

POWER PURCHASE AGREEMENT

Dated as of December 7, 2009

Between

AVISTA TURBINE POWER, INC.,
as Seller

And

AVISTA CORPORATION,
as Purchaser

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APPENDICES

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POWER PURCHASE AGREEMENT

This POWER PURCHASE AGREEMENT (this “Agreement”), dated as of December 7, 2009, is entered into between Avista Turbine Power, Inc., a Washington corporation (“Seller”) and Avista Corporation, a Washington corporation (“Purchaser”) (each, a “Party” and collectively, the “Parties”).

RECITALS

A. Seller (as successor in interest to the purchaser’s interest therein) and Rathdrum Power, LLC , a Delaware limited liability company (“Generator”), are parties to that certain Power Purchase Agreement dated as of December 10, 1998, as amended by that certain Assignment and Assumption Agreement, dated June 11, 1999, by that certain First Amendment to Power Purchase Agreement, dated June 23, 1999, by that certain Second Amendment to the Power Purchase Agreement, dated December 28, 1999, by that certain Third Amendment to the Power Purchase Agreement, dated March 2, 2001, and by that certain Fourth Amendment to the Power Purchase Agreement, dated October 9, 2001 (as may be further amended, modified or supplemented from time to time, the “RP-ATP PPA”).

B. Pursuant to the terms of the RP-ATP PPA, Seller has rights to the electrical capacity and energy from a facility that Generator owns, operates and maintains, located in Rathdrum, Idaho.

C. Commencing at 0000 (Pacific Prevailing Time) on January 1, 2010 (the “Commencement Date”), Seller wishes to transfer, deliver and sell to Purchaser, and Purchaser wishes to accept, purchase and take from Seller, all electrical capacity and energy available from Generator’s facility pursuant to the terms of the RP-ATP PPA, and Seller shall designate Purchaser as the control center for the dispatch of Generator’s facility, on and subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which is acknowledged, the Parties hereby agree as follows:

AGREEMENT

SECTION I.

DEFINITIONS

Section 1.1 Defined Terms. Unless otherwise defined herein or in any exhibit, schedule or appendix hereto, the following terms, when used herein or in any exhibit, schedule or appendix hereto shall have the meanings set forth below.

“Actual Conditions” means the actual ambient conditions as measured at the Facility at a given time. Actual Conditions shall include measurements of temperature, barometric pressure and relative humidity. The point at which Actual Conditions are determined

shall not be changed during Dispatch of the Inlet Fogger and in any event shall be measured so as to exclude the effect of the operation of the Inlet Fogger.

“Actual Standard Capacity” means the Contract Standard Capacity as adjusted to Actual Conditions and degradation in accordance with Appendix A to the RP-ATP PPA.

“Actual Supplemental Capacity” means the Contract Supplemental Capacity as adjusted to Actual Conditions and degradation in accordance with Appendix A to the RP-ATP PPA.

“Actual Total Capacity” means the sum of the Actual Standard Capacity and the Actual Supplemental Capacity.

“Agreement” means this Power Purchase Agreement and the Appendices hereto, which are hereby incorporated herein by reference.

“Appendix” means an appendix attached to this Agreement.

“Availability Adjustment Factor” or “AAF” means the actual availability factor calculated Monthly in accordance with the RP-ATP PPA.

“Billing Period” means each Month used for billing purposes pursuant to Section XIII.

“BTU” means British Thermal Units (HHV).

“Business Day” means any Day except Saturday, Sunday or a day that is authorized as a holiday by banks in New York, New York.

“Canadian Dollars” means the lawful currency of the Dominion of Canada.

“Capacity Payment” means, for each Billing Period, the payment to be made by Purchaser to Seller for the Contract Total Capacity available to Purchaser or for Replacement Capacity during such Billing Period, in accordance with Section 10.1.

“Change-in-Law” has the meaning given to that term in the RP-ATP PPA.

“Change-in-Law Taxes” has the meaning given to that term in the RP-ATP PPA.

“Claims” means any claims, judgments, losses, liabilities, costs, expenses (including reasonable attorneys’ fees) and damages of any nature whatsoever (except workers’ compensation claims) in relation to personal injury, death or property damage incurred or made by third parties.

“Commencement Date” means 0000 (Pacific Prevailing Time) on January 1, 2010.

“Commercially Reasonable” or “Commercially Reasonable Efforts” means, with respect to any purchase or sale or other action required to be made, attempted or taken by a Party under this Agreement, the level of effort in light of the facts known to such Party at the time a decision is made that: (i) can reasonably be expected to accomplish the desired action at a reasonable cost; (ii) is consistent with Prudent Industry Practices; and (iii) takes into consideration, among other things, the amount of notice of the need to take such action, the duration and type of the purchase or sale or other action and the competitive environment in which such purchase or sale or other action occurs.

“Committed Standard Capacity” means a capacity of 261 MW.

“Contest” means, with respect to any Person, a contest of (a) any Governmental Approval or any act or omission by Governmental Agencies or (b) the amount or validity of any claim pursued by or against such Person in good faith and by appropriate legal, administrative or other proceedings diligently conducted so long as: (i) appropriate notations are included in the Parties’ financial statements regarding possible liabilities in accordance with GAAP, (ii) neither Party could reasonably be expected to incur criminal or civil liability with respect thereto and (iii) during the period of such contest the enforcement of such claim is effectively stayed.

“Contract Conditions” means ambient conditions of 49 degrees Fahrenheit, 702.3 millimeters of Hg and 60 % relative humidity.

“Contract Energy Costs” has the meaning assigned to such term in Appendix E to the RP-ATP PPA.

“Contract Standard Capacity” means the capacity of the Facility, without duct-firing or electric generation capacity provided by the Inlet Fogger operation, as determined and adjusted to Contract Conditions and degradation in accordance with Appendix A to the RP-ATP PPA.

“Contract Supplemental Capacity” means the incremental capacity of the Facility with duct firing as determined and adjusted to Contract Conditions and degradation in accordance with Appendix A to the RP-ATP PPA.

“Contract Total Capacity” means the sum of the Contract Standard Capacity and the Contract Supplemental Capacity.

“Contract Year” means, initially, the period commencing on the Commencement Date and ending on October 31, 2010, and, subsequently, each 12-Month period thereafter.

“Control Center” means the generation control center of Purchaser, its Affiliates or any other Person (including Transmission System Operator), as may be designated in writing by Purchaser from time to time as being the primary control center for the Dispatch of the Facility; provided that such designation shall be reasonably acceptable to Seller.

“Day” means the 24-hour period beginning and ending at 12:00 midnight (Pacific Prevailing Time).

“Default Rate” has the meaning assigned to such term in Section 13.5.

“Delivered Cost of Fuel” means (a) all costs (including pipeline losses) incurred by Purchaser to cause gas to be delivered to the Fuel Metering Points when gas has been scheduled for delivery to the Fuel Metering Points, or (b) if no gas has been scheduled for delivery to the Fuel Metering Points, the Gas Index.

“Delivery Excuse” has the meaning assigned to such term in Section 17.4(a).

“Design Limits” means the parameters set forth on Appendix C to the RP-ATP PPA.

“Dispatch” means the right of Purchaser or the Control Center on behalf of Purchaser to schedule the delivery of Net Electrical Output of the Facility in accordance with this Agreement and the RP-ATP PPA. Any form of the term Dispatch (e.g., “Dispatched” or “Dispatching”) shall refer to the exercise of such right by Purchaser.

“Dollars” or “\$” means the lawful currency of the United States of America.

“Early Termination Date” has the meaning assigned to such term in Section 18.2.

“Effective Date” means 0000 hours (Pacific Prevailing Time) on January 1, 2010.

“Electricity Metering Points” has the meaning assigned to such term in Section 9.1(a).

“Electricity Meters” has the meaning assigned to such term in paragraph 1(a) of Appendix B to the RP-ATP PPA.

“Emergency Condition” means a condition or situation that presents an imminent physical threat of danger to life, health or property, or a similarly described condition or situation however defined under the Interconnection Contract or any agreement entered into with a Transmission Service Provider with respect to the transmission of the Net Electrical Output of the Facility.

“Energy Payment” means, for each Billing Period, the payment to be made by Purchaser to Seller for the Net Electrical Output or Replacement Energy during such Billing Period, in accordance with Section 10.2.

“Equivalent Forced Outage Hours” means for any Month, the sum of the Forced Outage Hours for such Month.

“Expected Economic Dispatch Schedule” has the meaning assigned to such term in Appendix E to the RP-ATP PPA.

“Extended Outage Period” has the meaning assigned to such term in paragraph 2 of Appendix E RP-ATP PPA.

“Extended Term” has the meaning assigned to such term in Section 2.2.

“Extension Request” has the meaning assigned to such term in Section 2.2.

“Facility” means the natural gas fueled electrical generation plant consisting of a combined cycle unit located in Rathdrum, Idaho, together with all other equipment necessary for the generation and transmission of Net Electrical Output to the Interconnection Point including any additions or replacements thereof, constructed, supplied or delivered at the Facility Site.

“Facility Site” means the parcel of land upon which the Facility is located, in Rathdrum, Idaho.

“FERC” means the Federal Energy Regulatory Commission or its successor.

“Financing Documents” means any document relating to the financing or refinancing of the acquisition, development, construction, ownership, operation, maintenance or leasing of the Facility.

“Financing Parties” means institutions (including any trustee or agent on behalf of such institutions) providing debt financing or refinancing to Generator for the acquisition, development, construction, ownership, operation, maintenance or leasing of the Facility.

“Fogger Payment” has the meaning given to such term in Section 10.5.

“Force Majeure Event” means an event, condition or circumstance described in Section 17.1.

“Forced Outage” means a reduction of, cessation in the delivery of, or inability to deliver, the Net Electrical Output Dispatched by Purchaser from the Facility that is not the result of (a) a Scheduled Maintenance Outage, (b) a Force Majeure Event, (c) a Delivery Excuse, (d) an Emergency Condition not principally caused by Generator or Seller or (e) operation outside of the deviation band limits for which operation Generator, in accordance with the RP-ATP PPA, elects to be responsible for the associated imbalance charge or penalty imposed under a tariff by Transmission Service Provider in accordance with Section 6.1(d); provided, that Maintenance Delays shall not in any event be deemed to be a Forced Outage; provided, further, that, for the purposes of this Agreement, a period of reduction of, cessation in the delivery of, or inability to deliver, Net Electrical Output Dispatched by Purchaser from the Facility shall not be deemed to be a Forced Outage if and to the extent Generator (or Seller at the election of Generator) provides Replacement Power during such period in accordance with Section 6.2. Any reduction in operation, cessation in operation or inability to operate the Inlet Fogger shall not in any event be deemed a Forced Outage.

“Forced Outage Hour” means any hour in which a Forced Outage occurs or is continuing. In a Forced Outage Hour, if the Net Electrical Output delivered is greater than zero but less than the level of energy Dispatched, then such partial Forced Outage Hour shall be determined by the ratio of the Dispatched Facility output less the Net Electrical Output to the Dispatched Facility output.

“Fuel” means natural gas, which is the fuel used by the Facility, that meets the specifications for gas set forth by GTN for gas transported on the GTN Pipeline and that is delivered to Generator at a minimum temperature of 30 degrees Fahrenheit and a minimum pressure of 450 psig; notwithstanding anything to the contrary in this Agreement, in no event shall Non-Conforming Fuel be deemed to be Fuel hereunder.

“Fuel Interconnection” means the Fuel metering and regulation station to be constructed and installed to interconnect the Facility to the GTN Pipeline, as more fully described in the GTN Interconnection Agreement.

“Fuel Metering Points” means the location of Fuel Meters at or near the interconnection of the Facility to the GTN Pipeline.

“Fuel Meters” has the meaning assigned to such term in paragraph 2(a) of Appendix B to the RP-ATP PPA.

“GAAP” means generally accepted accounting principles as in effect from time to time in the United States.

“Gas Index” means that index expressed in Canadian Dollars/gigajoule published as the “Daily Price Survey” in *Gas Daily* at AECO-C (midpoint), converted to \$/MMBTU at 1.0548 MMBTU/gigajoule and at the “Canadian Currency Settlement Rate” published in *Gas Daily*, plus all additional costs (including pipeline losses) determined pursuant to Purchaser’s gas transportation agreements or, if no such agreements are applicable, an appropriate basis differential as the Parties may agree from time to time, which would be incurred by Purchaser to deliver gas to the Fuel Metering Points. Should the index specified herein be discontinued or no longer reflect the market price of gas delivered to the Facility, an index specified by the appropriate entity as the replacement index, if any, shall be used. If no replacement index is specified, a new index which most accurately reflects changes for the applicable cost component shall be substituted by mutual agreement of the Parties. If the basis of the calculation of the index specified herein is substantially modified, the index as modified may continue to be used or another index may be substituted by mutual agreement of the Parties.

“Government Agency” means any federal, state, local, territorial or municipal government and any department, commission, board, bureau, agency, instrumentality, judicial or administrative body thereof having jurisdiction over the Facility, Generator, Purchaser or Seller, as the case may be. For the avoidance of doubt, NERC and WECC shall be considered Governmental Agencies within the means of this Agreement.

“Governmental Approval” means any authorization, consent, approval, license, ruling, permit, exemption, variance, order, judgment, decree, declarations of or regulation by any Government Agency relating to the acquisition, development, ownership, leasing, occupation, construction, start-up, testing, operation or maintenance of the Facility or to the execution, delivery or performance of this Agreement.

“GTN” means TransCanada Corporation operator of the GTN Pipeline, successor to Gas Transmission Northwest Corporation, which in turn was successor to PG&E Gas

Transmission, Northwest Corporation, and as appropriate successor operators of the GTN Pipeline.

“GTN Interconnection Agreement” has the meaning given to the term “PGT Interconnection Agreement” in the RP-ATP PPA.

“GTN Pipeline” means the facilities of GTN to be used by the Purchaser for the delivery of Fuel as required by this Agreement.

“Guaranteed Heat Rate” means the Guaranteed Heat Rate as determined in accordance with Appendix F to the RP-ATP PPA.

“Initial Outage Period” has the meaning assigned to such term in paragraph 2 of Appendix E to the RP-ATP PPA.

“Initial Term” has the meaning assigned to such term in Section 2.1.

“Inlet Fogger” means the combustion turbine inlet fogging system installed at the Facility.

“Inlet Fogger Variable Charge” means the Inlet Fogger Variable Charge in the RP-ATP PPA.

“Interconnection Agreement” has the meaning given to such term in the RP-ATP-PPA.

“Interconnection Facilities” means the interconnection facilities that shall connect the Facility with the TSP System, as more fully described in the Interconnection Agreement.

“Interconnection Point” means the physical point at which the Facility is connected with the TSP System, as more fully described in the Interconnection Agreement, or such other point as the Parties may agree.

“KW” means kilowatt.

“KWh” means kilowatt-hour.

“Law” means any statute, law, rule or regulation or any judicial or administrative interpretation thereof having the effect of the foregoing imposed by a Government Agency, whether in effect now or at any time in the future. For the avoidance of doubt, reliability standards issued by NERC and/or WECC shall be considered within the meaning of the term Law.

“Lien” shall mean, with respect to any property of any Person, any mortgage, lien, pledge, charge, lease, easement, servitude, right of others or security interest or encumbrance of any kind in respect of such property of such Person.

“Maintenance Delay” shall have the meaning assigned to such term in Section 5.2 of the RP-ATP PPA.

“Minimum Load” means 70% of the Actual Standard Capacity.

“MMBTU” means million BTU.

“Month” means a calendar month.

“MW” means megawatt.

“MWh” means megawatt-hour.

“NERC” means the North American Electric Reliability Corporation or its successor.

“Net Electrical Output” means for any period, the electric energy output as measured in KWhs at the Electricity Metering Points of the Facility during such period, including all electric energy output provided by the Inlet Fogger operation.

“Non-Conforming Fuel” means any fuel delivered to the Facility that does not meet the specifications for Fuel.

“Non-Conforming Power” has the meaning assigned to such term in Section 4.4.

“Off Peak Hour” means any hour that is not a Peak Hour.

“Operating Procedures” shall have the meaning given such term in Section 5.5.

“Pacific Prevailing Time” means Pacific Daylight Saving Time when such time is applicable in Rathdrum, Idaho and otherwise means Pacific Standard Time.

“Peak Hours” means the 16 clock hours beginning at 6:00 a.m. and ending at 10:00 p.m. (Pacific Prevailing Time) of each Day.

“Peak Period” means the Months of January, February, March, April, July, August, September, October, November and December.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or Government Agency or any business entity whose existence may be authorized by a Governmental Agency.

“Prudent Industry Practices” means any of the practices, methods, standards and acts (including, but not limited to, the practices, methods and acts engaged in or approved by a significant portion of the electric power generation industry in the United States) that, at a particular time, in the exercise of reasonable judgment in light of the facts known or that should reasonably have been known at the time a decision was made, could have been expected to accomplish the desired result consistent with good business practices, reliability, economy,

safety and expedition, and which practices, methods, standards and acts generally conform to operation and maintenance standards recommended by the Facility's equipment suppliers and manufacturers, the Design Limits and applicable Governmental Approvals and Law.

“Related Agreements” has the meaning given to such term in the RP-ATP PPA.

“Replacement Capacity” means electric generation capacity provided to Purchaser from sources other than the Facility in accordance with the requirements of Appendix E to the RP-ATP PPA.

“Replacement Energy” means electric energy provided to Purchaser from sources other than the Facility in accordance with the requirements of Appendix E to the RP-ATP PPA.

“Replacement Power” means either or both of Replacement Capacity and Replacement Energy.

“Replacement Power Arrangements” means any arrangement made with any Person for the supply, transmission or delivery of Replacement Power in accordance with the requirements of Appendix E to the RP-ATP PPA.

“Replacement Power Cost” has the meaning given such term in Appendix E to the RP-ATP PPA.

“Replacement Power Delivery Point” means either the Interconnection Point or one or more points for the receipt of Replacement Power designated by Purchaser in writing and accepted by Seller in accordance with Appendix E to the RP-ATP PPA.

“Replacement Power Outage” has the meaning assigned to such term in paragraph 2 of Appendix E to the RP-ATP PPA.

“RP-ATP PPA” has the meaning given to such term in Recital A of this Agreement.

“Scheduled Maintenance Outage” means a time period during which the Facility is shut down or its output reduced for Facility maintenance in accordance with Section 5.2 of the RP-ATP PPA.

“Standard Capacity Test” has the meaning assigned to such term in Appendix A to the RP-ATP PPA.

“Start” means the ignition of the Facility pursuant to a Dispatch order and the steady-state operation of the Facility at a level providing at least 80% of the KWs that would have been delivered pursuant to full compliance with such Dispatch order (unless delivery of Net Electrical Output is delayed, terminated or reduced by Purchaser, a Dispatch order, a Force Majeure Event or a Delivery Excuse). For purposes of this Agreement there shall be deemed to be only one Start per Dispatch order unless delivery of Net Electrical Output is terminated by a Dispatch order, a Force Majeure Event or a Delivery Excuse.

“Start Payment” has the meaning assigned to such term in Section 10.4.

“Start-Up” means the ignition of the Facility pursuant to a Dispatch order and the operation of the Facility up to the Minimum Load; provided that for purposes of this Agreement, there shall be deemed to be only one Start-Up per Dispatch order, unless delivery of energy is delayed, terminated or reduced by Purchaser, a Dispatch order, a Force Majeure Event or a Delivery Excuse.

“Supplemental Capacity Test” has the meaning assigned to such term in Appendix A to the RP-ATP PPA.

“Taxes” means, with respect to any Person, all taxes, withholdings, assessments, imposts, duties, governmental fees, governmental charges or levies imposed directly or indirectly by any Governmental Agency on such Person or its income, profits or property or measured by the volume or amount of consumption of fuel, the production of energy or the provision of electric generation capacity, or gross revenue, gross receipts or comparable measure thereof, and whether characterized as an ad valorem, sales, gross receipts, BTU, carbon, energy production or other similar taxes.

“Term” means the Initial Term and any Extended Term.

“Tracking Account” has the meaning assigned to such term in Section 12.2(a).

“Transmission Service Provider” or “TSP” means a Person providing electric transmission service with respect to the Net Electrical Output of the Facility from the Interconnection Point over the TSP System.

“Transmission System Operator” or “TSO” means a Person under jurisdiction of the FERC (or any federal or state agency assuming that regulatory authority currently residing with the FERC with respect to the formation and operation of TSOs), that is responsible for the safe and reliable operation of the electric transmission grid and administration of transmission service, within its defined boundaries.

“TSP System” means the transmission system of TSP to be used by Purchaser for the purpose of transmitting the Net Electrical Output of the Facility.

“Utility Meters” has the meaning assigned to such term in paragraph 1(a) of Appendix B to the RP-ATP PPA.

“WECC” means the Western Electricity Coordinating Council.

Section 1.2 Interpretation. Unless the context otherwise requires:

(a) Words singular and plural in number shall be deemed to include the other and pronouns having masculine or feminine gender shall be deemed to include the other.

(b) Subject to Section 1.2(g), any reference in this Agreement to any Person includes its successors and assigns and, in the case of any Government Agency, any Person succeeding to its functions and capacities.

(c) Any reference in this Agreement to any Section or Appendix means and refers to the Section contained in, or Appendix attached to, this Agreement.

(d) Other grammatical forms of defined words or phrases have corresponding meanings.

(e) A reference to writing includes typewriting, printing, lithography, photography and any other mode of representing or reproducing words, figures or symbols in a lasting and visible form.

(f) A reference to a specific time for the performance of an obligation is a reference to that time in the place where that obligation is to be performed.

(g) A reference to a Party to this Agreement includes that Party's successors and permitted assigns.

(h) A reference to a document or agreement, including this Agreement, includes a reference to that document or agreement as novated, amended, supplemented or restated from time to time.

(i) If any payment, act, matter or thing hereunder would occur on a Day that is not a Business Day, then such payment, act, matter or thing shall, unless otherwise expressly provided for herein, occur on the next succeeding Business Day.

Section 1.3 Technical Meanings. Words not otherwise defined herein that have well-known and generally accepted technical or trade meanings are used herein in accordance with such recognized meanings.

SECTION II.

TERM

Section 2.1 Initial Term. This Agreement shall become effective on the Effective Date and shall continue in effect for an initial period ending 2359 (Pacific Prevailing Time) on October 31, 2026 (the "Initial Term"), unless otherwise extended or terminated in accordance with the provisions of this Agreement; *provided however*, that notwithstanding anything to the contrary in this Agreement, this Agreement shall not become effective on the Effective Date, unless Avista has first received regulatory treatment from the relevant state regulatory agencies that is satisfactory to Avista, including an order from the Washington Utilities and Transportation Commission authorizing rate treatment of Avista's purchase of the output of the Facility that is satisfactory to Purchaser. The initial term of this Agreement shall be the same as the remaining initial term of the RP-ATP PPA. In no circumstances shall the Term of this Agreement extend beyond the expiration or termination of the RP-ATP PPA.

Section 2.2 Extension of Term. The Term of this Agreement may be extended by mutual agreement of Purchaser and Seller on mutually agreeable terms and conditions for an additional five year period (the “Extended Term”), provided that Purchaser or Seller requests in writing an extension of this Agreement (an “Extension Request”) not less than 20 months prior to the expiration of the Initial Term and subject to extension of the RP-ATP PPA for an additional term at least as long as the requested Extended Term. In the event that Purchaser and Seller have not agreed to extend the Term on or prior to the date that is six months prior to the expiration of the Initial Term, this Agreement shall terminate automatically at the end of the Initial Term and neither Seller nor Purchaser shall have any further liability or obligations to the other hereunder, except for obligations or duties that accrued prior to such termination or that survive such termination by the terms of this Agreement.

Section 2.3 Relation to Term of RP-ATP PPA. The Term of this Agreement shall be no longer than the term of the RP-ATP PPA, as may be amended or extended. If Generator terminates, or chooses not to extend, the RP-ATP PPA, this Agreement will expire on the same date as the RP-ATP PPA and neither Party shall have any further obligation to the other Party under this Agreement, including, without limitation, any liability for costs or damages as a result of such termination of this Agreement caused by termination of the RP-ATP PPA by Generator. Seller shall not voluntarily exercise any termination rights under the RP-ATP PPA during the Term of this Agreement without the prior consent of Purchaser.

SECTION III.

COMMENCEMENT OF OPERATIONS

Section 3.1 Delivery Start Date. The delivery start date shall be the Commencement Date.

Section 3.2 Commencement of Operations. The respective rights and obligations of Purchaser and Seller relating to the commercial operation of the Facility will commence on the Commencement Date. On the Commencement Date, Purchaser shall be entitled to and shall assume, and Seller shall deliver and exercise for Purchaser’s benefit, all of Seller’s rights and obligations relating to the commercial operation of Facility as set forth in the RP-ATP PPA. Purchaser shall be entitled to assume direct communications with Generator in order to exercise and realize the benefits and burdens of this Agreement.

SECTION IV.

SALE AND PURCHASE OBLIGATIONS

Section 4.1 Sale and Purchase of Energy. Subject to the terms and conditions of this Agreement, Seller shall sell and deliver, and Purchaser shall purchase and accept, on and after the Commencement Date and for the Term of this Agreement, (a) the Net Electrical Output of the Facility as Dispatched in accordance with this Agreement and the RP-ATP PPA and (b)

Replacement Energy provided by Generator or Purchaser in accordance with this Agreement and the RP-ATP PPA.

Section 4.2 Sale and Purchase of Capacity. Subject to the terms and conditions of this Agreement, Seller shall sell and make available, and Purchaser shall purchase and accept, on or after the Commencement Date and for the Term of this Agreement, (a) the Actual Total Capacity of the Facility as made available to Seller under the RP-ATP PPA and (b) Replacement Capacity provided by Seller or Purchaser in accordance with this Agreement and the RP-ATP PPA.

Section 4.3 No Sale of Power to Third Parties. So long as no Event of Default has occurred and is continuing with respect to Purchaser, Seller shall not have the right to sell to third parties electrical capacity and electrical energy generated from the Facility.

Section 4.4 Measurement and Quality of Electricity.

(a) All Net Electrical Output shall be measured at the Electricity Metering Points and shall meet the specifications established by Transmission Service Provider, as the same may be amended from time to time.

(b) In the event that electricity delivered by Generator to Seller under the RP-ATP PPA fails to conform to the specifications established by Transmission Service Provider (“Non-Conforming Power”), and upon notice of such non-conformance by the Control Center or Purchaser, Seller immediately shall exercise its rights under the RP-ATP PPA to cause Generator to use such Commercially Reasonable Efforts as are necessary to correct such non-conformity and to provide to Purchaser an estimate of the duration and extent of such failure to conform. Pursuant to the RP-ATP PPA, Generator shall, notwithstanding anything to the contrary in this Agreement or the RP-ATP PPA, pay any costs incurred under the Interconnection Agreement as a result of Generator delivering Non-Conforming Power (or Seller shall collect and forward payment of such costs if Generator will not pay them directly to Purchaser), and Seller shall exercise its rights under the RP-ATP PPA to cause Generator to reimburse Purchaser in accordance with Section 13.2 for the actual additional direct cost of any ancillary services charged to Purchaser pursuant to the agreements described in Section 7.4 as a result of Generator delivering Non-Conforming Power (or Seller shall collect and forward payment of such costs if Generator will not pay them directly to Purchaser).

SECTION V.

OPERATION OF THE FACILITY

Section 5.1 Operation and Maintenance of Facility.

(a) Seller shall exercise its rights under the RP-ATP PPA to cause Generator to operate and maintain, or cause the operation and maintenance of, the Facility in accordance with Prudent Industry Practices and otherwise in accordance with the RP-ATP PPA.

(b) Seller shall exercise its rights under the RP-ATP PPA to cause Generator to inform Purchaser on a daily basis by 0500 (Pacific Prevailing Time) of the generation capability of the Facility and any limitations, restrictions, deratings or outages affecting the Facility for the next two Days and to update Generator's notice to the extent of any material changes in this information; provided that if Generator will not provide such information to Purchaser directly then Seller shall forward such information as promptly as possible after receipt from Generator.

(c) Seller shall exercise its rights under the RP-ATP PPA to cause Generator to only employ appropriately qualified (as determined in Generator's reasonable opinion) personnel for the purposes of operating and maintaining the Facility and coordinating operations with the Control Center.

Section 5.2 Scheduled Maintenance.

(a) Prior to June 1 of each calendar year Purchaser shall provide to Seller a non-binding proposed schedule of Dispatch and Start-Ups for the Facility for each Month, which schedule also indicates the weeks available for Generator to schedule maintenance outages. Such non-binding proposed schedule shall cover the following calendar year. Within 60 Days after receiving Purchaser's proposed schedule for the Facility, Seller shall exercise its rights under the RP-ATP PPA to cause Generator to submit to Purchaser (or Seller who shall then forward to Purchaser) a proposed schedule for Scheduled Maintenance Outages for the period covered by, and which shall be based on, Purchaser's projected Dispatch schedule, subject to Section 5.2(b) of the RP-ATP PPA. In no event, without Purchaser's consent, shall such schedule provide for a Scheduled Maintenance Outage during a Peak Period. Once Generator has provided to Purchaser (or Seller has forwarded) the proposed schedule for Scheduled Maintenance Outages, Purchaser may, within 30 Days after receiving Generator's proposed schedule, request Seller to exercise its rights under the RP-ATP PPA to cause Generator to re-schedule any such Scheduled Maintenance Outage and to cause Generator to exercise Commercially Reasonable Efforts to effectuate such change in schedule.

(b) Purchaser rights and obligations with respect to any Scheduled Maintenance Outages, shall be those rights and obligations provided to Seller under Section 5.2 of the RP-ATP PPA. Consistent with the foregoing and Purchaser's rights under this Agreement, Purchaser shall have the right to request that Seller exercise any of its rights under Section 5.2 of the RP-ATP PPA for Purchaser's benefit under this Agreement.

Section 5.3 Access and Information.

(a) Seller shall provide to Purchaser from time to time the following information with respect to the Facility:

(i) Copies of the manufacturers' guidelines and recommendations for maintenance of the Facility equipment to the extent they are provided to Seller by Generator; and

(ii) Copies of reports prepared by Generator summarizing the results of maintenance performed during each Scheduled Maintenance Outage and any Forced Outage,

and upon request of Purchaser copies of any of the technical data obtained by or reasonably available to Seller in connection with such maintenance.

(b) Upon reasonable prior notice (in light of the circumstances) and subject to the safety rules and regulations of Generator, Seller shall exercise its rights under the RP-ATP PPA to cause Generator to provide Purchaser and its authorized agents, employees and inspectors with reasonable access to the Facility Site and the Facility: (i) for the purpose of reading or testing metering equipment in accordance with Section IX, (ii) as necessary to witness tests of Contract Total Capacity in accordance with Section XI, (iii) in connection with the operation and maintenance of the Interconnection Facilities and (iv) for other reasonable purposes at the reasonable request of Purchaser.

Section 5.4 Permits; Compliance with Laws.

(a) Subject to the right of Contest, Seller shall exercise its rights under the RP-ATP PPA to cause Generator, at its expense, to acquire and maintain in effect, from any and all Governmental Agencies with jurisdiction over Generator and/or the Facility, all Governmental Approvals, in each case necessary (i) for the construction, operation and maintenance of the Facility in accordance with this Agreement, the RP-ATP PPA and to permit the Facility to operate at the Committed Standard Capacity for all hours of the year less hours allowed for Scheduled Maintenance Outages pursuant to Section 5.2 and to operate with duct firing in-service for 2000 hours per year and (ii) for Generator to perform its obligations under the RP-ATP PPA..

(b) Subject to the right of Contest, Seller shall exercise its rights under the RP-ATP PPA to require Generator, at all times, comply with all Laws and Governmental Approvals necessary for Generator to perform its obligations under the RP-ATP PPA.

(c) Subject to the right of Contest, Purchaser and Seller shall, at all times, comply with all Laws and Governmental Approvals necessary for it to perform its respective obligations under this Agreement.

Section 5.5 Operating Procedures. The current operating procedures for the Facility are attached hereto as Appendix B which may be amended or supplemented from time to time by mutual agreement of the Parties in cooperation with, and conditioned upon the mutual agreement of, Generator (as amended or modified from time to time, the "Operating Procedures"). The Operating Procedures shall at all times define the protocol under which the Parties shall perform their respective responsibilities under this Agreement and shall include, but shall not necessarily be limited to, method of Day-to-Day communications, key personnel lists for Generator, Seller and Purchaser, Forced Outage and Scheduled Maintenance Outage reporting, procedures for testing, daily capacity level and energy reports, start-up curves including fuel consumption during start-up, coordinating Fuel arrangements and resolution of disputes.

SECTION VI.

SCHEDULING, DISPATCH AND DELIVERY

Section 6.1 Dispatch; Scheduling for Delivery.

(a) As of the Commencement Date, Purchaser (or the Control Center on behalf of Purchaser) may Dispatch the Facility up to its Actual Total Capacity as agent for Seller under the RP-ATP PPA.

(b) On the Commencement Date and thereafter prior to the first Day of each Month, Purchaser shall provide to Seller and (conditioned upon Seller's request and Generator's acceptance of Purchaser's designation of a Control Center) Generator a good faith projection of the amount of energy to be scheduled by Purchaser from the Facility for each hour of such Month. Such projection shall be considered an estimate only and shall be non-binding on Purchaser.

(c) Purchaser shall inform Seller and (conditioned upon Seller's request and Generator's acceptance of Purchaser's designation of a Control Center) Generator on a daily basis before 1200 noon (Pacific Prevailing Time) of the projected schedule for Dispatch for the Facility for each hour of the following Day. Purchaser shall be entitled to change such schedule after 1200 noon (Pacific Prevailing Time) subject to the Design Limits and, to the extent not inconsistent with the Design Limits, the Operating Project Documents, Prudent Industry Practices and manufacturer's guidelines and recommendations generally applicable to such equipment.

(d) Consistent with the Design Limits and, to the extent not inconsistent with the Design Limits, Prudent Industry Practices and manufacturers' guidelines and recommendations generally applicable to similar facilities, Seller shall exercise its rights under the RP-ATP PPA to cause (i) the Facility to promptly comply with the Dispatch order by Purchaser or the Control Center on behalf of Purchaser, and (ii) the Facility to generate energy within deviation band limits of the scheduled amount of energy provided by Purchaser (+/- 1.5% integrated hourly) for steady-state operation (operation between Minimum Load and the Actual Total Capacity). If the Facility's energy generation deviates outside of such band limits during steady-state operation, Purchaser acknowledges and agrees that Generator may elect to reimburse Seller, and Seller agrees in turn to reimburse Purchaser if Generator makes such election, for any energy imbalance charges or penalties charged to Purchaser by the Transmission Service Provider pursuant to the tariff applicable to Purchaser. Any operation of the Facility outside of the deviation band limits for which Generator has elected to reimburse Seller, and Seller in turn reimburses Purchaser, for any imbalance charge or penalty imposed under a tariff by the Transmission Service Provider shall not count as a Forced Outage. If the Transmission Service Provider charges Generator, Seller or Purchaser imbalance charges or penalties for operation within the range of +/- 1.5% of scheduled operation integrated hourly, Purchaser shall be responsible for such charges or penalties. If the Facility generates energy outside of the deviation band limits during Start-Up, shut down, or due to a Forced Outage, Force Majeure Event or Delivery Excuse, then Purchaser shall be responsible for such energy imbalance charges or penalties charged by TSP to either Purchaser or Seller pursuant to the

applicable tariff. For purposes of this Section 6.1(d), there shall be deemed to be a Forced Outage only if Generator has not provided notice to Purchaser that Generator shall (or shall elect to require Seller and therefore Purchaser to) provide Replacement Power, as set forth in Appendix E of the RP-ATP PPA.

(e) Purchaser may Dispatch operation of the Inlet Fogger when the Facility is operating at or above one hundred percent (100%) of Actual Standard Capacity, subject to the other time and notice requirements applicable to Dispatch of the Facility.

Section 6.2 Forced Outages. Forced Outages shall be treated in accordance with paragraph 2 of Appendix E to the RP-ATP PPA. Any reduction in operation, cessation in operation or inability to operate the Inlet Fogger shall not in any event be deemed a Forced Outage or result in the accumulation of Forced Outage Hours

Section 6.3 Electronic Communications.

(a) Seller shall exercise its rights under the RP-ATP PPA to cause Generator to provide telemetering equipment and facilities capable of continuously transmitting the following information with respect to the Facility to Purchaser and (except in the case of clauses (vi) and (viii) below) to the Control Center and to operate such equipment when requested by Purchaser:

- (i) Actual Standard Capacity;
- (ii) Actual Total Capacity;
- (iii) Minimum Load;
- (iv) Reactive power;
- (v) Voltage;
- (vi) Actual temperature, barometric pressure and relative humidity (to be taken at the gas turbine inlet);
- (vii) Instantaneous output at the Electricity Metering Points;
- (viii) Facility Fuel consumption; and
- (ix) An estimate of the generation capacity from the Inlet Fogger operation.

