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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Exhibit No. _____ (MPP-4)

Docket No. UG-021584

Witness: Michael P. Parvinen

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION d/b/a
AVISTA UTILITIES,

Respondent.

DOCKET NO. UG-021584

EXHIBIT OF

MICHAEL P. PARVINEN

STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

AGENCY AGREEMENT (August 26, 1999) BETWEEN AVISTA
ENERGY AND AVISTA CORPORATION FOR GAS PROCUREMENT
MANAGEMENT SERVICES

July 18, 2003

WUTC DOCKET NO. UG-021584

EXHIBIT NO. 204

ADMIT ☒ W/D ☐ REJECT ☐

Avista Utilities
1411 East Mission P.O. Box 3727
Spokane, Washington 99220-3727
Telephone 509-489-0500
Toll Free 800-727-9170

RECEIVED
SEP 3 1999
99 SEP -3 11:10:34
STATE OF WASH.
UTIL. AND TRANS.
COMMISSION



September 2, 1999

Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive
Olympia, Washington 98504-8002

Attention: Ms. Carole Washburn, Executive Secretary

RE: TARIFF WN U-29 NATURAL GAS SERVICE
Natural Gas Benchmark Mechanism (Docket UG-990614)

Enclosed, for informational purposes, are three copies of the Agency Agreement between Avista Corporation and Avista Energy related to implementation of the Natural Gas Benchmark Mechanism (Gas Benchmark). In the Gas Benchmark filing the Company included an Evaluation Plan under which the Company agreed to provide a copy of the Agency Agreement, as well as other periodic reporting.

Implementation of the Gas Benchmark began September 1, 1999. The transition of gas procurement operations to Avista Energy has been very smooth thus far. Additional information regarding the transition, and the results from the first month of operations will be provided to the Commission by the end of October.

Please direct any questions regarding this filing to Kelly Norwood at (509) 495-4267.

Sincerely,

A handwritten signature in black ink that reads "Thomas D. Dukich". The signature is written in a cursive, flowing style.

Thomas D. Dukich
Manager, Rates and Tariff Administration

Enclosures

AGENCY AGREEMENT

This Agency Agreement, effective September 1, 1999 (the "Effective Date"), by and between Avista Corporation ("Corp.") and Avista Energy, Inc. ("Energy"). Each of Corp. and Energy may be referred to individually as "Party" or collectively as "Parties".

RECITALS

WHEREAS, Corp. desires Energy to provide management services for its natural gas supply, transportation and natural gas storage; and

WHEREAS, Energy desires to provide those management services; and

WHEREAS, the Parties are willing to provide information and resources to best meet the natural gas supply needs of Corp.'s Core Customers; and

WHEREAS, the Parties desire hereby to establish an agreement under which guidelines and requirements of each Party are established.

NOW THEREFORE, in consideration of the covenants and agreements contained herein, the Parties agree as follows:

I. DEFINITIONS

A. In this Agreement, including the Recitals and this Article, the following words, terms and abbreviations shall have the following respective meanings:

1. "Billing Month" shall mean the month immediately following the Delivery Month.
2. "Business Day" shall mean any calendar day, exclusive of Saturdays, Sundays, and statutory or legal holidays.
3. "Capacity Releases" shall mean any Corp. transportation released or assigned to Third Parties.
4. "City Gate Station" shall mean the point of interconnection between Corp.'s gas distribution system and any of its interconnecting pipelines.
5. "Core Customers" shall mean those customers who take gas service from Corp. under respective gas sales tariffs.
6. "Day" shall mean a period of 24 consecutive hours beginning and ending at 0700 hours PCT. The reference date for any day will be the calendar date on which the 24 hour period starts.
7. "Delivery Month(s)" shall mean the month or any portion of a month during which Gas is delivered to Corp.

8. **"Delivery Point"** shall mean the location or locations at which Gas is delivered to and received by Corp. or Corp.'s Transportation Customer.
9. **"Force Majeure"** shall mean any cause beyond the reasonable control of the Party affected, including, without limitation, loss of Gas supply or Transportation Interruption affecting Energy's ability to deliver Gas at the Delivery Point, failure of or threat of failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, sabotage, restraint by court order or public authority, any change in law or regulation under which Energy's continued performance would be unlawful or contrary to such law or regulation, action or non-action by, or failure to obtain or maintain the necessary authorizations or approvals from, any governmental agency or authority, which by exercise of due diligence such Party could not reasonably have been expected to avoid and which by exercise of due diligence it has been unable to overcome.
10. **"Gas"** shall mean the residue remaining after natural Gas produced from wells has been subjected to any or all of the following permissible processes:
 - (a) the removal of any constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents, and
 - (b) the compression, regulation, cooling, cleaning or any other chemical or physical process other than the addition of diluents, such as air or nitrogen, to such extent as may be required in its production, gathering, transmission, storage, removal from storage and delivery to Corp.
11. **"Gas Solutions"** shall mean the data gas management system developed by Corp.
12. **"Index Adder"** shall mean a fixed amount expressed in cents per decatherm that will be added to the Weighted Average Index Price.
13. **"Month"** shall mean the period beginning at 0700 hours PCT on the first day of the calendar month and ending at 0700 hours PCT on the first day of the next succeeding calendar month.
14. **"PCT"** shall mean Pacific Clock Time, either Daylight or Standard, whichever is in effect.
15. **"Primary Transportation and Storage Capacity"** shall mean the transportation capacity detailed in Exhibit "A".
16. **"Purchased Volumes"** shall mean decatherms received at Receipt Points, in the same ratio as the Weighted Average Index Price, delivered to Corp.'s Core Customers. The volume of Gas delivered to Corp.'s Core Customers will be grossed up for the appropriate fuel-in-kind in the same ratio as the Weighted Average Index Price.
17. **"Receipt Point"** shall mean the initial point at which Gas is received into transportation capacity held in Corp.'s name, generally these points are Sumas at

the British Columbia/US Border, various points into Northwest Pipeline in the Rocky Mountains and AECO C at the Nova Inventory Transfer point.

