

September 29, 2011

Via Electronic Filing

Hon. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

RE: **Avista Corporation, Docket No. OA11-_____ (ER10-2430-000 in E Tariff)
Open Access Transmission Tariff Revisions – Attachments F, G and I**

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d and Part 35 of the Federal Energy Regulatory Commission's ("Commission") regulations, 18 C.F.R. Part 35, Avista Corporation ("Avista") hereby submits revisions to its Open Access Transmission Tariff ("Tariff"). Avista respectfully requests that the revised Tariff sections be accepted for filing and made effective on October 1, 2011.

I. Communications

All communications regarding this filing should be directed to the following individuals:

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Avista Corporation
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II. Background and Description of Filing

Avista is a corporation created and organized under the laws of the State of Washington, with its principal office in Spokane, Washington. Avista is an investor-owned utility engaged in, among other things, the business of generating, transmitting, and distributing electric power to wholesale and retail customers and transmitting electric power on behalf of third parties.

In a letter order issued on November 6, 2006 in Docket No. ER06-1475-000, the Commission last accepted revisions to Avista's standard form of service agreement for Network Integration Transmission Service ("NITSA") and Network Operating Agreement ("NOA") which were necessary to incorporate terms and conditions negotiated with Avista's only Network Customer, the Bonneville Power Administration ("Bonneville"). At that time Avista and Bonneville executed a series of twelve NITSAs whereby Bonneville obtained network service to its twelve wholesale utility customers connected to Avista's transmission system. Bonneville remains Avista's only Network Customer and the original twelve agreements are expiring under their own terms on September 30, 2011. With the passage of time and five years' experience operating under the NOA, Avista and Bonneville have developed revised terms and conditions for the NOA that are necessary for implementing network service under the series of new follow-on NITSAs. Accordingly, in this filing Avista is requesting a number of revisions to its standard form of NOA intended to apply to Bonneville's twelve new NITSAs and all prospective Network Customers of Avista.

Additionally, in Docket Nos. OA10-11-000 and ER11-2777-000 Avista proposed, and the Commission accepted, a number of non-substantive clarifying revisions to Avista's standard form of Long-Term Firm Point-to-Point Transmission Service Agreement. In this filing Avista is requesting these same clarifying revisions to its standard form of NITSA.

Concurrent with this filing Avista is also filing in a separate docket its twelve new follow-on NITSAs with Bonneville. These twelve new follow-on NITSAs are currently non-conforming service agreements but in the event the Commission accepts Avista's proposed revisions to its standard forms of NITSA and NOA submitted in this filing, the twelve new follow-on agreements will be conforming.

A. Revisions to Attachment G – Standard Form of Network Operating Agreement

Avista and Bonneville have operated for five years under Avista's current form of NOA. As Avista and Bonneville approached the expiration of the original twelve NITSAs and looked ahead to operations under a series of twelve new follow-on NITSAs, it was apparent that a number of revisions to the standard form of NOA would be necessary. Avista and Bonneville entered into discussions and ultimately agreed upon the revisions proposed in this filing. Most significantly the NOA required revisions to Section 6 and Section 7 to clarify differences between the treatment of contractual system power resources and potential new generation resources, and revisions to Section 8 to incorporate revised scheduling practices for network service.

The proposed revisions to Section 6.1 of the NOA are to simply clarify that all interconnection provisions related to a Network Resource that is to be directly connected to Avista's Transmission System are to be pursuant to either the Large Generation Interconnection Procedures ("LGIP") or Small Generation Interconnection Procedures ("SGIP"), as each applies. The proposed revisions to Section 6.2 of the NOA are intended to cover the situation where a proposed new Network Resource is to be connected to a third party system (e.g. Bonneville's wholesale utility customer's system) but still reside within Avista's Control Area. In such case both Avista and Bonneville have metering and communications requirements to ensure that the output of the Network Resource is able to be recorded separately from Bonneville's Network Load. Additionally, such a resource, while *not* connected directly to Avista's system (and therefore the LGIP and SGIP do not apply), is to be operated *in parallel with* Avista's system. Accordingly, this section is necessary to reference the applicable standards and cost responsibilities associated with the connection of such a resource.

Section 7.1 as originally drafted in the NOA sufficiently covers the establishment of a non-discriminatory redispatch protocol consistent with Section 33.2 of the *pro forma* tariff. Sections 7.2 and 7.3 of the NOA have been deleted since these were effectively duplicative of Section 7.1 and deemed unnecessary. A new Section 7.2 has been added to clarify that a curtailment for emergency purposes may need to be implemented without prior notice by Avista, whereas prior notice will be provided in the event a curtailment may be necessary on a planned basis with sufficient time for such notice.