(b) Seller shall exercise its rights under the RP-ATP PPA to cause Generator to install a dedicated direct communication circuit to Purchaser and to the Control Center in the Facility's control room or such other communication equipment as the Parties may agree.

SECTION VII.

INTERCONNECTION; ANCILLARY SERVICES; ETC.

Section 7.1 Interconnection Facilities. Seller shall exercise its rights under the RP-ATP PPA to cause Generator to operate, maintain and control (or cause the operation, maintenance and control by TSP) during the Term at Generator's sole cost and expense all Interconnection Facilities located on the Facility Site up to, but not including, the Interconnection Point. Purchaser shall be responsible to secure any transmission rights past the Interconnection Point, and the effectiveness of this Agreement shall not be contingent upon Purchaser's securing transmission service with TSP or any other transmitting utility or upon the availability of transmission capacity at specific delivery or receipt points selected by Purchaser downstream of the Interconnection Point.

Section 7.2 Interconnection Point. Seller shall exercise its rights under the RP-ATP PPA to cause Generator to (i) deliver Net Electrical Output Dispatched hereunder to Purchaser at the Interconnection Point, and (ii) deliver all Replacement Energy to the Replacement Power Delivery Point.

Section 7.3 Risk of Loss. As between the Parties, Seller shall be deemed to be in exclusive control (and responsible for any property damages or injuries to persons caused thereby) of the Net Electrical Output prior to the Interconnection Point or the Replacement Power Delivery Point (as applicable) and Purchaser shall be deemed to be in exclusive control (and responsible for any property damages or injuries to persons caused thereby) of the Net Electrical Output at and from the Interconnection Point or the Replacement Power Delivery Point (as applicable).

Section 7.4 Additional Agreements. Purchaser shall be responsible for obtaining and paying for the provision of transmission services and any ancillary or control area services required by the FERC, TSP, the TSO or any other transmission utility with respect to the delivery and transmission of electric energy beyond the Interconnection Point. Purchaser may obtain such services pursuant to tariffs filed with the FERC by the relevant Person or by separately contracting with such Person. Upon request by Seller, Purchaser shall provide to Seller for Seller's review all drafts and final versions of agreements with TSP for transmission services or ancillary or control area services that have a term of longer than one year. All such agreements (whether or not such agreements have a term of longer than one year) shall be consistent with the terms of the Related Agreements. Seller shall cooperate with Purchaser and provide information as reasonably requested by Purchaser in connection with the negotiation and performance of each agreement for the provision of transmission services and ancillary or control area services.

SECTION VIII.

FUEL ARRANGEMENTS

Section 8.1 Gas Transportation. Purchaser shall be responsible to secure gas transportation rights to the Fuel Metering Points, and the effectiveness of this Agreement shall

not be contingent upon Purchaser's securing gas transportation services with GTN or any other gas transporter or upon the availability of transportation capacity at specific delivery or receipt points selected by Purchaser upstream of the Fuel Metering Points.

Section 8.2 Fuel Metering Points. All Fuel required to be delivered under this Agreement shall be delivered by Purchaser at the Fuel Metering Points.

Section 8.3 [Reserved].

Section 8.4 Fuel for Operations; Delivery and Acceptance. On and after the Commencement Date, Purchaser shall at all times arrange, procure, supply, nominate, balance, transport and deliver to the Facility the amount of Fuel necessary for the Facility to generate its Net Electrical Output as produced pursuant to the Dispatch of the Facility. Subject to Section 8.6(b) and provided that the Facility is not subject to a Forced Outage, a Scheduled Maintenance Outage, a Force Majeure Event or a Delivery Excuse, on and after the Commencement Date, Seller shall exercise its rights under the RP-ATP PPA to cause Generator to accept all Fuel required by the Facility delivered by Purchaser at the Fuel Metering Points pursuant to the terms of this Agreement and the RP-ATP PPA. Purchaser shall be responsible for the cost of Fuel and all other costs associated with the supply and transportation accepted by Generator at the Fuel Metering Points.

Section 8.5 Risk of Loss. As between the Parties, Purchaser shall be deemed to be in exclusive control (and responsible for any property damages or injuries to persons caused thereby) of the Fuel prior to the Fuel Metering Points and Seller shall be deemed to be in exclusive control (and responsible for any property damages or injuries to persons caused thereby) of the Fuel at and from the Fuel Metering Points. Risk of loss related to the Fuel shall transfer from Purchaser to Seller at the Fuel Metering Points. At all times Purchaser shall retain title to the Fuel and any Non-Conforming Fuel.

Section 8.6 Measurement and Quality of Fuel.

(a) All Fuel to be supplied by Purchaser pursuant to the terms of this Agreement shall be measured at the Fuel Metering Points and shall meet the specifications established by GTN for gas delivered to the GTN Pipeline, as such specifications may be amended from time to time. Purchaser shall use good faith efforts to ensure that all Fuel delivered hereunder meets such specifications.

(b) Seller shall exercise its rights under the RP-ATP PPA to cause Generator to notify Purchaser (or shall notify Purchaser if Generator does not consent to notify Purchaser) if any Fuel made available by Purchaser to Generator under this Agreement is Non-Conforming Fuel. Generator may refuse to accept delivery of such Non-Conforming Fuel and such Non-Conforming Fuel shall, for purposes of this Agreement, be deemed not to have been provided by Purchaser.

SECTION IX.

METERING

Section 9.1 Metering Devices for Electricity.

(a) The Net Electrical Output shall be measured by Generator's electricity metering devices located at the high side of the Facility's step-up transformer on Generator's side of the Interconnection Point (the "Electricity Metering Points"). Seller shall exercise its rights under the RP-ATP PPA to cause Generator to operate, maintain and control of all of Generator's electricity metering equipment at its sole cost and expense.

(b) The number and general location of Seller's electricity metering devices shall be as set forth in Appendix B to the RP-ATP PPA. Seller shall exercise its rights under the RP-APT PPA to cause Generator to ensure that all of Generator's electricity metering devices shall be sealed, and the seal shall be broken only when representatives of both Seller and Purchaser are present for the purpose of inspecting, testing and adjusting such electricity metering devices in accordance with Sections 9.3 and 9.4 of the RP-ATP PPA.

(c) Subject to the approval of Generator, under the RP-ATP PPA, Purchaser or Seller at Purchaser's request may install and maintain, at Purchaser's own cost and expense, back-up electricity metering devices using the same current and potential transformers as those used for Generator's electricity metering devices.

(d) All meters required pursuant to this Agreement to measure Net Electrical Output shall be equipped and capable of telemetering data to Purchaser.

Section 9.2 Metering Devices for Fuel.

(a) The Fuel delivered by Purchaser in accordance with the terms of this Agreement shall be measured by Generator's metering devices at the Fuel Metering Points. Seller shall exercise its rights under the RP-APT PPA to cause Generator to ensure the property operation, maintenance and control of all of Generator's Fuel metering equipment at Generator's sole cost and expense.

(b) The number and general location of Generator's Fuel metering devices shall be as set forth in Appendix B to the RP-ATP PPA. Seller shall exercise its rights under the RP-APT PPA to cause Generator to ensure that all of Generator's Fuel metering devices shall be sealed, and the seal shall be broken only when representatives of both Seller and Purchaser are present for the purpose of inspecting, testing and adjusting such metering devices.

Section 9.3 Inspection of Metering Devices. Seller shall exercise its rights under the RP-APT PPA to cause Generator to inspect, test and adjust all of Generator's metering devices as provided in the RP-ATP PPA and shall provide Purchaser with an opportunity to participate in such testing and adjusting of such metering devices.

Section 9.4 Adjustments for Inaccurate Measurements. If any of Generator's metering devices fail to register, or if the measurements made by any of such metering devices are found upon testing to be inaccurate, corrections and adjustments shall be made as provided in the RP-ATP PPA.

SECTION X.

PAYMENTS

Section 10.1 Capacity Payments.

(a) Except as otherwise expressly provided herein, for each Billing Period commencing on the Commencement Date, Purchaser shall pay Seller who shall pay Generator a Capacity Payment for the Contract Total Capacity of the Facility made available to Purchaser, or for Replacement Capacity provided in accordance with paragraph 2 of Appendix E to the RP-ATP PPA, during such Billing Period.

(b) The Capacity Payment for the Facility (or Replacement Capacity provided in lieu of Contract Total Capacity) for each Billing Period shall be calculated in accordance with the formulae set forth in Appendix H to the RP-ATP PPA.

Section 10.2 Energy Payments. Except as expressly provided herein, for each Billing Period commencing on the Commencement Date, Purchaser shall pay Seller who shall pay Generator an Energy Payment for Net Electrical Output and for Replacement Energy delivered to Purchaser, in an amount calculated in accordance with the formulae set forth in Appendix H to the RP-ATP PPA.

Section 10.3 [Reserved].

Section 10.4 Start Payments; Provision of Power.

(a) In the event the number of Starts exceeds 100 per Contract Year, Purchaser shall pay Seller who shall pay Generator a payment equal to six thousand Dollars (\$6,000) per Start, multiplied by the number of Starts over 100 (a "Start Payment"); provided that such payment by Purchaser to Seller for additional Starts shall be made by Purchaser on a monthly basis for all such additional Starts occurring in a Billing Period. Starts not meeting the definition of a Start and starts for Generator requested tests shall not count toward the 100 Starts allowed without cost to Purchaser set forth in this Section 10.4 and shall not result in any payment obligation to Purchaser.

(b) Purchaser shall provide, and Purchaser shall pay for, all capacity, energy, transmission, scheduling and dispatch services required to deliver to Seller at the Interconnection Point all electric capacity and electric energy required, but not generated, by the Facility during each Start, shutdown, Scheduled Maintenance Outage and Forced Outage and during any period in which the Facility is Dispatched not to run ("Station Service"). For the avoidance of doubt, Replacement Power is not Station Service. If Seller receives an invoice for Station Service, the

costs of such Station Service during each Billing Period shall be included in the invoice prepared by Seller for such period and shall be paid by Purchaser.

(c) Purchaser shall have the right to request that Seller exercise its rights under the RP-ATP PPA to request changes to the obligations for obtaining and paying for Station Service.

Section 10.5 Fogger Payments. In addition to the Energy Payments for Net Electrical Output, for each Month Purchaser shall pay Seller a payment (a “Fogger Payment”) equal to the product of the Inlet Fogger Variable Charge multiplied by the number of hours in such Month during which the Inlet Fogger was Dispatched by Purchaser and operated by Generator. For purposes of this Agreement, Dispatch of the Inlet Fogger for a portion of an hour shall count as a whole hour.

SECTION XI.

TESTING

Section 11.1 Performance Tests.

(a) Under the RP-ATP PPA, the Facility shall be tested as soon as reasonably practicable after each Scheduled Maintenance Outage (other than those described in Sections 5.2(b)(i)(A) and 5.2(c) to the RP-ATP PPA) during each Contract Year in accordance with the procedures set forth in Appendix A to the RP-ATP PPA to demonstrate its Contract Total Capacity. Seller shall exercise its rights under the RP-ATP PPA to cause Generator to provide Purchaser with reasonable notice of, and opportunity to, attend each test of Contract Total Capacity. Under the RP-ATP PPA, Generator shall bear the costs and expenses of such annual tests. Purchaser shall be responsible for any costs or expenses incurred by it in connection with monitoring or witnessing such tests.

(b) In addition to the tests described in Section 11.1(a) above, no more than two times in any calendar year, under the RP-ATP PPA, Generator has the right to redetermine the Contract Total Capacity of the Facility at any time upon 48 hours’ prior written notice to Seller and Seller agrees to promptly forward any such notice to Purchaser upon receipt. The Contract Total Capacity redetermined in the manner set forth in Appendix A to the RP-ATP PPA shall automatically and immediately become the new Contract Total Capacity. Under the RP-ATP PPA, Generator shall bear the costs and expenses of any test required under the RP-ATP PPA and described in this Section 11.1(b). Purchaser shall be responsible for any costs and expenses incurred by it in connection with monitoring or witnessing such test.

(c) After the Commencement Date, Purchaser or the Control Center’s Dispatch of the Facility shall have the right to require Seller to exercise its rights under the RP-ATP PPA to interrupt or prohibit any testing of the Facility; provided that, in the event of a test of Contract Total Capacity that is interrupted or prohibited by Dispatch, a Force Majeure Event, a Forced Outage or a Delivery Excuse, under the RP-ATP PPA, Generator may retest the Facility within 10 Days thereafter and the Contract Total Capacity, as determined by such subsequent

test, shall apply from the date when the interrupted or prohibited test would have been completed but for the Dispatch interruption or prohibition.

(d) In addition to the tests described in Section 11.1(a) above, no more than two times in any calendar year, Purchaser shall have the right to require Seller to exercise its rights under the RP-ATP PPA to require a redetermination of the Contract Total Capacity of the Facility upon five Business Days' prior written notice to Seller. The Contract Total Capacity redetermined in the manner set forth in Appendix A to the RP-ATP PPA shall automatically and immediately become the new Contract Total Capacity. Purchaser shall be responsible for any costs and expenses incurred by it in connection with monitoring or witnessing any tests required by it under this Section 11.1(d).

(e) All tests shall be conducted in accordance with Appendix A to the RP-ATP PPA. The Facility shall be operated using normal operating procedures during all tests and all test results shall be adjusted to Contract Conditions and degradation pursuant to Appendix A to the RP-ATP PPA.

(f) Purchaser shall (1) provide the Fuel necessary to conduct the tests under this Agreement and the RP-ATP PPA, and (2) accept the Net Electric Output generated as a result of such tests.

SECTION XII.

HEAT RATE GUARANTEE

Section 12.1 Guaranteed Heat Rate. The fuel consumed for the Facility shall be measured against the Guaranteed Heat Rate pursuant to Appendix F to the RP-ATP PPA.

Section 12.2 Tracking Account.

(a) A tracking account (the "Tracking Account") shall be maintained by Generator to track, for each Day: (i) the actual amount of Fuel required to produce the Net Electrical Output when the Facility is Dispatched at or above Minimum Load and delivered by Generator for that Day and (ii) the amount of Fuel expected to be required to produce the Net Electrical Output when the Facility is Dispatched at or above Minimum Load and delivered by Generator for that Day based on the Guaranteed Heat Rate. If the actual amount of Fuel required to produce such Net Electrical Output for such Day varies from the expected amount of Fuel required to produce such Net Electrical Output based on the Guaranteed Heat Rate (using the Guaranteed Heat Rate value associated with the Dispatch level, Actual Conditions and degradation according to the Degradation Curves (as defined in Appendix A to the RA-ATP PPA)), then a balance shall accrue in the Tracking Account for such Day in the following manner:

(i) If the actual amount of Fuel required to produce such Net Electrical Output on such Day is greater than the expected amount required based on the Guaranteed Heat Rate (using the Guaranteed Heat Rate value associated with the Dispatch level), then a positive amount equal to the differential Fuel (expressed in MMBTU), multiplied

by the Delivered Cost of Fuel (expressed in \$/MMBTU), for such Day shall accrue to the Tracking Account for such Day.

(ii) If the actual amount of Fuel required to produce such Net Electrical Output on such Day is less than the expected amount required based on the Guaranteed Heat Rate (using the Guaranteed Heat Rate value associated with the Dispatch level), then a negative amount equal to the differential Fuel (expressed in MMBTU) multiplied by the Delivered Cost of Fuel (expressed in \$/MMBTU) for such Day shall accrue to the Tracking Account for such Day.

(b) At the end of each Month, the Tracking Account shall be cleared and (i) if the Tracking Account balance is positive, Seller shall exercise its rights under the RP-ATP PPA to cause Generator to pay Purchaser (or Seller and Seller shall forward such payment to Purchaser) such amount, whereas (ii) if the Tracking Account balance is negative, Purchaser shall pay Generator (or shall pay Seller who shall forward payment to Generator) such amount.

(c) There shall be no Tracking Account adjustment for the Net Electrical Output for operation below Minimum Load during a successful Start-Up or shut down.

SECTION XIII.

BILLING AND PAYMENT

Section 13.1 Billing and Payment.

(a) Seller shall exercise its rights under the RP-ATP PPA to cause Generator to read Generator's metering equipment at the Interconnection Point at midnight (24:00 hours) (Pacific Prevailing Time) on the last Day of each Month, unless otherwise mutually agreed by the Parties. Seller shall exercise its rights under the RP-ATP PPA to cause Generator to prepare and render to Purchaser (or to Seller who shall promptly forward to Purchaser) within five Business Days after the end of each Billing Period a statement detailing the meter reading (in half-hour readings) and Generator's calculation of the payments due to Generator for such Billing Period; provided that Purchaser, at its own cost and expense, shall have the right to monitor and witness such readings.

(b) Payment for the Capacity Payment, Energy Payment, Start Payment, the amounts described in Section 10.4(b), Fogger Payments (if any), and any Tracking Account balance owed by Purchaser for each Billing Period shall be made by wire transfer of funds immediately available in an account designated by Seller within 10 Days from the date of delivery of a statement for such Billing Period. Payment for any Tracking Account Balance owed by Generator to Purchaser for each Billing Period shall be made by wire transfer of funds immediately available in an account designated by Purchaser within 10 Days from the date of delivery of a statement for such Billing Period.

(c) If either Party disputes the accuracy of a bill, the Parties shall use their best efforts to resolve the dispute in accordance with Section 20.1 and the RP-ATP PPA. Any adjustments which the Parties may subsequently agree to make with respect to any such billing dispute shall be made by a credit or additional charge on the next bill rendered. If the Parties are unable to resolve the dispute in this manner, any amounts disputed shall be deposited in an escrow account pending final resolution of the dispute in accordance with Section 20.2 and the RP-ATP PPA, provided that any undisputed amount shall be promptly paid; and provided, further, that amounts paid as a result of the settlement of a dispute shall be paid with interest thereon at the Default Rate.

Section 13.2 Other Payments. Subject to the Parties' right to review payments made hereunder, any amounts, other than those specified in Sections 13.1, due to either Party under this Agreement shall be paid or objected to within 10 Days following receipt by the other Party of an itemized invoice from the Party to whom such amounts are due setting forth, in reasonable detail, the basis for such payment. Payments made hereunder shall, for a period of not longer than one year, remain subject to adjustment based on a review of the records pursuant to Section 13.4 and billing adjustments by third parties which would affect payment obligations of either Party.

Section 13.3 Currency and Timing of Payment. Notwithstanding anything contained in this Agreement, (i) all payments to be made by either Party under this Agreement shall be made in Dollars by wire transfer of funds immediately available in an account of the Party making such payment and (ii) any payment that becomes due and payable on a Day that is other than a Business Day shall be paid in accordance with Section 1.2(i).

Section 13.4 Records. Either Party shall have the right, upon reasonable prior written notice to the other Party, to examine and/or make copies of the records and data of the other Party relating to this Agreement or the RP-ATP PPA (including all records and data relating to or substantiating any charges paid by or to either Party and including without limitation metering records of Fuel delivered at the Fuel Metering Points, Fuel consumed, Delivered Cost of Fuel, and MWh's generated) at any time during normal business hours during the period such records and data are required to be maintained. Seller shall exercise its rights under the RP-ATP PPA to cause Generator to provide similar rights of access to Generator's records. All such records and data shall be maintained for a minimum of seven years after the creation of such record or data and for any additional time period required under applicable law or by regulatory agencies having jurisdiction over the Parties.

Section 13.5 Default Interest. If any payment due from either Party under this Agreement shall not be paid when due there shall be due and payable to the other Party compensation thereon, calculated at a rate equal to the lesser of (a) two percent (2%) over the prime rate at The Chase Manhattan Bank or its successor (the "Default Rate"), as it changes from time to time and (b) the highest rate permitted by applicable Law, from the date on which such payment became overdue to and until such payment is paid in full.

SECTION XIV.

RA-ATP PPA ARBITRATION

Section 14.1 RA-ATP PPA Dispute. Purchaser acknowledges that Seller and Generator are presently parties to an arbitration proceeding in accordance with the terms of the RA-ATP PPA (the "Arbitration"). The Arbitration concerns a payment dispute between Seller and Generator related to the applicable heat rate and output degradation curves and fuel metering data applicable to the RA-ATP PPA, including the heat rate Tracking Account under the RA-ATP PPA. Seller anticipates that the panel hearing the Arbitration will render its decision in the Arbitration some time in early 2010.

Section 14.2 Arbitration Award. As between Purchaser and Seller, Purchaser and Seller agree:

(a) Any aspect of any award made in the Arbitration as to periods of time prior to the Commencement Date, shall be solely for the account of Seller (including responsibility for and/or rights to any damages resulting therefrom); and

(b) Any aspect of any award made in the Arbitration as to periods of time on and after the Commencement Date, shall be solely for the account of Purchaser (including responsibility for and/or rights to any damages resulting therefrom).

Section 14.3 Integration and Modification. It is the intent and the understanding of Purchaser and Seller, that this Agreement will be amended in order to incorporate and conform to any changes to the RA-APT PPA as a result of the Arbitration. Purchaser and Seller agree to execute and deliver all further instruments and documents and to take any further action that may be necessary to effectuate the purposes and intent of this Agreement.

SECTION XV.

TAXES; CHANGE-IN-LAW; CAPITAL IMPROVEMENTS

Section 15.1 Taxes and Fees.

(a) Seller shall be responsible for the payment of, and the Capacity Payments, Energy Payments and other amounts payable by Purchaser to Seller hereunder shall not be subject to adjustment for, Taxes (other than Change-in-Law Taxes) imposed on Seller and its property. Purchaser shall be responsible for the payment of, and no amount payable by Seller to Purchaser shall be subject to adjustment for, Taxes imposed on Purchaser and its property. In addition, Purchaser shall be responsible for the payment of or credited with any Change-in-Law Taxes imposed on Seller either under this Agreement or the RP-ATP PPA. In the event a payment by or a credit to Purchaser would otherwise be warranted by the foregoing sentence as a result of a Change-in-Law which is a replacement, recharacterization or reclassification (as evidenced by the legislative intent of such Change-in-Law) of a Tax other than a Change-in-Law Tax, then Purchaser shall only be responsible for the payment of or credited with the net effect of such replacement, recharacterization or reclassification. Seller shall exercise its rights under the

RP-ATP PPA to cause Generator to determine for any Billing Period the adjustment to any payment under Section 13.1 resulting from the application of a Change-in-Law Tax for such period, and to provide to Purchaser a certificate setting forth in reasonable detail the basis and calculation of such adjustment. In the case of any Change-in-Law Taxes imposed on Seller for which Purchaser is responsible, Purchaser shall pay Seller the amount of such Taxes within 10 Days of Seller notifying Purchaser of the imposition and payment of such Change-in-Law Taxes and providing Purchaser with a certificate in reasonable detail of the amount of such Change-in-Law Taxes. If, after the imposition of Change-in-Law Taxes in respect of which Purchaser has made a payment to Seller under this Section 15.1(a), a subsequent Change-in-Law results in a reduction of such Change-in-Law Taxes, then the obligation of Purchaser to pay for Change-in-Law Taxes shall be reduced to such extent, and if such Change-in-Law affects Change-in-Law Taxes as to which Purchaser has already made such payments under this Section 15.1(a), Seller shall reimburse Purchaser an amount equal to such reduction in Taxes plus any interest accrued thereon.

(b) Seller shall provide Purchaser with written notice, as soon as reasonably practicable, but in no event less than 10 Days prior to the date on which Change-in-Law Taxes imposed on Seller would become applicable, of such Change-in-Law Taxes. Purchaser shall have the right to Contest, in the name of either or both Parties, as required, the imposition of any Change-in-Law Taxes, and Purchaser shall make any payments to Seller in respect of such Change-in-Law Taxes when required under this Agreement, but subject to refund in the event that Purchaser prevails in such Contest; provided that Purchaser shall notify Seller in writing of its decision to Contest; and provided, further, that Purchaser shall be responsible for any costs and expenses (including the costs and expenses of Seller and Generator) relating to such Contest.

(c) Each Party shall provide the other Party upon written request a certificate of exemption or other reasonably satisfactory evidence of exemption if any exemption from or reduction of any Tax is applicable. Each Party shall exercise Commercially Reasonable Efforts to obtain and to cooperate in obtaining any exemption from or reduction of any Tax. Each Party shall notify the other Party of any proposal to implement a Change-in-Law Tax.

Section 15.2 Change-in-Law. If the capital or variable costs of the development, financing, design, construction, testing, commissioning, operation or maintenance of the Facility changes as a result of a Change-in-Law, the Capacity Payment, the Energy Payment and/or any other amounts payable hereunder shall be equitably and appropriately adjusted to reflect the cost of such change from the date such Change-in-Law affected such cost; provided, however, that no such adjustments shall be made unless and until the net increase or net decrease (and then, only to the extent that) the capital or variable cost of such change, on an aggregate basis together with all other changes in capital and variable costs resulting from all other Changes-in-Law, exceeds one million Dollars (\$1,000,000). Seller shall submit to Purchaser a certificate setting forth in reasonable detail the basis of, and the calculation for, such adjustments. Within 10 Days after its receipt of such certificate, Purchaser shall notify Seller whether it approves or disapproves of Seller's adjustments. If Purchaser does not disapprove of such adjustments within such 10 Day period, the adjustments shall become effective and this Agreement shall be amended promptly by the Parties to reflect such adjustments. In the event Purchaser disapproves of Seller's adjustments, either Party may submit the issue for binding

resolution pursuant to the terms of Article XX. If Seller does not Contest any such Change-in-Law, Purchaser shall have the right to Contest, in the name of either Party or both Parties, as required, the imposition of any Change-in-Law. Purchaser shall notify Seller in writing of its decision to Contest, and shall be responsible for any costs and expenses (including the costs and expenses of Seller) relating to such Contest.

Section 15.3 Capital Improvements. Purchaser shall have the right at any time to request that Seller exercise its rights under the RP-ATP PPA to cause Generator to make capital improvements or modifications to the Facility. Seller shall exercise its rights under the RP-ATP PPA to cause Generator, to the extent reasonably practicable, to make (or cause to be made) such improvements or modifications to the Facility so long as (i) such improvements or modifications are made at the sole expense of Purchaser, (ii) the Capacity Payment, the Energy Payment and/or any other amounts payable hereunder shall be adjusted to Purchaser's, Seller's and Generator's reasonable satisfaction to reflect any and all increases and decreases in the variable costs of the testing, commissioning, operation or maintenance of the Facility resulting from such improvements or modifications, (iii) no Forced Outage Hours shall be incurred as a result of a Maintenance Outage to accomplish such capital improvement or modification, (iv) such improvement or modification could not, in Generator's sole discretion, invalidate or impair Generator's insurance policies or a claim against such insurance or the success of any claims to be made thereunder, result in a breach or constitute an event of default under the Financing Documents or any other material agreement to which Generator is a party or cause the Generator's actions or performance hereunder to deviate from Prudent Industry Practices and (v) the Financing Parties approve such improvement or modification to the Facility.

SECTION XVI.

INSURANCE

Section 16.1 Insurance Required. Seller shall exercise its rights under the RP-ATP PPA to cause Generator to carry and maintain, or cause to be carried and maintained, no less than the insurance coverages listed in Appendix G to the RP-ATP PPA, applicable to all operations undertaken by Generator and Generator's personnel in the minimum amounts (limits) indicated in Appendix G to the RP-ATP PPA. Such minimum limits may be satisfied either by primary insurance or by any combination of primary and excess/umbrella insurance. Except as provided in Appendix G to the RP-ATP PPA, the required insurance coverages shall be in effect on or prior to the commencement of construction of the Facility and shall be maintained in effect throughout the Term of this Agreement.

Section 16.2 Evidence and Scope of Insurance. Seller shall exercise its rights under the RP-ATP PPA to cause the Generator to annually cause each insurer or authorized agent to provide Purchaser with two original copies of insurance certificates reasonably acceptable to Purchaser evidencing the effectiveness of the insurance coverages required to be maintained. A complete copy of each policy shall be provided to Purchaser upon request.

Section 16.3 Application of Proceeds. For the Term of this Agreement, and subject to the requirements of the Financing Documents and the rights or remedies of the Financing Parties thereunder, Seller shall exercise its rights under the RP-APT PPA to cause

Generator to apply the proceeds of any such casualty insurance policies received for damages to the Facility to the repair of the Facility.

SECTION XVII.

FORCE MAJEURE EVENT

Section 17.1 Force Majeure Event Defined.

(a) As used in this Agreement, “Force Majeure Event” shall mean causes or events that are beyond the reasonable control of, and without the fault or negligence of, the Party claiming such Force Majeure Event, including, without limitation, acts of God; unusually severe actions of the elements such as floods, hurricanes, or tornadoes; sabotage; terrorism; war; riots or public disorders; strikes or other labor disputes; Emergency Conditions; and actions or failures to act of any Governmental Agency (including expropriation and requisition) to the extent such cause or event prevents or delays performance of any obligation imposed on the Party claiming such Force Majeure Event (other than an obligation to pay money).

(b) Force Majeure Event shall not include: (i) causes or events affecting the performance of third-party suppliers of goods or services except to the extent caused by an event that otherwise is a Force Majeure Event as described above, (ii) causes or events resulting from ambient temperatures (i.e., hot or cold weather) affecting Generator’s performance under the RP-ATP PPA, (iii) the unavailability of equipment which would have been avoided by compliance with Prudent Industry Practices by the Party claiming the Force Majeure Event, (iv) changes in market conditions that affect the price of energy or capacity, or (v) any Delivery Excuse as to the Purchaser.

Section 17.2 Applicability of Force Majeure Event. Neither Party shall be in breach or liable for any delay or failure in its performance under this Agreement to the extent such performance is prevented or delayed due to a Force Majeure Event, provided that:

(a) the non-performing Party shall give the other Party written notice within 48 hours of the commencement of the Force Majeure Event, with details to be supplied within 10 Days after the commencement of the Force Majeure Event further describing the particulars of the occurrence of the Force Majeure Event;

(b) the delay in performance shall be of no greater scope and of no longer duration than is directly caused by the Force Majeure Event;

(c) the Party whose performance is delayed or prevented shall proceed with Commercially Reasonable Efforts to overcome the events or circumstances preventing or delaying performance and shall provide weekly written progress reports to the other Party during the period that performance is delayed or prevented describing actions taken and to be taken to remedy the consequences of the Force Majeure Event, the schedule for such actions and the expected date by which performance shall no longer be affected by the Force Majeure Event; and

(d) when the performance of the Party claiming the Force Majeure event is no longer being delayed or prevented, that Party shall give the other Party written notice to that effect.

Section 17.3 Other Effects of Force Majeure Events.

(a) To the extent that Generator is prevented or delayed in delivering Actual Total Capacity or Net Electrical Output by a Force Majeure Event in accordance with Section 17.2 of the RP-ATP PPA, and the term of the RP-ATP PPA is extended under Section 17.3(a) of the RP-ATP PPA, then the Term of this Agreement shall be shall be extended for an equal period.

(b) If any Force Majeure Event claimed by a Party shall continue for an uninterrupted period of more than 12 Months from the date of notice provided by such Party in Section 17.2(a), then the other Party may, at any time following the end of such period, terminate this Agreement upon written notice to the affected Party, without further obligation by the terminating Party, except as to payment of any costs and liabilities incurred prior to the effective date of such termination; provided, such notice of termination must be given during the period that performance continues to be delayed or prevented by the Force Majeure Event.

(c) If Seller is unable to deliver all or part of the Actual Total Capacity of the Facility as a result of a Force Majeure Event claimed by Seller in accordance with Section 17.2, Purchaser shall pay the Capacity Payment and Energy Payment to the extent that Seller is providing the Actual Total Capacity and Net Electric Output and/or Replacement Power for the period of such Force Majeure Event. Subject to the foregoing sentence, if Purchaser shall be unable to accept the Actual Total Capacity or Net Electric Output as a result of Force Majeure Event claimed by Purchaser, Purchaser shall remain obligated to pay the Capacity Payment to Seller pursuant to Section 10.1 and any other payments due under the Agreement for the period of such Force Majeure Event.

Section 17.4 Delivery Excuse.

(a) As used in this Agreement, “Delivery Excuse” shall mean, at any time during the Term: (i) any Event of Default of Purchaser under this Agreement; (ii) any delay or failure by Purchaser in giving any approval within the times required under this Agreement; (iii) any delay or failure by Purchaser in performing any obligation under this Agreement; (iv) any delay or failure of Purchaser to deliver Fuel or to accept Actual Total Capacity or Net Electrical Output as required under this Agreement, (v) any failure of Purchaser to maintain adequate transmission rights to take delivery of the Net Electric Output or Replacement Power in accordance with the Agreement; (vi) any Emergency Condition resulting from the act or omission of Purchaser or (vii) any failure of Purchaser to provide Station Service.

(b) Seller shall not be liable for or deemed in breach of this Agreement to the extent the performance of its obligations under this Agreement is delayed or prevented by a condition of Delivery Excuse; provided that if Seller determines that its performance is or has been affected by a condition of Delivery Excuse:

(i) Seller shall give Purchaser written notice within 48 hours after commencement of such condition, with details to be supplied within 10 Days after commencement of the condition affecting performance further describing the particulars of the occurrence;

(ii) any delay in performance shall be of no greater scope and of no longer duration than is directly caused by the Delivery Excuse; and

(iii) Seller shall promptly notify Purchaser when the condition of Delivery Excuse is no longer delaying or preventing Seller's performance.

SECTION XVIII.

TERMINATION AND DEFAULT

Section 18.1 Event of Default.

(a) The occurrence of any one of the following shall constitute an Event of Default with respect to Seller:

(i) Seller shall fail to make payments for undisputed amounts due under this Agreement to Purchaser within 10 Days after notice from Purchaser that such payment is unpaid and due;

(ii) Seller shall fail to comply with any material provision of this Agreement (other than the obligation to pay money when due), and such failure shall continue uncured for 30 Days after notice thereof by Purchaser, provided that if such failure is not capable of being cured within such period of 30 Days with the exercise of reasonable diligence, then such cure period shall be extended for an additional reasonable period of time (not to exceed 180 Days) so long as Seller is exercising reasonable diligence to cure such failure;

(iii) Seller shall: (a) admit in writing its inability to pay its debts as such debts become due; (b) make a general assignment or an arrangement or composition with or for the benefit of its creditors; (c) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against such Party under any bankruptcy or similar law; (d) take any action for the purpose of effecting any of the foregoing; or

(iv) A proceeding or case shall be commenced, without the application or consent of Seller, in any court of competent jurisdiction, seeking: (a) its liquidation, reorganization of its debts, dissolution or winding-up, or the composition or readjustment of its debts; (b) the appointment of a receiver, custodian, liquidator or the like of Seller or of all or any substantial part of its assets; or (c) similar relief in respect of Seller under any law relating to

bankruptcy, insolvency, reorganization of its debts, winding-up, composition or adjustment of debt, and such proceeding shall remain in effect, for a period of 90 Days.

(b) The occurrence of any one of the following shall constitute an Event of Default with respect to Purchaser:

(i) Purchaser shall fail to make payments for undisputed amounts due under this Agreement to Seller within 10 Days after notice from Seller that such payment is unpaid and due;

(ii) Purchaser shall fail to comply with any material provision of this Agreement (other than the obligation to pay money when due), and such failure shall continue uncured for 30 Days after notice thereof by Seller, provided that if such failure is not capable of being cured within such period of 30 Days with the exercise of reasonable diligence, then such cure period shall be extended for an additional reasonable period of time (not to exceed 180 Days) so long as Purchaser is exercising reasonable diligence to cure such failure;

(iii) Purchaser shall: (a) admit in writing its inability to pay its debts as such debts become due; (b) make a general assignment or an arrangement or composition with or for the benefit of its creditors; (c) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against such Party under any bankruptcy or similar law; (d) take any action for the purpose of effecting any of the foregoing; or

(iv) A proceeding or case shall be commenced, without the application or consent of Purchaser, in any court of competent jurisdiction, seeking: (a) its liquidation, reorganization of its debt, dissolution or winding up, or composition or readjustment of its debt; (b) the appointment of a receiver, custodian, liquidator or the like of Purchaser or of all or any substantial part of its assets; or (c) similar relief in respect of Purchaser under any law relating to bankruptcy, insolvency, reorganization of its debts, winding-up, composition or adjustment of debts, and such proceeding shall remain in effect, for a period of 90 Days.

Section 18.2 Remedies for Default. If an Event of Default occurs with respect to a defaulting Party at any time during the Term, the non-defaulting Party may, for so long as the Event of Default is continuing, (i) deliver a written notice which establishes a date (which date shall be no earlier than 30 Days after the Non-Defaulting Party delivers notice) (the “Early Termination Date”) on which this Agreement shall be canceled, (ii) withhold any payments due in respect of this Agreement and (iii) pursue any other remedies available at law or in equity, except to the extent such remedies are expressly limited by this Agreement.

