

ATTACHMENT A

MASTER PROMISSORY NOTE

_____, 2011

FOR VALUE RECEIVED, the undersigned, Avista Corporation, a Washington Corporation (“Borrower”), hereby promises to pay to the order of Ecova, a Washington corporation (“Lender”), the principal amount of Fifty Million Dollars (\$50,000,000) or such lesser amount as shall equal the unpaid principal balance of the amounts advanced by Lender from time to time to Borrower from and after the date of this Master Promissory Note (the “Loans”), together with interest thereon at the time and at the rate specified in this Master Promissory Note (the “Note”).

Borrower may borrow, repay and re-borrow the Loans up to the applicable maximum aggregate principal amount thereof; provided, however, that no Loan shall be made under this Note if, after giving effect thereto, the aggregate unpaid principal amount of all Loans plus accrued but unpaid interest thereon exceeds Fifty Million Dollars (\$50,000,000).

Exhibit A hereto shall be updated periodically by Lender to reflect the balance of the Loans made to Borrower (such balance, the “Loan Balance”). The failure by Lender to update Exhibit A or any error by Lender in any update shall not affect the obligations of Borrower under this Note.

Each Loan, including accrued but unpaid interest thereon, will bear interest as provided herein (the “Interest Rate”), calculated on the basis of actual days for which such Loan amount is in effect and a year of 360 days. Unpaid interest will be compounded on the last day of each calendar month by adding such amounts to the then outstanding Loan Balance. The Interest Rate for any calendar month shall be a rate equal to the LIBOR Rate (as defined below) plus one hundred thirty basis points (1.30%) per annum. The Interest Rate will be reset monthly.

“LIBOR Rate” means the fluctuating rate of interest per annum appearing on Bloomberg screen BBAM (or any successor thereto) as the London interbank offered rate for deposits in dollars at approximately 11:00 a.m. (London time) two business days prior to the first day of such interest period for a one month term. Notwithstanding anything to the contrary herein, if at any time the Interest Rate exceeds the maximum rate of interest permitted by applicable law, then during such time the rate of interest to accrue on this Note shall be limited to the maximum rate of interest permitted by applicable law.

All payments of principal and interest are to be made in lawful money of the United States of America and in immediately available funds to Lender. Payments shall be applied: (a) first, to the payment of accrued but unpaid interest; (b) second, to the reduction of the unpaid principal balance of the Loans.

NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, THE UNPAID PRINCIPAL BALANCE UNDER THIS NOTE TOGETHER WITH ALL ACCRUED BUT UNPAID INTEREST SHALL BE DUE AND PAYABLE NOT LATER THAN THE LAST BUSINESS DAY OF EVERY QUARTER END (MARCH, JUNE, SEPTEMBER AND DECEMBER) AFTER THE DATE OF THIS NOTE AND SOONER UPON DEMAND BY LENDER. BORROWER HEREBY SPECIFICALLY AGREES THAT THIS NOTE IS A DEMAND NOTE, AND NOT A TERM INSTRUMENT SUBJECT TO ACCELERATION, AND LENDER HAS THE RIGHT AT ANY TIME AND FOR ANY REASON (OR NO REASON) TO DEMAND PAYMENT IN FULL.

Borrower may, at its option at any time, prepay the outstanding Loan Balance owed by it, in whole or in part, together with accrued interest thereon to the date of prepayment, without premium or fee. Any amounts so repaid may be re-borrowed in accordance with the other provisions of this Note.

Borrower hereby waives diligence, presentment, demand, protest and, except for notices expressly required to be given pursuant to this Note, notice of any kind whatsoever. The nonexercise by Lender of any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

This Note shall be governed by and construed in accordance with the laws of the State of Washington and the applicable laws of the United States of America.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LEND MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

AVISTA CORPORATION,
a Washington corporation

By: _____
Name: _____
Title: _____