18. **"Transportation Interruption"** shall mean any interruption of the transportation service required for delivery of Gas under this Agreement which does not result from either Party's failure to use reasonable efforts to obtain the required transportation. The parties shall not be required to obtain firm transportation for Interruptible Service.
 19. **"Transportation Customer"** shall mean any third party that has entered into a contract with Corp. to deliver Gas at one of Corp.'s City Gate Stations.
 20. **"Variable Charges"** shall mean pipeline charges that are based on volumetric flow and relate in this Agency Agreement to volumes of Gas transported on Corp.'s transportation contracts.
 21. **"Weighted Average Index Price"** shall mean a weighted average of the published index price of Gas based on 1) "Inside FERC's" Canadian border into Northwest Pipeline, 2) "Inside FERC's" Rocky Mountain into Northwest Pipeline, 3) "Canadian Gas Price Reporter's" AECO C/NIT in US/MMBtu. The weighting of the prices from each of the supply basins shall be as approved by the state regulatory commissions for the volume of Gas associated with Core Customers in the respective states.
- B. Any word, phrase, abbreviation, or expression that is not defined in this Agency Agreement and that has a generally accepted meaning in the custom and usage of the natural Gas industry shall have that meaning in this Agency Agreement.
- C. The headings in this Agency Agreement are inserted for reference purposes only, and shall not be considered or taken into account in construing the terms or provisions of any Article or section hereof, nor in any way to qualify, modify, or explain any such term or provision.

II.

TERM OF AGENCY AGREEMENT

Services under this Agency Agreement shall commence on the Effective Date, and shall continue in full force and effect until March 31, 2002. Thereafter, this Agency Agreement shall continue in effect from year to year unless either Party gives six (6) months prior written notice of desire to terminate this Agency Agreement.

III.

APPOINTMENT OF AGENT

- A. Corp. hereby authorizes and designates Energy as an authorized representative for the purpose of arranging for Gas purchases by Corp. as directed by, and on behalf of, Corp. and in accordance with the terms of this Agency Agreement. Energy will act as agent and manage existing Gas supply, transportation and storage contracts held by Corp. for the purpose of serving Core Customers in the jurisdictions in which Corp.

has regulatory approval for a Natural Gas Benchmark Mechanism. Any additional supply contracts deemed necessary by Energy to serve Corp. Core Customers, for the term of this Agency Agreement, would be negotiated by Energy on behalf of Corp.

- B. Further Corp. hereby authorizes and designates Energy as an authorized representative for the purpose of managing its Jackson Prairie Storage (JP) and Plymouth Liquified Natural Gas Storage (LNG) facilities on behalf of Corp. and in accordance with the terms of this Agency Agreement.
- C. Corp. agrees to use its best efforts in accordance with prudent business practices and commonly and regularly observed industry standards to furnish necessary information and direction to Energy and to cooperate with Energy in the performance of this Agency Agreement.

IV. SERVICES PROVIDED

During the term of this Agency Agreement, Energy shall utilize its best efforts in accordance with prudent business practices and commonly and regularly observed industry standards to perform the following services as an authorized representative of Corp. Corp. shall actively cooperate with Energy in the development and implementation of the following:

A. Gas Supply

1. Tasks and responsibilities of Energy:

- a. Energy will act as agent to manage and pay all of Corp.'s current Gas supply contracts acquired to serve Corp.'s Core Customers for the term of this Agreement.
- b. Energy will provide for daily Gas supplies to be delivered to meet the seven-day forecast of Core Customer loads Corp. provides in accordance with Section IV. A. 2 (a).
- c. Energy will be responsible for any penalties incurred as a result of not providing Gas supplies in accordance with Corp.'s seven-day forecast, including updates within the Gas Day, with the exception that penalties related to interruptions as a result of Force Majeure would be governed by supply or transportation contract provisions.
- d. Energy will be responsible for the development, negotiation and conclusion of any additional contracts and agreements necessary to obtain adequate supplies of Gas.
- e. Energy will be responsible for monthly and daily strategies to fulfill the annual Gas supply plan provided by Corp.

- f. Energy will be responsible for communications with Gas suppliers to identify market changes and status and minimize operational supply disruptions.
 - g. Energy will be responsible for management of nominations to facilitate supply and purchase commitments. Each day Corp. shall be entitled to request delivery of the volumes necessary to meet forecasted Core Customer load, and Energy shall initiate nominations to deliver the required volumes.
 - h. Energy will act as agent, at its expense, to acquire any replacement supply in the event of short-term shortage (curtailments) or long-term shortage (supply failure).
 - i. Energy with the assistance of Corp.'s long- and short-term forecasts will be responsible for ongoing supply/demand review and supplementation, including supplemental market development and management to facilitate supply and transportation contract commitments and/or minimize penalties.
 - j. Energy is responsible for re-marketing of supplies and transportation in the event that Corp. is unable to take delivery of firm commitments.
 - k. Energy will act as agent and acquire Gas in Corp.'s name only for supplies that are transported under Corp.'s transportation contracts with the applicable pipelines.
2. Tasks and responsibilities of Corp.:
- a. Corp. will take responsibility for providing a seven-day forecast of its Core Customer loads. The seven-day forecast may be updated by Corp. to Energy twice during a Gas Day to allow for increases or decreases in actual Core Customer loads compared to forecasted Core Customer loads. Any updates would be provided in a timely manner to meet GISB nomination timelines or be volumetric changes that could be met with Jackson Prairie Storage nominations.
 - b. Corp. will provide an annual Gas supply plan, based on 30 year average weather patterns, by April 30th for the following two years with updates by July 31st and September 30th.
 - c. Corp. will accept and process all operator nominations to accept supplies managed by Energy for delivery to Corp.'s Core Customers.