SECTION XIX.

INDEMNIFICATION AND LIABILITY

Section 19.1 Indemnification.

(a) Each Party shall indemnify, defend and hold the other Party and its officers, directors, affiliates, agents, employees, contractors and subcontractors, harmless from

and against any and all Claims, to the extent caused by any act or omission of the indemnifying Party or the indemnifying Party's own officers, directors, affiliates, agents, employees, contractors or subcontractors or to the extent such Claims arise out of or are in any manner connected with the performance of this Agreement by such indemnifying Party. For the avoidance of doubt, in the event that any loss or damage with respect to any Claim is caused by the negligence of both Purchaser and Seller, including their respective officers, directors, affiliates, agents, employees, contractors or subcontractors, such loss or damage shall be borne by Purchaser and Seller in the proportion that their respective negligence bears to the total negligence causing such loss or damage.

(b) Notwithstanding anything to the contrary in this Agreement, each Party shall indemnify, defend and hold harmless the other Party from any Claims arising from the Fuel (or Non-Conforming Fuel) or the Net Electrical Output that occur when risk of loss of the Fuel or Net Electrical Output is vested in the indemnifying Party.

Section 19.2 Fines.

(a) Any fines, penalties or other costs incurred by either Party or such Party's agents, employees or subcontractors for non-compliance by such Party, its agents, employees or subcontractors with the requirements of any Laws or Governmental Approvals shall not be reimbursed by the other Party but shall be the sole responsibility of such non-complying Party.

(b) If such fines, penalties or other costs are assessed against Purchaser by any Governmental Agency or court of competent jurisdiction due to the non-compliance by Seller with any Laws or Governmental Approvals, Seller shall indemnify and hold harmless Purchaser against any and all losses, liabilities, damages and claims suffered or incurred because of the failure of Seller to comply therewith, subject to refund in the event that Seller or Purchaser prevails in any Contest described below. Seller shall also reimburse Purchaser for any and all legal or other expenses (including attorneys' fees) reasonably incurred by Purchaser in connection with such losses, liabilities, damages and claims.

(c) If such fines, penalties or other costs are assessed against Seller by any Governmental Agency or court of competent jurisdiction due to the non-compliance by Purchaser with any Laws or Governmental Approvals, Purchaser shall indemnify and hold harmless Seller against any and all losses, liabilities, damages and claims suffered or incurred because of the failure of Purchaser to comply therewith, subject to refund in the event that Purchaser or Seller prevails in any Contest described below. Purchaser shall also reimburse Seller for any and all legal or other expenses (including attorneys' fees) reasonably incurred by Seller in connection with such losses, liabilities, damages and claims.

(d) In the case of Section 19(b) and (c), either Party shall, upon written notice to the other Party, have the right to reasonably Contest in the name of either or both Parties, as required, or to require the other Party to reasonably Contest, the assessment of such fines, penalties or costs and such Contesting Party shall be responsible for any costs and expenses (including the costs and expenses of the other Party) relating to such Contest.

Section 19.3 Limitations of Liability, Remedies and Damages.

(a) Each Party acknowledges and agrees that in no event shall any partner, shareholder, member, manager, owner, officer, director, employee or affiliate of either Party be personally liable to the other Party for any payments, obligations, or performance due under this Agreement or any breach or failure of performance of either Party and the sole recourse for payment or performance of the obligations under this Agreement shall be against Seller or Purchaser and each of their respective assets and not against any other Person, except for such liability as expressly assumed by an assignee pursuant to an assignment of this Agreement in accordance with the terms hereof.

(b) Notwithstanding any provision of this Agreement to the contrary, Seller shall have no obligation to deliver Replacement Power to Purchaser, and Seller shall not be liable for, and shall be held harmless against, any claims, damages or liabilities of any kind resulting from a Forced Outage or other failure to deliver Actual Total Capacity or Net Electrical Output to Purchaser or to operate within the Design Limits other than (i) as reflected in the calculation of Availability Adjustment Factor or (ii) as with respect to Seller's obligation to exercise its rights under the RP-ATP PPA to cause Generator to (A) reimburse Purchaser for Replacement Power to be provided pursuant to Section 6.2 or (B) pay imbalance charges or penalties pursuant to Section 6.1(d) or (iii) pursuant to Section 19.1.

(c) THE EXPRESS REMEDY OR MEASURE OF DAMAGES SET FORTH IN THIS AGREEMENT SHALL BE THE SOLE AND EXCLUSIVE REMEDY WITH RESPECT TO SUCH SECTIONS. EACH PARTY'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY FOR THE SAME DAMAGE OR INJURY ARE WAIVED. UNLESS EXPRESSLY PROVIDED IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES SUFFERED BY THAT PARTY OR BY ANY CUSTOMER OR ANY PURCHASER OF THAT PARTY, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE (EXCEPT TO THE EXTENT THAT AN INDEMNIFYING PARTY PURSUANT TO THE PROVISIONS OF SECTION 19.1 HEREOF IS OBLIGATED TO INDEMNIFY AGAINST THIRD PARTY CLAIMS NOT ARISING OUT OF CONTRACTS WITH THE INDEMNIFIED PARTY FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES OR LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES). IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

(d) The provisions of this Section 19 shall survive the termination of this Agreement.

(e) Without limiting the generality of this Section 19 and as between Purchaser and Seller, each waives the limitation on liability found in Idaho Code Section 72-209(2) to the extent such provision would otherwise limit or bar the indemnification rights contained in Section 19.1.

SECTION XX.

DISPUTE RESOLUTION

Section 20.1 Senior Officers.

(a) Each of Seller and Purchaser shall designate in writing to the other Party a representative who shall be authorized to resolve any dispute arising under this Agreement in an equitable manner and, unless otherwise expressly provided herein, to exercise the authority of such Party to make decisions by mutual agreement.

(b) If such designated representatives are unable to resolve a dispute under this Agreement, such dispute shall be referred by each Party's representatives, respectively, to a senior officer designated by Seller and a senior officer designated by Purchaser for resolution upon five Days' written notice from either Party.

(c) The Parties hereto agree (i) to attempt to resolve all disputes arising hereunder promptly, equitably and in a good faith manner; and (ii) to provide each other with reasonable access during normal business hours to any and all non-privileged records, information and data pertaining to any such dispute.

Section 20.2 Arbitration. All disputes arising under, out of, or in relation to this Agreement that are not resolved pursuant to Section 20.1 within 30 Days after either Party's receipt of notice referring the dispute to the senior officers of Seller and Purchaser (and in any event within the time which legal or equitable proceedings based on such claim, dispute, or controversy would not be barred by the applicable statute of limitations) shall be submitted upon written request of either Party to binding arbitration. Each Party shall have the right to designate an arbitrator of its choice, who need not be from the American Arbitration Association ("AAA") panel of arbitrators but who (a) shall be an expert in the independent power electric generation field and (b) shall not and shall not have been previously an employee or agent of or consultant or counsel to either Party and shall not have a direct or indirect interest in either Party or the subject matter of the arbitration. Such designation shall be made by notice to the other Party and to the AAA within 10 Days or, in the case of payment disputes, five Days after the date of the giving of notice of the demand for arbitration. The arbitrators designated by the Parties shall designate a third arbitrator, who shall have a background in legal and judicial matters (and who shall act as chairman), within 10 Days or, in the case of payment disputes, five Days after the date of the designation of the last of the arbitrators to be designated by the Parties, and the arbitration shall be decided by the three arbitrators. If the two arbitrators cannot or do not select a third independent arbitrator within such period, either Party may apply to the AAA for the

purpose of appointing any person listed with the AAA as the third independent arbitrator under the expedited rules of the AAA. Such arbitration shall be held in Seattle, Washington, or in any other mutually agreed upon location. The rules of the AAA shall apply to the extent not inconsistent with the rules herein specified. Each Party shall bear its own expenses (including attorneys' fees) with respect to the arbitration, unless the arbitrator decides on a different allocation of expenses. The arbitrators shall designate the Party to bear the expenses of the arbitrators or the respective amounts of such expense to be borne by each Party.

Section 20.3 Binding Nature of Proceedings. Each Party understands that this Agreement contains an agreement to arbitrate with respect to any dispute. After signing this Agreement, each Party understands that it shall not be able to bring a lawsuit concerning any dispute that may arise that is covered by this arbitration provision. Instead, each Party agrees to submit any such dispute to an impartial arbitrator. Any award of the arbitrator may be enforced by the Party in whose favor such award is made in any court of competent jurisdiction.

Section 20.4 Performance to Continue. Unless otherwise agreed in writing, each Party shall diligently continue to perform its obligations under this Agreement during the pendency of any disputes or arbitration proceedings so long as all undisputed amounts payable hereunder have been paid.

SECTION XXI.

MISCELLANEOUS

Section 21.1 Prudent Industry Practices. All actions required or taken by either Party under this Agreement shall be consistent with Prudent Industry Practices.

Section 21.2 Assignment.

(a) Subject to Section 21.2(b), neither this Agreement, nor any of the rights or obligations hereunder, may be assigned, transferred or delegated by either Party without the express prior written consent of the other Party.

(b) Nothing in this Agreement shall restrict the transferability of shares, partnership interests, member interests or other interests in Purchaser or Seller, or the issuance by Purchaser or Seller of additional interests in such Party.

Section 21.3 Notices. Except as otherwise specified in this Agreement, any notice, demand for information or documents required or authorized by this Agreement to be given to a Party shall be given in writing and shall be sufficiently given if delivered by overnight mail, overnight courier or hand delivered against written receipt, or if transmitted and received by facsimile transmission addressed as set forth below, or if sent to such Party by overnight mail, overnight courier or hand delivery to such other address as such Party may designate for itself by notice given in accordance with this Section 21.3. Any such notice shall be effective only upon actual delivery or receipt thereof. All notices given by telex or facsimile shall be confirmed in writing, delivered or sent as aforesaid, but the failure to so confirm shall not vitiate the original notice. The address for the delivery of notices and bills to each Party and the respective telephone and facsimile numbers are as follows:

(a) For Seller:

Avista Turbine Power, Inc.
1411 East Mission Avenue
Spokane, Washington 99202
Attention: Mark Thies
Telephone: 509-495-8638
Facsimile: 509-495-4361

(b) For Purchaser:

Avista Corporation
1411 East Mission Avenue
Spokane, Washington 99202
Attention: Director, Power Supply
Telephone: 509-495-4460
Facsimile: 509-495-4272

Section 21.4 Choice of Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of New York, exclusive of conflicts of laws provisions.

Section 21.5 Entire Agreement. This Agreement constitutes the entire understanding between the Parties and supersedes any and all previous understandings or agreements between the Parties with respect to the subject matter hereof. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

Section 21.6 Waiver. Any term or condition of this Agreement may be waived at any time by the Party hereto that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. The failure or delay of either Party to require performance by the other Party of any provision of this Agreement shall not affect its right to require performance of such provision unless and until such performance has been waived by such Party in writing in accordance with the terms hereof. No waiver by either Party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion.

Section 21.7 Modification or Amendment. No modification, amendment or waiver of any provision of this Agreement shall be valid unless it is in writing and signed by both Parties.

Section 21.8 Severability. If any term or provision of this Agreement or the application thereof to any Person or circumstance is held to be illegal, invalid or unenforceable under any present or future Law or by any Governmental Agency, (a) such term or provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (d) the Parties shall negotiate in good faith to enter into such modifications of this Agreement as may be necessary to preserve the economic and other benefits of this Agreement to the affected Party to the greatest extent possible and permissible.

Section 21.9 Counterparts. This Agreement may be executed in counterparts, all of which shall constitute one agreement binding on both Parties hereto and shall have the same force and effect as an original instrument, notwithstanding that both Parties may not be signatories to the same original or the same counterpart.

Section 21.10 Confidential Information. Any information provided by either Party to the other Party pursuant to this Agreement and labeled "CONFIDENTIAL" shall be utilized by the receiving Party solely in connection with the purposes of this Agreement and shall not be disclosed by the receiving Party to any third party, except with the providing Party's consent, and upon request of the providing Party shall be returned thereto. Notwithstanding the above, the Parties acknowledge and agree that such information may be disclosed to actual and prospective Financing Parties, suppliers and potential suppliers of major equipment to the Facility and other third parties as may be necessary for Purchaser and Seller to perform their obligations under this Agreement and the Financing Documents. To the extent that such disclosures are necessary, the Parties also agree that they shall in disclosing such information seek to preserve the confidentiality of such disclosures. This provision shall not prevent either Party from providing any confidential information received from the other Party to any court in accordance with a proper discovery request or in response to the reasonable request of any Governmental Agency charged with regulating the disclosing Party's affairs, provided that, if feasible, the disclosing Party shall give prior notice to the other Party of such disclosure and, if so requested by such other Party, shall have used all reasonable efforts to oppose or resist the

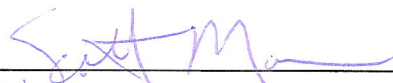
Section 21.11 No Partnership. Nothing contained herein shall be deemed to create an association, joint venture, partnership or principal/agent relationship between the Parties hereto or to impose any partnership obligation or liability on either Party. Neither Party shall have any right, power or authority to enter into any agreement or commitment, act on behalf of, or otherwise bind the other Party in any way.

Section 21.12 Third Parties. This Agreement is intended solely for the benefit of the Parties. Nothing in this Agreement shall be construed to create any duty or liability to, or standard of care with reference to, any other Person.

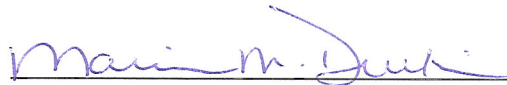
Section 21.13 Headings. The headings contained in this Agreement are solely for the convenience of the Parties and should not be used or relied upon in any manner in the construction or interpretation of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized officers as of the first date above written.

AVISTA TURBINE POWER, INC.

By: 
Name: Scott Morris
Title: Chairman, President & CEO

AVISTA CORPORATION

By: 
Name: MARIAN M. DURKIN
Title: SVP, General Counsel

RP-ATP PPA
[Attached]

EXECUTION COPY

CONFIDENTIAL

POWER PURCHASE AGREEMENT

Dated as of December 10, 1998

Between

RATHDRUM POWER, LLC,
as Seller

And

AVISTA ENERGY, INC.,
as Purchaser

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POWER PURCHASE AGREEMENT

This POWER PURCHASE AGREEMENT (this "Agreement"), dated as of December 10, 1998, is entered into between Rathdrum Power, LLC, a Delaware limited liability company ("Seller") and Avista Energy, Inc., a Washington corporation ("Purchaser") (each, a "Party" and collectively, the "Parties").

RECITALS

A. Seller proposes to develop, finance, construct, own, operate and maintain the Facility, located in Rathdrum, Idaho.

B. Seller wishes to deliver and sell to Purchaser, and Purchaser wishes to purchase and take from Seller, electrical capacity and energy from the Facility on the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which is acknowledged, the Parties hereby agree as follows:

AGREEMENT

SECTION I.

DEFINITIONS

Section 1.1. Defined Terms. Unless otherwise defined herein or in any exhibit, schedule or appendix hereto, the following terms, when used herein or in any exhibit, schedule or appendix hereto shall have the meanings set forth below.

"Actual Conditions" means the actual ambient conditions as measured at the Facility at a given time. Actual Conditions shall include measurements of temperature, barometric pressure and relative humidity.

"Actual Standard Capacity" means the Contract Standard Capacity as adjusted to Actual Conditions and degradation in accordance with Appendix A.

"Actual Supplemental Capacity" means the Contract Supplemental Capacity as adjusted to Actual Conditions and degradation in accordance with Appendix A.

"Actual Total Capacity" means the sum of the Actual Standard Capacity and the Actual Supplemental Capacity.

"Agreement" means this Power Purchase Agreement and the Appendices hereto, which are hereby incorporated herein by reference.

"Appendix" means an appendix attached to this Agreement.

"Availability Adjustment Factor" or "AAF" means the actual availability factor calculated Monthly in accordance with the following formula:

$$\text{AAF} = (8760 - \text{EFOH}) / 8497;$$

Where:

EFOH = the sum of the Equivalent Forced Outage Hours for the preceding 12-Month period;

Provided that in no event shall AAF be greater than 1.

XIII. "Billing Period" means each Month used for billing purposes pursuant to Section

"BTU" means British Thermal Units (HHV).

"Business Day" means any Day except Saturday, Sunday or a day that is authorized as a holiday by banks in New York, New York.

"Canadian Dollars" means the lawful currency of the Dominion of Canada.

"Capacity Payment" means, for each Billing Period, the payment to be made by Purchaser to Seller for the Contract Total Capacity available to Purchaser or for Replacement Capacity during such Billing Period, in accordance with Section 10.1.

"Change-in-Law" means, after the Effective Date, the adoption, imposition, promulgation or modification by a Government Agency of any Law or Governmental Approval, or the issuance of an order, judgment, award or decree of a Government Agency having the effect of the foregoing.

"Change-in-Law Taxes" means any Taxes (including without limitation taxes or other assessments on gross receipts, gross revenues or comparable measures thereof) arising from a Change-in-Law other than any Taxes of the nature of income taxes, real property taxes, personal property taxes, local, county and Tribal taxes, and special district assessments (such as taxes and assessments for the construction and/or improvement of local schools, roads and sanitation systems) not related to the business of Seller.

"Claims" means any claims, judgments, losses, liabilities, costs, expenses (including reasonable attorneys' fees) and damages of any nature whatsoever (except workers' compensation claims) in relation to personal injury, death or property damage incurred or made by third parties.

"Commencement of Construction" means the date on which Seller has issued to its construction contractor a notice to proceed for the construction of the Facility for completion in accordance with the terms of the construction contract between Seller and such contractor.

"Commercial Operation Date" means the date on which the last of the following occurs (a) the Facility first demonstrates the Contract Total Capacity pursuant to Section 11.1, (b) the Facility has completed all environmental tests which must be performed prior to commercial operation as required by applicable Laws, (c) the Facility has completed a continuous 168 hour operating run with no more than 10 Forced Outage Hours during such operating run and (d) Seller provides to Purchaser a certificate stating that the Commercial Operation Date has been achieved for the Facility; provided, that in no event shall the Commercial Operation Date occur on the last Day of a Month.

"Commercially Reasonable" or "Commercially Reasonable Efforts" means, with respect to any purchase or sale or other action required to be made, attempted or taken by a Party under this Agreement, the level of effort in light of the facts known to such Party at the time a decision is made that: (i) can reasonably be expected to accomplish the desired action at a reasonable cost; (ii) is consistent with Prudent Industry Practices; and (iii) takes into consideration, among other things, the amount of notice of the need to take such action, the duration and type of the purchase or sale or other action and the competitive environment in which such purchase or sale or other action occurs.

"Committed Standard Capacity" means a capacity of 261 MW.

"Contest" means, with respect to any Person, a contest of (a) any Governmental Approval or any act or omission by Governmental Agencies or (b) the amount or validity of any claim pursued by or against such Person in good faith and by appropriate legal, administrative or other proceedings diligently conducted so long as: (i) appropriate notations are included in the Parties' financial statements regarding possible liabilities in accordance with GAAP, (ii) neither Party could reasonably be expected to incur criminal or civil liability with respect thereto and (iii) during the period of such contest the enforcement of such claim is effectively stayed.

"Contract Conditions" means ambient conditions of 49 degrees Fahrenheit, 702.3 millimeters of Hg and 60 % relative humidity.

"Contract Energy Costs" has the meaning assigned to such term in Appendix E.

"Contract Standard Capacity" means the capacity of the Facility, without duct firing, as determined and adjusted to Contract Conditions and degradation in accordance with Appendix A.

"Contract Supplemental Capacity" means the incremental capacity of the Facility with duct firing as determined and adjusted to Contract Conditions and degradation in accordance with Appendix A.

“Contract Total Capacity” means the sum of the Contract Standard Capacity and the Contract Supplemental Capacity.

“Contract Year” means, initially, the period commencing on the Commercial Operation Date and ending 12 Months after the last Day of the Month in which the Commercial Operation Date occurs, and, subsequently, each 12-Month period thereafter.

“Control Center” means the generation control center of Purchaser, its Affiliates or any other Person (including Transmission System Operator), as may be designated in writing by Purchaser from time to time as being the primary control center for the Dispatch of the Facility; provided that such designation shall be reasonably acceptable to Seller.

“Credit Support” means a guaranty, parent guaranty, letter of credit or other form of security.

“Day” means the 24-hour period beginning and ending at 12:00 midnight (Pacific Prevailing Time).

“Default Rate” has the meaning assigned to such term in Section 13.5.

“Delivered Cost of Fuel” means (a) all costs (including pipeline losses) incurred by Purchaser to cause gas to be delivered to the Fuel Metering Points when gas has been scheduled for delivery to the Fuel Metering Points, or (b) if no gas has been scheduled for delivery to the Fuel Metering Points, the Gas Index.

“Delivery Excuse” has the meaning assigned to such term in Section 17.4(a).

“Delivery Start Date” has the meaning assigned to such term in Section 3.1.

“Design Limits” means the parameters set forth on Appendix C.

“Dispatch” means the right of Purchaser or the Control Center on behalf of Purchaser to schedule the delivery of Net Electrical Output of the Facility in accordance with this Agreement. Any form of the term Dispatch (e.g., “Dispatched” or “Dispatching”) shall refer to the exercise of such right by Purchaser.

“Dollars” or “\$” means the lawful currency of the United States of America.

“Early Termination Date” has the meaning assigned to such term in Section 18.2.

“Effective Date” means the date of execution and delivery of this Agreement by Seller and Purchaser.

“Electricity Metering Points” has the meaning assigned to such term in Section 9.1(a).

"Electricity Meters" has the meaning assigned to such term in paragraph 1(a) of Appendix B.

"Emergency Condition" means a condition or situation that presents an imminent physical threat of danger to life, health or property, or a similarly described condition or situation however defined under the Interconnection Contract or any agreement entered into with a Transmission Service Provider with respect to the transmission of the Net Electrical Output of the Facility.

"Energy Payment" means, for each Billing Period, the payment to be made by Purchaser to Seller for the Net Electrical Output or Replacement Energy during such Billing Period, in accordance with Section 10.2.

"Equivalent Forced Outage Hours" means for any Month, the sum of the Forced Outage Hours for such Month.

"Expected Economic Dispatch Schedule" has the meaning assigned to such term in Appendix E.

"Extended Outage Period" has the meaning assigned to such term in paragraph 2 of Appendix E.

"Extended Term" has the meaning assigned to such term in Section 2.2.

"Extension Request" has the meaning assigned to such term in Section 2.2.

"Facility" means the natural gas fueled electrical generation plant consisting of a combined cycle unit to be located in Rathdrum, Idaho, together with all other equipment necessary for the generation and transmission of Net Electrical Output to the Interconnection Point including any additions or replacements thereof, to be constructed, supplied and delivered at the Facility Site.

"Facility Site" means the parcel of land upon which the Facility is located, in Rathdrum, Idaho.

"FERC" means the Federal Energy Regulatory Commission or its successor.

"Financial Closing Date" means the date on which the documents relating to the financing or refinancing of the complete acquisition, development, construction, ownership, operation, maintenance or leasing of the Facility are executed and delivered and the initial borrowings from the Financing Parties are made thereunder.

"Financing Documents" means any document relating to the financing or refinancing of the acquisition, development, construction, ownership, operation, maintenance or leasing of the Facility.

"Financing Parties" means institutions (including any trustee or agent on behalf of such institutions) providing debt financing or refinancing to Seller for the acquisition, development, construction, ownership, operation, maintenance or leasing of the Facility.

"Force Majeure Event" means an event, condition or circumstance described in Section 17.1.

"Forced Outage" means a reduction of, cessation in the delivery of, or inability to deliver, the Net Electrical Output Dispatched by Purchaser from the Facility that is not the result of (a) a Scheduled Maintenance Outage, (b) a Force Majeure Event, (c) a Delivery Excuse, (d) an Emergency Condition not principally caused by Seller or (e) operation outside of the deviation band limits for which operation Seller elects to be responsible for the associated imbalance charge or penalty imposed under a tariff by Transmission Service Provider in accordance with Section 6.1(d); provided, that Maintenance Delays shall not in any event be deemed to be a Forced Outage; provided, further, that, for the purposes of this Agreement, a period of reduction of, cessation in the delivery of, or inability to deliver, Net Electrical Output Dispatched by Purchaser from the Facility shall not be deemed to be a Forced Outage if and to the extent Seller (or Purchaser at the election of Seller) provides Replacement Power during such period in accordance with Section 6.2.

"Forced Outage Hour" means any hour in which a Forced Outage occurs or is continuing. In a Forced Outage Hour, if the Net Electrical Output delivered is greater than zero but less than the level of energy Dispatched, then such partial Forced Outage Hour shall be determined by the ratio of the Dispatched Facility output less the Net Electrical Output to the Dispatched Facility output.

"Fuel" means natural gas, which is the fuel used by the Facility, that meets the specifications for gas set forth by PGT for gas transported on the PGT Pipeline and that is delivered to Seller at a minimum temperature of 30 degrees Fahrenheit and a minimum pressure of 450 psig; notwithstanding anything to the contrary in this Agreement, in no event shall Non-Conforming Fuel be deemed to be Fuel hereunder.

"Fuel Interconnection" means the Fuel metering and regulation station to be constructed and installed to interconnect the Facility to the PGT Pipeline, as more fully described in the PGT Interconnection Agreement.

"Fuel Metering Points" means the location of Fuel Meters at or near the interconnection of the Facility to the PGT Pipeline.

"Fuel Meters" has the meaning assigned to such term in paragraph 2(a) of Appendix B.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States.

"Gas Index" means that index expressed in Canadian Dollars/gigajoule published as the "Daily Price Survey" in *Gas Daily* at AECO-C (midpoint), converted to \$/MMBTU at 1.0548 MMBTU/gigajoule and at the "Canadian Currency Settlement Rate" published in *Gas Daily*, plus all additional costs (including pipeline losses) determined pursuant to Purchaser's gas transportation agreements or, if no such agreements are applicable, an appropriate basis differential as the Parties may agree from time to time, which would be incurred by Purchaser to deliver gas to the Fuel Metering Points. Should the index specified herein be discontinued or no longer reflect the market price of gas delivered to the Facility, an index specified by the appropriate entity as the replacement index, if any, shall be used. If no replacement index is specified, a new index which most accurately reflects changes for the applicable cost component shall be substituted by mutual agreement of the Parties. If the basis of the calculation of the index specified herein is substantially modified, the index as modified may continue to be used or another index may be substituted by mutual agreement of the Parties.

"Government Agency" means any federal, state, local, territorial or municipal government and any department, commission, board, bureau, agency, instrumentality, judicial or administrative body thereof having jurisdiction over the Facility, Purchaser or Seller, as the case may be.

"Governmental Approval" means any authorization, consent, approval, license, ruling, permit, exemption, variance, order, judgment, decree, declarations of or regulation by any Government Agency relating to the acquisition, development, ownership, leasing, occupation, construction, start-up, testing, operation or maintenance of the Facility or to the execution, delivery or performance of this Agreement.

"Guaranteed Heat Rate" means the Guaranteed Heat Rate as determined in accordance with Appendix F.

"Initial Outage Period" has the meaning assigned to such term in paragraph 2 of Appendix E.

"Initial Term" has the meaning assigned to such term in Section 2.1.

"Interconnection Agreement" means the interconnection agreement between Seller and Transmission Service Provider, providing for the construction and operation of the Interconnection Facilities between the Facility and the TSP System.

"Interconnection Facilities" means the interconnection facilities that shall connect the Facility with the TSP System, as more fully described in the Interconnection Agreement.

"Interconnection Point" means the physical point at which the Facility is connected with the TSP System, as more fully described in the Interconnection Agreement, or such other point as the Parties may agree. The specific location of the Interconnection Point, once established and agreed upon by the Parties, shall be set forth in Appendix D hereto, and shall be deemed to be incorporated in this Agreement as if originally set forth hereto.

"KW" means kilowatt.

"KWh" means kilowatt-hour.

"Law" means any statute, law, rule or regulation or any judicial or administrative interpretation thereof having the effect of the foregoing imposed by a Government Agency, whether in effect now or at any time in the future.

"Lien" shall mean, with respect to any property of any Person, any mortgage, lien, pledge, charge, lease, easement, servitude, right of others or security interest or encumbrance of any kind in respect of such property of such Person.

"Maintenance Delay" shall have the meaning assigned to such term in Section 5.2.

"Minimum Load" means 70% of the Actual Standard Capacity.

"MMBTU" means million BTU.

"Month" means a calendar month.

"MW" means megawatt.

"MWh" means megawatt-hour.

"NERC" means the North American Electric Reliability Council or its successor.

"Net Electrical Output" means for any period, the electric energy output as measured in KWhs at the Electricity Metering Points of the Facility during such period.

"Non-Conforming Fuel" means any fuel delivered to the Facility that does not meet the specifications for Fuel.

"Non-Conforming Power" has the meaning assigned to such term in Section 4.4.

"Off Peak Hour" means any hour that is not a Peak Hour.

"Operating Procedures" shall have the meaning given such term in Section 5.5.

"Pacific Prevailing Time" means Pacific Daylight Saving Time when such time is applicable in Rathdrum, Idaho and otherwise means Pacific Standard Time.

"Peak Hours" means the 16 clock hours beginning at 6:00 a.m. and ending at 10:00 p.m. (Pacific Prevailing Time) of each Day.

"Peak Period" means the Months of January, February, March, April, July, August, September, October, November and December.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or Government Agency or any business entity whose existence may be authorized by a Governmental Agency.

"PGT" means PG&E Gas Transmission, Northwest Corporation or its successors.

"PGT Interconnection Agreement" means the Interconnection Agreement between Seller and PGT, with respect to the construction and operation of the Fuel Interconnection between the Facility and the PGT Pipeline.

"PGT Pipeline" means the facilities of PGT to be used by the Purchaser for the delivery of Fuel as required by this Agreement.

"Prudent Industry Practices" means any of the practices, methods, standards and acts (including, but not limited to, the practices, methods and acts engaged in or approved by a significant portion of the electric power generation industry in the United States) that, at a particular time, in the exercise of reasonable judgment in light of the facts known or that should reasonably have been known at the time a decision was made, could have been expected to accomplish the desired result consistent with good business practices, reliability, economy, safety and expedition, and which practices, methods, standards and acts generally conform to operation and maintenance standards recommended by the Facility's equipment suppliers and manufacturers, the Design Limits and applicable Governmental Approvals and Law.

"Related Agreements" means this Agreement, the Interconnection Agreement, the PGT Interconnection Agreement and such other agreements as may be entered into with other TSPs from time to time with respect to the transmission of the Net Electrical Output from the Facility.

"Replacement Capacity" means electric generation capacity provided to Purchaser from sources other than the Facility in accordance with the requirements of Appendix E.

"Replacement Energy" means electric energy provided to Purchaser from sources other than the Facility in accordance with the requirements of Appendix E.

"Replacement Power" means either or both of Replacement Capacity and Replacement Energy.

"Replacement Power Arrangements" means any arrangement made with any Person for the supply, transmission or delivery of Replacement Power in accordance with the requirements of Appendix E.

"Replacement Power Cost" has the meaning given such term in Appendix E.

"Replacement Power Delivery Point" means either the Interconnection Point or one or more points for the receipt of Replacement Power designated by Purchaser in writing and accepted by Seller in accordance with Appendix E.

"Replacement Power Outage" has the meaning assigned to such term in paragraph 2 of Appendix E.

"Scheduled Maintenance Outage" means a time period during which the Facility is shut down or its output reduced for Facility maintenance in accordance with Section 5.2.

"Standard Capacity Test" has the meaning assigned to such term in Appendix A.

"Start" means the ignition of the Facility pursuant to a Dispatch order and the steady-state operation of the Facility at a level providing at least 80% of the KWs that would have been delivered pursuant to full compliance with such Dispatch order (unless delivery of Net Electrical Output is delayed, terminated or reduced by Purchaser, a Dispatch order, a Force Majeure Event or a Delivery Excuse). For purposes of this Agreement there shall be deemed to be only one Start per Dispatch order unless delivery of Net Electrical Output is terminated by a Dispatch order, a Force Majeure Event or a Delivery Excuse.

"Start Payment" has the meaning assigned to such term in Section 10.4.

"Start-Up" means the ignition of the Facility pursuant to a Dispatch order and the operation of the Facility up to the Minimum Load; provided that for purposes of this Agreement, there shall be deemed to be only one Start-Up per Dispatch order, unless delivery of energy is delayed, terminated or reduced by Purchaser, a Dispatch order, a Force Majeure Event or a Delivery Excuse.

"Supplemental Capacity Test" has the meaning assigned to such term in Appendix A.

"Taxes" means, with respect to any Person, all taxes, withholdings, assessments, imposts, duties, governmental fees, governmental charges or levies imposed directly or indirectly by any Governmental Agency on such Person or its income, profits or property or measured by the volume or amount of consumption of fuel, the production of energy or the provision of electric generation capacity, or gross revenue, gross receipts or comparable measure thereof, and whether characterized as an ad valorem, sales, gross receipts, BTU, carbon, energy production or other similar taxes.

"Term" means the Initial Term and any Extended Term.

"Tracking Account" has the meaning assigned to such term in Section 12.2(a).

"Transmission Service Provider" or "TSP" means a Person providing electric transmission service with respect to the Net Electrical Output of the Facility from the Interconnection Point over the TSP System.

"Transmission System Operator" or "TSO" means a Person under jurisdiction of the FERC (or any federal or state agency assuming that regulatory authority currently residing with the FERC with respect to the formation and operation of TSOs), that is responsible for the

safe and reliable operation of the electric transmission grid and administration of transmission service, within its defined boundaries.

"TSP System" means the transmission system of TSP to be used by Purchaser for the purpose of transmitting the Net Electrical Output of the Facility.

"Utility Meters" has the meaning assigned to such term in paragraph 1(a) of Appendix B.

Section 1.2. Interpretation. Unless the context otherwise requires:

(a) Words singular and plural in number shall be deemed to include the other and pronouns having masculine or feminine gender shall be deemed to include the other.

(b) Subject to Section 1.2(g), any reference in this Agreement to any Person includes its successors and assigns and, in the case of any Government Agency, any Person succeeding to its functions and capacities.

(c) Any reference in this Agreement to any Section or Appendix means and refers to the Section contained in, or Appendix attached to, this Agreement.

(d) Other grammatical forms of defined words or phrases have corresponding meanings.

(e) A reference to writing includes typewriting, printing, lithography, photography and any other mode of representing or reproducing words, figures or symbols in a lasting and visible form.

(f) A reference to a specific time for the performance of an obligation is a reference to that time in the place where that obligation is to be performed.

(g) A reference to a Party to this Agreement includes that Party's successors and permitted assigns.

(h) A reference to a document or agreement, including this Agreement, includes a reference to that document or agreement as novated, amended, supplemented or restated from time to time.

(i) If any payment, act, matter or thing hereunder would occur on a Day that is not a Business Day, then such payment, act, matter or thing shall, unless otherwise expressly provided for herein, shall occur on the next succeeding Business Day.

Section 1.3. Technical Meanings. Words not otherwise defined herein that have well-known and generally accepted technical or trade meanings are used herein in accordance with such recognized meanings.

SECTION II.

TERM

Section 2.1. Initial Term. This Agreement shall become effective as of the Effective Date and shall continue in effect for an initial period ending on the date that is 25 years from the last Day of the Month following the Month during which the Commercial Operation Date occurs (the "Initial Term"), unless otherwise extended or terminated in accordance with the provisions of this Agreement.

Section 2.2. Extension of Term. The Term of this Agreement may be extended by mutual agreement of Purchaser and Seller on mutually agreeable terms and conditions for an additional five year period (the "Extended Term"), provided that Purchaser or Seller requests in writing an extension of this Agreement (an "Extension Request") not less than 18 months prior to the expiration of the Initial Term. In addition, if Seller proposes, at the end of the Initial Term or at any time during the year following the expiration of the Initial Term, to enter into an agreement with a third party for the sale of all or a portion of the energy and/or capacity from the Facility for a term that is two years or longer, then Seller shall notify Purchaser thereof and provide Purchaser with the material terms and conditions of such proposed third party agreement. Purchaser shall have the right, exercisable by notice delivered to Seller within 15 Days of Seller's notification and provision of the material terms and conditions of such proposed third party agreement, to extend or renew the term of the Agreement on the terms and conditions of such proposed third party agreement or as otherwise mutually agreed by Purchaser and Seller. In the event that Purchaser and Seller have not agreed to extend the term on or prior to the date that is six months prior to the expiration of the Initial Term, this Agreement shall terminate automatically at the end of the Initial Term and neither Seller or Purchaser shall have any further liability or obligations to the other hereunder, except for obligations or duties that accrued prior to such termination (including but not limited to, Purchaser's right to renew the Agreement during the year following the expiration of the Initial Term on the terms and conditions offered by a third party to Seller) or that survive such termination by the terms of this Agreement.