Revisions to Section 8 of the NOA include a simple re-ordering of sections (the former Section 8.1 is now Section 8.2) and the inclusion of a collaborative result covering scheduling terms for NITSA service. The prior NOA required all NITSA schedules to be submitted 80-minutes prior to the start of the scheduled hour. Avista and Bonneville have agreed to a revised scheduling protocol that is intended to meet Avista's needs to obtain schedule revisions 80-minutes prior to the scheduled hour while providing the Network Customer with the ability to submit a final schedule revision 20-minutes prior to the scheduled hour. This allows Avista to receive Bonneville's expected schedule revisions soon enough (80-minutes prior) to make cost-effective resource balancing adjustments and also allows Bonneville to submit schedule revisions as late as possible (20-minutes prior) in an effort to minimize its imbalance charges. The resulting scheduling protocol outlined in the new Section 8.1 of the NOA represents a collaborative win-win approach for Avista and its Network Customers, effectively providing a means for a Network Customer to schedule as accurately as possible while providing Avista with updated schedule information in an earlier time frame that meets its operational requirements.

Section 8.3 of the NOA is revised slightly to bring the section up to date and to clarify that Avista retains the right to require its Network Customers to separately schedule under separate NITSAs. At this point in time it is administratively beneficial to both Avista and Bonneville to combine schedules under Bonneville's multiple NITSAs.

This section simply provides for the separation of schedules for separate contracts in the event unforeseen circumstances during the term of the NITSA's dictate that this be appropriate. Also, Section 8.4 of the NOA has been revised to reflect an updated CFR citation.

Revisions to Section 9 of the NOA are primarily clean-up in nature and also include new references in Sections 9.6 and 9.7 to Avista's Facility Connection Requirements that are now required under applicable NERC standards.

Avista respectfully asserts that the requested revisions to Attachment G are consistent with, or superior to, the *pro forma* Tariff.

B. Revisions to Attachment F – Standard Form of Network Integration Transmission Service Agreement

As submitted in Docket No. OA10-11-000, Avista has noted confusion on the part of its Transmission Customers with respect to the Ancillary Services named in the Service Agreement for a given transaction. Section 5 of the standard form of service agreement lists all Ancillary Services and has been read by some in such a way as to imply that the Transmission Customer must take and pay for each of these services, even if in some cases a given service would not apply (such as Regulation and Frequency Response Service for a load that is telemetered into the Transmission Customer's own balancing authority area). Section 5 goes on to reference Exhibit 2, which includes the specific terms and conditions of each Ancillary Service, including whether a given service does not apply or if the Transmission Customer is to self-supply such service. To alleviate confusion, Avista respectfully requests a revision to Section 5 to simply state that the "Transmission Customer shall take and pay for all applicable Ancillary Services." Again, the specific terms and conditions for each Ancillary Service are set forth in Exhibit 2, which may include the self-supply or non-applicability of a given Ancillary Service for a given transaction. Absent the requested amendment to the service agreement, the addition or deletion of Ancillary Services in Section 5 of the body of the service agreement, as applicable, would arguably make the service agreement a non-conforming service agreement that would require separate filing with the Commission. The Commission has previously accepted this revision for point-to-point service in Docket No. ER11-2777-000 (see also OA10-11-000) and Avista respectfully represents that these proposed revisions are consistent with, or superior to, the *pro forma* Tariff.

Additionally, Avista respectfully requests a number of non-substantive clean-up type revisions to its standard form of service agreement. These include simplifying the invoicing instructions in Section 7 and revising the position title referenced for notices to Avista in Section 8.6. Avista respectfully asserts that the requested revisions are consistent with, or superior to, the *pro forma* Tariff.

C. Revisions to Attachment I – Index of Network Integration Transmission Service Customers

Bonneville remains Avista's only Network Customer and Avista is revising Attachment I to reflect the date service is to commence under each of the twelve follow-on NITSAs executed with Bonneville.

III. Effective Date, Waiver and Service

Avista respectfully requests that the Commission waive the prior notice requirement and accept for filing the proposed revisions to its Tariff to be effective on October 1, 2011. Avista is requesting this earlier effective date so that the proposed revisions can be effective as of the service commencement date of the twelve new follow-on NITSAs executed with Bonneville and filed concurrently with the Commission. If the proposed revisions are accepted with an effective date of October 1, 2011, then the twelve follow-on NITSAs will become conforming service agreements as of their service commencement date. Also, to the extent necessary, Avista also requests waiver of any of the requirements of Part 35 of the Commission's regulations. A copy of this filing will be posted on Avista's OASIS.