B. Transportation of Gas

1. Tasks and responsibilities of Energy:

- a. Energy will be responsible for the nominations and flow of Gas supplies on all transportation contracts held by Corp.

- b. Energy will be responsible for review of operational requirements of Corp.'s Core Customers and conformance to changes in pipeline operations to maximize deliveries of required supply.
 - d. Energy has the option to optimize transportation capacity, daily and seasonally, as long as operational constraints of Corp. distribution system and Corp.'s Core Customer's needs are met.
 - e. Energy will be responsible for management of pipeline imbalances and management of day-to-day inventory levels on Corp.'s system related to Corp. Core Customers.
 - f. Energy will be responsible for any penalties, interruptible or overrun charges from pipelines relating to nominations or as a result of capacity releases.
 - g. Energy will be responsible for daily dispatching communications with suppliers, pipelines and Corp.
2. Tasks and responsibilities of Corp.:
- a. Corp. will retain ownership of all transportation contracts and will process and pay all invoices.
 - b. Corp. will be responsible for planning for long-term acquisitions of transportation to meet anticipated customer load growth and will secure transportation capacity as available to complement increases in demand.
 - c. Corp. will be responsible for management of Corp. Transportation Customers' pipeline imbalances and for their day-to-day inventory levels on Corp.'s system.
 - d. Corp. will accept and process all operator nominations to accept supplies managed by Energy for delivery to Corp.'s Core Customers.

C. Storage Management

1. Tasks and responsibilities of Energy:
- a. Energy will assume operational management of Corp.'s Jackson Prairie and Plymouth LNG which will include all nominations for injections and withdrawals for Corp.'s Core Customers and Corp.'s two 7 "C" release customers (BC Gas and Cascade Natural Gas).
 - b. Energy will meet all operational fill requirements of each project and insure that each of Corp.'s several accounts are filled to maximize winter operational flexibility.
 - c. Energy will use these facilities as available to meet the daily load requirements of Corp.'s Core Customers, however to the extent these requirements are not compromised Energy may inject and withdraw gas from these facilities.

2. Tasks and responsibilities of Corp.:

- a. Corp. will continue to handle all responsibilities related to the Jackson Prairie Management Committee.
- b. Corp. will process and pay all invoices.

D. Regulatory Cooperation

Energy will cooperate with Corp. to provide information to regulatory commissions for audit purposes. Energy will make personnel available to provide timely responses to regulatory commission inquiries related to services provided pursuant to this Agency Agreement.

E. Administration

- 1. Corp. and Energy will cooperate to provide each other with the necessary data in a timely manner to facilitate this Agency Agreement. Initially the Gas Solutions software will provide the vehicle for much of the data transfer. Corp. and Energy will cooperate on any modifications to Gas Solutions and the cost of such modifications will be paid by the benefiting Party, if benefit accrues to both Parties, then the costs will be shared under an agreed ratio before modifications are made. Modifications to Gas Solutions will be under the direction of Corp.
- 2. Tasks and responsibilities of Energy:
 - a. Energy will be responsible for data entry and validity of such, into Gas Solutions, related to Core Customer's supply Nominations and Confirmed Nominations to Corp. City Gate Stations.
 - b. Energy will be responsible for all reports related to any export and import requirements.
 - c. Energy may use Corp.'s existing export licenses up to authorized limits, any necessary extensions or renewals would be done by Energy on Corp.'s behalf.
- 3. Tasks and responsibilities of Corp.:
 - a. Corp. will be responsible for data entry and validity of all City Gate Station Gas daily flows and daily usage for all Transportation Customers and confirmed operator nominations, into Gas Solutions.
 - b. Corp. will be responsible for preparation of necessary amendments, except those that may relate to capacity releases of up to one year, for transportation contracts and tariffs.
 - c. Corp. will be responsible for administration of curtailment and/or force majeure actions as they relate to Corp. Transportation Customers in cooperation with

Energy. Corp. will continue its current practice of passing on any pipeline entitlements to Transportation Customers.

- d. Corp. will be responsible for all communications with its Transportation Customers and/or their Agents and will provide reports on usage and deliveries and prepare billings.

F. Penalties

1. The Parties acknowledge that pipeline and other operating conditions may result in unintentional fluctuations in the amount of Gas being delivered. The Parties shall:
 - a. use reasonable efforts to avoid imbalances and maintain the delivery and receipt of Gas as scheduled with the pipelines delivering and receiving the Gas, and
 - b. cooperate to rectify any imbalances that may occur and avoid the imposition of penalties.
2. During any month, a transportation invoice is received with a penalty, overrun or other incremental charge (the "Penalty Charge") from a delivering or receiving pipeline, the Parties shall use their best efforts to determine the cause of the Penalty Charge and whether it was validly charged.
3. If any Penalty Charge results from the actions of either Party (the "Responsible Party") the Responsible Party shall pay the Penalty Charge. If the Penalty Charge is billed to the other Party, at its discretion the other Party may:
 - a. charge the Responsible Party the amounts billed for the Penalty Charge, or
 - b. set off the amounts billed against any amounts owed by the other Party to the Responsible Party.