Section 2.3 Occurrence of Financial Closing.

(a) In the event that the Financial Closing Date shall not have occurred on or prior to September 30, 1999, Purchaser may elect at any time (unless such condition is satisfied or waived by such date), upon no less than 30 Days' notice to Seller, to establish a date prior to which the Commercial Operation Date shall not occur; provided, that such date shall not in any event be established to be later than December 31, 2002. Within 15 Days of Seller's receipt of such notice from Purchaser, Seller shall provide Purchaser a written estimate of any incremental costs that would result from Purchaser's establishment of such Commercial Operation Date. Within 15 Days of Purchaser's receipt of such estimate, Purchaser shall notify Seller whether Purchaser desires to implement such change in Commercial Operation Date and Purchaser shall reimburse Seller for all incremental costs incurred in good faith by Seller in implementing such change in Commercial Operation Date.

(b) The continued effectiveness of this Agreement is contingent upon the occurrence of the Financial Closing Date no later than December 31, 1999, unless otherwise waived by Purchaser. Unless such condition is satisfied by Seller or waived by Purchaser by such date, Purchaser may elect at any time, upon no less than 30 Days' notice to Seller, to terminate this Agreement effective as of the date set forth in such notice (so long as the Financial Closing Date has not occurred on or prior to such date of termination) and neither Party shall have any further obligation to the other Party under this Agreement, including, without limitation, any liability for costs or damages as a result of such termination.

Section 2.4 Credit Support.

(a) Purchaser's payment and performance obligations under this Agreement shall be secured by Credit Support in form and substance reasonably satisfactory to the Financing Parties. Purchaser acknowledges that Seller has, for the purposes of establishing the pricing and other terms and conditions of this Agreement and for the purposes of preparing its base case projections for the Facility (which projections Purchaser acknowledges receipt and review), assumed that Purchaser shall obtain the usual and customary Credit Support provided to financing parties in project financing of this type, either in the form of a guaranty from an entity with a long-term debt rating of at least "BBB+" by Standard's & Poor or in a form which provides the Financing Parties with a similar level of credit security.

(b) Purchaser shall make Commercially Reasonable Efforts to obtain Credit Support which is satisfactory to the Financing Parties and which will enable Seller to obtain financing for the Facility. In the event the costs of the development or financing of the Facility change from the assumptions Seller has made in the base case projection of the Facility as a result of the form or substance of such Credit Support, Seller shall propose adjustments to the Capacity Payment, the Energy Payment and/or any other amounts payable under this Agreement to reflect the cost of such change. If Purchaser and Seller shall not agree to such proposed adjustments, Purchaser shall continue to make Commercially Reasonable Efforts to obtain Credit Support which is satisfactory to the Financing Parties and which enable Seller to obtain financing for the Facility. Notwithstanding the foregoing, (i) such Credit Support shall be in form and substance satisfactory to each of Purchaser and Seller in such Party's sole discretion and (ii) under no circumstance shall any Affiliate of Purchaser be obligated to guarantee Purchaser's obligations hereunder.

(c) If Purchaser and Seller have not agreed upon the form and substance of Credit Support or any adjustments related thereto pursuant to Section 2.4(b), on or prior to May 15, 1999, either Party may elect upon 30 Days' notice to the other Party, to terminate this Agreement effective as of the date set forth in such notice (so long as such condition has not been satisfied on or prior to such date of termination) and neither Party shall have any further obligation to the other Party under this Agreement, including, without limitation, any liability for costs or damages as a result of such termination.

SECTION III.

COMMENCEMENT OF OPERATION

Section 3.1. Delivery Start Date. The delivery start date shall be the date which occurs 27 months after the Financial Closing Date, as such date may be extended on a Day-to-Day basis for any delay in achieving such Commercial Operation Date that results from (a) a Force Majeure Event that is excused pursuant to Section 17.2 or (b) a Delivery Excuse that is excused pursuant to Section 17.4(b) (the "Delivery Start Date").

Section 3.2. Commencement of Operation.

(a) The respective rights and obligations of Purchaser and Seller relating to the commercial operation of the Facility will commence on the Commercial Operation Date; provided that there shall be no Capacity Payment for the Month during which the Commercial Operation Date occurs; and provided further that no Equivalent Forced Outage Hours shall accrue during the Month during which the Commercial Operation Date occurs. Capacity Payments shall commence on the first Day of the Month immediately following the Month during which the Commercial Operation Date occurs. Equivalent Forced Outage Hours, if any, shall commence to accrue on the first Day of the Month immediately following the Month during which the Commercial Operation Date occurs. In addition to any other amounts due under this Agreement, for the period from the Commercial Operation Date to (but not including) the first Day of the Month immediately following the Month during which the Commercial Operation Date occurs, Purchaser shall pay Seller an amount equal to the greater of (i) the Net Electrical Output delivered during such period multiplied by the Energy Charge and (ii) the net revenues received by Purchaser for the sale of the Net Electrical Output delivered during such period less the Delivered Cost of Fuel for the Fuel consumed during such period; provided that such amount shall be calculated on at least a daily basis. Purchaser shall make Commercially Reasonable Efforts to maximize the economic benefits to Seller in the Dispatch of the Facility during the Month during which the Commercial Operation Date occurs.

(b) Notwithstanding the foregoing, Purchaser or Seller may terminate this Agreement if the Commercial Operation Date shall not have been achieved on or prior to the first anniversary of the Delivery Start Date, as the Delivery Start Date may be extended pursuant to the terms hereof. In order to exercise the termination right pursuant to this Section 3.2, the terminating Party must provide written notice of termination to the other Party within 10 Days after the first anniversary of the Delivery Start Date and the Agreement shall terminate on the effective date of such termination set forth therein (so long as the Commercial Operation Date has not been achieved on or prior to such date of termination).

SECTION IV.

SALE AND PURCHASE OBLIGATIONS

Section 4.1. Sale and Purchase of Energy. Subject to the terms and conditions of this Agreement, Seller shall sell and deliver, and Purchaser shall purchase and accept, on and

after the Commercial Operation Date and for the Term of this Agreement, (a) the Net Electrical Output of the Facility as Dispatched in accordance with the Agreement and (b) Replacement Energy provided by Seller or Purchaser in accordance with Appendix E.

Section 4.2. Sale and Purchase of Capacity. Subject to the terms and conditions of this Agreement, Seller shall sell and make available, and Purchaser shall purchase and accept, on or after the Commercial Operation Date and for the Term of this Agreement, (a) the Actual Total Capacity and (b) Replacement Capacity provided by Seller or Purchaser in accordance with Appendix E.

Section 4.3. No Sale of Power to Third Parties. So long as no Event of Default has occurred and is continuing with respect to Purchaser, Seller shall not have the right to sell to third parties electrical capacity and electrical energy generated from the Facility.

Section 4.4. Measurement and Quality of Electricity.

(a) All Net Electrical Output shall be measured at the Electricity Metering Points and shall meet the specifications established by Transmission Service Provider, as the same may be amended from time to time.

(b) In the event that electricity delivered by Seller hereunder fails to conform to the specifications established by Transmission Service Provider ("Non-Conforming Power"), and upon notice of such non-conformance by the Control Center or Purchaser, Seller immediately shall exercise such Commercially Reasonable Efforts as are necessary to correct such non-conformity and shall provide to Purchaser an estimate of the duration and extent of such failure to conform. Notwithstanding anything to the contrary in this Agreement, Seller shall pay any costs incurred under the Interconnection Agreement as a result of Seller delivering Non-Conforming Power, and shall reimburse Purchaser in accordance with Section 13.2 for the actual additional direct cost of any ancillary services charged to Purchaser pursuant to the agreements described in Section 7.4(b) as a result of Seller delivering Non-Conforming Power.

SECTION V.

OPERATION OF THE FACILITY

Section 5.1. Operation and Maintenance of Facility.

(a) Seller shall operate and maintain, or cause the operation and maintenance of, the Facility in accordance with Prudent Industry Practices and otherwise in accordance with this Agreement. Seller shall seek the non-binding advice of Purchaser in the event that Seller desires to enter into a contract with a third party to provide for the operation and maintenance of the Facility; provided, in no event shall such advice be required to be sought with respect to a third party operator which is an Affiliate of Seller. Any third party operator shall be required by Seller to execute a confidentiality agreement with Purchaser, in form and substance reasonably satisfactory to Purchaser and to provide evidence of insurance appropriate to such operation.

(b) Seller shall inform Purchaser on a daily basis by 0500 (Pacific Prevailing Time) of the generation capability of the Facility and any limitations, restrictions, deratings or outages affecting the Facility for the next two Days and shall update Seller's notice to the extent of any material changes in this information.

(c) Seller shall, during the Term, only employ appropriately qualified (as determined in Seller's reasonable opinion) personnel for the purposes of operating and maintaining the Facility and coordinating operations with the Control Center.

Section 5.2. Scheduled Maintenance.

(a) At least 30 Days prior to the anticipated Commercial Operation Date and thereafter prior to June 1 of each calendar year subsequent to the calendar year in which the Commercial Operation Date occurs, Purchaser shall provide to Seller a non-binding proposed schedule of Dispatch and Start-Ups for the Facility for each Month, which schedule also indicates the weeks available for Seller to schedule maintenance outages. Such non-binding proposed schedule shall cover the period of time occurring (i) in the case of the notice delivered prior to the Commercial Operation Date, from the Commercial Operation Date through and including the following calendar year, and (ii) in the case of each subsequent notice, the following calendar year. Within 60 Days after receiving Purchaser's proposed schedule for the Facility, Seller shall submit to Purchaser a proposed schedule for Scheduled Maintenance. Outages for the period covered by, and which shall be based on, Purchaser's projected Dispatch schedule, subject to Section 5.2(b). In no event, without Purchaser's consent, shall such schedule provide for a Scheduled Maintenance Outage during a Peak Period. Once Seller has provided to Purchaser the proposed schedule for Scheduled Maintenance Outages, Purchaser may, within 30 Days after receiving Seller's proposed schedule, request Seller to re-schedule any such Scheduled Maintenance Outage and Seller shall exercise Commercially Reasonable Efforts to effectuate such change in schedule.

(b) (i) The years in which a combustor inspection, a hot gas inspection or a major inspection shall occur shall be determined in accordance with manufacturers' recommendations; provided that for purposes of this Section 5.2(b), the manufacturers' recommendations shall be determined in accordance with the formulae provided by the relevant equipment manufacturers and shall be consistent with the formulae provided by such equipment manufacturers to customers other than Seller for similar equipment, which formulae may be revised from time to time by such manufacturers. Days of Scheduled Maintenance Outages shall be as follows: (A) in years in which no hot gas inspection or major inspection is to occur, 14 Days; (B) in years in which a hot gas inspection is to occur, 21 Days; and (C) in years in which a major inspection is to occur, 28 Days. In scheduling the Days of Scheduled Maintenance Outages in accordance with Section 5.2(a), Seller may bifurcate the permitted number of Days into two periods. Notwithstanding the foregoing or any provision herein, Seller shall use Commercially Reasonable Efforts to complete any Scheduled Maintenance Outage in less than the time periods scheduled and place the Facility back into full operation as soon as possible. Days of Scheduled Maintenance Outages shall be prorated based on the ratio of the capacity not available to the

Actual Total Capacity during the Scheduled Maintenance Outage in the case of partial Scheduled Maintenance Outages.

(ii) After the Scheduled Maintenance Outages have been scheduled in accordance with Section 5.2(a) above, Purchaser shall have the right to request changes to such schedule as follows. In the case of Scheduled Maintenance Outages to perform maintenance other than a hot gas inspection or a major inspection, Purchaser shall endeavor to provide Seller with notice of such requests at least seven Days prior to the Scheduled Maintenance Outage (it being understood that Seller shall consider any requests in accordance with the following provisions of this paragraph notwithstanding that such requests are provided after the date described above). In the case of Scheduled Maintenance Outages to perform a hot gas inspection or a major inspection, Purchaser shall provide Seller with notice of such request at least 60 Days prior to the Scheduled Maintenance Outage. Seller shall use Commercially Reasonable Efforts to accommodate Purchaser's request, provided that Seller shall in no event be required to accept such request if the implementation of the requested schedule change could, in Seller's sole discretion, invalidate or impair Seller's insurance policies or the success of any claims to be made thereunder, result in a breach or constitute an event of default under the Financing Documents or any other material agreement to which Seller is a party or cause the Seller's actions or performance hereunder to deviate from Prudent Industry Practices. If Seller is able to accommodate Purchaser's request as described in the preceding sentence, Seller shall provide Purchaser with a notice to such effect which notice shall include Seller's estimate of any costs that would result from Purchaser's requested changes. Upon receipt of such notification from Seller, if Purchaser desires that Seller proceed with such changed schedule, Purchaser shall so notify Seller and Purchaser shall reimburse Seller for all costs incurred in good faith by Seller in proceeding with such changed schedule. If Purchaser does not notify Seller of its decision on or prior to the commencement of the Scheduled Maintenance Outage (as originally scheduled), or in any event within two Days after receipt of Seller's notice that Seller is able to accommodate the requested change, then Seller shall proceed with the pre-existing schedule. Notwithstanding any other provision hereof, if the schedule change requested by Purchaser has the effect of delaying a Scheduled Maintenance Outage (a "Maintenance Delay"), in no event shall Forced Outage Hours accumulate during the period that the Scheduled Maintenance Outage is delayed.

(c) (i) In addition to the Scheduled Maintenance Outages provided for in Section 5.2(b), Seller shall also be entitled to perform up to 120 hours per year of additional Scheduled Maintenance Outages during Off Peak Hours with one Day's prior written notice to Purchaser of each such additional Scheduled Maintenance Outage period. Seller shall exercise Commercially Reasonable Efforts to minimize the period of any additional Scheduled Maintenance Outage.

(ii) Purchaser may request changes to the schedules made pursuant to clause (i). Seller shall use Commercially Reasonable Efforts to accommodate Purchaser's request, provided that Seller shall in no event be required to accept such request if the implementation of the requested schedule change could, in Seller's sole discretion, invalidate or impair Seller's insurance policies or the success of any claims to be made thereunder, result in a breach or constitute an event of default under the Financing Documents or any other material

agreement to which Seller is a party or cause the Seller's actions or performance hereunder to deviate from Prudent Industry Practices. If Seller is able to accommodate Purchaser's request as described in the preceding sentence, Seller shall provide Purchaser with a notice to such effect which notice shall include Seller's estimate of any costs that would result from Purchaser's requested changes. Upon receipt of such notification from Seller, if Purchaser desires Seller to proceed with such changed schedule, Purchaser shall so notify Seller and Purchaser shall reimburse Seller for all costs incurred in good faith by Seller in proceeding with such changed schedule. If Purchaser does not notify Seller of its decision on or prior to the earlier of the commencement of the Schedule Maintenance Outage (as originally scheduled), and within two Days after receipt of Seller's notice that Seller is able to accommodate such requested change, then Seller shall proceed with the pre-existing schedule. Notwithstanding any other provision hereof, if the schedule change requested by Purchaser has the effect of a Maintenance Delay, in no event shall Forced Outage Hours accumulate during the period that the Scheduled Maintenance Outage is delayed.

Section 5.3. Access and Information.

(a) Seller shall provide to Purchaser from time to time the following information with respect to the Facility:

(i) The notice to proceed for Commencement of Construction and monthly reports on the status of construction through the final Commercial Operation Date;

(ii) The manufacturers' guidelines and recommendations for maintenance of the Facility equipment; and

(iii) A report summarizing the results of maintenance performed during each Scheduled Maintenance Outage and any Forced Outage, and upon request of Purchaser any of the technical data obtained in connection with such maintenance.

(b) Upon reasonable prior notice (in light of the circumstances) and subject to the safety rules and regulations of Seller, Seller shall provide Purchaser and its authorized agents, employees and inspectors with reasonable access to the Facility Site and the Facility: (i) for the purpose of reading or testing metering equipment in accordance with Section IX, (ii) as necessary to witness tests of Contract Total Capacity in accordance with Section XI, (iii) in connection with the operation and maintenance of the Interconnection Facilities and (iv) for other reasonable purposes at the reasonable request of Purchaser.

Section 5.4. Permits; Compliance with Laws.

(a) Subject to the right of Contest, Seller shall, at its expense, acquire and maintain in effect, from any and all Governmental Agencies with jurisdiction over Seller and/or the Facility, all Governmental Approvals, in each case necessary (i) for the construction, operation and maintenance of the Facility in accordance with this Agreement and to permit the Facility to operate at the Committed Standard Capacity for all hours of the year less hours allowed for Scheduled Maintenance Outages pursuant to Section 5.2 and to operate with duct

firing in-service for 2000 hours per year , and (ii) for Seller to perform its obligations under this Agreement.

(b) Subject to the right of Contest, Seller shall, at all times, comply with all Laws and Governmental Approvals applicable to it and/or to the Facility, including all environmental laws in effect at any time during the Term.

(c) Subject to the right of Contest, Purchaser shall, at all times, comply with all Laws necessary for Purchaser to perform its obligations under this Agreement.

Section 5.5. Operating Procedures. Purchaser and Seller shall develop written operating procedures ("Operating Procedures") no later than 60 Days before synchronization with the TSP System. The Operating Procedures shall establish the protocol under which the Parties shall perform their respective responsibilities under this Agreement and shall include, but shall not necessarily be limited to, method of Day-to-Day communications, key personnel lists for Seller and Purchaser, Forced Outage and Scheduled Maintenance Outage reporting, procedures for capacity testing, daily capacity level and energy reports, start-up curves including fuel consumption during start-up, coordinating Fuel arrangements and the resolution of disputes.

SECTION VI.

SCHEDULING, DISPATCH AND DELIVERY

Section 6.1. Dispatch; Scheduling for Delivery.

(a) After the Commercial Operation Date, Purchaser (or the Control Center on behalf of Purchaser) may Dispatch the Facility up to its Actual Total Capacity.

(b) Prior to the first Day of each Month, Purchaser shall provide to Seller good faith projections of the amounts of energy to be scheduled by Purchaser from the Facility for each hour of such Month.

(c) Purchaser or the Control Center on behalf of Purchaser shall inform Seller on a daily basis before 12:00 noon (Pacific Prevailing Time) of the projected schedule for Dispatch for the Facility for each hour of the following Day. Purchaser or the Control Center on behalf of Purchaser shall be entitled to change such schedule after 12:00 noon (Pacific Prevailing Time) subject to the Design Limits and, to the extent not inconsistent with the Design Limits, Prudent Industry Practices and manufacturers' guidelines and recommendations generally applicable to such equipment.

(d) Consistent with the Design Limits and, to the extent not inconsistent with the Design Limits, Prudent Industry Practices and manufacturers' guidelines and recommendations generally applicable to similar facilities, the Facility shall promptly comply with the Dispatch order by Purchaser or the Control Center on behalf of Purchaser. The Facility shall generate energy within deviation band limits of the scheduled amount of energy provided by Purchaser (+/- 1.5% integrated hourly) for steady-state operation (operation between Minimum Load and the

Actual Total Capacity). If the Facility's energy generation deviates outside of such band limits during steady-state operation, Seller may reimburse Purchaser for any energy imbalance charges or penalties charged to Purchaser by TSP pursuant to the tariff applicable to Purchaser. Any operation of the Facility outside of the deviation band limits for which Seller has elected to reimburse Purchaser in accordance with the preceding sentence for any imbalance charge or penalty imposed under a tariff by TSP shall not count as a Forced Outage. If TSP charges Seller or Purchaser imbalance charges or penalties for operation within the range of +/- 1.5% of scheduled operation integrated hourly, Purchaser shall be responsible for such charges or penalties. If the Facility generates energy outside of the deviation band limits during Start-Up, shut down, or due to a Forced Outage, Force Majeure Event or Delivery Excuse, then Purchaser shall be responsible for such energy imbalance charges or penalties charged by TSP to either Purchaser or Seller pursuant to the applicable tariff. For purposes of this Section 6.1(d), there shall be deemed to be a Forced Outage only if Seller has not provided notice to Purchaser that Seller shall (or shall require Purchaser to) provide Replacement Power, as set forth in Appendix E.

Section 6.2. Forced Outages. After the Commercial Operation Date, Forced Outages shall be treated in accordance with paragraph 2 of Appendix E.

Section 6.3. Electronic Communications.

(a) Seller shall provide telemetering equipment and facilities capable of continuously transmitting the following information with respect to the Facility to Purchaser and (except in the case of clauses (vi) and (viii) below) to the Control Center and shall operate such equipment when requested by Purchaser:

- (i) Actual Standard Capacity;
- (ii) Actual Total Capacity;
- (iii) Minimum Load;
- (iv) Reactive power;
- (v) Voltage;
- (vi) Actual temperature, barometric pressure and relative humidity (to be taken at the gas turbine inlet);
- (vii) Instantaneous output at the Electricity Metering Points; and
- (viii) Facility Fuel consumption.

(b) Seller shall install a dedicated direct communication circuit to Purchaser and to the Control Center in the Facility's control room or such other communication equipment as the Parties may agree.

SECTION VII.

INTERCONNECTION; ANCILLARY SERVICES; ETC.

Section 7.1. Interconnection Facilities. Seller shall operate, maintain and control (or cause the operation, maintenance and control by TSP) during the Term at Seller's sole cost and expense all Interconnection Facilities located on the Facility Site up to, but not including, the Interconnection Point. Purchaser shall be responsible to secure any transmission rights past the Interconnection Point, and the effectiveness of this Agreement shall not be contingent upon Purchaser's securing transmission service with TSP or any other transmitting utility or upon the availability of transmission capacity at specific delivery or receipt points selected by Purchaser downstream of the Interconnection Point; provided, however, that if Purchaser is prevented by applicable Law (after exhausting all opportunities to Contest such applicable Law) from securing any such transmission service with any TSP prior to the Financial Closing Date, then Seller shall endeavor to secure such service on Purchaser's behalf or enter into other transmission arrangements and the Parties shall act in good faith and use their best efforts to enter into such modifications of this Agreement as may be necessary in order to implement such alternative transmission arrangements while preserving the economic and other terms and provisions of this Agreement to the greatest extent possible; and, provided further, that in the event that Seller also is prevented by applicable Law from securing such transmission service prior to the Financial Closing Date, then Seller shall provide to Purchaser a notice to such effect and either Party shall have the right to terminate this Agreement.

Section 7.2. Interconnection Point. Seller shall deliver Net Electrical Output Dispatched hereunder to Purchaser at the Interconnection Point. Seller shall deliver all Replacement Energy to the Replacement Power Delivery Point. Seller shall have the responsibility, at its expense, to deliver the Net Electrical Output from the Electricity Metering Points to the Interconnection Point.

Section 7.3. Risk of Loss. As between the Parties, Seller shall be deemed to be in exclusive control (and responsible for any property damages or injuries to persons caused thereby) of the Net Electrical Output prior to the Interconnection Point or the Replacement Power Delivery Point (as applicable) and Purchaser shall be deemed to be in exclusive control (and responsible for any property damages or injuries to persons caused thereby) of the Net Electrical Output at and from the Interconnection Point or the Replacement Power Delivery Point (as applicable).

Section 7.4. Additional Agreements.

(a) The Interconnection Agreement shall include provisions with respect to (i) the interconnection of the Facility in a timely manner with the TSP System at the Interconnection Point, including the upgrade of such transmission system as necessary to receive power at the Interconnection Point and (ii) communications control interfaces between the Facility and the Control Center. Any transmission system upgrades that may be required as a result of any transmission path designated by Purchaser beyond the Interconnection Point shall, subject to

Section 15.3, be addressed in agreements between Purchaser and Transmission System Providers with respect to the Net Electrical Output of the Facility. Seller shall not be required to incur obligations that are inconsistent with the terms of any other Related Agreement. Seller shall provide Purchaser with the interim and final drafts of the Interconnection Agreement for Purchaser's review and approval, which approval shall not unreasonably be withheld or delayed. Purchaser shall cooperate with Seller and provide information as reasonably requested by Seller in connection with the negotiation and performance of the Interconnection Agreement.

(b) Purchaser shall be responsible for obtaining and paying for the provision of transmission services and any ancillary or control area services required by the FERC, TSP, the TSO or any other transmission utility with respect to the delivery and transmission of electric energy beyond the Interconnection Point. Purchaser may obtain such services pursuant to tariffs filed with the FERC by the relevant Person or by separately contracting with such Person. Upon request by Seller, Purchaser shall provide to Seller for Seller's review all drafts and final versions of agreements with TSP for transmission services or ancillary or control area services that have a term of longer than one year. All such agreements (whether or not such agreements have a term of longer than one year) shall be consistent with the terms of the Related Agreements. Seller shall cooperate with Purchaser and provide information as reasonably requested by Purchaser in connection with the negotiation and performance of each agreement for the provision of transmission services and ancillary or control area services.

SECTION VIII.

FUEL ARRANGEMENTS

Section 8.1. Gas Transportation. Purchaser shall be responsible to secure gas transportation rights to the Fuel Metering Points, and the effectiveness of this Agreement shall not be contingent upon Purchaser's securing gas transportation services with PGT or any other gas transporter or upon the availability of transportation capacity at specific delivery or receipt points selected by Purchaser upstream of the Fuel Metering Points.

Section 8.2. Fuel Metering Points. All Fuel required to be delivered under this Agreement shall be delivered by Purchaser at the Fuel Metering Points.

Section 8.3. Fuel for Commissioning and Testing Prior to the Commercial Operation Date. Purchaser shall, if requested by Seller, provide Fuel to Seller during the commissioning of the Facility. Seller shall notify Purchaser no later than 10 Days prior to the date on which the Contract Total Capacity of the Facility is scheduled to be determined of its request for Fuel and shall provide to Purchaser details of the amount of Fuel to be delivered, the time of delivery and the Fuel Metering Points to which such Fuel shall be delivered. Upon receipt of such notice from Seller, Purchaser shall deliver Fuel as specified in Seller's notice. Seller shall notify Purchaser daily of its fuel requirements for the next Day plus the next eight subsequent clock hours for testing two and one-half hours prior to the time Purchaser has notified Seller that it is required to make any daily nominations with its gas suppliers or transporters. During each Day on which commissioning of the Facility occurs, Seller shall provide to

Purchaser (a) at midday, updates of the amount of Fuel to be delivered and the time of delivery for the remainder of the Day and (b) as soon as reasonably practicable, notice of any material deviations from the schedules or updates previously provided. Purchaser shall be responsible for the cost of Fuel and all other costs associated with the supply and transportation accepted by Seller at the Fuel Metering Points. The Parties shall exercise Commercially Reasonable Efforts to minimize any imbalance or other penalties or charges from Fuel suppliers or transporters resulting from the provision of Fuel by Purchaser in accordance with Seller's requirements under this Section 8.3.

Section 8.4. Fuel for Operations; Delivery and Acceptance. On and after the Commercial Operation Date, Purchaser shall at all times arrange, procure, supply, nominate, balance, transport and deliver to the Facility the amount of Fuel necessary for the Facility to generate its Net Electrical Output as produced pursuant to the Dispatch of the Facility. Subject to Section 8.6(b) and provided that the Facility is not subject to a Forced Outage, a Scheduled Maintenance Outage, a Force Majeure Event or a Delivery Excuse, on and after the Commercial Operation Date, Seller shall accept all Fuel required by the Facility delivered by Purchaser at the Fuel Metering Points pursuant to the terms of this Agreement. Purchaser shall be responsible for the cost of Fuel and all other costs associated with the supply and transportation accepted by Seller at the Fuel Metering Points.

Section 8.5. Risk of Loss. As between the Parties, Purchaser shall be deemed to be in exclusive control (and responsible for any property damages or injuries to persons caused thereby) of the Fuel prior to the Fuel Metering Points and Seller shall be deemed to be in exclusive control (and responsible for any property damages or injuries to persons caused thereby) of the Fuel at and from the Fuel Metering Points. Risk of loss related to the Fuel shall transfer from Purchaser to Seller at the Fuel Metering Points. At all times Purchaser shall retain title to the Fuel and any Non-Conforming Fuel.

Section 8.6. Measurement and Quality of Fuel.

(a) All Fuel to be supplied by Purchaser pursuant to the terms of this Agreement shall be measured at the Fuel Metering Points and shall meet the specifications established by PGT for gas delivered to the PGT Pipeline, as such specifications may be amended from time to time. Purchaser shall use good faith efforts to ensure that all Fuel delivered hereunder meets such specifications:

(b) Seller shall notify Purchaser if any Fuel made available by Purchaser to Seller under this Agreement is Non-Conforming Fuel. Seller may refuse to accept delivery of such Non-Conforming Fuel and such Non-Conforming Fuel shall, for purposes of this Agreement, be deemed not to have been provided by Purchaser.

Section 8.7. Additional Agreements. The PGT Interconnection Agreement shall include provisions with respect to the interconnection of the Facility in a timely manner with the PGT Pipeline. Seller shall not be required to incur obligations that are inconsistent with the terms of any other Related Agreement. Seller shall provide Purchaser with the interim and final drafts of the PGT Interconnection Agreement for Purchaser's review. Purchaser shall

reasonably cooperate with Seller and provide information as reasonably requested by Seller in connection with the negotiation and performance of the PGT Interconnection Agreement.

SECTION IX.

METERING

Section 9.1. Metering Devices for Electricity.

(a) The Net Electrical Output shall be measured by Seller's electricity metering devices located at the high side of the Facility's step-up transformer on Seller's side of the Interconnection Point (the "Electricity Metering Points"). Seller shall be responsible for the ownership, operation, maintenance and control of all of Seller's electricity metering equipment at its sole cost and expense.

(b) The number and general location of Seller's electricity metering devices shall be as set forth in Appendix B. All of Seller's electricity metering devices shall be sealed, and the seal shall be broken only when representatives of both Parties are present for the purpose of inspecting, testing and adjusting such electricity metering devices in accordance with Sections 9.3 and 9.4.

(c) Subject to the approval of Seller, not to be unreasonably withheld, Purchaser may install and maintain, at its own cost and expense, as part of the Facility, Purchaser's back-up electricity metering devices using the same current and potential transformers as those used for Seller's electricity metering devices.

(d) All meters required pursuant to this Agreement to measure Net Electrical Output shall be equipped and capable of telemetering data to Purchaser.

Section 9.2. Metering Devices for Fuel.

(a) The Fuel delivered by Purchaser in accordance with the terms of this Agreement shall be measured by Seller's metering devices at the Fuel Metering Points. Seller shall be responsible for the ownership, operation, maintenance and control of all of Seller's Fuel metering equipment at its sole cost and expense.

(b) The number and general location of Seller's Fuel metering devices shall be as set forth in Appendix B. All of Seller's Fuel metering devices shall be sealed, and the seal shall be broken only when representatives of both Parties are present for the purpose of inspecting, testing and adjusting such metering devices.

Section 9.3. Inspection of Metering Devices.

(a) Seller shall inspect, test and adjust all of Seller's metering devices at its own expense on an annual basis at a time mutually convenient to Purchaser and Seller. Seller shall provide Purchaser with reasonable advance notice of, and permit a representative of

Purchaser to witness and verify, such inspections, tests and adjustments, and shall test any adjustments to be made thereto in accordance with Sections 9.3(c) and 9.4.

(b) In addition to the other inspections and tests required under Section 9.3(a), upon two weeks' prior written notice by Purchaser, Seller shall perform additional inspections or tests of any of Seller's metering devices and Seller's back-up metering devices. Seller and Purchaser shall agree on a mutually convenient time for such inspections or tests, and Seller shall permit a qualified representative of Purchaser to inspect or witness such testing of any of Seller's metering devices and Seller's back-up metering devices. The actual expense of any such requested additional inspection or testing shall be borne by Purchaser unless, upon such inspection or testing, Seller's metering devices are found to register inaccurately by more than +/-0.5% in the case of electricity meters and +/- 2% in the case of gas meters, in which event the expense of the requested additional inspection or testing shall be borne by Seller.

(c) If any of Seller's metering devices or Seller's back-up metering devices are found to be defective or inaccurate by more than +/- 0.5% in the case of electricity meters and +/- 2% in the case of gas meters, such meter shall immediately be adjusted, repaired, replaced and/or re-calibrated.

Section 9.4. Adjustments for Inaccurate Measurements. If any of Seller's metering devices fail to register, or if the measurements made by any of such metering devices are found upon testing to be inaccurate by more than +/- 0.5% in the case of electricity meters and +/- 2% in the case of gas meters, an adjustment to previous billings shall be made correcting all measurements by the inaccurate or defective metering device for billing purposes, for both the amount of the inaccuracy and the period of the inaccuracy, in the following manner:

(a) In the event that the Parties cannot agree on the amount of the adjustment necessary to correct the measurements made by any of Seller's metering devices which are inaccurate or defective, the Parties shall use Purchaser's back-up metering devices (if installed) to determine the amount of such inaccuracy, provided that in the event that Purchaser's back-up metering devices are also found, upon testing, to be inaccurate by more than the allowable limits applicable to Seller's metering devices under this Section 9.4, and the Parties cannot agree on the amount of the adjustment necessary to correct the measurements made by such inaccurate or defective Purchaser's back-up metering devices, the Parties shall, as soon as practicable and on the basis of procedures to be mutually agreed by the Parties, estimate the amount of the necessary adjustment on the basis of deliveries of the Net Electrical Output of the Facility to the TSP System during periods of similar operating conditions (e.g., based on the Fuel use records for the Facility) when Seller's metering devices were registering accurately;

(b) In the event that the Parties cannot agree on the actual period during which the inaccurate measurements were made, the period during which the measurements are to be adjusted shall be the shorter of (i) one half of the period from the last test of the relevant metering devices, and (ii) the 180 Days immediately preceding the test that found the relevant metering devices to be defective or inaccurate; and

(c) To the extent that the adjustment period covers a period of deliveries for which payment has already been made by Purchaser, Seller shall use the corrected measurements as determined in accordance with this Section 9.4 to re-compute the amount due (which amount shall not include interest) for the period of the inaccuracy and shall subtract the previous payments by Purchaser for such period from such re-computed amount. If the difference is a positive number, such difference shall be paid by Purchaser to Seller and if the difference is a negative number, such difference shall be paid by Seller to Purchaser. Payment of such difference shall be made by means of a credit or an additional charge on the next statement rendered pursuant to Section 13.1(a).

(d) For Fuel, the adjustment shall be based on gas quantities specified on statements from PGT.

SECTION X.

PAYMENTS

Section 10.1. Capacity Payments.

(a) Except as otherwise expressly provided in Section 3.2(a) and otherwise herein, for each Billing Period commencing on the Commercial Operation Date, Purchaser shall pay Seller a Capacity Payment for the Contract Total Capacity of the Facility made available to Purchaser, or for Replacement Capacity provided in accordance with paragraph 2 of Appendix E, during such Billing Period.

(b) The Capacity Payment for the Facility (or Replacement Capacity provided in lieu of Contract Total Capacity) for each Billing Period shall be calculated in accordance with the formulae set forth in Appendix H.

Section 10.2. Energy Payments. Except as expressly provided herein, for each Billing Period commencing on the Commercial Operation Date, Purchaser shall pay to Seller an Energy Payment for Net Electrical Output and for Replacement Energy delivered by Seller to Purchaser, in an amount calculated in accordance with the formulae set forth in Appendix H.

Section 10.3. Sale of Test Energy. No payments shall be due by Purchaser to Seller in respect of the energy which may be produced as a result of the initial testing of the Facility and accepted by Purchaser pursuant to Section 11.1.

Section 10.4. Start Payments; Provision of Power.

(a) In the event the number of Starts exceeds 100 per Contract Year, Purchaser shall pay Seller a payment equal to six thousand Dollars (\$6,000) per Start, multiplied by the number of Starts over 100 (a "Start Payment"); provided that such payment for additional Starts shall be made by Purchaser on a monthly basis for all such additional Starts occurring in a Billing Period. Starts not meeting the definition of a Start and starts for Seller requested tests

shall not count toward the 100 Starts allowed without cost to Purchaser set forth in this Section 10.4 and shall not result in any payment obligation to Purchaser.

(b) Seller shall procure all electric capacity and electric energy required by the Facility during each Start, shutdown, Scheduled Maintenance Outage and Forced Outage and during any period in which the Facility is Dispatched not to run. The costs of such electric capacity and electric energy during each Billing Period shall be included in the invoice prepared by Seller for such period and shall be paid by Purchaser.

SECTION XI.

COMMISSIONING AND TESTING

Section 11.1. Performance Tests.