IV. Materials Submitted

Pursuant to the Commission's regulations, Avista submits the following documents:

1. This transmittal letter
2. Revised Tariff Sections: Attachments F, G and I and Exhibit 2 to Attachment F of Avista's FERC Electric Tariff Volume No. 8, Version 6.0.0
3. Redline of Revised Tariff Sections: Attachments F, G and I and Exhibit 2 to Attachment F of Avista's FERC Electric Tariff Volume No. 8, Version 6.0.0.

V. Conclusion

Based on the foregoing, Avista respectfully requests that the Commission accept the Revised Tariff Sections for filing with an effective date of October 1, 2011.

Please contact me should you have any questions regarding this filing.

Sincerely,

/s/ Jeff Schlect

Jeff Schlect
Manager, Transmission Services

ATTACHMENT F

Service Agreement For Network Integration Transmission Service

This document is intended to provide basic contract provisions for a Service Agreement for Network Integration Transmission Service under the Tariff, and therefore may not contain all provisions which may be necessary in specific instances. Other provisions may be addressed in the specific agreements for each Transmission Customer requesting Network Integration Transmission Service.

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**SERVICE AGREEMENT
for
NETWORK INTEGRATION TRANSMISSION SERVICE
between
<TRANSMISSION CUSTOMER>
and
AVISTA CORPORATION
under
AVISTA CORPORATION'S
OPEN ACCESS TRANSMISSION TARIFF
FERC ELECTRIC TARIFF VOLUME NO. 8**

<u>Section</u>	<u>Description</u>	<u>Page</u>
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4.	Network Integration Transmission Service	-
5.	Other Services	-
6.	Construction of Facilities	-
7.	Billing and Payments	-
8.	Miscellaneous Provisions	-

Exhibit 1: Specifications for Network Integration Transmission Service

Exhibit 2: Specifications and Charges for Ancillary Services

Exhibit 3: Network Operating Agreement

This NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT (“Service Agreement”) is made and entered into this ____ day of _____, _____, by and between AVISTA CORPORATION (“Avista”) and <TRANSMISSION CUSTOMER> (“<Transmission Customer>”), which hereinafter may be referred to individually as “Party” or collectively as “Parties”.

RECITALS

WHEREAS, Avista provides Network Integration Transmission Service over its Transmission System under Avista’s Open Access Transmission Tariff – FERC Electric Tariff Volume No. 8 (“Tariff”); and

WHEREAS, the Parties <are entering/have entered> into an Interconnection and Operating Agreement providing for, among other things, the operation and maintenance of the interconnected electric facilities of Avista and <Transmission Customer>.

WHEREAS, on _____, _____, <Transmission Customer> requested Network Integration Transmission Service from Avista pursuant to the Tariff.

NOW THEREFORE, the Parties agree as follows:

Section 1 - Definitions

Unless otherwise defined herein, all capitalized terms shall have their respective meanings as set forth in the Tariff. <Transmission Customer> shall be the Transmission Customer as such term is used in the Tariff and Avista shall be the Transmission Provider as such term is used in the Tariff.

Section 2 - Standard Provisions

- 2.1 Terms and Conditions and Incorporation of Tariff: The terms and conditions under which Network Integration Transmission Service is offered and accepted are pursuant to this Service Agreement and to the Tariff. The Tariff is hereby incorporated by this reference and made a part of this Service Agreement. Unless otherwise mutually agreed by the Parties, Avista may change the terms and conditions of the Tariff upon, and only upon, approval by the Commission pursuant to a filing by Avista.
- 2.2 Incorporation of Exhibits: The following exhibits are incorporated herein and made a part of this Service Agreement: Exhibit 1 (Specifications for Network Integration

Transmission Service), Exhibit 2 (Specifications and Charges for Ancillary Services), and Exhibit 3 (Network Operating Agreement).

- 2.3 Completed Application: By receipt of <Transmission Customer>'s request for transmission service dated _____, _____, Avista has determined that <Transmission Customer> has provided a Completed Application for Network Integration Transmission Service under the Tariff.
- 2.4 System Impact and Facilities Studies: Study Agreements for a System Impact Study and/or a Facilities Study <are/are not> <required for the Application dated _____, _____/for Avista to provide continuing Network Integration Transmission Service to <Transmission Customer>>.

