock
Title: Senior Vice President Power Supply

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Spokane Energy, LLC)
) Docket Nos. EC15-_____
)

Verification Pursuant to 18 C.F.R. § 33.7

STATE OF WASHINGTON)
) ss.
County of Spokane)

The undersigned, being duly sworn, states that he is the authorized representative of Spokane Energy, LLC, that he has read the foregoing application and knows the contents thereof, and that all of the statements contained therein with respect to Spokane Energy, LLC and its affiliates are true and correct to the best of his knowledge, information, and belief



Jason Thackston
Senior Vice President, Energy
Resources

SIGNED AND SWORN to before me on this 2 day of March, 2015



NOTARY PUBLIC in and for the State of
Washington, residing at Spokane.

Commission Expires: 05-09-17