(a) Prior to or on the Commercial Operation Date, Seller shall establish the Contract Total Capacity for the Facility in accordance with the procedures set forth in Appendix A. The Facility shall thereafter be tested as soon as reasonably practicable after each Scheduled Maintenance Outage (other than those described in Sections 5.2(b)(i)(A) and 5.2(c)) during each Contract Year in accordance with the procedures set forth in Appendix A to demonstrate its Contract Total Capacity. Seller shall provide Purchaser with reasonable notice of, and opportunity to, attend each test of Contract Total Capacity. Seller shall bear the costs and expenses of such annual tests, provided that Purchaser shall be responsible for any costs or expenses incurred by it in connection with monitoring or witnessing such tests.

(b) In addition to the tests described in Section 11.1(a) above, no more than two times in any calendar year, Seller shall have the right to redetermine the Contract Total Capacity of the Facility at any time upon 48 hours' prior written notice to Purchaser. The Contract Total Capacity redetermined in the manner set forth in Appendix A shall automatically and immediately become the new Contract Total Capacity. Seller shall bear the costs and expenses of any test required under this Section 11.1(b); provided that Purchaser shall be responsible for any costs and expenses incurred by it in connection with monitoring or witnessing such test.

(c) After the Commercial Operation Date, Purchaser or the Control Center's Dispatch of the Facility may interrupt or prohibit any testing of the Facility; provided that, in the event of a test of Contract Total Capacity that is interrupted or prohibited by Dispatch, a Force Majeure Event, a Forced Outage or a Delivery Excuse, Seller may retest the Facility within 10 Days thereafter and the Contract Total Capacity, as determined by such subsequent test, shall apply from the date when the interrupted or prohibited test would have been completed but for the Dispatch interruption or prohibition.

(d) In addition to the tests described in Section 11.1(a) above, no more than two times in any calendar year, Purchaser shall have the right to require a redetermination of the Contract Total Capacity of the Facility upon five Business Days' prior written notice to Seller. The Contract Total Capacity redetermined in the manner set forth in Appendix A shall

automatically and immediately become the new Contract Total Capacity. Purchaser shall be responsible for any costs and expenses incurred by it in connection with monitoring or witnessing any tests required by it under this Section 11.1(d).

(e) All tests shall be conducted in accordance with Appendix A. The Facility shall be operated using normal operating procedures during all tests and all test results shall be adjusted to Contract Conditions and degradation pursuant to Appendix A.

(f) Purchaser shall (1) provide the Fuel necessary to conduct the tests under this Agreement and (2) accept the Net Electric Output generated as a result of such tests.

SECTION XII.

HEAT RATE GUARANTEE

Section 12.1. Guaranteed Heat Rate. The fuel consumed for the Facility shall be measured against the Guaranteed Heat Rate pursuant to Appendix F.

Section 12.2. Tracking Account.

(a) A tracking account (the "Tracking Account") shall be maintained by Seller to track, for each Day: (i) the actual amount of Fuel required to produce the Net Electrical Output when the Facility is Dispatched at or above Minimum Load and delivered by Seller for that Day and (ii) the amount of Fuel expected to be required to produce the Net Electrical Output when the Facility is Dispatched at or above Minimum Load and delivered by Seller for that Day based on the Guaranteed Heat Rate. If the actual amount of Fuel required to produce such Net Electrical Output for such Day varies from the expected amount of Fuel required to produce such Net Electrical Output based on the Guaranteed Heat Rate (using the Guaranteed Heat Rate value associated with the Dispatch level), then a balance shall accrue in the Tracking Account for such Day in the following manner:

(i) If the actual amount of Fuel required to produce such Net Electrical Output on such Day is greater than the expected amount required based on the Guaranteed Heat Rate (using the Guaranteed Heat Rate value associated with the Dispatch level), then a positive amount equal to the differential Fuel (expressed in MMBTU), multiplied by the Delivered Cost of Fuel (expressed in \$/MMBTU), for such Day shall accrue to the Tracking Account for such Day.

(ii) If the actual amount of Fuel required to produce such Net Electrical Output on such Day is less than the expected amount required based on the Guaranteed Heat Rate (using the Guaranteed Heat Rate value associated with the Dispatch level), then a negative amount equal to the differential Fuel (expressed in MMBTU) multiplied by the Delivered Cost of Fuel (expressed in \$/MMBTU) for such Day shall accrue to the Tracking Account for such Day.

(b) At the end of each Month, the Tracking Account shall be cleared and (i) if the Tracking Account balance is positive, Seller shall pay Purchaser such amount, whereas (ii) if the Tracking Account balance is negative, Purchaser shall pay Seller such amount.

(c) There shall be no Tracking Account adjustment for the Net Electrical Output for operation below Minimum Load during a successful Start-Up or shut down.

SECTION XIII.

BILLING AND PAYMENT

Section 13.1. Billing and Payment.

(a) Seller shall read Seller's metering equipment at the Interconnection Point at midnight (24:00 hours) (Pacific Prevailing Time) on the last Day of each Month, unless otherwise mutually agreed by the Parties. Seller shall prepare and render to Purchaser within five Business Days after the end of each Billing Period a statement detailing the meter reading (in half-hour readings) and Seller's calculation of the payments due to Seller for such Billing Period; provided that Purchaser, at its own cost and expense, shall have the right to monitor and witness such readings.

(b) Payment for the Capacity Payment, Energy Payment, Start Payment, the amounts described in Section 10.4(b) and any Tracking Account balance owed by Purchaser for each Billing Period shall be made by wire transfer of funds immediately available in an account designated by Seller within 10 Days from the date of delivery of a statement for such Billing Period. Payment for any Tracking Account Balance owed by Seller to Purchaser for each Billing Period shall be made by wire transfer of funds immediately available in an account designated by Purchaser within 10 Days from the date of delivery of a statement for such Billing Period.

(c) If either Party disputes the accuracy of a bill, the Parties shall use their best efforts to resolve the dispute in accordance with Section 20.1. Any adjustments which the Parties may subsequently agree to make with respect to any such billing dispute shall be made by a credit or additional charge on the next bill rendered. If the Parties are unable to resolve the dispute in this manner, any amounts disputed shall be deposited in an escrow account pending final resolution of the dispute in accordance with Section 20.2, provided that any undisputed amount shall be promptly paid; and provided, further, that amounts paid as a result of the settlement of a dispute shall be paid with interest thereon at the Default Rate.

Section 13.2. Other Payments. Subject to the Parties' right to review payments made hereunder, any amounts, other than those specified in Sections 13.1, due to either Party under this Agreement shall be paid or objected to within 10 Days following receipt by the other Party of an itemized invoice from the Party to whom such amounts are due setting forth, in reasonable detail, the basis for such payment. Payments made hereunder shall, for a period of not longer than one year, remain subject to adjustment based on a review of the records pursuant to Section 13.4 and billing adjustments by third parties which would affect payment obligations of either Party.

Section 13.3. Currency and Timing of Payment. Notwithstanding anything contained in this Agreement, (i) all payments to be made by either Party under this Agreement shall be made in Dollars by wire transfer of funds immediately available in an account of the Party making such payment and (ii) any payment that becomes due and payable on a Day that is other than a Business Day shall be paid in accordance with Section 1.2(i).

Section 13.4. Records. Either Party shall have the right, upon reasonable prior written notice to the other Party, to examine and/or make copies of the records and data of the other Party relating to this Agreement (including all records and data relating to or substantiating any charges paid by or to either Party and including without limitation metering records of Fuel delivered at the Fuel Metering Points, Fuel consumed, Delivered Cost of Fuel, and MWh's generated) at any time during normal business hours during the period such records and data are required to be maintained. All such records and data shall be maintained for a minimum of seven years after the creation of such record or data and for any additional time period required under applicable law or by regulatory agencies having jurisdiction over the Parties.

Section 13.5. Default Interest. If any payment due from either Party under this Agreement shall not be paid when due there shall be due and payable to the other Party compensation thereon, calculated at a rate equal to the lesser of (a) two percent (2%) over the prime rate at The Chase Manhattan Bank or its successor (the "Default Rate"), as it changes from time to time and (b) the highest rate permitted by applicable Law, from the date on which such payment became overdue to and until such payment is paid in full.

SECTION XIV.

REPRESENTATIONS AND WARRANTIES; ADDITIONAL COVENANTS OF SELLER AND PURCHASER

Section 14.1. Representations and Warranties of Seller. Seller represents and warrants to Purchaser as of the Effective Date as follows:

(a) Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the state of Delaware and is qualified and in good standing in each other jurisdiction where the failure so to qualify would have a material adverse effect upon the business or financial condition of Seller or the Facility, and Seller has all requisite power and authority to conduct its business, to own its properties and to execute, deliver and perform its obligations under this Agreement.

(b) The execution, delivery, and performance of its obligations under this Agreement by Seller have been duly authorized by all necessary action, and do not and shall not:

(i) as to execution and delivery but not performance, require any consent or approval of Seller's members or managers which has not been obtained and each such consent and approval that has been obtained is in full force and effect,

(ii) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award having applicability to Seller or any provision of the organizational documents of Seller, the violation of which could reasonably be expected to have a material adverse effect on the ability of Seller to perform its obligations under this Agreement,

(iii) result in a breach of or constitute a default under any provision of the organizational documents of Seller,

(iv) result in a breach of or constitute a default under any agreement relating to the management or affairs of Seller or any indenture or loan or credit agreement or any other agreement, lease, or instrument to which Seller is a party or by which Seller or its properties or assets may be bound or affected, the breach or default of which could reasonably be expected to have an adverse effect on the ability of Seller to perform its obligations under this Agreement, or

(v) results in, or require the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest, or other charge or encumbrance of any nature (other than as may be contemplated by this Agreement) upon or with respect to any of the assets or properties of Seller now owned or hereafter acquired, the creation or imposition of which could reasonably be expected to have a material adverse effect on the ability of Seller to perform its obligations under this Agreement.

(c) This Agreement constitutes a legal, valid and binding obligation of Seller and is enforceable against Seller in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors generally and except as the enforceability of this Agreement is subject to the application of (i) general principles of equity (regardless of whether considered in a proceeding in equity or at law), including, without limitation, the possible unavailability of specific performance, injunctive relief or any other equitable remedy and (ii) concepts of materiality, reasonableness, good faith and fair dealing.

(d) There is no pending or, to the best of Seller's knowledge, threatened action or proceeding affecting Seller before any court, Governmental Agency or arbitrator that could reasonably be expected to materially and adversely affect the financial condition or operations of Seller or the ability of Seller to perform its obligations hereunder, or that purports to affect the legality, validity or enforceability of this Agreement.

Section 14.2. Representations and Warranties of Purchaser. Purchaser represents and warrants to Seller as of the Effective Date as follows:

(a) Purchaser is a corporation duly organized and validly existing under the laws of Washington and has the full legal right, power and authority to conduct its business, to own its properties and to execute, deliver and perform its obligations under this Agreement.

(b) The execution, delivery, and performance of its obligations under this Agreement by Purchaser have been duly authorized by all necessary corporate action, and do not and shall not:

(i) as to execution and delivery, but not performance, require any consent or approval of Purchaser's board of directors or any Purchaser member or shareholder which has not been obtained and each such consent and approval that has been obtained is in full force and effect,

(ii) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award having applicability to Purchaser, the violation of which could reasonably be expected to have a material adverse effect on the ability of Purchaser to perform its obligations under this Agreement,

(iii) result in a breach of or constitute a default under any provision of the articles of incorporation or by-laws of Purchaser,

(iv) result in a breach of or constitute a default under any agreement relating to the management or affairs of Purchaser or any indenture or loan or credit agreement or any other agreement, lease, or instrument to which Purchaser is a party or by which Purchaser or its properties or assets may be bound or affected, the breach or default of which could reasonably be expected to have a material adverse effect on the ability of Purchaser to perform its obligations under this Agreement, or

(v) result in, or require, the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest, or other charge or encumbrance of any nature (other than as may be contemplated by this Agreement) upon or with respect to any of the assets or properties of Purchaser now owned or hereafter acquired, the creation or imposition of which could reasonably be expected to have a material adverse effect on the ability of Purchaser to perform its obligations under this Agreement.

(c) This Agreement constitutes a legal, valid and binding obligation of Purchaser and is enforceable against Purchaser in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors generally and except as the enforceability of this Agreement is subject to the application of (i) general principles of equity (regardless of whether considered in a proceeding in equity or at law), including, without limitation, the possible unavailability of specific performance, injunctive relief or any other equitable remedy and (ii) concepts of materiality, reasonableness, good faith and fair dealing.

(d) There is no pending or, to the best of Purchaser's knowledge, threatened action or proceeding affecting Purchaser before any court, Governmental Agency or arbitrator that could reasonably be expected to materially and adversely affect the financial condition or operations of Purchaser or the ability of Purchaser to perform its obligations hereunder, or that purports to affect the legality, validity or enforceability of this Agreement.

Section 14.3. Certificates. Each of Purchaser and Seller shall, upon the request of the other Party, deliver or cause to be delivered from time to time to the other Party certifications of its officers, accountants, engineers or agents as to such matters as either Party may reasonably request in connection with such Parties' obligations under this Agreement.

Section 14.4. Books and Records; Information. Each of Purchaser and Seller shall keep proper books of record and account, in which full and correct entries shall be made of all dealings or transactions of or in relation to its business and affairs in accordance with generally accepted accounting principles consistently applied.

SECTION XV.

TAXES; CHANGE-IN-LAW; CAPITAL IMPROVEMENTS

Section 15.1. Taxes and Fees.

(a) Seller shall be responsible for the payment of, and the Capacity Payments, Energy Payments and other amounts payable by Purchaser to Seller hereunder shall not be subject to adjustment for, Taxes (other than Change-in-Law Taxes) imposed on Seller and its property. Purchaser shall be responsible for the payment of, and no amount payable by Seller to Purchaser shall be subject to adjustment for, Taxes imposed on Purchaser and its property. In addition, Purchaser shall be responsible for the payment of or credited with any Change-in-Law Taxes imposed on Seller. In the event a payment by or a credit to Purchaser would otherwise be warranted by the foregoing sentence as a result of a Change-in-Law which is a replacement, recharacterization or reclassification (as evidenced by the legislative intent of such Change-in-Law) of a Tax other than a Change-in-Law Tax, then Purchaser shall only be responsible for the payment of or credited with the net effect of such replacement, recharacterization or reclassification. Seller shall determine for any Billing Period the adjustment to any payment under Section 13.1 resulting from the application of a Change-in-Law Tax for such period, and shall provide to Purchaser a certificate setting forth in reasonable detail the basis and calculation of such adjustment. In the case of any Change-in-Law Taxes imposed on Seller for which Purchaser is responsible, Purchaser shall pay Seller the amount of such Taxes within 10 Days of Seller notifying Purchaser of the imposition and payment of such Change-in-Law Taxes and providing Purchaser with a certificate in reasonable detail of the amount of such Change-in-Law Taxes. If, after the imposition of Change-in-Law Taxes in respect of which Purchaser has made a payment to Seller under this Section 15.1(a), a subsequent Change-in-Law results in a reduction of such Change-in-Law Taxes, then the obligation of Purchaser to pay for Change-in-Law Taxes shall be reduced to such extent, and if such Change-in-Law affects Change-in-Law Taxes as to which Purchaser has already made such payments under this Section 15.1(a), Seller shall reimburse Purchaser an amount equal to such reduction in Taxes plus any interest accrued thereon.

(b) Seller shall provide Purchaser with written notice, as soon as reasonably practicable, but in no event less than 10 Days prior to the date on which Change-in-Law Taxes imposed on Seller would become applicable, of such Change-in-Law Taxes. Purchaser shall have

the right to Contest, in the name of either or both Parties, as required, the imposition of any Change-in-Law Taxes, and Purchaser shall make any payments to Seller in respect of such Change-in-Law Taxes when required under this Agreement, but subject to refund in the event that Purchaser prevails in such Contest; provided that Purchaser shall notify Seller in writing of its decision to Contest; and provided, further, that Purchaser shall be responsible for any costs and expenses (including the costs and expenses of Seller) relating to such Contest.

(c) Each Party shall provide the other Party upon written request a certificate of exemption or other reasonably satisfactory evidence of exemption if any exemption from or reduction of any Tax is applicable. Each Party shall exercise Commercially Reasonable Efforts to obtain and to cooperate in obtaining any exemption from or reduction of any Tax. Each Party shall notify the other Party of any proposal to implement a Change-in-Law Tax.

Section 15.2. Change-in-Law. If the capital or variable costs of the development, financing, design, construction, testing, commissioning, operation or maintenance of the Facility changes as a result of a Change-in-Law, the Capacity Payment, the Energy Payment and/or any other amounts payable hereunder shall be equitably and appropriately adjusted to reflect the cost of such change from the date such Change-in-Law affected such cost; provided, however, that no such adjustments shall be made unless and until the net increase or net decrease (and then, only to the extent that) the capital or variable cost of such change, on an aggregate basis together with all other changes in capital and variable costs resulting from all other Changes-in-Law, exceeds one million Dollars (\$1,000,000). Seller shall submit to Purchaser a certificate setting forth in reasonable detail the basis of, and the calculation for, such adjustments. Within 10 Days after its receipt of such certificate, Purchaser shall notify Seller whether it approves or disapproves of Seller's adjustments. If Purchaser does not disapprove of such adjustments within such 10 Day period, the adjustments shall become effective and this Agreement shall be amended promptly by the Parties to reflect such adjustments. In the event Purchaser disapproves of Seller's adjustments, either Party may submit the issue for binding resolution pursuant to the terms of Article XX. If Seller does not Contest any such Change-in-Law, Purchaser shall have the right to Contest, in the name of either Party or both Parties, as required, the imposition of any Change-in-Law. Purchaser shall notify Seller in writing of its decision to Contest, and shall be responsible for any costs and expenses (including the costs and expenses of Seller) relating to such Contest.

Section 15.3. Capital Improvements. (a) At any time prior to the Financial Closing Date, upon Purchaser's request, Seller shall to the extent reasonably practicable enter an agreement with Purchaser and/or any Transmission System Provider that provides that Seller shall be responsible for the cost of any transmission system upgrades that may be required as a result of any transmission path designated by Purchaser beyond the Interconnection Point; provided, that (i) such agreement shall be in form and substance satisfactory to Purchaser and (ii) the Capacity Payment, the Energy Payment and/or any other amounts payable hereunder shall be adjusted to Seller's reasonable satisfaction to reflect the entire capital cost of the construction of such transmission system upgrades and any expenses related thereto for which Seller is liable under such agreement, if any, and to reflect all variable costs of the financing of such transmission system upgrades.

(b) Purchaser shall have the right at any time to request that Seller make capital improvements or modifications to the Facility. Seller shall to the extent reasonably practicable make (or cause to be made) such improvements or modifications to the Facility so long as (i) such improvements or modifications are made at the sole expense of Purchaser, (ii) the Capacity Payment, the Energy Payment and/or any other amounts payable hereunder shall be adjusted to Seller's reasonable satisfaction to reflect any and all increases and decreases in the variable costs of the testing, commissioning, operation or maintenance of the Facility resulting from such improvements or modifications, (iii) no Forced Outage Hours shall be incurred as a result of a Maintenance Outage to accomplish such capital improvement or modification, (iv) such improvement or modification could not, in Seller's sole discretion, invalidate or impair Seller's insurance policies or a claim against such insurance or the success of any claims to be made thereunder, result in a breach or constitute an event of default under the Financing Documents or any other material agreement to which Seller is a party or cause the Seller's actions or performance hereunder to deviate from Prudent Industry Practices and (v) the Financing Parties approve such improvement or modification to the Facility.

(c) The Facility shall be designed and constructed such that the Facility can reasonably be modified pursuant to Section 15.3(b) to add automatic generation control capability.

SECTION XVI.

INSURANCE

Section 16.1. Insurance Required. Seller shall, carry and maintain or cause to be carried and maintained no less than the insurance coverages listed in Appendix G, applicable to all operations undertaken by Seller and Seller's personnel in the minimum amounts (limits) indicated in Appendix G. Such minimum limits may be satisfied either by primary insurance or by any combination of primary and excess/umbrella insurance. Except as provided in Appendix G, the required insurance coverages shall be in effect on or prior to the commencement of construction of the Facility and shall be maintained in effect throughout the Term of this Agreement.

Section 16.2. Evidence and Scope of Insurance.

(a) Seller shall annually cause each insurer or authorized agent to provide Purchaser with two original copies of insurance certificates reasonably acceptable to Purchaser evidencing the effectiveness of the insurance coverages required to be maintained. A complete copy of each policy shall be provided to Purchaser upon request.

(b) All such insurance policies shall:

(i) name Purchaser as an additional insured (except in the case of worker's compensation insurance);

(ii) provide that Purchaser shall receive from each insurer 30 Days' prior written notice of non-renewal, cancellation of, or significant modification to, any of such policies (except that such notice period shall be 10 Days in case of non-payment of premiums); and

(iii) provide a waiver of any rights of subrogation against Purchaser, its affiliated entities and their officers, directors, agents, subcontractors, and employees.

The insurance certificates shall indicate that the insurance policies have been endorsed as described above.

(c) All policies shall be written by one or more nationally reputable insurance companies authorized to do business in Idaho and be rated B+VII or higher by A.M. Best Company or Lloyds Companies or other insurers reasonably acceptable to Purchaser.

(d) Purchaser shall receive certificates for items 1, 3, 4, 5 and 6 in Appendix G, prior to the start of construction of the Facility and for item 2 in Appendix G, prior to the Commercial Operation Date.

(e) All policies shall be written on an occurrence basis unless procured from AEGIS on a claims made basis. Policies shall contain an endorsement that Seller's policy shall be primary as respects construction and operations of the Facility regardless of like coverages, if any, carried by Purchaser.

(f) Purchaser may request Seller to require that any insurance obtained and maintained by a third party operator of the Facility name Purchaser as an additional insured, with any cost for such coverage payable by Purchaser.

(g) Seller shall notify Purchaser of the insurance company (and any replacement thereof) from which Seller obtains its Commercial or Comprehensive General Liability insurance and, if Purchaser desires to obtain Commercial or Comprehensive General Liability insurance from the same insurance company (or any replacement thereof), Seller shall comply with Purchaser's reasonable requests for information concerning such coverages which assist Purchaser in obtaining insurance from the same such insurance company.

Section 16.3. Term and Modification of Insurance.

(a) In the event that (i) the third party liability insurance required pursuant to item 3 of Appendix G or (ii) the Excess/Umbrella Liability insurance required pursuant to item 6 of Appendix G, is on a "claims made" basis and not on an occurrence basis, such insurance shall provide for a retroactive date and continuing "tail" coverage not later than the Effective Date and such insurance shall be maintained by Seller, with a retroactive date not later than the retroactive date required above, for a minimum of five years after the Term.

(b) If the designated coverage, or relatively comparable coverage, are unavailable on reasonable commercial terms, Seller shall provide to Purchaser detailed

information as to the maximum amount of available coverage that it is able to purchase and shall be required to obtain Purchaser's consent as to the adequacy of said coverage under the circumstances prevailing at the time, which consent Purchaser shall not unreasonably withhold or delay.

Section 16.4. Application of Proceeds. For the Term of this Agreement, and subject to the requirements of the Financing Documents and the rights or remedies of the Financing Parties thereunder, Seller shall apply the proceeds of any such casualty insurance policies received for damages to the Facility to the repair of the Facility.

SECTION XVII.

FORCE MAJEURE EVENT

Section 17.1. Force Majeure Event Defined.

(a) As used in this Agreement, "Force Majeure Event" shall mean causes or events that are beyond the reasonable control of, and without the fault or negligence of, the Party claiming such Force Majeure Event, including, without limitation, acts of God; unusually severe actions of the elements such as floods, hurricanes, or tornadoes; sabotage; terrorism; war; riots or public disorders; strikes or other labor disputes; Emergency Conditions; and actions or failures to act of any Governmental Agency (including expropriation and requisition) to the extent such cause or event prevents or delays performance of any obligation imposed on the Party claiming such Force Majeure Event (other than an obligation to pay money).

(b) Force Majeure Event shall not include: (i) causes or events affecting the performance of third-party suppliers of goods or services except to the extent caused by an event that otherwise is a Force Majeure Event as described above, (ii) after the Commercial Operation Date, causes or events resulting from ambient temperatures (i.e., hot or cold weather) affecting Seller's performance hereunder, (iii) the unavailability of equipment which would have been avoided by compliance with Prudent Industry Practices by the Party claiming the Force Majeure Event, (iv) changes in market conditions that affect the price of energy or capacity, (v) the failure timely to apply for or to obtain Governmental Approvals required on the Effective Date for the construction or operation of the Facility, or (vi) any Delivery Excuse as to the Purchaser.

Section 17.2. Applicability of Force Majeure Event. Neither Party shall be in breach or liable for any delay or failure in its performance under this Agreement to the extent such performance is prevented or delayed due to a Force Majeure Event, provided that:

(a) the non-performing Party shall give the other Party written notice within 48 hours of the commencement of the Force Majeure Event, with details to be supplied within 10 Days after the commencement of the Force Majeure Event further describing the particulars of the occurrence of the Force Majeure Event;

(b) the delay in performance shall be of no greater scope and of no longer duration than is directly caused by the Force Majeure Event;

(c) the Party whose performance is delayed or prevented shall proceed with Commercially Reasonable Efforts to overcome the events or circumstances preventing or delaying performance and shall provide weekly written progress reports to the other Party during the period that performance is delayed or prevented describing actions taken and to be taken to remedy the consequences of the Force Majeure Event, the schedule for such actions and the expected date by which performance shall no longer be affected by the Force Majeure Event; and

(d) when the performance of the Party claiming the Force Majeure event is no longer being delayed or prevented, that Party shall give the other Party written notice to that effect.

Section 17.3. Other Effects of Force Majeure Events.

(a) To the extent that Seller's achievement of the Commercial Operation Date is delayed as a result of a Force Majeure Event in accordance with Section 17.2, the Delivery Start Date shall be extended, by the period of such Force Majeure Event. To the extent that, after the Commercial Operation Date of the Facility, Seller is prevented or delayed in delivering Actual Total Capacity or Net Electrical Output by a Force Majeure Event in accordance with Section 17.2, then the Term shall be extended by the period of such Force Majeure Event (which extension shall be calculated for each Day or portion thereof occurring during such Force Majeure Event by multiplying one (1) Day by the ratio of that portion of the Capacity Payment that is not paid pursuant to Section 17.3(c) to the total Capacity Payment that would have been paid in the absence of such Force Majeure Event).

(b) If any Force Majeure Event claimed by a Party shall continue for an uninterrupted period of more than 12 Months from the date of notice provided by such Party in Section 17.2(a), then the other Party may, at any time following the end of such period, terminate this Agreement upon written notice to the affected Party, without further obligation by the terminating Party, except as to payment of any costs and liabilities incurred prior to the effective date of such termination; provided, such notice of termination must be given during the period that performance continues to be delayed or prevented by the Force Majeure Event.

(c) If Seller is unable to deliver all or part of the Actual Total Capacity of the Facility as a result of a Force Majeure Event claimed by Seller in accordance with Section 17.2, Purchaser shall pay the Capacity Payment and Energy Payment to the extent that Seller is providing the Actual Total Capacity and Net Electric Output and/or Replacement Power for the period of such Force Majeure Event. Subject to the foregoing sentence, if Purchaser shall be unable to accept the Actual Total Capacity or Net Electric Output as a result of Force Majeure Event claimed by Purchaser, Purchaser shall remain obligated to pay the Capacity Payment to Seller pursuant to Section 10.1 and any other payments due under the Agreement for the period of such Force Majeure Event.

Section 17.4. Delivery Excuse.

(a) As used in this Agreement, "Delivery Excuse" shall mean, at any time during the Term: (i) any Event of Default of Purchaser under this Agreement; (ii) any delay or

failure by Purchaser in giving any approval within the times required under this Agreement; (iii) any delay or failure by Purchaser in performing any obligation under this Agreement; (iv) any delay or failure of Purchaser to deliver Fuel or to accept Actual Total Capacity or Net Electrical Output as required under this Agreement, (v) any failure of Purchaser to maintain adequate transmission rights to take delivery of the Net Electric Output or Replacement Power in accordance with the Agreement; (vi) any Emergency Condition resulting from the act or omission of Purchaser or (vii) any inability of Seller to obtain the electric capacity and electric energy described in Section 10.4(b).

(b) Seller shall not be liable for or deemed in breach of this Agreement to the extent the performance of its obligations under this Agreement is delayed or prevented by a condition of Delivery Excuse; provided that if Seller determines that its performance is or has been affected by a condition of Delivery Excuse:

(i) Seller shall give Purchaser written notice within 48 hours after commencement of such condition, with details to be supplied within 10 Days after commencement of the condition affecting performance further describing the particulars of the occurrence;

(ii) any delay in performance shall be of no greater scope and of no longer duration than is directly caused by the Delivery Excuse; and

(iii) Seller shall promptly notify Purchaser when the condition of Delivery Excuse is no longer delaying or preventing Seller's performance.

(c) To the extent that Seller's achievement of the Commercial Operation Date for the Facility is delayed as a result of a Delivery Excuse in accordance with Section 17.4(b), then the Delivery Start Date shall be extended, in each case by the period of such Delivery Excuse. To the extent that Seller is unable to achieve the Commercial Operation Date by the Delivery Start Date or, after the Commercial Operation Date of the Facility, Seller is prevented from delivering Actual Total Capacity or Net Electrical Output as a result of a Delivery Excuse in accordance with Section 17.4(b), then Seller shall have no obligation to provide Replacement Power to Purchaser with respect to such failure of delivery, and Purchaser shall remain obligated to pay the Capacity Payment pursuant to Section 10.1 during the period of such Delivery Excuse, subject to any reduction in the Capacity Payment pursuant to Section 17.3(c).

SECTION XVIII.

TERMINATION AND DEFAULT

Section 18.1. Event of Default.

(a) The occurrence of any one of the following shall constitute an Event of Default with respect to Seller:

(i) Seller shall fail to make payments for undisputed amounts due under this Agreement to Purchaser within 10 Days after notice from Purchaser that such payment is unpaid and due;

(ii) Seller shall fail to comply with any material provision of this Agreement (other than the obligation to pay money when due), and such failure shall continue uncured for 30 Days after notice thereof by Purchaser, provided that if such failure is not capable of being cured within such period of 30 Days with the exercise of reasonable diligence, then such cure period shall be extended for an additional reasonable period of time (not to exceed 180 Days) so long as Seller is exercising reasonable diligence to cure such failure;

(iii) Seller shall: (a) admit in writing its inability to pay its debts as such debts become due; (b) make a general assignment or an arrangement or composition with or for the benefit of its creditors; (c) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against such Party under any bankruptcy or similar law; (d) take any action for the purpose of effecting any of the foregoing;

(iv) A proceeding or case shall be commenced, without the application or consent of Seller, in any court of competent jurisdiction, seeking: (a) its liquidation, reorganization of its debts, dissolution or winding-up, or the composition or readjustment of its debts; (b) the appointment of a receiver, custodian, liquidator or the like of Seller or of all or any substantial part of its assets; or (c) similar relief in respect of Seller under any law relating to bankruptcy, insolvency, reorganization of its debts, winding-up, composition or adjustment of debt, and such proceeding shall remain in effect, for a period of 90 Days; or

(v) Any representation made by Seller under Section XIV shall be false in any material respect when made and Seller fails to remedy such false representation within 30 Days after notice thereof by Purchaser.

(b) The occurrence of any one of the following shall constitute an Event of Default with respect to Purchaser:

(i) Purchaser shall fail to make payments for undisputed amounts due under this Agreement to Seller within 10 Days after notice from Seller that such payment is unpaid and due;

(ii) Purchaser shall fail to comply with any material provision of this Agreement (other than the obligation to pay money when due), and such failure shall continue uncured for 30 Days after notice thereof by Seller, provided that if such failure is not capable of being cured within such period of 30 Days with the exercise of reasonable diligence, then such cure period shall be extended for an additional reasonable period of time (not to exceed 180 Days) so long as Purchaser is exercising reasonable diligence to cure such failure;

(iii) Purchaser shall: (a) admit in writing its inability to pay its debts as such debts become due; (b) make a general assignment or an arrangement or composition with or for the benefit of its creditors; (c) fail to controvert in a timely and appropriate manner, or

acquiesce in writing to, any petition filed against such Party under any bankruptcy or similar law; (d) take any action for the purpose of effecting any of the foregoing;

(iv) A proceeding or case shall be commenced, without the application or consent of Purchaser, in any court of competent jurisdiction, seeking: (a) its liquidation, reorganization of its debt, dissolution or winding up, or composition or readjustment of its debt; (b) the appointment of a receiver, custodian, liquidator or the like of Purchaser or of all or any substantial part of its assets; or (c) similar relief in respect of Purchaser under any law relating to bankruptcy, insolvency, reorganization of its debts, winding-up, composition or adjustment of debts, and such proceeding shall remain in effect, for a period of 90 Days;

(v) The unenforceability, expiration, termination or repudiation of any Credit Support for Purchaser's performance under this Agreement unless such Credit Support is replaced in form and substance satisfactory to Seller and the Financing Parties within five Business Days (or such shorter period as required by the Financing Parties under the Financing Documents) after such unenforceability, expiration, termination or repudiation;

(vi) The bankruptcy, insolvency, reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar proceeding with respect to any entity providing any Credit Support for Purchaser's performance under this Agreement (whether under any present or future statute, law, or regulation), including the appointment of any trustee, receiver, custodian or the like of such entity or all or any substantial part of its assets unless such Credit Support is replaced in form and substance and by an entity satisfactory to Seller and the Financing Parties within five Business Days (or such shorter period as required by the Financing Parties under the Financing Documents) after such proceeding; or

(vii) Any representation made by Purchaser under Section XIV shall be false in any material respect when made and Purchaser fails to remedy such false representation within 30 Days after notice thereof by Seller.

Section 18.2. Remedies for Default. If an Event of Default occurs with respect to a defaulting Party at any time during the Term, the non-defaulting Party may, for so long as the Event of Default is continuing, (i) deliver a written notice which establishes a date (which date shall be no earlier than 30 Days after the Non-Defaulting Party delivers notice) (the "Early Termination Date") on which this Agreement shall be canceled, (ii) withhold any payments due in respect of this Agreement and (iii) pursue any other remedies available at law or in equity, except to the extent such remedies are expressly limited by this Agreement.

SECTION XIX.

INDEMNIFICATION AND LIABILITY

Section 19.1. Indemnification.

(a) Each Party shall indemnify, defend and hold the other Party and its officers, directors, affiliates, agents, employees, contractors and subcontractors, harmless from

and against any and all Claims, to the extent caused by any act or omission of the indemnifying Party or the indemnifying Party's own officers, directors, affiliates, agents, employees, contractors or subcontractors or to the extent such Claims arise out of or are in any manner connected with the performance of this Agreement by such indemnifying Party. For the avoidance of doubt, in the event that any loss or damage with respect to any Claim is caused by the negligence of both Purchaser and Seller, including their respective officers, directors, affiliates, agents, employees, contractors or subcontractors, such loss or damage shall be borne by Purchaser and Seller in the proportion that their respective negligence bears to the total negligence causing such loss or damage.

(b) . Notwithstanding anything to the contrary in this Agreement, each Party shall indemnify, defend and hold harmless the other Party from any Claims arising from the Fuel (or Non-Conforming Fuel) or the Net Electrical Output that occur when risk of loss of the Fuel or Net Electrical Output is vested in the indemnifying Party (it being understood that (a) the risk of loss with respect to such Claims related to Net Electric Output shall transfer from Seller to Purchaser at the Interconnection Point or the Replacement Power Delivery Point (as applicable) (as more fully described in Section 7.3) and (b) the risk of loss with respect to such Claims related to Fuel shall transfer from Purchaser to Seller at the Fuel Metering Points (as more fully described in Section 8.5) and the risk of loss with respect to such Claims relating to Non-Conforming Fuel does not transfer from Purchaser to Seller).

Section 19.2. Fines.

(a) Any fines, penalties or other costs incurred by either Party or such Party's agents, employees or subcontractors for non-compliance by such Party, its agents, employees or subcontractors with the requirements of any Laws or Governmental Approvals shall not be reimbursed by the other Party but shall be the sole responsibility of such non-complying Party.

(b) If such fines, penalties or other costs are assessed against Purchaser by any Governmental Agency or court of competent jurisdiction due to the non-compliance by Seller with any Laws or Governmental Approvals, Seller shall indemnify and hold harmless Purchaser against any and all losses, liabilities, damages and claims suffered or incurred because of the failure of Seller to comply therewith, subject to refund in the event that Seller or Purchaser prevails in any Contest described below. Seller shall also reimburse Purchaser for any and all legal or other expenses (including attorneys' fees) reasonably incurred by Purchaser in connection with such losses, liabilities, damages and claims.

(c) If such fines, penalties or other costs are assessed against Seller by any Governmental Agency or court of competent jurisdiction due to the non-compliance by Purchaser with any Laws or Governmental Approvals, Purchaser shall indemnify and hold harmless Seller against any and all losses, liabilities, damages and claims suffered or incurred because of the failure of Purchaser to comply therewith, subject to refund in the event that Purchaser or Seller prevails in any Contest described below. Purchaser shall also reimburse Seller for any and all legal or other expenses (including attorneys' fees) reasonably incurred by Seller in connection with such losses, liabilities, damages and claims.