Section 3 - Term and Regulatory Filing

- 3.1 Effective Date and Filing: This Service Agreement shall be effective on the Service Commencement Date of _____, _____ or such other date as may be designated by the Commission when accepted for filing ("Effective Date"). Avista shall file this Service Agreement with the Commission as a Service Agreement under the Tariff.
- 3.2 Cancellation Rights: If the Commission determines that any part of this Service Agreement must be changed, Avista shall offer an amended Service Agreement reflecting such changes to <Transmission Customer>. In the event such amended Service Agreement is not executed by <Transmission Customer> within fifteen (15) business days after it is offered by Avista, this Service Agreement shall be void and have no further force and effect.
- 3.3 Termination of Agreement: Except as provided in Section 3.2, this Service Agreement shall remain in effect through _____, _____.

Section 4 - Network Integration Transmission Service

Commencing on the Effective Date Avista shall provide, and <Transmission Customer> shall take and pay for, Network Integration Transmission Service pursuant to the Tariff. Avista's obligation to provide Network Integration Transmission Service shall be subject to Avista's right to Curtail or Interrupt schedules pursuant to the Tariff. Exhibit 1 to this Service Agreement lists <Transmission Customer>'s designated Network Resources and Network Loads.

- 4.1 Transmission Service: Section 34 of the Tariff and Exhibit 1 describe the applicable rates and charges methodology for Network Integration Transmission Service.

- 4.2 Direct Assignment Facilities and Low-voltage Substation and Distribution Facilities: Exhibit 1 describes the applicable rates and charges for any Direct Assignment facilities and for transfer service over any low-voltage substation and distribution facilities.
- 4.3 Power Factor Penalty Adjustment: Power delivered at each Point of Delivery shall be at a power factor greater than or equal to 0.95, leading or lagging, unless otherwise mutually agreed upon by the Parties. To compensate for deliveries made to a Point of Delivery at a power factor of less than 0.95, leading or lagging, Avista may adjust the billing demand at such Point of Delivery. Avista shall provide one month's notice to <Transmission Customer> prior to applying for any such penalty adjustment for the first time at a Point of Delivery. Exhibit 1 describes the methodology for a power factor penalty adjustment.

Section 5 - Other Services

Commencing on the Effective Date Avista shall provide, and <Transmission Customer> shall take and pay for, all applicable Ancillary Services. The amounts of such services, specific terms and conditions associated with such services and the charges for such services are listed in Exhibit 2 to this Service Agreement.

Section 6 - Construction of Facilities

As of the Service Commencement Date, <no construction/construction> of new or additional Direct Assignment Facilities <and/or> Network Upgrades are required for Network Integration Transmission Service to be provided pursuant to this Service Agreement.

Section 7 - Billing and Payment

Billing and payment for all services provided under this Service Agreement shall be pursuant to Section 7 of the Tariff. Bills sent to <Transmission Customer> shall be sent to:

Attention: <>

<>

<>

<>

All payments to Avista shall be submitted via electronic funds transfer to the account specified on each billing invoice.

Section 8 - Miscellaneous Provisions

- 8.1 Interconnection with Other Systems: Nothing contained in this Service Agreement shall restrict or limit either Party from establishing, altering or terminating interconnection points with any entity not a party to this Service Agreement or amending or entering into such agreements.
- 8.2 Future Changes or Additions: Future changes or additions that increase Avista's Transmission System capability shall not obligate Avista to provide any transmission or other services in addition to those services provided under this Service Agreement, except by separate Application pursuant to Section 31.2 of the Tariff or pursuant to Avista's responsibilities under Section 28.2 of the Tariff.
- 8.3 Waivers: Any waiver at any time by either Party hereto of its rights with respect to the other Party or with respect to any matter arising in connection with this Service Agreement shall not be considered a waiver with respect to any other default of the same or any other matter.
- 8.4 Effect of Section Headings: Section headings appearing in this Service Agreement are inserted for convenience of reference only and shall not be construed to be interpretations of the text of this Service Agreement.
- 8.5 Assignment: Avista may assign this Service Agreement only upon the prior written consent of <Transmission Customer>, provided, however, that <Transmission Customer>

hereby consents to assignment of this Service Agreement to a successor where such successor acquires all or substantially all of Avista's electric transmission assets, <Transmission Customer> may request an assignment of this Service Agreement. This assignment shall include all rights and post-assignment obligations associated with this Service Agreement. Such assignment shall require mutual agreement by Avista and <Transmission Customer>, provided that Avista shall not unreasonably withhold such agreement. When notice of such assignment is provided to Avista, the Parties shall work in good faith to make any necessary modifications to this Service Agreement and the Network Operating Agreement, implement metering modifications, ensure compliance with the Tariff, and make any other adjustments necessary to allow such assignment to proceed. If Avista withholds agreement to such assignment, Avista shall provide a detailed written explanation as to why it is withholding agreement and shall include a detailed list of remedies that would allow Avista to agree to such assignment. A Party requesting assignment shall provide at least six months' prior notice to the other Party. Subject to the foregoing restrictions on assignment, this Service Agreement shall be binding upon, inure to the benefit of and be enforceable by the Parties and their successors and assigns.