**V.
NOMINATIONS**

Before 2:30 p.m. each Business Day, Corp. will provide a seven-day forecast of estimated Core Customer loads. This forecast will include actual loads for the six prior days. An example of the format for the seven-day forecast is provided in Exhibit "B". This estimate will be updated at 10:30 a. m. each Business Day to provide the prior days actual Core Customer usage. Energy, during the term of this Agreement, will initiate all Shipper nominations to facilitate delivery of required Gas supplies. Corp. will initiate all Transporter nominations to facilitate delivery of Gas supplies for Core Customers and Transportation Customers.

**VI.
BILLINGS and PAYMENTS**

- A. Each month Energy will bill Corp. for Gas purchased and delivered to Corp.'s Core Customers according to calculations approved by each regulatory jurisdiction,

examples in Exhibits C, D, E and F. Except as otherwise provided within this Agency Agreement, Energy will hold Corp. and its customers harmless for costs related to Gas purchases that exceed this calculation.

- B. Each month Corp. will process and pay invoices for transportation costs. Corp. will bill Energy (or credit against Energy's bill) for any variable transportation costs not related to volumes of Gas delivered to Corp.'s City Gate for Core Customers. Corp. agrees to reimburse Avista Energy for upstream transportation costs in the AEC and Engage long-term contracts. Except as otherwise provided within this Agency Agreement, Energy will hold Corp. and its customers harmless for costs related to Gas purchases that exceed approved calculations by each regulatory jurisdiction.
- C. Energy shall send to Corp. monthly, an invoice for the previous month's purchases per the calculations mentioned in Section VI A and B, examples Exhibits C, D, E and F (inclusive of any supporting detail) on or before the 18th of each month.
- D. Energy will provide Corp. with information on the release of Corp. pipeline capacity and any Off-System Sales for interjurisdictional purposes and with pipeline information to verify Purchased Volumes and Variable Charges.
- E. Corp. shall pay to Energy the full amount of the invoice on or before the 25th of each month. If the 25th is not a Business Day; (a) and the previous day is a Business Day, Corp. shall pay on that day; or (b) if the previous day is not a Business day, Corp. shall pay on the next Business Day. Payment shall be by wire transfer to an account designated by Energy.
- F. If Corp. fails to pay the entire amount specified on the invoice when it is due, interest shall accrue on the unpaid portion of the invoice, which represents Corp.'s obligation to Energy. Interest shall accrue at a rate per annum equal to the then current Prime Rate of interest charged by Bank of America from time to time.
- G. If Corp. fails to pay the entire amount specified on the invoice when it is due, Energy shall provide written notice of default to Corp. demanding payment (the "Demand Notice").
- H. If Corp., in good faith, disputes the amount of any bill or part of a bill then, it shall pay the amounts that it believes are correct in accordance with the procedure set out in Section VI.
- I. Within 30 days of a determination by Corp. and Energy that Corp. has been overcharged or undercharged, Energy shall refund to Corp. the amount of any overcharge collected by it, or Corp. shall pay to Energy the amount of any undercharge owed by it. If the amount is not so paid, interest shall accrue on the unpaid portion as provided in Section VI F.
- J. Corp. and Energy shall have the right to examine the books, records and charges of the other, to the extent necessary to verify the accuracy of any statement, chart or computation made under the provisions of this Agreement, at any reasonable time.

Any review of records relating to any invoice shall be made within 24 months of the receipt of the invoice.

VII.

SALES TO THIRD PARTIES

Corp. is appointing Energy as agent for the management of Gas or transportation rights purchased or sold to or from a Third Party. Energy shall indemnify and hold harmless Corp. from all claims of Third Parties. Energy shall bear the credit risk associated with non-payment by any party with regard to transactions under this Agency Agreement. Corp. shall notify Third Parties that Energy has been designated Corp.'s agent for receipt, transport and sale of Gas.

VIII.

MEASUREMENT AND TITLE

A. Measurement, Testing, Quality and Delivery Pressure

1. Volume and gross heating value of all Gas purchased shall be measured by the delivery pipelines at the Point(s) of Receipt in accordance with the general terms and conditions included in the delivering pipelines' tariff.
2. The Parties agree that they shall require suppliers of Gas to insure that the quality, heating value, pressure and temperature of Gas sold and delivered at the Point(s) of Delivery will meet the requirements in the delivering pipelines' General Terms and Conditions for its Service Agreements applicable to their systems at the Point(s) of Delivery, provided, neither Party warrants or guarantees to the other the quality, heating value, pressure or temperature of Gas delivered to the Point(s) of Delivery.

B. Title, Warranty and Adverse Claims

1. Title to the Gas shall reside with Corp. Energy warrants that the Gas is free and clear of any encumbrances or adverse claims of any kind. Corp. warrants that it has the right to receive the Gas it purchases from Third Party Suppliers.
2. Energy shall indemnify Corp. for all claims, proceedings, losses, costs and damages arising out of any adverse claim to the Gas procured on Corp.'s behalf.

IX.

LAWS and REGULATORY AUTHORITIES

- A. This Agency Agreement shall be interpreted in accordance with the laws of the State of Washington.
- B. This Agency Agreement and the rights and obligations of the parties are subject to all applicable present and future laws, rules, regulations and orders of any regulatory or legislative body, or other duly constituted authority having jurisdiction over Corp. or Energy.