(d) In the case of Section 19(b) and (c), either Party shall, upon written notice to the other Party, have the right to reasonably Contest in the name of either or both Parties, as required, or to require the other Party to reasonably Contest, the assessment of such fines, penalties or costs and such Contesting Party shall be responsible for any costs and expenses (including the costs and expenses of the other Party) relating to such Contest.

Section 19.3. Limitations of Liability, Remedies and Damages.

(a) Each Party acknowledges and agrees that in no event shall any partner, shareholder, member, manager, owner, officer, director, employee or affiliate of either Party be personally liable to the other Party for any payments, obligations, or performance due under this Agreement or any breach or failure of performance of either Party and the sole recourse for payment or performance of the obligations under this Agreement shall be against Seller or Purchaser and each of their respective assets and not against any other Person, except for such liability as expressly assumed by an assignee pursuant to an assignment of this Agreement in accordance with the terms hereof.

(b) Notwithstanding any provision of this Agreement to the contrary, after the Commercial Operation Date, Seller shall have no obligation to deliver Replacement Power to Purchaser, and Seller shall not be liable for, and shall be held harmless against, any claims, damages or liabilities of any kind resulting from a Forced Outage or other failure to deliver Actual Total Capacity or Net Electrical Output to Purchaser or to operate within the Design Limits other than (i) as reflected in the calculation of Availability Adjustment Factor or (ii) as with respect to Seller's obligation to (A) reimburse Purchaser for Replacement Power requested by Seller to be provided pursuant to Section 6.2 or Appendix E or (B) pay imbalance charges or penalties pursuant to Section 6.1(d) or (iii) pursuant to Section 19.1.

(c) THE EXPRESS REMEDY OR MEASURE OF DAMAGES SET FORTH IN THIS AGREEMENT SHALL BE THE SOLE AND EXCLUSIVE REMEDY WITH RESPECT TO SUCH SECTIONS. EACH PARTY'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY FOR THE SAME DAMAGE OR INJURY ARE WAIVED. UNLESS EXPRESSLY PROVIDED IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES SUFFERED BY THAT PARTY OR BY ANY CUSTOMER OR ANY PURCHASER OF THAT PARTY, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE (EXCEPT TO THE EXTENT THAT AN INDEMNIFYING PARTY PURSUANT TO THE PROVISIONS OF SECTION 19.1 HEREOF IS OBLIGATED TO INDEMNIFY AGAINST THIRD PARTY CLAIMS NOT ARISING OUT OF CONTRACTS WITH THE INDEMNIFIED PARTY FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES OR LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES). IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO,

INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

(d) The provisions of this Section 19 shall survive the termination of this Agreement.

(e) Without limiting the generality of this Section 19 and as between Purchaser and Seller, each waives the limitation on liability found in Idaho Code Section 72-209(2) to the extent such provision would otherwise limit or bar the indemnification rights contained in Section 19.1.

SECTION XX.

DISPUTE RESOLUTION

Section 20.1. Senior Officers.

(a) Each of Seller and Purchaser shall designate in writing to the other Party a representative who shall be authorized to resolve any dispute arising under this Agreement in an equitable manner and, unless otherwise expressly provided herein, to exercise the authority of such Party to make decisions by mutual agreement.

(b) If such designated representatives are unable to resolve a dispute under this Agreement, such dispute shall be referred by each Party's representatives, respectively, to a senior officer designated by Seller and a senior officer designated by Purchaser for resolution upon five Days' written notice from either Party.

(c) The Parties hereto agree (i) to attempt to resolve all disputes arising hereunder promptly, equitably and in a good faith manner; and (ii) to provide each other with reasonable access during normal business hours to any and all non-privileged records, information and data pertaining to any such dispute.

Section 20.2. Arbitration. All disputes arising under, out of, or in relation to this Agreement that are not resolved pursuant to Section 20.1 within 30 Days after either Party's receipt of notice referring the dispute to the senior officers of Seller and Purchaser (and in any event within the time which legal or equitable proceedings based on such claim, dispute, or controversy would not be barred by the applicable statute of limitations) shall be submitted upon written request of either Party to binding arbitration. Each Party shall have the right to designate an arbitrator of its choice, who need not be from the American Arbitration Association ("AAA") panel of arbitrators but who (a) shall be an expert in the independent power electric generation field and (b) shall not and shall not have been previously an employee or agent of or consultant

or counsel to either Party and shall not have a direct or indirect interest in either Party or the subject matter of the arbitration. Such designation shall be made by notice to the other Party and to the AAA within 10 Days or, in the case of payment disputes, five Days after the date of the giving of notice of the demand for arbitration. The arbitrators designated by the Parties shall designate a third arbitrator, who shall have a background in legal and judicial matters (and who shall act as chairman), within 10 Days or, in the case of payment disputes, five Days after the date of the designation of the last of the arbitrators to be designated by the Parties, and the arbitration shall be decided by the three arbitrators. If the two arbitrators cannot or do not select a third independent arbitrator within such period, either Party may apply to the AAA for the purpose of appointing any person listed with the AAA as the third independent arbitrator under the expedited rules of the AAA. Such arbitration shall be held in alternating locations of the home offices of the Parties, commencing with Purchaser's home office, or in any other mutually agreed upon location. The rules of the AAA shall apply to the extent not inconsistent with the rules herein specified. Each Party shall bear its own expenses (including attorneys' fees) with respect to the arbitration, unless the arbitrator decides on a different allocation of expenses. The arbitrators shall designate the Party to bear the expenses of the arbitrators or the respective amounts of such expense to be borne by each Party.

Section 20.3. Binding Nature of Proceedings. Each Party understands that this Agreement contains an agreement to arbitrate with respect to any dispute. After signing this Agreement, each Party understands that it shall not be able to bring a lawsuit concerning any dispute that may arise that is covered by this arbitration provision. Instead, each Party agrees to submit any such dispute to an impartial arbitrator. Any award of the arbitrator may be enforced by the Party in whose favor such award is made in any court of competent jurisdiction.

Section 20.4. Performance to Continue. Unless otherwise agreed in writing, each Party shall diligently continue to perform its obligations under this Agreement during the pendency of any disputes or arbitration proceedings so long as all undisputed amounts payable hereunder have been paid.

SECTION XXI.

MISCELLANEOUS

Section 21.1. Prudent Industry Practices. All actions required or taken by either Party under this Agreement shall be consistent with Prudent Industry Practices.

Section 21.2. Assignment.

(a) Subject to Section 21.2(b) and Section 21.2(c), neither this Agreement, nor any of the rights or obligations hereunder, may be assigned, transferred or delegated by either Party without the express prior written consent of the other Party.

(b) Purchaser agrees that (i) Seller may assign, mortgage, hypothecate, pledge or otherwise encumber all or any portion of Seller's interest in and to this Agreement in favor of any Financing Party and its successors and assigns and (ii) any such Financing Party may assign

such interest in and to this Agreement to any subsequent assignee in connection with the sale, transfer or exchange of its rights under this Agreement or for the purpose of operating the Facility pursuant to such assignment upon and after the exercise of its rights and enforcement of its remedies against the Facility under any deed of trust or other security instrument creating a Lien in its favor. Each of the Parties agrees to execute such documents as reasonably may be requested by any such Financing Party or subsequent assignee to evidence and acknowledge its consent and the effectiveness of any such assignment or Lien to the extent such documents do not reduce its rights or increase its obligations hereunder. Purchaser acknowledges that the Financing Parties may from time to time require certain documents from Purchaser. In connection therewith, Purchaser agrees to furnish to the Financing Parties such written information, certificates, opinions, affidavits and other like documents as Seller may reasonably request. In addition, on and prior to the Financial Closing Date, Purchaser shall negotiate in good faith reasonable amendments to this Agreement requested by the Financing Parties. Purchaser shall promptly execute any additional documentation, as may be mutually agreed upon in form and substance, that is reasonably requested by the Financing Parties.

(c) Nothing in this Agreement shall restrict the transferability of shares, partnership interests, member interests or other interests in Purchaser or Seller, or the issuance by Purchaser or Seller of additional interests in such Party.

Section 21.3. Notices. Except as otherwise specified in this Agreement, any notice, demand for information or documents required or authorized by this Agreement to be given to a Party shall be given in writing and shall be sufficiently given if delivered by overnight mail, overnight courier or hand delivered against written receipt, or if transmitted and received by facsimile transmission addressed as set forth below, or if sent to such Party by overnight mail, overnight courier or hand delivery to such other address as such Party may designate for itself by notice given in accordance with this Section 21.3. Any such notice shall be effective only upon actual delivery or receipt thereof. All notices given by telex or facsimile shall be confirmed in writing, delivered or sent as aforesaid, but the failure to so confirm shall not vitiate the original notice. The address for the delivery of notices and bills to each Party and the respective telephone and facsimile numbers are as follows:

(a) For Seller:

Rathdrum Power, LLC
9405 Arrowpoint Boulevard
Charlotte, North Carolina 28273
Attention: Vice President - Controller
Telephone: 704-525-3800
Facsimile: 704-523-6373

with a copy to:

Rathdrum Power, LLC
9405 Arrowpoint Boulevard
Charlotte, North Carolina 28273
Attention: General Counsel
Telephone: 704-525-3800
Facsimile: 704-529-1006

(b) For Purchaser:

Avista Energy, Inc.
201 W. North River Drive, Suite 610
Spokane, Washington 99201
Attention: President
Telephone: 509-495-8700
Facsimile: 509-495-8103

with a copy to:

Avista Energy, Inc.
201 W. North River Drive, Suite 610
Spokane, Washington 99201
Attention: Treasurer
Telephone: 509-495-8700
Facsimile: 509-495-8182

Section 21.4. Choice of Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of New York, exclusive of conflicts of laws provisions.

Section 21.5. Entire Agreement. This Agreement constitutes the entire understanding between the Parties and supersedes any and all previous understandings or agreements between the Parties with respect to the subject matter hereof. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

Section 21.6. Waiver. Any term or condition of this Agreement may be waived at any time by the Party hereto that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. The failure or delay of either Party to require performance by the other Party of any provision of this Agreement shall not affect its right to require performance of such provision unless and until such performance has been waived by such Party in writing in accordance with the terms hereof. No waiver by either Party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion.

Section 21.7. Modification or Amendment. No modification, amendment or waiver of any provision of this Agreement shall be valid unless it is in writing and signed by both Parties.

Section 21.8. Severability. If any term or provision of this Agreement or the application thereof to any Person or circumstance is held to be illegal, invalid or unenforceable under any present or future Law or by any Governmental Agency, (a) such term or provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (d) the Parties shall negotiate in good faith to enter into such modifications of this Agreement as may be necessary to preserve the economic and other benefits of this Agreement to the affected Party to the greatest extent possible and permissible.

Section 21.9. Counterparts. This Agreement may be executed in counterparts, all of which shall constitute one agreement binding on both Parties hereto and shall have the same force and effect as an original instrument, notwithstanding that both Parties may not be signatories to the same original or the same counterpart.

Section 21.10. Confidential Information. Any information provided by either Party to the other Party pursuant to this Agreement and labeled "CONFIDENTIAL" shall be utilized by the receiving Party solely in connection with the purposes of this Agreement and shall not be disclosed by the receiving Party to any third party, except with the providing Party's consent, and upon request of the providing Party shall be returned thereto. Notwithstanding the above, the Parties acknowledge and agree that such information may be disclosed to actual and prospective Financing Parties, suppliers and potential suppliers of major equipment to the Facility and other third parties as may be necessary for Purchaser and Seller to perform their obligations under this Agreement and the Financing Documents. To the extent that such disclosures are necessary, the Parties also agree that they shall in disclosing such information seek to preserve the confidentiality of such disclosures. This provision shall not prevent either Party from providing any confidential information received from the other Party to any court in accordance with a proper discovery request or in response to the reasonable request of any Governmental Agency charged with regulating the disclosing Party's affairs, provided that, if feasible, the disclosing Party shall give prior notice to the other Party of such disclosure and, if so requested by such other Party, shall have used all reasonable efforts to oppose or resist the requested disclosure, as appropriate under the circumstances, or to otherwise make such disclosure pursuant to a protective order or other similar arrangement for confidentiality.

Section 21.11. No Partnership. Nothing contained herein shall be deemed to create an association, joint venture, partnership or principal/agent relationship between the Parties hereto or to impose any partnership obligation or liability on either Party. Neither Party shall have any right, power or authority to enter into any agreement or commitment, act on behalf of, or otherwise bind the other Party in any way.

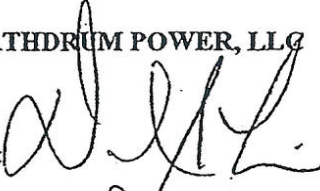
Section 21.12. Third Parties. This Agreement is intended solely for the benefit of the Parties. Nothing in this Agreement shall be construed to create any duty or liability to, or standard of care with reference to, any other Person.

Section 21.13. Headings. The headings contained in this Agreement are solely for the convenience of the Parties and should not be used or relied upon in any manner in the construction or interpretation of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized officers as of the first date above written.

RATHDRUM POWER, LLC

By:


Name: David J. Lewis

Title: C.E.O.

AVISTA ENERGY, INC.

By:


Name: T.M. MATTHEWS

Title: CHAIRMAN

Capacity Testing Procedures

This Appendix defines the method for determining Contract Total Capacity, Contract Standard Capacity, Contract Supplemental Capacity, Actual Total Capacity, Actual Standard Capacity and Actual Supplemental Capacity tendered to Purchaser pursuant to the terms of this Agreement.

A test shall be conducted prior to the Commercial Operation Date to determine the Contract Total Capacity. The test shall be conducted in accordance with the test procedures to be developed by the Facility construction contractor under the construction contract, provided however that such procedure shall incorporate all of the requirements contained in this Appendix. This test procedure shall be used as the basis for the test procedures set forth in the Operating Procedures for conducting all subsequent tests to determine the Contract Total Capacity.

The Facility construction contractor shall develop correction curves (as they may be refined pursuant to the terms of this Appendix, "Correction Curves") for adjusting the tested values to Contract Conditions for the purposes of determining the Contract Total Capacity, Contract Standard Capacity and Contract Supplemental Capacity and such correction curves shall be consistent with correction curves provided by such contractor to customers other than Seller for similar equipment and shall be attached hereto as Attachment 1. Such Correction Curves shall also incorporate and be consistent with manufacturers' performance specifications for the primary pieces of equipment constituting the Facility. The Correction Curves shall also be used to compute the Actual Standard Capacity, Actual Supplemental Capacity and Actual Total Capacity for various Actual Conditions, using the most recent tested values for Contract Standard Capacity and Contract Supplemental Capacity; provided that after the Commercial Operation Date Seller shall be allowed to make refinements to the Correction Curves to improve their accuracy based upon evidence reasonably satisfactory to Purchaser that the current Correction Curves do not accurately predict actual plant performance at various ambient conditions.

The Facility construction contractor shall also develop correction curves ("Degradation Curves") based on in-service time, equivalent operating hours (as defined by the combustion turbine manufacturer) and attempted starts since commissioning and testing to further adjust the Actual Standard Capacity, Actual Supplemental Capacity and Actual Total Capacity and the Guaranteed Heat Rate to provide allowances for performance degradation which cannot be restored through cleaning, washing or other routine maintenance techniques; provided that after the Commercial Operation Date Seller shall be allowed to make refinements to the Degradation Curves to improve their accuracy based upon evidence reasonably satisfactory to Purchaser that the current Degradation Curves do not accurately predict performance degradation which cannot be restored.

Testing Procedure Requirements

All tests for the Facility shall be conducted based upon the following:

- A. The Contract Total Capacity test shall be a seven hour test made up of the following three parts:
 - (1) The first three hours shall be a test to determine the Contract Standard Capacity ("Standard Capacity Test").
 - (2) There shall be a one hour period commencing upon the end of the three hour Standard Capacity Test in (1) above during which time the duct burners may be placed in service.
 - (3) The three hour period following the one hour period in (2) above shall be used to determine the Contract Supplemental Capacity ("Supplemental Capacity Test").

The difference between the results of the Supplemental Capacity Test and the Standard Capacity Test (both tests corrected to Contract Conditions and adjusted for degradation) shall be the Contract Supplemental Capacity.
- B. Test data shall be collected with plant instrumentation. Net Electrical Output shall be determined with the metering devices located at the Electrical Metering Points indicated in Section 9.1(a).
- C. There shall be one hour between the Standard Capacity Test and the Supplemental Capacity Test during which time the duct burners may be placed in service. During the Supplemental Capacity Test the duct burners shall be operated at no higher fuel flow than they would be operated at during normal operation.
- D. During all tests all appropriate auxiliary equipment associated shall be in service similar to how it would be operated under normal non-test conditions. The auxiliary equipment should include but not be limited to normal station service electrical usage equipment.
- E. During all tests the same control algorithm used during normal Dispatch conditions shall be used. This shall include normal inlet guide vane angle, compressor discharge pressure, exhaust gas temperature and coefficient for exhaust gas temperature.
- F. During the Standard Capacity Test, duct firing shall not be in service and the combustion turbine shall be operated at its base load rating.

- G. During the Supplemental Capacity Test, duct firing shall be in service and the combustion turbine shall be operated at its base load rating.
- H. The compressor inlet temperature, compressor discharge pressure, exhaust gas temperature, duct burner fuel flow and station service load shall be recorded for each of the test hours. This information shall be either integrated average over each hour or recorded by the distributed control system at least every 5 minutes and averaged for each hour. The compressor inlet temperature shall be measured in the inlet ductwork. This information shall be provided to Purchaser.
- I. The Net Electrical Output shall be recorded for each hour. This information shall be provided to Purchaser.
- J. The Net Electrical Output for each test hour shall be corrected from the Actual Conditions to Contract Conditions using the Correction Curves and Degradation Curves described above; provided, that the initial Net Electrical Output test shall be run on a new and clean basis and (except if the Facility has been in-service for more than 100 equivalent operating hours (as defined by the combustion turbine manufacturer)) the Degradation Curves shall not be applied to Net Electrical Output measured during such initial test. The arithmetic average of the three-test hours' corrected Net Electrical Output for the Contract Standard Capacity shall be the new Contract Standard Capacity. The arithmetic average of the three-test hours' corrected Net Electrical Output for the Supplemental Capacity Test shall be that test's results.
- K. The new Contract Supplemental Capacity shall be the Supplemental Capacity Test result minus the Standard Capacity Test results. The new Contract Standard Capacity and Contract Supplemental Capacity shall be effective on the next Day.
- L. All measurement and recording devices associated with the Net Electrical Output, compressor inlet temperature, compressor discharge pressure, exhaust gas temperature, duct burner fuel flow shall be checked and calibrated at least annually and whenever there is a reasonable belief that they are out of calibration. Copies of the test and calibration data shall be provided to Purchaser.
- M. Coordination of the testing shall be finalized in the Operating Procedure.

Metering Equipment

1. Electricity Metering.

(a) Location of Meters. The Net Electrical Output shall be measured by Seller's electricity metering devices located at the Electricity Metering Points ("Electricity Meters"). The general location of the Electricity Metering Points is shown on Figure B- 1. The Electricity Meters shall be owned and operated in accordance with the Agreement.

Metering devices shall also be located on TSP's side of the Interconnection Point in the approximate location shown on Figure B-1 to measure energy delivered by Seller at the Interconnection Point ("Utility Meters"). The Utility Meters shall be owned and operated by TSP.

(b) Description of Meters. All electricity metering devices shall be designed, installed and maintained in accordance with Prudent Industry Practices and shall consist of meters, metering accuracy current and voltage transformers and associated equipment required to determine the amounts and time of delivery of energy by Seller to Purchaser.

(c) Meter Outputs/Data Recording/Telemetry. The Electricity Meters shall be capable of measuring KWs, KVARs and KWhs in accordance with appropriate NERC criteria and Prudent Industry Practices. The output of the meters shall be recorded in electronic format and stored on-site. The necessary telemetry equipment and associated facilities shall be installed on-site to facilitate transmittal of the instantaneous information required to be transmitted to Purchaser and the Control Center pursuant to Section 6.3(a).

(d) Reconciliation of Meters. The Net Electrical Output measured by the Electricity Meters shall equal the net measured values from the Utility Meters within the range of applicable meter accuracy tolerances. In the event this is not the case, any such discrepancies shall be treated in accordance with Section 9.4 of the Agreement and other applicable terms of the Agreement. Seller shall facilitate determination of which metering devices caused such inaccuracy .

2. Fuel Metering.

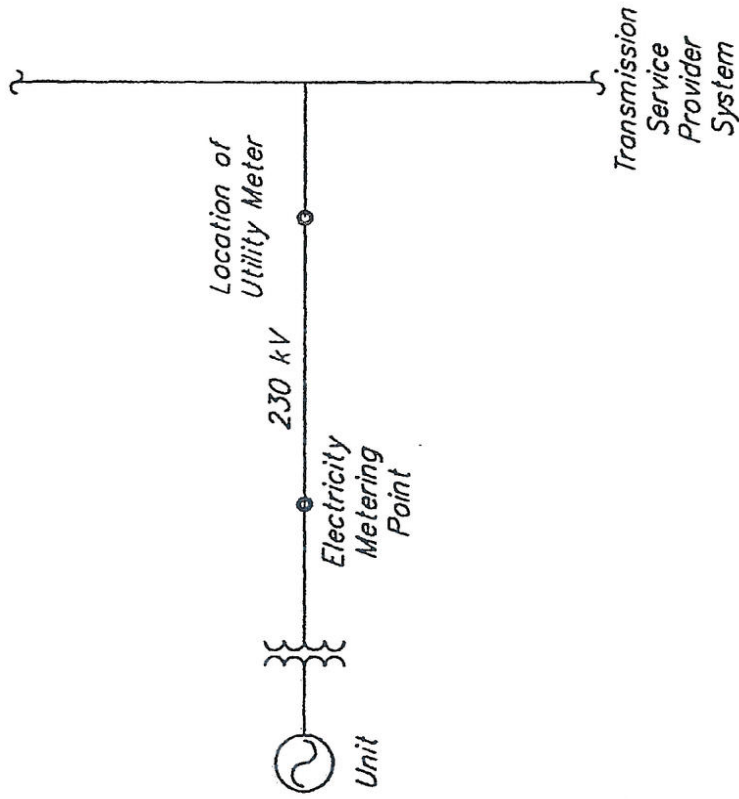
(a) Location of Meters. Purchaser shall deliver Fuel to the Fuel Metering Points in accordance with the terms of the Agreement. The fuel metering devices shall be located at the Fuel Metering Points as shown on Figure B-2.

Fuel metering devices shall also be located at the approximate location shown on Figure B-2 to measure the Fuel used to produce the Net Electrical Output ("Fuel Meters"). All Fuel Meters shall be owned and operated in accordance with the terms of the Agreement.

(b) Description of Meters. All Fuel Meters shall be designed, installed and maintained in accordance with Prudent Industry Practices and shall consist of meters, calorimeters and associated equipment required to determine the amounts and time of delivery of Fuel by Purchaser to Seller.

(c) Meter Outputs/Data Recording/Telemetry. The Fuel Meters shall measure Fuel in volumetric units and energy units in accordance with Prudent Industry Practices and the tariffs of the PGT Pipeline. The output of the meters shall be recorded in electronic format and stored on-site. The necessary telemetry equipment and associated facilities shall be installed to facilitate transmittal of the real time Fuel flow information from the Fuel Meters to Purchaser.

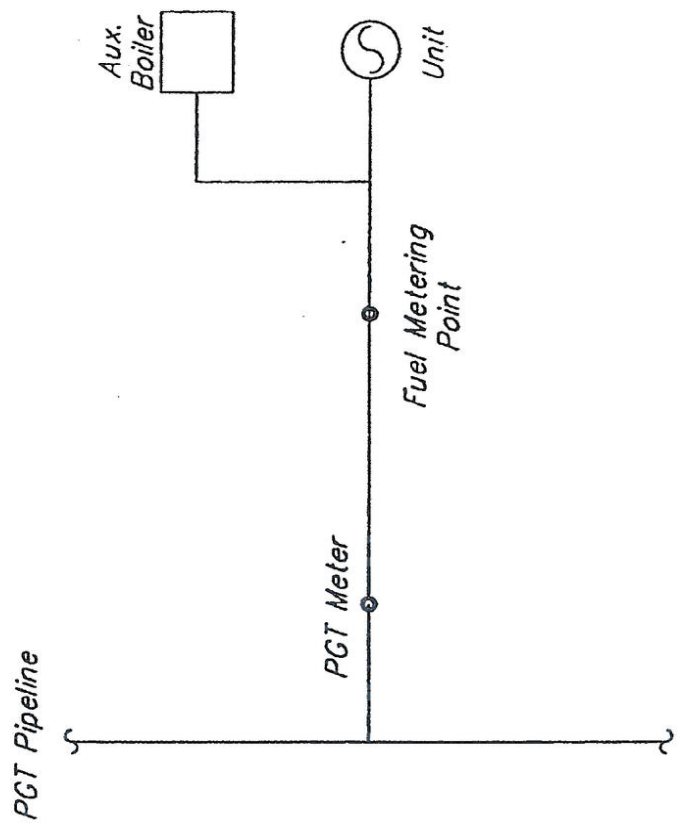
(d) Reconciliation of Meters. The Fuel measured by the Fuel Meters shall equal the measured value from the meter located at the Fuel Metering Points within the range of applicable meter accuracy tolerances. In the event this is not the case, any such discrepancies shall be treated in accordance with Section 9.4 of the Agreement and other applicable terms of the Agreement. Seller shall facilitate determination of which metering devices caused such inaccuracy.



Rathdrum Power, LLC.

Figure B-1

12/7/08 Confidential



Rathdrum Power, LLC.

Figure B-2

12/7/08 Confidential

Design Limits

The design limits ("Design Limits") for the Facility shall be the following:

- (a) The maximum Dispatch level for the Facility shall be the Actual Total Capacity;
- (b) The minimum Dispatch level for the Facility shall be equal to seventy percent (70%) of the Actual Standard Capacity;
- (c) For the Actual Standard Capacity, the capability to ramp up from 70% of the Actual Standard Capacity to 100% of the Actual Standard Capacity shall be at the rate of no less than five MW per minute and to ramp down from 100% of the Actual Standard Capacity to 70% of the Actual Standard Capacity shall be at the rate of no less than five MW per minute. For Actual Supplemental Capacity: (i) the maximum time allowed to ramp up from 100% of the Actual Standard Capacity to 100% of the Actual Total Capacity shall be thirty minutes and to ramp down from 100% of the Actual Total Capacity to 100% of the Actual Standard Capacity shall be thirty minutes, (ii) the maximum time allowed to ramp up from 100% of the Actual Standard Capacity to the minimum level of sustainable duct firing shall be 10 minutes and to ramp down from such minimum level of sustainable duct firing to 100% of the Actual Standard Capacity shall be 10 minutes, and (iii) the maximum time allowed to ramp up from the minimum level of duct firing to 100% of the Actual Total Capacity shall be 20 minutes and to ramp down from 100% of the Actual Total Capacity to such minimum level of duct firing to shall be 20 minutes,
- (d) There shall be a maximum of one Start-Up per Day, unless the Parties otherwise agree;
- (e) There shall be a minimum run time of eight hours (from breaker closed to breaker open), unless the Parties otherwise agree; and
- (f) The maximum time from Purchaser's Dispatch notice of Start-Up to 70% of Actual Standard Capacity shall be as follows:
 - (i) if the Facility has been out of operation for eight hours or less from breaker open, it shall achieve 70% of the Actual Standard Capacity within 70 minutes following Purchaser's notice to Start-Up; and
 - (ii) if the Facility has been out of operation for more than eight hours but less than 48 hours from breaker open, it shall achieve 70% of the Actual Standard Capacity within 190 minutes following Purchaser's notice to Start-Up; and
 - (iii) if the Facility has been out of operation for more than 48 hours from breaker open, it shall achieve 70% of the Actual Standard Capacity within 290 minutes following Purchaser's notice to Start-Up; and

(iv) if Purchaser notifies Seller that the Facility will be Dispatched out of operation for a certain period of time, but Purchaser subsequently directs Seller to Start-Up prior to the end of such period of time, then notwithstanding the actual period of time that the Facility is out of operation, the maximum time from Purchaser's Dispatch notice of Start-Up to 70% of Actual Standard Capacity shall be the times set forth in clauses (i), (ii) and (iii) above, as applicable, based on the period of time that the Facility was directed to be Dispatched out of operation in the original Dispatch notice; provided, that Seller shall make efforts within Prudent Utility Practices to accomplish such Start-Up of the Facility in a lesser period of time.

Location of Interconnection Points

Drawing and Description to be added later pursuant to the definition of Interconnection Point.

Replacement Power

1. Definition of Replacement Power.

Replacement Power shall consist of either or both Replacement Capacity and Replacement Energy and shall be provided by Seller or Purchaser after the Commercial Operation Date under various conditions set forth more particularly in the Agreement when the total output available for Dispatch corrected to Contract Conditions and adjusted for degradation is below that of the Actual Standard Capacity or the Actual Total Capacity (as applicable).

All Replacement Power shall have characteristics substantially similar to those listed in the Design Limits in Appendix C. All Replacement Power must be 60 cycle, alternating current, and deliverable to the Replacement Power Delivery Point, without constraints and within the delivery parameters required by the applicable Replacement Power Delivery Points. Replacement Power, if provided, must be made available up to the amount of unavailable capacity but shall not exceed the Actual Total Capacity. Replacement Power shall be delivered in a manner substantially similar to the Design Limits with respect to notice to start, ramp rates, minimum run time, and notice to shut down. Should the Replacement Power provided by Seller be curtailed for any reason (other than a Delivery Excuse or a Force Majeure), Purchaser shall have the right to replace the curtailed portion of the Replacement Power, using Commercially Reasonable Efforts, with Seller being responsible for all additional costs (if any) incurred by Purchaser as a result of such curtailment of Replacement Power. Purchaser shall have the right to review and approve all Replacement Power Arrangements, with such approval not to be unreasonably withheld. Purchaser shall have the right to accept or reject any Replacement Power that does not materially conform to the Design Limits and the applicable delivery parameters.

In each period that Replacement Power is provided, Purchaser and Seller shall cooperate to designate one or more Replacement Power Delivery Point with the objectives of minimizing the net incremental costs of purchasing and delivering Replacement Power, while avoiding any unreasonable administrative burden on Purchaser associated with the delivery of Replacement Power.

2. Replacement Power Procedures.

Seller may elect to utilize Replacement Power during Forced Outages that result in a reduction of the Actual Total Capacity of the Facility (a "Replacement Power Outage"). Each Replacement Power Outage shall be divided into two distinct periods: (1) the period beginning at the time of the occurrence of the outage through midnight of the second Day after the start of the outage (the "Initial Outage Period") and (2) the period from the end of the Initial Outage Period until the Facility recovers from the outage (the "Extended Outage Period").

(a) Initial Outage Period

Within four hours of the time of the occurrence of a Replacement Power Outage, Seller shall notify Purchaser whether: (a) Seller shall provide Replacement Power; (b) Purchaser shall provide Replacement Power; or (c) Forced Outage Hours shall accumulate for Replacement Power not delivered. If such notice is not provided, then Forced Outage Hours shall accrue for the Initial Outage Period. If Seller elects to require that Purchaser provide the Replacement Power, Purchaser shall secure this power, using Commercially Reasonable Efforts, and Seller shall pay Purchaser the positive difference (if any) between the Replacement Power Costs and the Contract Energy Costs (each as calculated pursuant to paragraph 3 below); provided, that if Purchaser is unable, using Commercially Reasonable Efforts, to secure such power, then unless Seller secures such power, Forced Outage Hours shall accrue.

(b) Extended Outage Period

By 10:00 am Pacific Prevailing Time of the second Day after the Day in which the outage began, Seller shall provide Purchaser with a notice which shall include (1) a statement as to whether Seller elects to accumulate Forced Outage Hours, provide Replacement Power, or to require Purchaser to provide Replacement Power for the entire Extended Outage Period, (2) a good faith estimate of the cause of the outage and the expected restoration date. In the event that the Forced Outage subsequently is expected by Seller to continue for a period longer than previously estimated, Seller shall promptly provide a notice to Purchaser of the revised expected restoration date. If Seller elects to provide Replacement Power, it must be available at midnight of that Day (i.e., 14 hours after the deadline for Seller's Extended Outage Period notice). If Seller elects to require Purchaser to provide Replacement Power on its behalf, Purchaser shall secure this power, using Commercially Reasonable Efforts, and Seller shall pay Purchaser the positive difference (if any) between the Replacement Power Costs and the Contract Energy Costs; provided, that if Purchaser is unable, using Commercially Reasonable Efforts, to secure such power, then unless Seller secures such power, Forced Outage Hours shall accrue. If Seller has elected to provide Replacement Power pursuant to Section 2(a) above and there is a default in the supply of Replacement Power by the supplier under such Replacement Power Arrangements, then the Extended Outage Period shall be deemed to have commenced and Seller shall provide the notices and take such actions as described in this paragraph. The Extended Outage Period shall end once the Facility is capable of operation at the Actual Total Capacity level and the delivery of the Net Electrical Output has resumed at the Dispatched level, within the tolerance levels set forth in Article VI.

(c) Calculation of Forced Outage Hours

If Seller elects to accumulate Forced Outage Hours (or if Purchaser and Seller are unable to secure Replacement Power as described in paragraphs (a) or (b) above), then such Forced Outage Hours shall accrue at a rate that assumes the Facility was dispatched using reasonable economic decisions. For each Day of the outage, Purchaser shall evaluate market price information; available indices (e.g., *McGraw-Hill's Power Market's Weekly*), logs of hourly prices, and Dispatch schedules on days of similar conditions and develop an expected

economic dispatch schedule which shall be the Dispatch schedule that Purchaser would have followed under normal circumstances ("Expected Economic Dispatch Schedule"). This Expected Economic Dispatch Schedule shall be developed and provided to Seller within two Business Days following the conclusion of any Replacement Power Outage, and this schedule shall be used to calculate Forced Outage Hours during the Initial Outage Period and the Extended Outage Period.

3. Contract Energy Cost and Replacement Power Cost.

Contract energy costs ("Contract Energy Costs") shall be computed by utilizing the rates contained in Sections 10.2 and 10.4, the Guaranteed Heat Rate, the estimated fuel for start up and shut down, the Gas Index and the Expected Economic Dispatch Schedule. The cost of Replacement Power ("Replacement Power Cost") shall be calculated using the Expected Economic Dispatch Schedule and the delivered cost of Replacement Power under the Replacement Power arrangements or relevant market prices as applicable, accounting for differences in transmission costs for delivery of power to the Replacement Power Delivery Point instead of the Interconnection Point.

Guaranteed Heat Rate

1. Guaranteed Heat Rate.

The Guaranteed Heat Rate for the Facility during each hour of the Month shall be determined according to this Appendix based upon the energy requested pursuant to a Dispatch order and not the actual output of the Facility.

- (a) The Guaranteed Heat Rate (at Contract Conditions and prior to any adjustment for degradation) for the Facility during any hour when the energy Dispatched from the Facility is less than or equal to the Actual Standard Capacity during the hour shall be taken from Table 1. The Guaranteed Heat Rate shall be read from Column B based on the energy Dispatched during the hour divided by the Actual Standard Capacity during the hour.

Table 1 - Guaranteed Heat Rate

Column A Energy Dispatched as a Percent of Actual Standard Capacity	Column B Guaranteed Heat Rate (BTU/KWh HHV)
70%	7,573
71%	7,553
72%	7,532
73%	7,504
74%	7,484
75%	7,463
76%	7,442
77%	7,415
78%	7,394
79%	7,373
80%	7,346
81%	7,325
82%	7,304
83%	7,284
84%	7,256
85%	7,236
86%	7,215
87%	7,187
88%	7,167
89%	7,146
90%	7,118
91%	7,098
92%	7,077

Table 1 - Guaranteed Heat Rate

Column A Energy Dispatched as a Percent of Actual Standard Capacity	Column B Guaranteed Heat Rate (BTU/KWh HHV)
93%	7,056
94%	7,029
95%	7,008
96%	6,987
97%	6,960
98%	6,939
99%	6,919
100%	6,891

- (b) The Guaranteed Heat Rate (at Contract Conditions and prior to any adjustment for degradation) for the Facility during any hour when the energy Dispatched is greater than the Actual Standard Capacity shall be determined from the following formula:

Guaranteed Heat Rate =

$$(EFL * 6,891 \text{ BTU/KWh} + EAFL * 8,202 \text{ BTU/KWh}) / (EFL + EAFL)$$

where:

EFL is the amount of energy in KWh Dispatched up to the Actual Standard Capacity during the hour; and

EAFL is the amount of energy in KWh Dispatched above the Actual Standard Capacity during the hour.