- 8.6 Notices: Any formal written notice or request made to Avista under this Service Agreement shall be directed to:

Attention: Manager, Transmission Services
Avista Corporation
1411 East Mission Avenue
Spokane, Washington 99202-2600
or
P. O. Box 3727
Spokane, Washington 99220-3727

Any formal written notice or request made to <Transmission Customer> under this Service Agreement shall be directed to:

Attention: < >
< >
< >
< >

- 8.7 Notices of an Operating Nature: Any notice or request pertaining to matters of an operating or maintenance nature, or of a routine character pertaining to delivery or receipt of power, shall be given in such manner as the Parties from time to time shall arrange.

IN WITNESS WHEREOF, the Parties hereto have caused this Service Agreement to be executed in their respective names by their duly authorized representatives as of the date first noted above.

AVISTA CORPORATION

By: _____

<Name>

<Title>

Signed this _____ day of _____, _____.

<TRANSMISSION CUSTOMER>

By: _____

<Name>

<Title>

Signed this _____ day of _____, _____.

EXHIBIT 2
SPECIFICATIONS AND CHARGES FOR ANCILLARY SERVICES

Scheduling, System Control and Dispatch Service

(Pursuant to Schedule 1 of the Tariff)

< >

Reactive Supply and Voltage Control from Generation or Other Sources Service

(Pursuant to Schedule 2 of the Tariff)

< >

Regulation and Frequency Response Service

(Pursuant to Schedule 3 of the Tariff)

<Method of establishing billing determinants shall be specified >

Energy Imbalance Service

(Pursuant to Schedule 4 of the Tariff)

< >

Operating Reserve - Spinning Reserve Service

(Pursuant to Schedule 5 of the Tariff)

<Any exceptions or special conditions shall be specified>

Operating Reserve - Supplemental Reserve Service

(Pursuant to Schedule 6 of the Tariff)

<Any exceptions or special conditions shall be specified >

ATTACHMENT G

Network Operating Agreement

This document is intended to provide basic contract provisions for a Network Operating Agreement under the Tariff, and therefore may not contain all provisions which may be necessary in specific instances. Other provisions may be addressed in the specific agreements for each Transmission Customer requesting Network Integration Transmission Service.

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NETWORK OPERATING AGREEMENT between AVISTA CORPORATION and <TRANSMISSION CUSTOMER>

This NETWORK OPERATING AGREEMENT (“Agreement”) is attached to the Network Integration Transmission Service Agreement (“Service Agreement”) between AVISTA CORPORATION (“Avista”) and <Transmission Customer> (“<Transmission Customer>”) and incorporated herein.

Section 1 – Purpose of Network Operating Agreement

The purpose of this Agreement is to provide for terms and conditions associated with technical and operational issues necessary for the implementation of Network Integration Transmission Service under the Tariff. The Parties shall adhere to Good Utility Practice, including all applicable NERC, WECC and NWPP reliability criteria, subject to the Agreement Limiting Liability Among Western Interconnected Systems, so long as both Avista and <Transmission Customer> are parties to such agreement.

Section 2 – Definitions

Unless otherwise defined herein, all capitalized terms shall have their respective meanings as set forth in the Tariff.

- 2.1 NERC – The North American Electric Reliability Corporation, or its successor.
- 2.2 NWPP – The Northwest Power Pool, or its successor.
- 2.3 Tariff – Avista’s Open Access Transmission Tariff - FERC Electric Tariff Volume No. 8, as such may be amended or replaced.

- 2.4 WECC – The Western Electricity Coordinating Council, or its successor.

Section 3 – Term

This Agreement shall become effective and remain effective concurrent with the term of the Service Agreement.

Section 4 – Network Operating Committee

- 4.1 Membership – The Network Operating Committee shall be composed of representatives from Avista, <Transmission Customer>, other Network Customers of Avista and Bonneville’s wholesale utility customers that receive energy delivered under an Avista Network Integration Transmission Service Agreement.
- 4.2 Responsibilities – The Network Operating Committee shall meet at least once per year to: (i) adopt rules and procedures consistent with this Agreement and the Tariff governing operating and technical requirements necessary for implementing Network Integration Transmission Service under the Tariff; (ii) review Network Resources and Network Loads on an annual basis in order to assess the adequacy of the Transmission System, and (iii) obtain from Avista its operating policies, procedures, and guidelines for network interconnection and operation.
- 4.3 General Customer Information Requirement – <Transmission Customer> shall, when requested by Avista, provide load forecasts, generation forecasts, schedules and any other information necessary for Avista’s calculation of available transmission capability on Avista’s Transmission System and for Avista’s implementation of redispatch, Curtailment, load shedding and congestion management procedures.