X.
TRANSFER and ASSIGNMENT

The Parties may only assign the rights and obligations under this Agency Agreement with the written consent of the other Party.

XI.
NON-EXCLUSIVE ARRANGEMENT

Nothing in this Agency Agreement shall prohibit Energy from acting as an agent for persons other than Corp. or from engaging in the business of selling and reselling Gas and other energy products or services to persons other than Corp.

XII.
NOTICES

Any notices with respect to this Agency Agreement shall be deemed given or made when delivered by prepaid registered mail, personal delivery, electronic mail, or facsimile to:

FOR CORP.:

For Contract Compliance or Operational Matters:

Avista Corporation
1411 E. Mission Avenue
Spokane, Washington 99220
Telephone: (509) 495-4001
Facsimile: (509) 495-8766
Attention: Natural Gas Administrator

FOR ENERGY:

Avista Energy, Inc.
201 W. North River Drive, Suite 610
Spokane, Washington 99201
Telephone: (509) 495-4495
Facsimile: (509) 495-8100
Attention: Director, Energy Marketing

Additional Notices for Contract Compliance Matters:


President and Chief Operating Officer
Avista Energy, Inc.
201 W. North River Drive, Suite 610
Spokane, Washington 99201
Telephone: (509) 495-8700
Facsimile: (509) 495-8100

XIII.
GENERAL PROVISIONS

- A. Every notice, statement or bill shall be considered delivered when received by facsimile or mail. If any notice, statement, bill or other document is delivered by hand, electronic mail, or facsimile to the other Party, it shall be deemed to have been received as soon as delivery or transmission has been made.
- B. Either Party may change its addresses for purpose of receiving notices from time to time by giving written notice of the change to the other Party.
- C. Energy has no authority to commit Corp. to obligations that would extend beyond the term of this Agency Agreement without Corp.'s prior written agreement.
- D. The parties shall execute and deliver all documents, provide all information, and take or forbear from all such action as may be necessary or appropriate to achieve the purposes of this Agency Agreement.
- E. This Agency Agreement shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives and assigns. Parties hereto agree that this Agency Agreement shall not be assigned without prior written approval of the non-assigning Party.
- F. None of the provisions of this Agency Agreement shall be for the benefit of or enforceable by any creditors of the parties hereto.
- G. This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties.

Signed

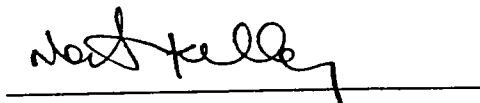
Avista Corporation


(Name)

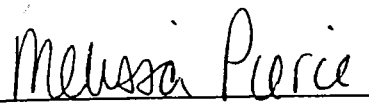
August 25, 1999
(Date)

Attest: 
(Name)

Avista Energy, Inc.


(Name)

8.26.99
(Date)

Attest: 
(Name)

The Washington Water Power Company
Primary Pipeline Transportation and Storage Reservation Contracts and Volumes

Line No.	Pipeline	Contract	Washington/Idaho		Oregon		Total	
			Winter	Summer	Winter	Summer	Winter	Summer
1	Northwest Pipeline							
2	Transportation Reservation	See Note 1	100010	133,270	30,871	30,871	164,141	164,141 Dth
3	Transportation Reservation		100060		14,860	14,860	14,860	14,860 Dth
4	Transportation Reservation		100184	10,000			10,000	10,000 Dth
5	Jackson Prairie TF-2		100314	6,647			6,647	6,647 Dth
6	Jackson Prairie TF-2		100315		259	259	259	259 Dth
7	Plymouth TF-2		100316	420			420	420 Dth
8	Plymouth TF-2		100317		472	472	472	472 Dth
9	Capacity Demand-Storage Reservation		100403		95,565	95,565	95,565	95,565 Dth
10	Capacity - Storage Reservation		100403		2,623	2,623	2,623	2,623 Dth
11	Capacity - Storage Reservation		100602		172,400	172,400	172,400	172,400 Dth
12	Capacity - Storage Reservation		100602		19,200	19,200	19,200	19,200 Dth
13	Capacity - Storage Reservation		100607	153,315			153,315	153,315 Dth
14	Reservation - Storage Reservation		100607	22,000			22,000	22,000 Dth
15	PG&E Gas Transmission							
16		F-00177	58,423	30,000			58,423	30,000 Dth
17		F-00178	20,782	20,782			20,782	20,782 Dth
18		F-02591	25,000	25,000	28,500	13,500	53,500	38,500 Dth
19		F-02892	10,000	10,000			10,000	10,000 Dth
20		F-02857			30,000	15,000	30,000	15,000 Dth
21		F-02858			1,400	1,400	1,400	1,400 Dth
22		F-00204			6,620	-	6,620	- Dth
		F-00182			7,140	7,140	7,140	7,140 Dth
23	NOVA							
24		1994-85989-0	28.2	28.2			28.2	28.2 1000 m3
25		1994-89387-0	281.7	281.7			281.7	281.7 1000 m3
26		1994-88146-0	304.8	304.8			304.8	304.8 1000 m3
27		1995-73790-0	450.2	450.2			450.2	450.2 1000 m3
28		95-00005-0	293.2	293.2	454.2	454.2	747.4	747.4 1000 m3
29		95-00123-0	73.3	73.3			73.3	73.3 1000 m3
30		IGI/Tenaska	287.6	287.6			287.6	287.6 1000 m3
		New Contract	587.3	587.3	145.0	145.0	732.3	732.3 1000 m3
31	Nova Delivery Capacity under Westcoast (Engage) Contract	See Note 4.	438.7	438.7			438.7	438.7 1000 m3
32	Nova Delivery Capacity under AEC Contract	See Note 2.	407.2	407.2	186.9	186.9	594.1	594.1 1000 m3
33	Nova Firm Service Receipt under Westcoast Contract	See Notes 3 & 4.	438.7	438.7			438.7	438.7 1000 m3
34	ANG							
35		WWP-F1	1,541.9	843.7			1,541.9	843.7 1000 m3
36		FS-1 WWP	444.9	444.9			444.9	444.9 1000 m3
37	Assignment of Westcoast IGI/Tenaska Assignment		430.4	430.4	600.0	600.0	1,030.4	1,030.4 1000 m3
38		CPNC-F1	283.6	283.6	189.4	-	283.6	283.6 1000 m3
39	ANG Firm Service Demand under Westcoast Contract	See Note 4.	435.2	435.2			189.4	- 1000 m3
							435.2	435.2 1000 m3