- (c) The Guaranteed Heat Rate at 100% of Contract Standard Capacity is expected to be 6,891 BTU/KWh. In the event that the heat rate demonstrated at 100% of the Contract Standard Capacity when the initial Contract Standard Capacity is tested to determine the initial Commercial Operation Date is less than 6,891 BTU/KWh and greater than or equal to 6,789 BTU/KWh then (i) the Guaranteed Heat Rate of 6,891 BTU/KWh as it appears will be replaced with such demonstrated heat rate and (ii) the heat rates as set forth in the table in section (a) of this Appendix will be adjusted in proportion to the amount by which such demonstrated heat rate is less than 6,891 BTU/KWh. In the event that the heat rate demonstrated at 100% of the Contract Standard Capacity when the initial Contract Standard Capacity is tested to determine the Commercial Operation Date is greater than 6,891 BTU/KWh, then there will be no adjustment to the Guaranteed Heat Rate. In the event that the heat rate demonstrated at 100% of the Contract Standard Capacity

when the initial Contract Standard Capacity is tested to determine the Commercial Operation Date is less than 6,789 BTU/KWh then (A) the Guaranteed Heat Rate of 6,891 BTU/KWh as it appears will be replaced with a heat rate equal to 6,789 BTU/KWh less 40% of the amount by which the 6,789 BTU/KWh exceeds the demonstrated heat rate and (B) the heat rates as set forth in the table in section (a) of this Appendix will be adjusted in proportion to a heat rate equal to 6,789 BTU/KWh less 40% of the amount by which the 6,789 BTU/KWh exceeds such demonstrated heat rate. For example, if the heat rate demonstrated at 100% of the Contract Standard Capacity when the initial Commercial Operation Date is equal to 6,749 BTU/KWh, then the Guaranteed Heat Rate of 6,891 BTU/KWh as it appears will be replaced with a heat rate calculated as follows:

$$\begin{aligned} \text{Replacement Guaranteed Heat Rate} &= (6,789 \text{ BTU/KWh}) - (6,789 - 6,749) \times 40\% \\ &= (6,789 \text{ BTU/KWh}) - (16) \\ &= 6,773 \text{ BTU/KWh} \end{aligned}$$

Insurance

Seller shall at all times carry and maintain or cause to be carried and maintained at its expense such insurance as is customarily maintained by owners and operators of generating facilities and in all events shall carry and maintain at least the minimum insurance coverage set forth in this section placed with brokers, insurers, and reinsurers of recognized responsibility.

1. All Risk Builders Risk.

Through the Commercial Operation Date Seller shall maintain or cause to be maintained All Risk Builders Risk covering the Facility against physical loss or damage to property of every kind and description to be used in the fabrication, assembly, installation, erection or alteration of the contract works, including Boiler & Machinery and Testing Coverage. Deductibles shall not exceed \$1,000,000.00 for a combustion turbine, \$750,000.00 for a steam turbine, generator, or heat recovery steam generator, and \$250,000.00 for all other losses. As an extension of All Risk Builders Risk Coverage, Seller shall maintain delay in start-up insurance in an amount equal to six (6) months projected non-operating cash flow requirements. Such extension may be subject to deductibles not to exceed 60 Days.

2. All Risk Property Insurance.

Commencing on the Commercial Operation Date, Seller shall maintain all risk property insurance covering the Facility against physical loss or damage, including, comprehensive boiler and machinery coverage (including electrical malfunction and mechanical breakdown). Deductibles shall not exceed US \$1,000,000.00 for a combustion turbine, \$750,000.00 for a steam turbine, generator, or heat recovery steam generator, and \$250,000.00 for all other losses. As an extension of All Risk Coverage Seller shall maintain Business Interruption insurance in an amount equal to six (6) months projected non-operating cash flow requirements. Such extension may be subject to deductibles not to exceed 60 Days.

3. Commercial or Comprehensive General Liability.

Seller shall maintain third party liability insurance written on an occurrence basis (claims made if covered by Aegis) with a limit not less than US \$1,000,000.00. Deductibles shall not exceed \$50,000.00 per occurrence.

4. Workers' Compensation/Employer's Liability.

Seller shall maintain Workers' Compensation Insurance and Employer's Liability Insurance which comply with Applicable Laws statutory to Idaho.

5. Automobile Liability.

Seller shall maintain Automobile Liability Insurance with a limit of not less than US \$1,000,000.00, including coverage for owned, not-owned and hired automobiles for both bodily injury (including death) and property damage, uninsured/underinsured motorist protection endorsements.

6. Excess/Umbrella Liability.

Seller shall maintain Excess/Umbrella Liability insurance written on an occurrence basis (claims made if covered by Aegis) and providing coverage limits in excess of the primary limits. The limit of such excess/umbrella coverage shall not be less than US \$10,000,000.00 on a follow form basis.

Schedule of Payments

1. Capacity Payment.

The Capacity Payment for Contract Total Capacity (or for Replacement Capacity provided in lieu of Contract Total Capacity) each Month shall be equal to the product of the Contract Total Capacity multiplied by the Availability Adjustment Factor multiplied by the sum of the Capital Charge plus the Fixed O&M Charge, as each such term is calculated for such Month.

$$CP = (CTC) \times (AAF) \times (CC + O\&M)$$

Where:

CP = the Capacity Payment expressed in Dollars for such Month

CTC = the Contract Total Capacity, expressed in KW, effective in such Month. In the event that the Contract Total Capacity is redetermined during a Month, the Contract Total Capacity used to calculate the Capacity Payment shall be equal to the average, weighted by the number of days of effectiveness, of each Contract Total Capacity in effect during such Month.

AAF = the Availability Adjustment Factor

CC = the Capital Charge expressed in Dollars per KW per month. The Capital Charge effective during the first Contract Year shall be 4.186 \$/KW/month. The Capital Charge effective during subsequent Contract Years shall be equal to the product of the Capital Charge effective during the preceding Contract Year multiplied by 1.01 (one and one hundredth) and rounded to three decimal places.

O&M = the O&M Charge expressed in Dollars per KW per month. The O&M Charge shall be 1.302 \$/KW/month in 1998 and shall thereafter escalate with the Gross Domestic Product Implicit Price Deflator published in the National Income and Product Account by the U. S. Department of Commerce (the "GDP-IPD"). The O&M Charge shall be calculated on a calendar year basis and rounded to three decimal places as follows:

$$O\&M = (1.302 \text{ \$/KW/month}) \times (GDP-IPD_{\text{year-1}}) / (GDP-IPD_{1997})$$

The Capital Charge and the O&M Charge are based on an expected initial Contract Standard Capacity of 246.0 MW as tested to determine the Commercial Operation Date. In the event that the initial Contract Standard Capacity as tested to determine the Commercial Operation Date is greater than 246.0 MW and less than or equal to 248.5 MW then the Capital Charge and the O&M Charge shall be decreased by an amount of such Capital Charge and O&M Charge, respectively, in proportion to the amount that the initial Contract Standard Capacity exceeds 246.0 MW. In the event that such initial Standard Capacity as tested to determine the Commercial Operation Date is less than 246.0 MW there will be no adjustment to the Capital Charge or to the O&M Charge. In the event that the initial Contract Standard Capacity as tested to determine the Commercial Operation Date is greater than 248.5 MW then the Capital Charge and the O&M Charge adjusted as above for an initial Contract Standard Capacity of 248.5 MW shall be further adjusted by multiplying each by the ratio of (i) 248.5 MW divided by (ii) 248.5 MW plus 40% of the amount by which such initial Contract Standard Capacity exceeds 248.5 MW. For example, if the initial Contract Standard Capacity as tested to determine the initial Commercial Operation Date is equal to 258.5 MW. then the Capital Charge effective during the first Contract Year would be adjusted as follows:

$$\begin{aligned}
 \text{Adjusted CC} &= (4.147 \text{ \$/KW/month}) \times (248.5) / ((258.5 - 248.5) \times (40\%) + 248.5) \\
 &= (4.147 \text{ \$/KW/month}) \times (248.5) / (252.5) \\
 &= 4.081 \text{ \$/KW/month}
 \end{aligned}$$

2. Energy Payment.

The Energy Payment for Net Electrical Output (or for Replacement Energy provided in lieu of Net Electrical Output) each Month shall be equal to the product of the Net Electrical Output delivered in such Month multiplied by the Energy Charge.

$$EP = (NEO) \times (EC)$$

Where:

EP = the Energy Payment expressed in Dollars for such Month

NEO = the Net Electrical Output expressed in KWhs for such Month

EC = the Energy Charge expressed in Dollars per KWh. The Energy Charge shall be 0.001463 \$/KWh in 1998 and shall thereafter escalate with the Gross Domestic Product Implicit Price Deflator published in the National Income and Product Account by the U. S. Department of Commerce (the "GDP-IPD"). The Energy Charge shall be calculated on a calendar year basis and rounded to six decimal places as follows:

$$\text{O\&M} = (0.001463 \text{ \$/KWh}) \times (\text{GDP-IPD}_{\text{year-1}}) / (\text{GDP-IPD}_{1997})$$

3. Start Payment.

The Start Payment, if any, for each Month shall be determined in accordance with Section 10.4(a).

4. Station Service Power Payment.

The cost for electric capacity and electric energy required by the Facility during each Month for each Start, shutdown, Scheduled Maintenance Outage and Forced Outage and during any period in which the Facility is Dispatched not to run, if any, will be determined in accordance with Section 10.4(b).

5. Tracking Account Payment.

A Tracking Account will be maintained in accordance with Section 12.2. The Tracking Account Payment, if any, will be determined each Month pursuant to Section 12.2(b).

6. Replacement Power Payment.

The payment with respect to Replacement Power Cost, if any, will be determined in accordance with Section 3 of Appendix E.

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (this "Agreement") made as of the [11] of June, 1999, by and between Avista Energy, Inc., a Washington corporation (hereinafter referred to as "Assignor") and Avista Turbine Power, Inc. a Washington corporation (hereinafter referred to as "Assignee").

WITNESSETH

WHEREAS, Assignor and Rathdrum Power, LLC ("Seller") have entered into that certain Power Purchase Agreement dated as of December 10, 1998 (hereinafter referred to as the "Power Purchase Agreement") relating to the sale of electricity by Seller to Assignor;

WHEREAS, Assignor is desirous of assigning, transferring and conveying unto Assignee all of Assignor's rights, title and interests in the Power Purchase Agreement and Assignee is willing and prepared to accept the same and pay therefor;


WHEREAS, Assignor is desirous of delegating any and all duties, obligations, responsibilities, liabilities, claims, demands and other commitments in respect of the Power Purchase Agreement and Assignee is willing and prepared to perform and to be bound by all the terms, conditions and covenants of Assignor in the Power Purchase Agreement;

NOW, THEREFORE, in consideration of the sum of one dollar (\$1.00) in hand paid and other good and valuable consideration, the receipt and sufficiency thereof being hereby acknowledged, the parties hereto do mutually agree as follows:


1. Assignor hereby irrevocably assigns, conveys and transfers unto Assignee, its successors and assigns all of Assignor's rights, title and interests in and to the Power Purchase Agreement. Assignor hereby delegates any and all duties, obligations, responsibilities, liabilities, claims, demands and other commitments unto Assignee, its successors and assigns.
2. Assignee hereby accepts all of Assignor's rights, title and interests in and to the Power Purchase Agreement and agrees to perform and be bound by all the terms, conditions and covenants contained in the Power Purchase Agreement in all respects with the same force and effect as if Assignee had entered into the Power Purchase Agreement originally.
3. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to its conflict of law principles.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement on the day and year first above written.

AVISTA ENERGY, INC

By: 
Name: MICHAEL P. KEIZER
Title: PRESIDENT

AVISTA TURBINE POWER, INC.

By:  REN
Name: Jim L. Chasin
Title: _____

RATHDRUM POWER, LLC

March 24, 1999

Avista Energy Inc.
201 W. North River Drive, Suite 610
Spokane, WA 99201
Attention: President

Re: Power Purchase Agreement dated December 10, 1998 between Rathdrum
Power, LLC and Avista Energy, Inc. (the "Agreement")

Dear Sir:

Section 5.4(a) of the Agreement establishes permitting standards based on operation of the Facility with and without supplemental duct firing of the heat recovery steam generator. The standard for operation without supplemental duct firing was described only generally as annual hours less allowable maintenance hours.

The Facility NOx and CO catalysts will be designed to control Facility emissions over a range of dispatch scenarios from low-dispatch and high number of starts to high-dispatch and low number of starts. We have designed the catalysts to result in Facility NOx and CO emissions each below 99 tons per year in the most stringent expected dispatch scenario. Oversizing these catalysts would unnecessarily increase back pressure and would reduce the Facility capacity.

Rathdrum Power, LLC proposes to modify the Facility air permit based on emissions rates that would allow for up to 8,000 hours per year of combustion turbine operation and up to 2,000 hours per year of duct firing. Please confirm Avista Energy Inc.'s agreement that this level of permitted operation satisfies Section 5.4(a) of the Agreement by returning one original signed copy of this letter.

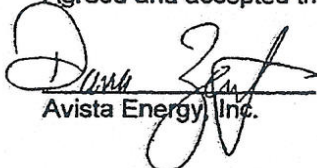
Sincerely,



Gerard B. Mack
Vice President Development

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Agreed and accepted this 24th day of March, 1999



Avista Energy Inc.

FIRST AMENDMENT TO POWER PURCHASE AGREEMENT

FIRST AMENDMENT TO POWER PURCHASE AGREEMENT (this "First Amendment") by and among Rathdrum Power, LLC, a Delaware limited liability company ("Seller") and Avista Turbine Power, Inc., a Washington corporation ("Purchaser"), as acknowledged and agreed to by Avista Corporation, a Washington corporation ("Guarantor"), is dated as of June 23, 1999.

WITNESSETH:

WHEREAS, Seller and Avista Energy, Inc., a Washington corporation, have entered into a Power Purchase Agreement dated as of December 10, 1998, as assigned to Purchaser pursuant to an Assignment and Assumption Agreement dated as of June 11, 1999 (as amended, modified or supplemented from time to time, the "Power Purchase Agreement"),

WHEREAS, Guarantor has agreed to guarantee certain payment obligations of Purchaser pursuant to the terms of the Guaranty Agreement dated as of June 11, 1999 ("Guaranty");

WHEREAS, on April 21, 1999 Seller was notified that Purchaser decided to change the transmission service provider under the Power Purchase Agreement from Avista Corporation (in such capacity, "Avista Corp") to the United States of America Department of Energy, acting by and through the Bonneville Power Administration ("Bonneville").

WHEREAS, as a result thereof, Seller terminated the negotiation of an interconnection agreement with Avista Corp and now intends to enter into an Interconnection, Construction and Operation and Maintenance Agreement (including any exhibits, appendices and schedules thereto) with Bonneville (as amended, modified or supplemented from time to time, the "Interconnection Agreement");

WHEREAS, the scope of the facilities required to interconnect the Facility (as defined in the Power Purchase Agreement) to the transmission system of Bonneville ("Bonneville Interconnection Facilities") and the cost of such Bonneville Interconnection Facilities, each as more specifically set forth in the Interconnection Agreement, will be substantially greater than those which would have been required for the interconnection of the Facility (as defined in the Power Purchase Agreement) to the transmission system of Avista Corp;

WHEREAS, the cost of the procurement and construction of the Bonneville Interconnection Facilities is estimated to be \$5,000,000 ("Seller Interconnection Cost");

WHEREAS, in recognition of the foregoing, Seller and Purchaser desire to amend the Power Purchase Agreement in the manner set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained and for other good and valuable consideration, the receipt and

sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree to amend the Power Purchase Agreement as follows:

AGREEMENT:

Section 1. Definitions and Interpretation. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in Section 1.1 of the Power Purchase Agreement. The rules of interpretation set forth in Section 1.2 of the Power Purchase Agreement shall apply to this First Amendment.

Section 2. Allocation of Interconnection Cost

2.1 Notwithstanding anything to the contrary in the Power Purchase Agreement or in the Interconnection Agreement, Seller hereby agrees to pay, and shall pay, for any and all costs set forth in the Interconnection Agreement required to be paid by Seller relating to the procurement and construction of the Bonneville Interconnection Facilities (including the costs for any additional work performed and included under the Interconnection Agreement, the "Interconnection Costs") in an amount equal to or less than the Seller Interconnection Cost.

2.2 Notwithstanding anything to the contrary in the Power Purchase Agreement or in the Interconnection Agreement, Purchaser hereby agrees to pay, and shall pay, for any and all Interconnection Costs in excess of the Seller Interconnection Cost on the terms set forth in Section 3 hereof. Purchaser hereby acknowledges and agrees that any delay or failure by Purchaser in performing any obligation in this Section 2.2 (on the terms set forth in Section 3 hereof) shall constitute a "Delivery Excuse" under and as defined in Section 17.4(a) of the Power Purchase Agreement.

Section 3. Payment Terms.

3.1 Purchaser shall pay to Seller, or to such other party as Seller may direct in writing, as and when due (including without limitation any advances required to be made by Seller under the Interconnection Agreement), the Interconnection Costs in excess of the Seller Interconnection Cost. Seller shall provide to Purchaser the invoices or other documentation received by Seller pursuant to the Interconnection Agreement in support of such Interconnection Costs.

3.2 To the extent Purchaser disagrees with any invoiced or otherwise documented amounts required to be paid by Purchaser hereunder, Purchaser may so notify Seller and provide Seller with an explanation for such disagreement; provided, however, that Purchaser shall remain obligated to pay to Seller (or such other party) the amount requested by Bonneville unless otherwise directed by Seller in writing. To the extent that Bonneville refunds to Seller any such disputed amounts paid by Purchaser, Seller shall promptly refund such amounts to Purchaser, together with any interest thereon received by Seller from Bonneville.

3.3 In the event that Purchaser fails to make the required payments when due, Purchaser shall pay to Seller interest charges on such unpaid amount at a

rate equal to (a) the applicable rate under the Interconnection Agreement in the event interest charges are incurred by Seller under the Interconnection Agreement, and (b) otherwise, the Default Rate.

Section 4. Amendment to Appendix H. The definition of "CC" in Section I of Appendix H to the Power Purchase Agreement is hereby amended by replacing the amount of 4.186 \$/KW/month (the Capital Charge effective during the first Contract Year) with the amount of 4.293 \$/KW/month.

Section 5. Guaranty. For the avoidance of doubt, Guarantor hereby (a) consents, as required pursuant to Section 2(d) of the Guaranty, to the execution and delivery of this First Amendment by Seller and Purchaser and (b) acknowledges and agrees that the payment obligations of Purchaser set forth in Section 2.2, Section 3 and Section 4 of this First Amendment each constitute a "Payment Obligation" of Purchaser under the Guaranty which is guaranteed by Guarantor under the Guaranty.

Section 6. Miscellaneous.

6.1 Execution and Effectiveness of this First Amendment

This First Amendment is executed and shall be construed as a first amendment to the Power Purchase Agreement, and, as provided in the Power Purchase Agreement, this First Amendment forms a part thereof. This First Amendment shall be effective as of the date hereof upon the execution and delivery of this First Amendment by Seller, Purchaser and Guarantor.

6.2 Representations and Warranties. Each of Seller, Purchaser

and Guarantor hereby represents and warrants to each other that (a) all consents, approvals and authorizations necessary for such Person's execution, delivery and performance of this First Amendment have been obtained or made and (b) this First Amendment has been duly executed and delivered by, and constitutes a legal, valid and binding obligation of, such Person enforceable against such Person accordance with its terms.

6.3 Waiver. This First Amendment is made in amendment

and modification of, but not extinguishment of, the obligations set forth in the Power Purchase Agreement and, except as specifically modified pursuant to the terms of this First Amendment, the terms and conditions of the Power Purchase Agreement remain in full force and effect.

6.4 Counterparts. This First Amendment may be executed in

counterparts, all of which shall constitute one agreement binding on all parties hereto and shall have the same force and effect as an original instrument, notwithstanding that each party may not be signatories to the same original or the same counterpart.

6.5 Severability. If any term or provision of this First

Amendment or the application thereof to any Person or circumstance is held to be illegal, invalid or unenforceable under any present or future Law or by any Governmental Agency, (a) such term or provision shall be fully severable, (b) this First Amendment shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this First Amendment shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its

severance herefrom and (d) the parties shall negotiate in good faith to enter into such modifications of this First Amendment as may be necessary to preserve the economic and other benefits of this First Amendment to the affected party to the greatest extent possible and permissible.


6.6 Governing Law. This First Amendment shall be governed by, and construed in accordance with, the law of the State of New York, exclusive of conflicts of laws provisions.

6.7 Headings. The headings contained in this First Amendment are solely for the convenience of the parties hereto and should not be used or relied upon in any manner in the construction or interpretation of this First Amendment.

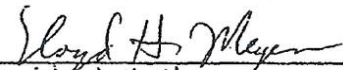
IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

RATHDRUM POWER, LLC

By: Cogentrix of Rathdrum, Inc.,
its Manager

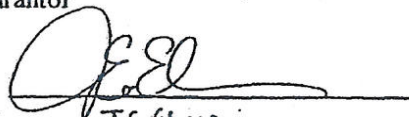
By: 
Name: GERARD B. MACK
Title: VICE PRESIDENT DEVELOPMENT

AVISTA TURBINE POWER, INC.

By: 
Name: Lloyd H. Meyer
Title: President

Acknowledged and Agreed:

AVISTA CORPORATION,
as Guarantor

By: 
Name: J.E. Elmassari
Title: Sr. Vice President

RBS

SECOND AMENDMENT TO POWER PURCHASE AGREEMENT

This SECOND AMENDMENT TO POWER PURCHASE AGREEMENT (this "Second Amendment") by and among Rathdrum Power, LLC, a Delaware limited liability company ("Seller") and Avista Turbine Power, Inc., a Washington corporation ("Purchaser"), as acknowledged and agreed to by Avista Corporation, a Washington corporation ("Guarantor"), is dated as of December 28, 1999.

WITNESSETH:

WHEREAS, Seller and Avista Energy, Inc., a Washington corporation, have entered into a Power Purchase Agreement dated as of December 10, 1998, as assigned to Purchaser pursuant to an Assignment and Assumption Agreement dated as of June 11, 1999, and as amended by the First Amendment to Power Purchase Agreement, dated as of June 23, 1999 (as may be further amended, modified or supplemented from time to time, the "Power Purchase Agreement");

WHEREAS, Guarantor has agreed to guarantee certain payment obligations of Purchaser pursuant to the terms of the Guaranty Agreement dated as of June 11, 1999 ("Guaranty");

WHEREAS the Seller and Purchaser desire to extend the Financial Closing Date;

WHEREAS Seller has been unable to acquire all permits necessary to achieve the Financial Closing Date;

WHEREAS Purchaser has been unable to provide Credit Support from an entity with the long-term debt rating contemplated by Section 2.4(a) of the Power Purchase Agreement;

WHEREAS the mutual agreement contained herein satisfies Purchaser's and Seller's obligations pursuant to Section 2.4(b) of the Power Purchase Agreement so long as Purchaser's Credit Support is based upon a long term Standard & Poors unsecured credit rating applicable to Guarantor of no less than BBB; and

WHEREAS, in recognition of the foregoing, Seller and Purchaser desire to amend the Power Purchase Agreement in the manner set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree to amend the Power Purchase Agreement as follows:

AGREEMENT:

Section 1. Definitions and Interpretation.

(a) Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in Section 1.1 of the Power Purchase Agreement. The rules of interpretation set forth in Section 1.2 of the Power Purchase Agreement shall apply to this Second Amendment.

Section 2. Occurrence of Financial Close.

(a) Section 2.3(a) of the Power Purchase Agreement is amended by replacing the reference to "September 30, 1999" in the first sentence thereof with "March 31, 2000".

(b) Section 2.3(b) of the Power Purchase Agreement is amended by replacing the first sentence thereof with the following sentence:

The continued effectiveness of this Agreement is contingent upon either (i) Rathdrum Power, LLC delivering written notification to Rathdrum Construction Company, Inc. of a full and complete notice to proceed with facility construction and work, including without limitation the capital expenditures contemplated thereby, or (ii) the occurrence of the Financial Closing Date, in each case no later than March 31, 2000, unless otherwise waived by Purchaser.

Section 3. Delivery Start Date Section 3.1 of the Power Purchase Agreement is amended and restated in its entirety to read as follows:

The delivery start date (the "Delivery Start Date") shall be November 1, 2001, as such date shall be extended on a Day-to-Day basis for (a) each day that Rathdrum Power, LLC's delivery of written notification to Rathdrum Construction Company, Inc. of a full and complete notice to proceed with facility construction and work, including without limitation the capital expenditures contemplated thereby is delayed beyond February 1, 2000, and (b) any delay in achieving the Commercial Operation Date that results from (i) a Force Majeure Event that is excused pursuant to Section 17.2 or (ii) a Delivery Excuse that is excused pursuant to Section 17.4(b).

Section 4. Tracking Account. Section 12.2(a) of the Power Purchase Agreement is amended by deleting the parenthetical in the last sentence thereof and replacing it with the following:

"(using the Guaranteed Heat Rate value as adjusted for Dispatch level, Actual Conditions and degradation according to the Degradation Curves (as defined in Appendix A))."

Section 5. Amendment to Appendix H. The term "CC" in Section 1 of Appendix H of the Power Purchase Agreement is hereby amended by replacing the amount of 4.293 \$/KW/month with the amount of 4.352 \$/KW/month.

Section 6. Guaranty. For the avoidance of doubt, Guarantor hereby (a) consents, as required pursuant to Section 2(d) of the Guaranty, to the execution and delivery of this Second Amendment by Seller and Purchaser, and (b) confirms that the Guaranty remains in full force and effect as to all of the "Payment Obligations" (as defined in the Guaranty) of Purchaser as amended hereby.

Section 7. Miscellaneous.

(a) Execution and Effectiveness of this Second Amendment. This Second Amendment is executed and shall be construed as a second amendment to the Power Purchase Agreement, and, as provided in the Power Purchase Agreement, this Second Amendment forms a part thereof. This Second Amendment shall be effective as of the date hereof upon the execution and delivery of this Second Amendment by Seller, Purchaser and Guarantor.

(b) Representations and Warranties. Each of Seller, Purchaser and Guarantor hereby represents and warrants to each other that (i) all consents, approvals and authorizations necessary for such Person's execution, delivery and performance of this Second Amendment have been obtained or made and (ii) this Second Amendment has been duly executed and delivered by, and constitutes a legal, valid and binding obligation of, such Person enforceable against such Person accordance with its terms.

(c) Waiver. This Second Amendment is made in amendment and modification of, but not extinguishment of, the obligations set forth in the Power Purchase Agreement and, except as specifically modified pursuant to the terms of this Second Amendment, the terms and conditions of the Power Purchase Agreement remain in full force and effect.

(d) Counterparts. This Second Amendment may be executed in counterparts, all of which shall constitute one agreement binding on all parties hereto and shall have the same force and effect as an original instrument, notwithstanding that each party may not be signatories to the same original or the same counterpart.

(e) Severability. If any term or provision of this Second Amendment or the application thereof to any Person or circumstance is held to be illegal, invalid or unenforceable under any present or future Law or by any Governmental Agency, (i) such term or provision shall be fully severable, (ii) this Second Amendment shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (iii) the remaining provisions of this Second Amendment shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (iv) the parties shall negotiate in good faith to enter into such modifications of this Second Amendment as may be necessary to preserve the economic and other benefits of this Second Amendment to the affected party to the greatest extent possible and permissible.


(f) Governing Law. This Second Amendment shall be governed by, and construed in accordance with, the law of the State of New York, exclusive of conflicts of laws provisions.

(g) Headings. The headings contained in this Second Amendment are solely for the convenience of the parties hereto and should not be used or relied upon in any manner in the construction or interpretation of this Second Amendment.


IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

RATHDRUM POWER, LLC

By: Cogentrix of Rathdrum, Inc.,
its Manager

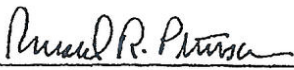
By: 
Name: GERARD SMACK
Title: VP DEVELOPMENT

AVISTA TURBINE POWER, INC.

By: 
Name: Lloyd H. Meyers
Title: President

Acknowledged and Agreed:

AVISTA CORPORATION,
as Guarantor

By: 
Name: Ronald R. Peterson
Title: Vice-President + Treasurer

THIRD AMENDMENT TO POWER PURCHASE AGREEMENT

This THIRD AMENDMENT TO POWER PURCHASE AGREEMENT (this "Third Amendment") by and among Rathdrum Power, LLC, a Delaware limited liability company ("Seller") and Avista Turbine Power, Inc., a Washington corporation ("Purchaser"), as acknowledged and agreed to by Avista Corporation, a Washington corporation ("Guarantor"), is dated as of February 2, 2001.

MARCH
S/BE
DM

WITNESSETH:

WHEREAS, Seller and Avista Energy, Inc., a Washington corporation, have entered into a Power Purchase Agreement dated as of December 10, 1998, as assigned to Purchaser pursuant to an Assignment and Assumption Agreement dated as of June 11, 1999, as amended by the First Amendment to Power Purchase Agreement, dated as of June 23, 1999 and as amended by the Second Amendment to Power Purchase Agreement dated as of December 28, 1999 (as may be further amended, modified or supplemented from time to time, the "Power Purchase Agreement");

WHEREAS, Guarantor has agreed to guarantee certain payment obligations of Purchaser pursuant to the terms of the Guaranty Agreement dated as of June 11, 1999 ("Guaranty");

WHEREAS Purchaser desires to provide to Seller Station Service, as defined herein;

WHEREAS Purchaser and Seller desire to consider alternative Station Service arrangements which may be requested by Purchaser;

WHEREAS Purchaser and Seller desire to consider a means of providing additional compensation to Seller in the event of an early completion of the Facility; and

WHEREAS, in recognition of the foregoing, Seller and Purchaser desire to amend the Power Purchase Agreement in the manner set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree to amend the Power Purchase Agreement as follows:

AGREEMENT:

Section 1. Definitions and Interpretation. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in Section 1.1 of the Power Purchase Agreement. The rules of interpretation set forth in Section 1.2 of the Power Purchase Agreement shall apply to this Third Amendment.

Section 2. Definition of "Commercial Operation Date". The definition of "Commercial Operation Date" in Section 1.1 of the Power Purchase Agreement is amended by deleting the proviso reading:

provided, that in no event shall the Commercial Operation Date occur on the last Day of a Month.

Section 3. Definition of "Station Service". Section 1.1 of the Power Purchase Agreement is amended to add a new definition to read as follows:

"Station Service" has the meaning assigned to such term in Section 10.4(b).

Section 4. Commencement of Operation. Section 3.2 of the Power Purchase Agreement is amended and restated in its entirety to read as follows:

- (a) The respective rights and obligations of Purchaser and Seller relating to the commercial operation of the Facility will commence on the Commercial Operation Date.
- (b) Purchaser agrees to pay to Seller a bonus for early completion in the amount of one hundred thousand dollars (\$100,000) per day for each full 24 hour period that the Commercial Operation Date occurs prior to August 17, 2001, beginning at 12:01 AM on the day after such Commercial Operation Date and to but not including August 17, 2001, such payment to be tendered to Seller within five Days of such Commercial Operation Date.
- (c) If the Commercial Operation Date occurs prior to September 1, 2001 then:
 - (i) there shall be no Capacity Payment for the Months prior to October, 2001;
 - (ii) no Equivalent Forced Outage Hours shall accrue during the Months prior to October, 2001;
 - (iii) Capacity Payments shall commence on October 1, 2001;
 - (iv) Equivalent Forced Outage Hours, if any, shall commence accruing on October 1, 2001;
 - (v) in addition to any other amounts due under this Agreement, for the period from the Commercial Operation Date through August 31, 2001, Purchaser shall pay Seller an amount equal to the greater of (A) the Net Electrical Output delivered during such period multiplied by the Energy Charge and (B) twenty-five percent (25%) of an amount equal to (1) the net revenues received by Purchaser for the sale of the Net Electrical Output delivered during such period less (2) the Delivered Cost of Fuel for the Fuel consumed during such period and less (3) the cost of Station Service during such period; provided that such amount shall be calculated on at least a daily basis;

- (vi) in addition to any other amounts due under this Agreement, for the period from September 1, 2001 through September 30, 2001, Purchaser shall pay Seller an amount equal to the greater of (A) the Net Electrical Output delivered during such period multiplied by the Energy Charge and (B) one hundred percent (100%) of an amount equal to (1) the net revenues received by Purchaser for the sale of the Net Electrical Output delivered during such period less (2) the Delivered Cost of Fuel for the Fuel consumed during such period and less (3) the cost of Station Service during such period; provided that such amount shall be calculated on at least a daily basis; and
 - (vii) Purchaser shall make Commercially Reasonable Efforts to maximize the economic benefits to Seller in the Dispatch of the Facility from the Commercial Operation Date through September 30, 2001.
- (d) If the Commercial Operation Date occurs during the Month of September, 2001 then:
- (i) there shall be no Capacity Payment for the Month of September, 2001;
 - (ii) no Equivalent Forced Outage Hours shall accrue during the Month of September, 2001;
 - (iii) Capacity Payments shall commence on October 1, 2001;
 - (iv) Equivalent Forced Outage Hours, if any, shall commence accruing on October 1, 2001;
 - (v) in addition to any other amounts due under this Agreement, for the period from the Commercial Operation Date through September 30, 2001, Purchaser shall pay Seller an amount equal to the greater of (A) the Net Electrical Output delivered during such period multiplied by the Energy Charge and (B) one hundred percent (100%) of an amount equal to (1) the net revenues received by Purchaser for the sale of the Net Electrical Output delivered during such period less (2) the Delivered Cost of Fuel for the Fuel consumed during such period and less (3) the cost of Station Service during such period; provided that such amount shall be calculated on at least a daily basis; and
 - (vi) Purchaser shall make Commercially Reasonable Efforts to maximize the economic benefits to Seller in the Dispatch of the Facility from the Commercial Operation Date through September 30, 2001.

(e) If the Commercial Operation Date occurs on or after October 1, 2001 then:

- (i) Capacity Payments shall commence on the Commercial Operation Date. The Capacity Payment for the Month in which the Commercial Operation Date occurs will be pro-rated based on the ratio of the number of Days from the Commercial Operation Date to the end of such Month divided by the number of Days in such Month;
- (ii) Equivalent Forced Outage Hours, if any, shall commence to accrue on the Commercial Operation Date.

(f) Notwithstanding the foregoing, Purchaser or Seller may terminate this Agreement if the Commercial Operation Date shall not have been achieved on or prior to the first anniversary of the Delivery Start Date, as the Delivery Start Date may be extended pursuant to the terms hereof. In order to exercise the termination right pursuant to this Section 3.2, the terminating Party must provide written notice of termination to the other Party within 10 Days after the first anniversary of the Delivery Start Date and the Agreement shall terminate on the effective date of such termination set forth therein (so long as the Commercial Operation Date has not been achieved on or prior to such date of termination).

Section 5. Capacity Payments. Section 10.1(a) of the Power Purchase Agreement is amended and restated in its entirety to read as follows:

Except as otherwise expressly provided in Section 3.2 and otherwise herein, for each Billing Period commencing on the Commercial Operation Date, Purchaser shall pay Seller a Capacity Payment for the Contract Total Capacity of the Facility made available to Purchaser, or for Replacement Capacity provided in accordance with paragraph 2 of Appendix E, during such Billing Period.

Section 6. Station Service. Section 10.4(b) of the Power Purchase Agreement is amended and restated in its entirety to read as follows:

Commencing upon the first firing of the Facility gas turbine, and subject to any changes which may be agreed to pursuant to Section 10.4(d), Purchaser shall provide, and Purchaser shall pay for, all capacity, energy, transmission, scheduling and dispatch services required to deliver to Seller at the Interconnection Point all electric capacity and electric energy required, but not generated, by the Facility during each Start, shutdown, Scheduled Maintenance Outage and Forced Outage and during any period in which the Facility is Dispatched not to run ("Station Service"). For the avoidance of doubt, Replacement Power is not Station Service. If Seller receives an invoice for Station Service, the costs of such Station Service during each Billing Period shall be included in the invoice prepared by Seller for such period and shall be paid by Purchaser.

Section 7. Station Service Prior to First Firing of the Facility Gas Turbine. A new Section 10.4(c) is added to the Power Purchase Agreement to read as follows:

Seller shall pay for all Station Service prior to the first firing of the Facility gas turbine. Purchaser has made an arrangement to provide Station Service to Seller prior to the first firing of the Facility gas turbine. Seller has confirmed agreement with this arrangement. If Purchaser receives an invoice related to such arrangement, Seller shall promptly reimburse Purchaser for such costs.