Section 5 – Interconnection Principles and Requirements

Avista and <Transmission Customer> are parties to the Interconnection and Operating Agreement (<reference contract number>) (“Interconnection Agreement”) providing for, among other things, the ownership, operation and maintenance of the Parties’ interconnected electric facilities. Principles and requirements associated with the interconnection of the Parties’ electric facilities shall be pursuant to the Interconnection Agreement or its successor. If at any time Avista and <Transmission Customer> shall fail to be parties to the Interconnection Agreement or its successor, Avista may amend this Agreement to provide for the ownership, operation and maintenance of the Parties’ interconnected electric facilities.

Section 6 – Interconnection of Network Resources

- 6.1 Interconnection with Avista's Transmission System – Terms and conditions for the connection of a Network Resource to Avista's Transmission System shall be pursuant to the applicable Large Generation Interconnection Procedures or Small Generation Interconnection Procedures under the Tariff.
- 6.2 Interconnection with Non-Avista Facilities within Avista Control Area – Unless otherwise agreed upon with a third party, <Transmission Customer> shall be responsible for all costs associated with the connection of any generation resource, to be designated a Network Resource under the Service Agreement, to non-Avista facilities within Avista's Control Area and/or operated in parallel with Avista's electric system. Such costs shall include, but not be limited to, those costs associated with system protection requirements and revisions. All such interconnections shall be pursuant to Avista's Facility Connection Requirements as set forth under NERC Standard FAC-001 and any other applicable NERC, WECC and NWPP standards or criteria and Good Utility Practice. All Network Resources shall be operated to avoid disturbances or interference with the safe and reliable operation of the Transmission System and shall be operated and maintained in accordance with NERC, WECC and NWPP standards and criteria and Good Utility Practice.

Section 7 – Redispatch and Curtailment of Network Resources

- 7.1 Redispatch to Manage Transmission System Constraints – In the event that Avista requires redispatch of Network Resources pursuant to Section 33.2 of the Tariff, Avista shall determine the least cost redispatch that effectively removes the constraint without regard to ownership or purchaser of the output of such Network Resources. At such time as Avista develops a formal redispatch protocol, Avista shall provide such protocol and any applicable accounting measures necessary to identify such redispatch costs to <Transmission Customer>. Such redispatch costs shall be borne by Avista and its Network Customers based upon a load ratio share methodology consistent with Section 33.3 of the Tariff.
- 7.2 Curtailment of Network Resources Pursuant to Section 33 of the Tariff – Consistent with Section 33 of the Tariff, Avista may direct specific operation of a Network Resource, including Curtailment, without prior notice to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. Avista may direct specific operation of a Network Resource, including Curtailment, on a planned basis with prior notice to facilitate maintenance on the Transmission System or to respond to a condition which may impair or degrade the reliability of the Transmission System.
- 7.3 Curtailment of Contract Resources – Unless otherwise specified by Avista, designated contract Network Resources scheduled to Avista's system at a Point of Receipt shall not be available for redispatch. Pursuant to Section 33 of the Tariff, Avista may require the Curtailment of scheduled deliveries from contract Network Resources at a specified Point of Receipt. In the event of such Curtailment Avista shall, pursuant to Good Utility Practice and on a comparable basis with service to all other affected Network Customers

and Avista's bundled retail Native Load Customers, accept scheduled deliveries up to an amount equal to the Curtailment at any other available Point of Receipt on Avista's system. Unless Avista directs <Transmission Customer> to incur additional transmission cost by providing a specific redirect instruction, any costs incurred by <Transmission Customer> to redirect or otherwise move its schedules to such other available Point(s) of Receipt due to such Curtailment shall not be treated as redispatch costs. Any Energy Imbalances outside Deviation Band 1 that are incurred for the hour in which any such Curtailment is implemented shall be settled as if such Energy Imbalances are within Deviation Band 1. If no alternative Point of Receipt is available to <Transmission Customer> for the following hour or hours during such Curtailment, any resulting Energy Imbalances shall continue to be settled as if they are within Deviation Band 1.