Note 1. Volumes may vary June through September due to Pipeline mitigation.

Note 2. Volumes increase November 1 of each year.

Note 3. Nova Firm Receipt Quantity is to be multiplied by 140% per Westcoast Contract.

Note 4. Actual capacity quantity will vary slightly each month, due to ANG fuel rate changes.

Primary Forecast

Today's Date	Forecasted HDD				Forecasted Core Load		Forecasted Fcst HDD		Forecasted Fcst		Total
	Med	KF	LaG	Med	KF	LaG	Total OR	Core Load	SLT	Fcst	
8/18/99	0	0	0	0	6,605	1,004	8,514	905	0	0	31,696
8/19/99	0	0	0	0	6,150	1,009	8,243	944	0	0	31,470
8/20/99	0	0	0	0	6,078	921	8,210	931	0	0	30,437
8/21/99	0	0	0	0	5,186	992	7,870	1,202	0	0	29,401
8/22/99	0	0	0	0	9,897	1,033	11,149	6,129	0	0	28,530
8/23/99	0	0	0	0	5,795	1,281	7,749	673	0	0	33,180
8/24/99	0	0	0	0	5,795	1,281	7,749	673	0	0	33,104
8/25/99	0	0	0	0	5,795	1,281	7,749	673	0	0	33,104
8/26/99	0	0	0	0	5,795	1,281	7,749	673	0	0	33,104
8/27/99	0	0	0	0	5,795	1,281	7,749	673	0	0	33,104
8/28/99	0	0	0	0	5,795	1,281	7,749	673	0	0	33,104
8/29/99	0	0	0	0	5,795	1,281	7,749	673	0	0	33,104
8/30/99	0	0	4	0	5,795	1,299	7,767	673	1	3	33,642
Average:											22,916
Actual Average:											25,255
Prior 3 day Average:											25,255

NOTE:
If Med HDD are 40 or higher
call Willamette to recall capacity
(REQUIRES 48 hour notice)

OREGON

Core Supply vs. Core Demand				
Med PGT	Med	KF PGT	KF	Total
1,029	6,359	0	0	7,884
1,029	6,359	0	0	7,884

NOTE:
If Spokane HDD are 50 or higher
contact gas engineering to alert them
of the colder weather forecasted.
Mike Faulkenberry 8499(pager 889-6202)
Jody Morehouse 4253(pager 889-6236)
Gary Pardun 8648
Al Fisher 4590

WASHINGTON/IDAHO

Core Supply vs. Core Demand	
Wa/Id PGT	Wa/Id NWI Total
18,805	2,070
18,805	2,070

PAIUTE

Core Supply vs. Core Demand

Core Supply vs. Core Demand	
PGTMed	PGTMed
2,243	2,243
2,243	2,243

Demand: Mon
Supply: Mon
Imbalance Yesterday
Over(short)

Core Supply vs. Core Demand	
PGTMed n Med	KF
3,025	1,029
15,471	4,054
5,795	1,281
(1,741)	(1,281)

Core Supply vs. Core Demand	
PGTMed	PGTMed
3,521	3,521
1,029	1,029
4,550	4,550
7,749	7,749
(3,199)	(3,199)

Demand: Mon
Supply: Mon
Imbalance Yesterday
Over(short)

Core Supply vs. Core Demand	
PGTMed n Med	KF
3,025	1,029
15,471	4,054
5,795	1,281
(1,741)	(1,281)

Core Supply vs. Core Demand	
PGTMed	PGTMed
3,521	3,521
1,029	1,029
4,550	4,550
7,749	7,749
(3,199)	(3,199)

Demand: Mon
Supply: Mon
Imbalance Yesterday
Over(short)

Core Supply vs. Core Demand	
PGTMed n Med	KF
3,025	1,029
15,471	4,054
5,795	1,281
(1,741)	(1,281)

Core Supply vs. Core Demand	
PGTMed	PGTMed
3,521	3,521
1,029	1,029
4,550	4,550
7,749	7,749
(3,199)	(3,199)

Core Supply vs. Core Demand	
SLT Total	WAIID Core
2,243	2,133
2,243	18,805
2,508	20,938
(265)	22,847
	(1,909)

Core Supply vs. Core Demand	
SLT Total	WAIID Core
2,243	2,133
2,243	18,805
2,508	20,938
(265)	22,847
	(1,909)

AVISTA CORPORATION

SUPPLY: Fri	8/27/99	NWP	PGTMed n Med	KF	LaG	PGTMed	SLT Total	WA/D Core	Total
SUPPLY: Fri	8/27/99	PGT		3,025	0	496	2,243	2,133	7,897
		Total	(15,471)	1,029	0	1,029		18,805	19,834
				4,054	0	496	2,243	20,938	27,731
DEMAND: Fri	8/27/99			5,795	1,281	673	2,508	22,847	33,104
	Over(short)			(1,741)	(1,281)	(177)	(265)	(1,909)	(5,373)