Section 8. Fuel Prior to Commercial Operation Date. The first sentence of Section 8.3 of the Power Purchase Agreement is amended and restated in its entirety to read as follows:

Commencing on the first firing of the Facility gas turbine, Purchaser shall, at Purchaser's sole cost, provide Fuel to Seller as required for the initial testing and subsequent commissioning of the Facility. Seller shall notify Purchaser no later than 5 Business Days prior to such first firing of the Facility gas turbine. Notwithstanding the foregoing, Purchaser shall not be required to provide Fuel for steam blow of the Facility heat recovery steam generator.

Section 9. Sale of Test Energy. Section 10.3 of the Power Purchase Agreement is amended and restated in its entirety to read as follows:

Purchaser shall accept all energy produced as a result of the initial testing and subsequent commissioning of the Facility prior to the Commercial Operation Date. No payments shall be due by Purchaser to Seller in respect of such energy.

Section 10. Further Agreements Regarding Provision of Power. A new Section 10.4(d) is added to the Power Purchase Agreement to read as follows:

Purchaser shall have the right after the Commercial Operation Date to request changes to the obligations for obtaining and paying for Station Service. Such requests will be considered in good faith by Seller and to the extent that such changes involve capital improvements or modifications to the Facility they will be considered in accordance with Section 15.3.

Section 11. Delivery Excuse. Section 17.4(a)(vii) of the Power Purchase Agreement is amended and restated in its entirety to read as follows:

any failure of Purchaser to provide Station Service.

Section 12. Guaranty. For the avoidance of doubt, Guarantor hereby (a) consents, as required pursuant to Section 2(d) of the Guaranty, to the execution and delivery of this Third Amendment by Seller and Purchaser, and (b) confirms that the Guaranty remains in full force and effect as to all of the "Payment Obligations" (as defined in the Guaranty) of Purchaser as amended hereby.

Section 13. Schedule. Within five (5) Days after the execution of this Third Amendment, Seller shall cause the Facility construction contractor to provide a letter which summarizes the current schedule of labor for the construction of the Facility. Seller shall provide a copy of such letter to Purchaser. Seller shall provide a revised letter to Purchaser upon any material change in the schedule of labor for the construction of the Facility.

Section 14. Miscellaneous.

(a) Execution and Effectiveness of this Third Amendment. This Third Amendment is executed and shall be construed as a third amendment to the Power Purchase Agreement, and, as provided in the Power Purchase Agreement, this Third Amendment forms a part thereof. This Third Amendment shall be effective as of the date hereof upon the execution and delivery of this Third Amendment by Seller, Purchaser and Guarantor.

(b) Representations and Warranties. Each of Seller, Purchaser and Guarantor hereby represents and warrants to each other that (i) all consents, approvals and authorizations necessary for such Person's execution, delivery and performance of this Third Amendment have been obtained or made and (ii) this Third Amendment has been duly executed and delivered by, and constitutes a legal, valid and binding obligation of, such Person enforceable against such Person accordance with its terms.

(c) Waiver. This Third Amendment is made in amendment and modification of, but not extinguishment of, the obligations set forth in the Power Purchase Agreement and, except as specifically modified pursuant to the terms of this Third Amendment, the terms and conditions of the Power Purchase Agreement remain in full force and effect.

(d) Counterparts. This Third Amendment may be executed in counterparts, all of which shall constitute one agreement binding on all parties hereto and shall have the same force and effect as an original instrument, notwithstanding that each party may not be signatories to the same original or the same counterpart.

(e) Severability. If any term or provision of this Third Amendment or the application thereof to any Person or circumstance is held to be illegal, invalid or unenforceable under any present or future Law or by any Governmental Agency, (i) such term or provision shall be fully severable, (ii) this Third Amendment shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (iii) the remaining provisions of this Third Amendment shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (iv) the parties shall negotiate in good faith to enter into such modifications of this Third Amendment as may be necessary to preserve the economic and other benefits of this Third Amendment to the affected party to the greatest extent possible and permissible.

(f) Governing Law. This Third Amendment shall be governed by, and construed in accordance with, the law of the State of New York, exclusive of conflicts of laws provisions.

(g) Headings. The headings contained in this Third Amendment are solely for the convenience of the parties hereto and should not be used or relied upon in any manner in the construction or interpretation of this Third Amendment.

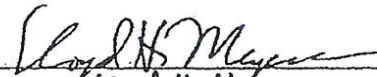
IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

RATHDRUM POWER, LLC

By: Cogentrix of Rathdrum, Inc.,
its Manager

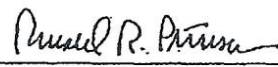
By: 
Name: GERARD R. MACK
Title: VICE PRESIDENT DEVELOPMENT

AVISTA TURBINE POWER, INC.

By: 
Name: Lloyd H. Meyers
Title: President

Acknowledged and Agreed:

AVISTA CORPORATION,
as Guarantor

By: 
Name: Ronald R. Peterson
Title: Vice President + Treasurer

EXECUTION COPY

FOURTH AMENDMENT TO POWER PURCHASE AGREEMENT

This FOURTH AMENDMENT TO POWER PURCHASE AGREEMENT (this "Fourth Amendment") by and among Rathdrum Power, LLC, a Delaware limited liability company ("Seller") and Avista Turbine Power, Inc., a Washington corporation ("Purchaser"), as acknowledged and agreed to by Avista Corporation, a Washington corporation ("Guarantor"), is dated as of August 9, 2001.
October

WITNESSETH:

WHEREAS, Seller and Avista Energy, Inc., a Washington corporation, have entered into a Power Purchase Agreement dated as of December 10, 1998, as assigned to Purchaser pursuant to an Assignment and Assumption Agreement dated as of June 11, 1999, as amended by the First Amendment to Power Purchase Agreement, dated as of June 23, 1999, as amended by the Second Amendment to Power Purchase Agreement dated as of December 28, 1999 and as amended by the Third Amendment to Power Purchase Agreement dated as of March 2, 2001 (as may be further amended, modified or supplemented from time to time, the "Power Purchase Agreement");

WHEREAS, Guarantor has agreed to guarantee certain payment obligations of Purchaser pursuant to the terms of the Guaranty Agreement dated as of June 11, 1999 ("Guaranty");

WHEREAS Purchaser desires the Facility to be improved by the addition of an Inlet Fogger, as defined herein;

WHEREAS operation of the Inlet Fogger will increase the electric generation capability of the Facility at certain ambient conditions;

WHEREAS, in recognition of the foregoing, Seller and Purchaser desire to amend the Power Purchase Agreement in the manner set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree to amend the Power Purchase Agreement as follows:

AGREEMENT:

Section 1. Definitions and Interpretation. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in Section 1.1 of the Power Purchase Agreement. The rules of interpretation set forth in Section 1.2 of the Power Purchase Agreement shall apply to this Fourth Amendment.

Section 2. Definition of "Inlet Fogger". Section 1.1 of the Power Purchase Agreement is amended to add a new definition to read as follows:

"Inlet Fogger" means a combustion turbine inlet fogging system capable of cooling the combustion turbine inlet air by evaporation, as more fully described in the proposal from American Moistening Company attached hereto as Exhibit A.

Section 3. Definition of "Inlet Fogger Cost". Section 1.1 of the Power Purchase Agreement is amended to add a new definition to read as follows:

"Inlet Fogger Cost" means the sum of: (a) \$194,060.00; (b) actual freight charges, not to exceed \$5,000, to deliver Inlet Fogger equipment to the Facility Site; and (c) Inlet Fogger installation costs to be billed on a time and materials basis not to exceed \$150,000.00.

Section 4. Definition of "Inlet Fogger Variable Charge". Section 1.1 of the Power Purchase Agreement is amended to add a new definition to read as follows:

"Inlet Fogger Variable Charge" shall be equal to \$11.76 per hour in 2001 and shall thereafter escalate with the Gross Domestic Product Implicit Price Deflator published in the National Income and Product Account by the U. S. Department of Commerce (the "GDP-IPD"). Starting in 2002, the Inlet Fogger Variable Charge shall be calculated on a calendar year basis and rounded to two decimal places as follows:

$$\text{Inlet Fogger Variable Charge} = (11.76 \text{ \$/hour}) \times (\text{GDP-IPD}_{\text{year-1}}) / (\text{GDP-IPD}_{2000})$$

Section 5. Installation of Inlet Fogger. Seller shall use Commercially Reasonable Efforts to install the Inlet Fogger as soon as possible and upon completion of installation shall provide Purchaser with a statement detailing the Inlet Fogger Cost, including invoices for those items billed on a "not to exceed basis". In addition, Seller's statement shall include a construction administration fee equal to ten percent (10%) of the Inlet Fogger Cost. Within five (5) Days of receipt of such statement Purchaser shall pay to Seller the amounts set forth in such statement.

Section 6. Capacity. Any incremental Facility electric generation capacity provided by Inlet Fogger operation shall not be considered as Actual Standard Capacity or Contract Standard Capacity.

Section 7. Net Electrical Output. All electric energy output provided by Inlet Fogger operation shall be considered as Net Electrical Output.

Section 8. Communications. Seller shall include an estimate of the generation capability from Inlet Fogger operation with other data transmitted to Purchaser pursuant to Section 6.3(a) of the Power Purchase Agreement.

Section 9. Dispatch. Purchaser may Dispatch operation of the Inlet Fogger when the Facility is operating at or above one hundred percent (100%) of Actual Standard Capacity, subject to the time and notice requirements of Section 6.1(c) of the Power Purchase Agreement.

Section 10. Forced Outage. Any reduction in operation, cessation in operation, or inability to operate the Inlet Fogger shall not in any event be deemed to be a Forced Outage.

Section 11. Inlet Fogger Variable Payment. In addition to the Energy Payment for Net Electrical Output, for each Month Seller shall submit an invoice to Purchaser and Purchaser shall pay to Seller an amount equal to the product of the Inlet Fogger Variable Charge multiplied by the number of hours in such Month during which the Inlet Fogger was Dispatched by Purchaser and operated by Seller. For purposes of such invoices and payments, Dispatch of the Inlet Fogger for an increment of an hour shall count as a whole hour.

Section 12. Actual Conditions. The point at which Actual Conditions are determined shall not be changed during Dispatch of the Inlet Fogger and in any event shall be measured so as to exclude the effect of the Inlet Fogger's operation.

Section 13. COD Before September 2001. Section 3.2(c)(vii) is amended and restated in its entirety to read as follows:

Purchaser shall use Commercially Reasonable Efforts to maximize the economic benefits to Seller under Sections 3.2(c)(v) and 3.2(c)(vi) of the Power Purchase Agreement. During the period from the Commercial Operation Date through September 30, 2001, Purchaser shall Dispatch the Facility within the Design Limits but shall not otherwise be obligated to Dispatch the Facility at any level of output. During all Peak Hours from the Commercial Operation Date through September 30, 2001, except those occurring on Sundays or Labor Day, the amounts payable to Seller under Sections 3.2(c)(v) and 3.2(c)(vi) of the Power Purchase Agreement shall be determined as if Purchaser had Dispatched the Facility at a level equal to the available output of the Facility, up to the sum of the Actual Total Capacity plus Seller's estimated generation capability from Inlet Fogger operation, regardless of Purchaser's actual Dispatch of the Facility. During all other hours from the Commercial Operation Date through September 30, 2001, Purchaser will Dispatch Actual Supplemental Capacity as Commercially Reasonable and the amounts payable to Seller under Sections 3.2(c)(v) and 3.2(c)(vi) of the Power Purchase Agreement shall be determined as if Purchaser had Dispatched the Facility at a level equal to the greater of i) the available output of the Facility, up to Purchaser's Dispatch of the Facility and ii) the available output of the Facility, up to the sum of the Actual Standard Capacity plus Seller's estimated generation capability from Inlet Fogger operation, regardless of Purchaser's actual Dispatch of the Facility.

Section 14. COD During September 2001. Section 3.2(d)(vi) is amended and restated in its entirety to read as follows:

Purchaser shall use Commercially Reasonable Efforts to maximize the economic benefits to Seller under Section 3.2(d)(v) of the Power Purchase Agreement. During the period from the Commercial Operation Date through September 30, 2001, Purchaser shall Dispatch the Facility within the Design Limits but shall not otherwise be obligated to Dispatch the Facility at any level of output. During all Peak Hours from the Commercial Operation Date through September 30, 2001, except those occurring on Sundays or Labor Day, the amounts payable to Seller under Section 3.2(d)(v) of the Power Purchase Agreement shall be determined as if Purchaser had Dispatched the Facility at a level equal to the available output of the Facility, up to the sum of the Actual Total Capacity plus Seller's estimated generation capability from Inlet Fogger

operation, regardless of Purchaser's actual Dispatch of the Facility. During all other hours from the Commercial Operation Date through September 30, 2001, Purchaser will Dispatch Actual Supplemental Capacity as Commercially Reasonable and the amounts payable to Seller under Section 3.2(d)(v) of the Power Purchase Agreement shall be determined as if Purchaser had Dispatched the Facility at a level equal to the greater of i) the available output of the Facility, up to Purchaser's Dispatch of the Facility and ii) the available output of the Facility, up to the sum of the Actual Standard Capacity plus Seller's estimated generation capability from Inlet Fogger operation, regardless of Purchaser's actual Dispatch of the Facility.

Section 15. Guaranty. For the avoidance of doubt, Guarantor hereby (a) consents, as required pursuant to Section 2(d) of the Guaranty, to the execution and delivery of this Fourth Amendment by Seller and Purchaser, and (b) confirms that the Guaranty remains in full force and effect as to all of the "Payment Obligations" (as defined in the Guaranty) of Purchaser as amended hereby.

Section 16. Miscellaneous.

(a) Execution and Effectiveness of this Fourth Amendment. This Fourth Amendment is executed and shall be construed as a fourth amendment to the Power Purchase Agreement, and, as provided in the Power Purchase Agreement, this Fourth Amendment forms a part thereof. This Fourth Amendment shall be effective as of the date hereof upon the execution and delivery of this Fourth Amendment by Seller, Purchaser and Guarantor.

(b) Representations and Warranties. Each of Seller, Purchaser and Guarantor hereby represents and warrants to each other that (i) all consents, approvals and authorizations necessary for such Person's execution, delivery and performance of this Fourth Amendment have been obtained or made and (ii) this Fourth Amendment has been duly executed and delivered by, and constitutes a legal, valid and binding obligation of, such Person enforceable against such Person accordance with its terms.

(c) Waiver. This Fourth Amendment is made in amendment and modification of, but not extinguishment of, the obligations set forth in the Power Purchase Agreement and, except as specifically modified pursuant to the terms of this Fourth Amendment, the terms and conditions of the Power Purchase Agreement remain in full force and effect.

(d) Counterparts. This Fourth Amendment may be executed in counterparts, all of which shall constitute one agreement binding on all parties hereto and shall have the same force and effect as an original instrument, notwithstanding that each party may not be signatories to the same original or the same counterpart.

(e) Severability. If any term or provision of this Fourth Amendment or the application thereof to any Person or circumstance is held to be illegal, invalid or unenforceable under any present or future Law or by any Governmental Agency, (i) such term or provision shall be fully severable, (ii) this Fourth Amendment shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (iii) the remaining provisions of this Fourth Amendment shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (iv) the parties shall negotiate in good faith

to enter into such modifications of this Fourth Amendment as may be necessary to preserve the economic and other benefits of this Fourth Amendment to the affected party to the greatest extent possible and permissible.


(f) Governing Law. This Fourth Amendment shall be governed by, and construed in accordance with, the law of the State of New York, exclusive of conflicts of laws provisions.

(g) Headings. The headings contained in this Fourth Amendment are solely for the convenience of the parties hereto and should not be used or relied upon in any manner in the construction or interpretation of this Fourth Amendment.

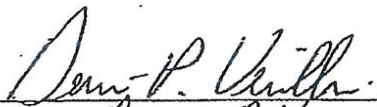
IN WITNESS WHEREOF, the parties hereto have caused this Fourth Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

RATHDRUM POWER, LLC

By: Cogentrix of Rathdrum, Inc.,
its Manager

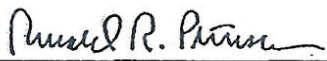
By: 
Name: GERARD S. MACK
Title: VICE PRESIDENT DEVELOPMENT

AVISTA TURBINE POWER, INC.

By: 
Name: Dennis P. Vermillion
Title: President

Acknowledged and Agreed:

AVISTA CORPORATION,
as Guarantor

By: 
Name: Ronald R. Peterson
Title: Vice President + Treasurer

AMERICAN MOISTENING COMPANY

OF PINEVILLE, NC
P.O. BOX 1066
Pineville, NC 28134
704-889-7281 • FAX 704-889-7270

AMCO INLET FOG SYSTEM

Introduction

This budgetary proposal provides the technical information and requirements for the design and fabrication of one (1) AMCO Inlet Fog Systems for the GE 7FA unit for Avista Energy. The purpose of the AMCO fog system is to cool the combustion turbine inlet air by evaporation, thereby increasing the mass flow of the inlet air, which increases combustion turbine output.

The AMCO Inlet Fog System has three major components: a set of fog spray nozzle arrays, a skid mounted water transfer system for delivery of high pressure water to the spray nozzle arrays, and controls that safely operate the system. The AMCO Inlet Fog System is engineered to deliver ultra fine demineralized water droplets (fog) into the filter house clean air plenum.

The pricing offered per the following includes the necessary hardware and controls to reach up to 100% saturation of the inlet air.

The target performance gain will be based on a 27 ° F cooling goal.

Design Parameters

- The inlet airflow studied for these units is based on 771,120 cfm.
- The design dry bulb and wet bulb temperatures for Spokane, WA are as follows
 - Dry bulb = 93° F; Wet Bulb = 65° F.
- The fog system is designed to achieve a target of 27 °F cooling at the design point (within 1 degree of the wet bulb point).
- The number of AMCO-Fern nozzles shall be approximately 720.
- Operating a fog system at lower pressures increases the number of required nozzles, which increases nozzle density and promotes droplet agglomeration. Larger droplets result in reduced evaporation efficiency and increased potential for compressor blade erosion.
- It is determined that approximately 45 gpm of flow will be required to achieve the 27 °F cooling goal for this site location and turbine frame. A 50 gpm system is offered to insure adequate margin to obtain saturation under all conditions.

Nozzle Design Requirements

- In its work with the Electric Power Research Institute (EPRI), Fern Engineering developed a guideline for permissible droplet distribution from spray nozzles used in fog coolers. The work also included droplet test measurements with various nozzles and at various pressures. This work demonstrated that nozzles emit a wide range of droplets having different diameters. The testing also demonstrated that the distribution is dependent on the operating pressure with higher pressures producing smaller droplets that will evaporate more easily and, therefore, require less residence time.
- This work resulted in demonstrating that the AMCO nozzles operating at 3,000 psi will produce a droplet size distribution where ~ 90% of the mass is composed of droplets less than 20 µm in diameter. Operating these nozzles at lower pressures will result in larger droplets and less efficient evaporative efficiency. This criterion is used as a guideline to insure that the nozzles achieve the fast evaporation rates needed to achieve saturation in the relatively short available residence times.

- American Moistening Company's nozzles have been tested at various pressures and its performance exceeds this criterion. A report of tests performed on these nozzles is available on request.
- While the droplet distribution from a single nozzle is important, the droplet distribution resulting from the entire system of nozzles is of much greater importance. Based on data available from similar systems, some droplet agglomeration is expected to occur due to interaction of adjacent sprays, especially as the air approaches saturation. As larger droplets require longer residence times for evaporation, the presence of large droplets in the inlet air stream will result in lower evaporative efficiency.
- The AMCO system is designed to completely evaporate the spray to achieve 100% evaporation. The system described herein is designed to minimize the potential for formation of larger droplets through the judicious placement and spacing of nozzles within the ducting.

Nozzle Manifolds

- Approximately 720 AMCO nozzles factory assembled to manifolds and tested at 4,500 psi.
- Seamless, 316 stainless steel manifolds will be provided as needed.
- NPT-female nozzle fittings, fully TIG welded to the stainless steel tubing. Welding conforms to ASME B31.1 standards for high pressure welding for tube or pipe. (Soldering should not be used for Gas Turbine applications).
- Stainless steel fittings as required.
- There will be several manifold lines arranged to cross the inlet air stream of the inlet filter prior to the inlet silencer duct. This maximizes retention time for the water to evaporate before entering the compressor.

Pump Skid

- Carbon steel skid, surface preparation and surface finish will be complete.
- Power supply to pump skid shall be 480V/ 3 Phase.
- Five (5) positive displacement pumps with electric motor drive.

The "step" approach applied to the pump design (2gpm, 4gpm, 8gpm, etc.) allows for more precise control of the water spray delivery into the duct. Using the PLC and weather station, this approach allows the operator to control within 2gpm of the desired flow, and allows for the highest efficiency.

- **Pump Configuration:**

Positive displacement pumps with stainless steel valves and seats.

- One 2.0 gpm pump
- One 4.0 gpm pump
- One 8.0 gpm pump
- One 14.0 gpm pump
- One 22.0 gpm pump
- One NEMA IV electrical panel for 480VAC
 - Service disconnect
 - Breakers
 - Motor starters with overloads
- One NEMA IV electrical panel for PLC
 - PLC with operating and safety logic
- One pressure regulator per pump
- One pulsation damper per pump (on discharge side)
- 0.35µm water filter with stainless steel housing; replaceable water filters and ΔP sight gauge

Supply Line Between Nozzle Manifolds and Pump Skid

- Seamless, 316 stainless steel tubing, ½" diameter as needed for interconnecting skid to manifolds.
- Stainless steel fittings as required.
- High pressure in-line filtration upstream of the nozzle manifolds.
- Additional charges may be incurred if the pump skid is not within 50 feet of the inlet duct and filter assemblies.

Instruments and Controls

- One flow transmitter per skid, 4 – 20 mA output.
- One pressure transmitter per pump (one for the discharge side of each pump), 4-20 mA output.
- One pressure transmitter for the main water supply line, 4 – 20 mA output.
- One temperature transmitter per pump (on the discharge side of pump), 4 – 20 mA output.
- One solenoid valve per pump (one for suction side of each pump).
- One weather station.

Return Line

There will not be a need for a return line to the main water supply tank with this system.

Control Logic

- Control of the foggers will be accomplished using a programmable logic controller (PLC) that can communicate with the plant digital control system (DCS) if required. The control system acquires data from weather station instrumentation, the water transfer system, and existing gas turbine instrumentation. The system will include a weather station to measure ambient inlet air temperature and wet bulb temperatures. The compressor inlet temperature signal from the CT will be also used. Output from any instrumentation presently used at the plant may be used, provided it is agreed that such instrumentation is adequate to control the system.
- The PLC will be programmed with an algorithm to predict the amount of cooling expected at each of the stage flow rates at the ambient conditions.
- The fogging system is capable of delivering a variable amount of water to the nozzle arrays. The PLC will transmit signals to the fogger control panel to control operation of the pumps as required to achieve the specified set points and ramping schedules. The water flow control function will be accomplished exclusively by controlling the number of active nozzle tubes.
- The algorithm will include the logic for selection of the active and isolated nozzle array tubes to meet the water flow required. The PLC will receive signals from spray system flow meters and pressure transducers, mounted on the water transfer system skid, to regulate the number of active nozzle tubes, and provide protection in the event of system malfunction.
- The system will automatically control the spray to satisfy the required level of saturation. The control system will be designed to provide control of the fogging system based on feedback signals from the fogging system, weather stations, and gas turbine. The software will be designed such that an operator if desired can operate the system manually.
- Through its interface with the plant DCS (by others) if required, daily data files can be written and stored to provide historical data on fogging system operation, along with monthly system event files for all operator actions and system events. After start-up the operator can be provided with the following feedback data:
 1. Water flow and pressure
 2. Motor status

3. Alarms – low pressure for all pumps
 4. Alarms – high water temperature for all pumps
 5. Software alarms on pump high discharge pressure
 6. Compressor inlet temperature (T_{CI})
 7. Ambient dry bulb temperature (T_{DB})
 8. Wet bulb temperature (T_{WB})
 9. Relative humidity
 10. Predicted T_{CI} with current stage flow setting
 11. Evaporative spray cooler efficiency (calculated)
- The PLC will automatically determine and set the required spray flow based on the current ambient conditions. The algorithm will output the expected level of saturation predicted for each stage flow number. The controls will continually monitor compressor inlet temperature and provide feed back data to adjust the flow as required to achieve the required level of saturation.
 - The operator will have the option of overriding the automatic control system at any time to set the flows manually. However, the controls will be programmed with alarm and shutdown limits that cannot be exceeded. Such limits will be determined after the contract award.
 - The amount of spray required for saturation will depend on ambient conditions. The water flow to achieve saturation will be lower in high humidity conditions, higher in hot and dry conditions, and in extreme hot dry conditions the total flow may be required to lower the compressor inlet temperature to the wet bulb temperature.

Inlet Fogging System Inputs/Outputs

- At a minimum, the fogging system will transmit the following data:
 1. Pump flows
 2. Pump pressures
 3. Low pressure switches – alarms low suction pressure
 4. High temperature switches – alarms high water temperature
 5. Pump and motor operation status
 6. Motor overload alarms

Operator Interface

- Operator interface to the inlet fogging system will be through the existing plant DCS. Wiring from the fog system PLC to the plant DCS, and programming of the DCS will be provided by others.

Customer Supplied Items

- Demineralized water service connected to the pump skid at a delivery pressure between 20-40 psi.
- Electrical service connection of 480 VAC, 3 Phase power, to the pump skid disconnect.
- Interface between skid mounted PLC and plant DCS (if required).
- Construction of one concrete pad for the AMCO-Fem pump skid.

Installation Required (AMCO can provide as additional scope if requested)

- Set and level pump skid. Accessibility with a forklift to the pump skid location is required.
- Install the water supply piping from each skid to the internal nozzle manifolds.
- Make all necessary water line penetrations into the ducting.
- Install the nozzle manifold array and required retaining hardware.
- Apply any special coatings, epoxies, or stainless liners as required for the inlet duct interior to resist the effects of demineralized water on these surfaces.

Shop Testing & Inspection

- The water transfer systems and skids will be factory assembled and quality assurance inspected at the factory. AMCO will conduct an acceptance test on each skid at the factory prior to shipment to demonstrate the acceptability of the equipment for the intended purpose. A representative of the buyer is invited to attend and observe these factory tests.

Shipment Schedule

Standard Lead Time is 10 weeks After Receipt of Order. We will make every effort to coordinate the shipment schedule with the particular plant outage needs or to accommodate more aggressive delivery schedules.

Payment Schedule

Payment schedule and terms of payment are to be negotiated at time of order.

Pricing

Description	One Unit Price	Two Unit Lot Price
Inlet Fogging Systems as defined herein, FOB factory, installation is not included	\$194,060 US Dollars	\$388,120 US Dollars

Pricing is Ex-Works, Not including Freight, Insurance, Duties and Taxes

Federal Tax ID Number

Any local, state or federal taxes are not included in this proposal. Any taxes out of the state of North Carolina will be added to Invoice. All taxes are the responsibility of the buyer. American Moistening Company's Federal Tax ID Number is 56-138-1383.

Insurance Coverage

Insurance coverage satisfying the required levels of insurance will be provided at the time of contract award.

Validity

This offer is valid for a period of thirty (30) days unless otherwise agreed to in writing by all parties.

Operating Procedures
[Attached]

1. PURPOSE

Provide the best possible service to our customer (Avista Energy Inc.) by meeting all contract obligations and maintaining thorough communications and understanding. The purpose of this Operating Instruction is to provide a protocol as to how plant communications and reporting to all parties associated with the Rathdrum Power Project is to be conducted with retrospect to the O&M and PPA agreements. It will assign responsibilities, methods and procedures that are pertinent to day-to-day communications, forced outage/schedule outage reporting, plant testing (capacity), energy reports, operating curves (fuel consumption, start up) and fuel/electrical nominations/production scheduling.

2. SCOPE

This Operating Instruction outlines the ROSI personnel requirements for plant communication, key personnel lists and forms used in the daily operation of the facility.

3. RESPONSIBILITY

It is the responsibility of ROSI personnel to understand and comply with this Operating Instruction.

3.1 Plant Manager

Interact with the Partnership and Avista Energy Inc. contacts as needed to foster and maintain positive relationship, keeping said contacts informed of any plant performance issues that affect plant reliability.

Pursue quick resolution to any generation issue that does or could affect reliability.

Meet all Power Purchase Agreement contractual requirements.

3.2 Operations Manager

Interact with AEI as needed regarding plant status or dispatch plans.

Forward maintenance outage and generation requests to AEI as needed

Maintain unit systems at 100% availability in order to meet AEI dispatch requirements.

3.3 Operations Personnel

Conduct thorough routine inspections on unit systems to insure integrity and readiness.

Understand PPA obligations

Maintain systems in readiness state for dispatch at all times.

Meet all PPA contractual requirements.

Provide thorough and timely communications with the AEI dispatch center for gas and electricity at all times.

ROSI –	Rathdrum Operating Services Inc.
RLLC –	Rathdrum Power Limited Partnership. (Cogentrix/Avista Power)
TSP -	Transmission Service Provider
AEI-	Avista Energy Inc.
BPA –	Bonneville Power Administration.
F.O. –	Forced outage
O&M –	Operations and maintenance agreement.
PPA –	Power purchase agreement.
MW's –	Megawatts.
YTD –	Year to date.
AGC-	Automated Governing Control

5. DESCRIPTION

Daily communications of the plant status, fuel requirements and Generation predictions to the associated parties will be addressed in two ways. Both verbal and written.

Verbal – the Operations Manager or his designate, will call the Avista designates for gas and electricity each business day to report of the plant status. This report will be made by 5AM to the electrical designate and by 6AM to the gas designate and will include any deficiencies that could affect the generation output of the unit or the ability to receive two day forecasted fuel predictions. This conversation will include but not be limited to the following:

- Plant output for the next 24 hr operating period
- Fuel usage for the next 48 hr operating period
(Fuel usage will require more lead-time for holidays and weekends)
- Plant equipment deficiencies
- Plant chemistry concerns

- Planned plant maintenance activities
- Plant staffing deficiencies
- Discussion of the 5:00 a.m. report
- System grid disturbance forecasts
- System grid planned maintenance activities
- Fuel gas line maintenance activities
- Fuel gas line operating condition

In addition to this, the control room will have hourly conversations with the dispatcher to determine future hourly plant output. Developing concerns in operation of the plant or reasons for a reduction in load will be discussed. This communication will be originated by the dispatcher and will be placed around 20 minutes before the hour.

Written – a daily 5 a.m. status report (attachment one) will be generated by the control room operator and issued electronically to all individuals requiring this knowledge. This report will contain:

- Unit Gross and net MW's for the last 24-hour operating period
- Plant electrical usage for the last 24-hour operating period
- Heat rate average for the last 24-hour operating period
- Present fuel gas conditions
- Fuel gas usage for the last 24-hour operating period
- Pertinent balance of plant readings
- Stack emission daily averages and YTD calculations
- Last 24 hour plant chemistry averages
- Plant commodities usage
- Major equipment status
- Outage status
- Abnormal operating events
- Unusual occurrences and log book entries

Outage Notifications/Reporting - AEI is the primary electrical generation customer of the Rathdrum Power Plant. RLLC and AEI have a Power Purchase Agreement, which defines requirements relative to FO and schedule outage notifications. The staff at this facility will review and ensure the duties prescribed in the PPA will be adhered to at all times.

Any forced outage experienced at this facility will result in chain of calls to all affected parties in order of progression:

Avista Energy Dispatch center- Gas (509) 495-8333
Electricity (509) 495-8627
ROSI Plant Manager- (208) 457-1259
ROSI Operations Manager- (208) 457-9237
ROSI Maintenance Manager (208) 687-0703

Communications with the dispatch center for arrangements of replacement power will be handled according to ROSI PP-031, (Replacement Power Procedure).

Within 1 hour of any FO a parliamentary report will be issued to AEI and RLLC outlining the cause, expected duration and an operation plan for this event. Daily situation updates will be addressed to the affected parties as the event progresses. Within Seven business days of the return of the facility, a written report will be authored and distributed to RLLC and AEI detailing the event.

Thirty business days prior to any major scheduled outage, a full detailed plan will be made available to the parties for review and comment. Within fourteen business days of that outage a full detailed report will be issued featuring all the events of the outage.

In the case of a planned outage (Short Notice) a written plan will be made available with as much advanced notice of the outage as possible. Within seven working days of said outage, a report will be issued to all parties detailing the events.

Daily/Monthly/Yearly Reports – reports providing information on operational, maintenance, environmental, and other pertinent data for the preceding day will be distributed electronically on a daily basis. A monthly and yearly summary of these items will also be distributed.

Energy Reports – energy production and station service will be read at a metering point at the facility, tracked, and reported on a daily, monthly, and yearly basis. A copy of these reports will be furnished and distributed electronically.

Fuel reports – fuel usage will be read at a metering point at the facility and recorded. A “tracking report” will be generated to show fuel usage and compare it to the guaranteed heat rate as established in appendix F of the PPA agreement.

This report will include usage, deviation from heat rate, and projected daily usage. The report will include monthly totals and averages and will be distributed on a daily basis.

Generation will be at a level specified by AEI. The energy generation must be within a deviation band limit of +/- 1.5 % of the scheduled amount. Deviation outside these limits may result in an imbalance charge. This deviation will not apply when the unit is in AGC mode and is being controlled by AEI. For the purposes of a load change, ramp rate time will be allowed based on the design limits of the facility and imbalance charges will not be calculated until the ramp has finished and the unit is in a steady state condition. Upon notification of a requested load change, the control operator will need to inform the dispatcher of the load change limitations of the equipment. Design limits for the facility is based on operating curves established by the manufacturer and will allow it to be operated in the following conditions.

The facility will operate from a maximum of the Actual Total Capacity, to a minimum of seventy percent (70%) of the Actual Standard Capacity. The ability to ramp from 70% of the Actual Standard Capacity to 100% of the Actual Standard Capacity shall be at a rate no less than five MW per minute and to ramp from 100% of the Actual Standard Capacity to 70% of the Actual Standard Capacity shall be at a rate no less than 5 MW per minute.

For supplemental capacity, the time to ramp from 100% of Actual Standard Capacity to 100% of Actual Total Capacity shall be 30 minutes and to ramp down from 100% of the Actual Total Capacity to 100% of the Actual Standard Capacity shall be 30 minutes.

There shall be a maximum of one Start-Up per day unless the parties agree otherwise. There shall be a minimum run time of eight hours (from breaker close to breaker open), unless the parties agree otherwise.

The maximum time from the Dispatchers notice of Start-Up to 70% of Actual Standard Capacity shall be 70 minutes if the facility has been out of operation for eight hours or less from breaker open.

The maximum time from the Dispatchers notice of Start-Up to 70% of Actual Standard Capacity shall be 190 minutes if the facility has been out of operation for more than eight hours but less than 48 hours from breaker open.

The maximum time from the Dispatchers notice of Start-Up to 70% of Actual Standard Capacity shall be 290 minutes if the facility has been out of operation for more than 48 from breaker open.

Dispute resolution – open and constant communication between AEI and RLLC will be maintained to avoid disputes, however should a dispute arise it will be settled as per section 20.1 of the PPA agreement.

6. REFERENCES

O&M agreement.
PPA agreement.
Avista contact list.
Rathdrum contact list.
BPA contact list.

7. REVIEWS/REVISIONS

Revision 3 – 06-13-01 MLV

8. FLOWCHART

None

9. ATTACHMENTS/LINKS

5 a.m. report

OPS REPORTING PROCEDURE

EVERY NIGHT AFTER 1AM RUN THE REPORT AND ENTER THE DATA!

1. OPEN “OPS REPORTING” FILE ON AMS COMPUTER
 - a. SELECT THE ☺ YELLOW SMILE ICON.
 - b. THIS WILL RUN A MACRO TO UPDATE AND PRINT THE REPORT.
2. USE THIS REPORT TO ENTER INFORMATION INTO THE OPS. REPORTING PROGRAM ON THE COGENTRIX INTRANET.

GE LTSA REPORTING PROCEDURE

1. OPEN THE FILE LOCATED UNDER THE X DRIVE
\\SRVRD\Files\Operations\Cogentrix Reports\GE LTSA DATA ENTRY 2002.xls
2. GO TO THE TAB MARKED “UNIT 1 DAILY DATA”
3. ENTER THE INFORMATION FOR THE DAY.

KEEP IN MIND THAT THE LTSA INFORMATION IS ONLY FOR THE GAS TURBINE. IF THERE IS AN OUTAGE RELATED TO THE STEAM TURBINE, IT DOES NOT GO ON THIS REPORT. I AM WORKING ON GETTING DEFINITIONS FOR ALL OF THE DIFFERENT START CONDITIONS. IF YOU ARE UNSURE OF ANYTHING, ASK OR SEND ME AN EMAIL

MLV/mlv

APPROVED:

Manager Approval & Date