Section 8 – Scheduling

- 8.1 Scheduling and Schedule Revisions – Schedules for <Transmission Customer>'s designated Network Resources shall be submitted to Avista on the scheduling day prior to commencement of service and no later than the earlier of 10:00 a.m. or such other reasonable time that is generally accepted within the region and consistently adhered to by Avista. Schedules shall be stated in increments of one megawatt per hour. Electronic tag or schedule revisions for Network Integration Transmission Service will be permitted up to twenty (20) minutes prior to the start of the hour in which such scheduled power flows, *provided, however*, that:
- (A) <Transmission Customer> shall submit schedule revisions during the normal schedule revision time period ending eighty (80) minutes prior to the start of the hour in which such scheduled power flows. For example, for the flow hour beginning at 1000 hours and ending at 1100 hours, <Transmission Customer> shall submit any revision to an electronic tag or schedule for such hour prior to 0840 hours. <Transmission Customer> may further revise such electronic tag or schedule prior to 0940 hours.
 - (B) <Transmission Customer> shall make best efforts to ensure that its 80-minutes prior schedule revision is as accurate as possible and that any 20-minutes prior schedule revision is minimized. In determining its 80-minutes prior schedule revision, <Transmission Customer> shall incorporate the same load forecasting tools, including, but not limited to, assumptions, measurements, algorithms and calculations, that it uses in determining any 20-minutes prior schedule revision. <Transmission Customer> shall not place any bounds or restrictions on its determination of its 80-minutes prior schedule revision that will limit the accuracy or otherwise restrict its 80-minutes prior schedule revision for a given hour with respect to any such determination of its 20-minutes prior schedule revision for such hour.
 - (C) If at any such time Avista determines that <Transmission Customer>'s 20-minutes prior schedule revisions are too large, Avista may request that the Parties meet to address the issue. In such event, Avista shall document and justify its concerns and the Parties shall work in good faith to address the issue.

<Transmission Customer> shall not submit any intra-hour scheduling adjustments until such time as, pursuant to a filing by Avista that is accepted by the Commission, Avista may settle imbalances for the same intra-hour time period for which intra-hour schedule adjustments are submitted by <Transmission Customer>.

- 8.2 Scheduling of Network Resources – <Transmission Customer>’s designated Network Resources under the Service Agreement amount to the purchase of system power by contract. At such time as <Transmission Customer> intends to designate a specific generation resource connected to Avista’s Transmission System or to a third-party system as a Network Resource, the Parties shall develop applicable terms and conditions regarding the scheduling of such resource and amend this Agreement accordingly.
- 8.3 Combining Schedules from Multiple Agreements – For purposes of administratively simplifying scheduling and imbalance calculation requirements, Avista may consent to the combining of schedules for multiple agreements for Network Integration Transmission Service and the Parties shall agree upon any such combination of schedules. Avista shall retain the right to require scheduling to be performed separately under separate agreements, *provided, however*, that Avista shall provide a minimum of six months notice prior to implementing any such transition from combined schedules to separate schedules.
- 8.4 Sharing of Aggregate Schedule Information – For purposes of reliable and economic operation of Avista’s Control Area and pursuant to 18 § 358.7(c) and § 358.7(h)(2)(ii) (as published April 1, 2011), <Transmission Customer> consents to Avista’s transmission function passing on an aggregated sum of <Transmission Customer>’s schedules associated with all of its borderline wheeling loads to Avista’s load-serving entity and control area balancing function, which function has been identified as an *energy or marketing affiliate* for purposes of Avista’s Standards of Conduct.

Section 9 – Metering and Communications

- 9.1 Meters and Meter Reading – Avista and/or <Transmission Customer> shall own and maintain all meters used to determine any billing associated with the Service Agreement. As of the Effective Date, meters at the Points of Delivery are provided by <Avista/Transmission Customer>. Meters at the Point(s) of Delivery shall be read pursuant to the Meter Reading and Meter Test Procedures outlined in Section 9.5.
- 9.2 Exchange of Metering Data – The Party owning, operating and maintaining each meter used to determine billing associated with the Service Agreement shall provide to the other Party all hourly meter readings and any more frequent readings, if existing, from each such meter. All meter reading information for a given month shall be validated and made available to Avista in the succeeding month by 10:00 a.m. of the fifth (5th) working day of such succeeding month. All meter reading records and scheduled amounts shall be exchanged electronically between the Parties on a monthly basis. Either Party shall notify the other as soon as practicable in the event of system configuration changes or

other events which may affect meter readings or access to meter reading information including, but not limited to, advance notice of planned line and substation outages and planned communications outages.