SUPPLY: Sat	8/28/99	NWP	PGTMed n Med	KF	LaG	PGTMed	SLT Total	WA/D Core	Total
SUPPLY: Sat	8/28/99	PGT		3,025	0	496	2,243	2,133	7,897
		Total	(15,471)	1,029	0	1,029		18,805	19,834
				4,054	0	496	2,243	20,938	27,731
DEMAND: Sat	8/28/99			5,795	1,281	673	2,508	22,847	33,104
	Over(short)			(1,741)	(1,281)	(177)	(265)	(1,909)	(5,373)

MEDFORD Forecast

Today's Date

8/24/99

Date	HI	Low	HDD	Fcst Load
8/21/99	89	55	95	0
8/22/99	100	57	67	0
8/23/99	99	65	65	0
8/24/99	98	63	0	5795 Tue
8/25/99	99	60	0	5795 Wed
8/26/99	101	61	0	5795 Thu
8/27/99	100	64	0	5795 Fri
8/28/99	97	63	0	5795 Sat
8/29/99	87	60	0	5795 Sun
8/30/99	83	51	0	5795 Mon

Base:

5795

KLAMATH FALLS Forecast

Today's Date

8/24/99

Date	HI	Low	HDD	Fcst Load
8/21/99	82	44	94	0
8/22/99	91	52	67	0
8/23/99	87	57	65	0
8/24/99	87	53	0	1281 Tue
8/25/99	90	52	0	1281 Wed
8/26/99	93	53	0	1281 Thu
8/27/99	93	62	0	1281 Fri
8/28/99	91	61	0	1281 Sat
8/29/99	81	55	0	1281 Sun
8/30/99	75	47	4	1299 Mon

Base:

1281

ecast

LAG
Today's Date
8/24/99

Date	HI	Low	HDD	Fcst Load
8/21/99	82	68	99	0
8/22/99	82	68	15	0
8/23/99	83	69	52	0
8/24/99	93	64	64	0
8/25/99	90	63	63	0
8/26/99	94	61	61	0
8/27/99	94	65	65	0
8/28/99	93	65	65	0
8/29/99	85	64	64	0
8/30/99	77	55	55	0
Base:				673

SOUTH LAKE TAHOE Forecast

Today's Date
8/24/99

Date	HI	Low	HDD	Fcst Load
8/21/99	85	75	95	0
8/22/99	80	72	42	0
8/23/99	82	70	40	0
8/24/99	83	43	43	2
8/25/99	85	44	44	0
8/26/99	86	45	45	0
8/27/99	87	45	45	0
8/28/99	87	46	46	0
8/29/99	85	47	47	0
8/30/99	82	46	46	1
Base:				2508

SPOKANE Forecast

Today's Date
8/24/99

Date	HI	Low	HDD	Fcst Load
8/21/99	82	68	99	0
8/22/99	82	68	15	0
8/23/99	83	69	52	0
8/24/99	93	64	64	0
8/25/99	90	63	63	0
8/26/99	94	61	61	0
8/27/99	94	65	65	0
8/28/99	93	65	65	0
8/29/99	85	64	64	0
8/30/99	75	49	49	3
Base:				22847

Exhibit C
Avista Energy Monthly Billing to Avista Corp. For Core Customers
Summary of All Jurisdictions

Washington Net Billing	\$1,716,712
Idaho Net Billing	\$618,399
Pipeline Charges from Engage and AEC Supply Invoices*	\$75,000
Oregon Net Billing	\$576,114
Total Billing	\$3,030,225

*Exchange rate for Canadian dollars to US – Mid-market noonday rate for first business day of the month from Bank of Canada.

Exhibit D
Avista Energy Monthly Billing to Avista Corp. for Core Customers
Example Washington Jurisdiction

<u>Commodity Billing</u>	Dekatherms
Monthly Volumes Delivered to Citygate for Avista Corp Core Customers	500,000*
Plus Monthly Volume Delivered to Jackson Prairie to Meet Injection Schedule	382,500
Less Monthly Volume from Jackson Prairie to Meet Withdrawal Schedule	<u>000,000</u>
Total Volume Delivered for Avista Corp. Core Customers	882,500
Fuel on Nova, ANG and PGT on 64% of Delivered Volume	8,067
Fuel on NWP on 36% of Delivered Volume	2,669
Total Volume Purchased for Avista Corp. Core Customers	893,236
AECO C/NIT Monthly Index as Reported in Canadian Gas Price Reporter	\$2.0200
Canadian Border Monthly Index as Reported in Inside F.E.R.C.	\$1.9400
Rocky Mountains Monthly Index as Reported in Inside F.E.R.C.	\$1.9900
Weighted Average Index Price (64%-18%-18%)	\$2.0002
Index Adder	<u>\$0.0500</u>
Price per Dekatherm for Volume Purchased	\$2.0502
Commodity Billing	\$1,831,312
<u>Capacity Release/Off System Sales Billing</u>	
Calculated Margins over Benchmark 90% (Credit) (from below)	\$(3,600)
Jackson Prairie Monthly Benchmark (Credit)	\$(55,000)
Variable Pipeline Charges Related to Off System Sales (Credit)	\$(12,000)
Total Billing to Avista Corp	\$1,760,712
<u>Calculated Margins on Off System Sales</u>	
Off System Sales Volumes Transported on Avista Corp Transportation (WA)	300,000*
Revenue (Delivered Volume X Relevant Delivery Point Index)	\$500,000
Less Variable Pipeline Charges Related to Off System Sales	\$12,000
Less Commodity Cost (Purchased Volume X Relevant Receipt Point Index)	<u>\$430,000</u>
Calculated Margins on Off System Sales	\$58,000
Plus Monthly Capacity Release Credits from Pipeline Billings	\$200,000
Less Monthly Benchmark (Credit)	<u>\$(254,000)</u>
Amount Over Benchmark to Apply 90% Customer Share	\$4,000
Calculated Margins over Benchmark 90% (Credit)	\$(3,600)

*Needs to be allocated between Washington and Idaho with appropriate allocation percentage.

Exhibit D
Avista Energy Billing to Avista Corp. for Core Customers
Example Washington Jurisdiction

Annual Calculation of Jackson Prairie Sharing Mechanism (April – March)

Jackson Prairie Off-System Sales Margins (WA share) over or under \$660,000	\$30,000
50% to be Returned to Avista Corp's WA Customers	\$15,000

Annual Calculation of Trigger Mechanism (April – March)

Benefits to Avista Energy - Commodity Component	\$300,000
Benefits to Avista Energy – Jackson Prairie	\$15,000
Benefits to Avista Energy – Capacity Release/Off-System Sales	<u>\$150,000</u>
Total	\$465,000
Amount over \$2 million to be shared 75% back to Avista Corp's Customers	\$000,000

Exhibit E
 Avista Energy Monthly Billing to Avista Corp. for Core Customers
 Example Idaho Jurisdiction

<u>Commodity Billing</u>	Dekatherms
Monthly Volumes Delivered to Citygate for Avista Corp Core Customers	150,000*
Plus Monthly Volume Delivered to Jackson Prairie to Meet Injection Schedule	150,000
Less Monthly Volume from Jackson Prairie to Meet Withdrawal Schedule	<u>000,000</u>
Total Volume Delivered for Avista Corp. Core Customers	300,000
Fuel on Nova, ANG and PGT on 50% of Delivered Volume	4,285
Fuel on NWP on 50% of Delivered Volume	2,520
Total Volume Purchased for Avista Corp. Core Customers	306,805
AECO C/NIT Monthly Index as Reported in Canadian Gas Price Reporter	\$2.0200
Canadian Border Monthly Index as Reported in Inside F.E.R.C.	\$1.9400
Rocky Mountains Monthly Index as Reported in Inside F.E.R.C.	\$1.9900
Weighted Average Index Price (50%-25%-25%)	\$1.9925
Index Adder	<u>\$0.0500</u>
Price per Dekatherm for Volume Purchased	\$2.0425
Commodity Billing	\$626,649
<u>Capacity Release/Off System Sales Billing</u>	
Monthly Capacity Release Credits from Pipeline Billings	\$160,000
Monthly Benchmark (Credit)	<u>\$(168,250)</u>
Total Billing to Avista Corp	\$618,399

*Needs to be allocated between Washington and Idaho with appropriate allocation percentage.

Exhibit F
Avista Energy Monthly Billing to Avista Corp. for Core Customers
Oregon Jurisdiction

<u>Commodity Billing</u>	Dekatherms
Monthly Volumes Delivered to Citygate for Avista Corp Core Customers	270,000
Plus Monthly Volume Delivered to Jackson Prairie to Meet Injection Schedule	20,000
Less Monthly Volume from Jackson Prairie to Meet Withdrawal Schedule	<u>00,000</u>
 Total Volume Delivered for Avista Corp. Core Customers	 290,000
 Fuel on Nova, ANG and PGT on 50% of Delivered Volume	 4,175
Fuel on NWP on 50% of Delivered Volume	2,436
 Less any Volumes at Fixed Price or Outside Costless Collar	 <u>00,000</u>
 Total Volume Purchased for Avista Corp. Core Customers	 296,611
 AECO C/NTT Monthly Index as Reported in Canadian Gas Price Reporter	 \$2.0200
Canadian Border Monthly Index as Reported in Inside F.E.R.C.	\$1.9400
Rocky Mountains Monthly Index as Reported in Inside F.E.R.C.	\$1.9900
 Weighted Average Index Price (50%-25%-25%)	 \$1.9925
Index Adder	<u>\$0.0500</u>
Price per Dekatherm for Volume Purchased	\$2.0425
 Commodity Billing Based on Index	 \$606,644
Commodity Billing Based on Fixed or Outside Costless Collar	<u>\$00,000</u>
Total Commodity Billing	\$606,644
 <u>Capacity Release/Off System Sales Billing</u>	
20% of Capacity Release Credits in Excess of Full Pipeline Rate	\$5,500
80% of Calculated Margins on Off System Sales (Credit) from below	<u>\$(24,000)</u>
 Capacity Release/Off System Sales (Credit)	 \$(18,500)
 Variable Pipeline Charges Related to Off System Sales (Credit)	 <u>\$(12,000)</u>
 Total Billing to Avista Corp	 \$576,144
 <u>Calculated Margins on Off System Sales</u>	
Off System Sales Volumes Transported on Avista Corp Transportation	250,000
 Revenue (Delivered Volume X Relevant Delivery Point Index)	 \$442,000
Less Variable Pipeline Charges Related to Off System Sales	\$12,000
Less Commodity Cost (Purchased Volume X Relevant Receipt Point Index)	<u>\$400,000</u>
Calculated Margins on Off System Sales	\$30,000
80% Customer Share	\$24,000