- 9.3 Use of <Avista/Transmission Customer>'s Meter Reading Information – <Pending the specific nature and associated information systems of the applicable Party's real and reactive power metering data, the Parties shall specify terms and conditions regarding the sharing of such data>.
- 9.4 Tests of Metering Installations – Each Party shall, at its expense, test its measuring installations associated with this Agreement and the Service Agreement in accordance with the Meter Reading and Meter Test Procedures outlined in Section 9.5, attached hereto. The Parties may mutually agree to use a single set of meters. In the event that a single set of meters are utilized, tests of such meters shall be conducted jointly by the Parties in accordance with Section 9.5 and shall be witnessed and agreed to by representatives of each Party.
- 9.5 Meter Reading and Meter Test Procedures
- (A) Meter Readings – Meter readings associated with the delivery of electric power to the Point(s) of Delivery shall be the responsibility of the Party owning such meters. Electric power deliveries in any month shall be calculated on information based on meter readings, with any necessary date adjustments made by pro-rating metered amounts to the number of days in such month. In the event a recording metering device is installed, actual hourly and monthly energy deliveries shall be determined from the record developed. Each Party shall permit representatives of the other Party to inspect all of the records relating to the delivery or transmission of electric power under the Service Agreement.
- (B) Meter Testing – Avista and/or <Transmission Customer> shall own and maintain all meters used to determine any billing under the Service Agreement.
- (i) Avista meters shall be tested and inspected in accordance with Avista's meter testing program ("Avista Program") as filed with the Washington Utilities and Transportation Commission and/or the Idaho Public Utilities Commission. If requested by <Transmission Customer>, Avista shall provide copies of applicable test and calibration records and calculations. Avista shall permit representatives of <Transmission Customer>, and/or <Transmission Customer>'s wholesale utility customer to be present at all times the meters are being tested. Additionally, Avista shall test any or all such meters as may reasonably be requested by <Transmission Customer>. Reasonable costs for such requested test shall be paid by <Transmission Customer> unless any of the meters are found to be inaccurate, as defined in the Avista Program, in which case Avista shall pay for the test.

- (ii) <Transmission Customer>'s meters shall be tested and inspected in accordance with <Transmission Customer>'s meter testing program ("<Transmission Customer> Program"). If requested by Avista, <Transmission Customer> shall provide copies of applicable test and calibration records and calculations. <Transmission Customer> shall permit a representative of Avista to be present at all times the meters are being tested. Additionally, <Transmission Customer> shall test any or all such meters as may reasonably be requested by Avista. Reasonable costs for such requested test shall be paid by Avista unless any of the meters are found to be inaccurate, as defined in the <Transmission Customer> Program, in which case <Transmission Customer> shall pay for the test. Each Party shall give reasonable notice of the time when any such test or inspection is to be made to the other Party who may have representatives present at such tests or inspections. Any component of such installations found to be defective or inaccurate shall be adjusted, repaired or replaced to provide accurate metering.
 - (C) Adjustments – If any meter fails to register, or if the measurement made by such meter during a test made as provided below fails to meet the standards of such test, or if an error in meter reading occurs, adjustment shall be made correcting all measurements for the actual period during which such inaccurate measurements were made. Should any metering equipment at any time fail to register, or should registration thereof be so erratic as to be meaningless, the capacity, energy and reactive power delivered shall be determined from the best available data. If an estimate is required due to metering equipment malfunction, the method of estimating capacity, energy and reactive power delivered shall be made available and agreed upon by both Parties. The approval process shall not delay billings. Such corrected measurements shall be used to re-calculate billed amounts under the Service Agreement.
- 9.6 Metering and Communications Required for Integration of Network Resources – Unless otherwise agreed upon with a third party, <Transmission Customer> shall be responsible for all costs associated with the installation, operation and maintenance of any metering, communications and SCADA equipment necessary for the integration of any generation resource to be designated a Network Resource under the Service Agreement and connected to Avista's Transmission System or within Avista's Control Area. All such installations shall be pursuant to Avista's Facility Connection Requirements as set forth under NERC Standard FAC-001 and any other applicable NERC, WECC and NWPP standards or criteria and Good Utility Practice.
- 9.7 Metering and Communications Required for Ancillary Services – Unless otherwise agreed upon with a third party, <Transmission Customer> shall be responsible for all costs associated with the installation, operation, and maintenance of any metering, communications and SCADA equipment necessary for the provision of Ancillary Services by <Transmission Customer> or by a third party. All such installations shall be pursuant to Avista's Facility Connection Requirements as set forth under NERC Standard

FAC-001 and any other applicable NERC, WECC and NWPP standards or criteria and Good Utility Practice.

9.8 Installation and Use of Avista Meters – Notwithstanding any other provision in this Section 9, Avista may at any time install meters or metering equipment to make any measurements for any Point of Delivery required for any computation or determination mentioned in this Agreement or the Service Agreement. If such meters or metering equipment are so installed, such measurements shall be used thereafter in such computation or determination.

9.9 Real-Time Data Acquisition – For the purpose of enabling Avista to monitor the loads on its transmission system, Avista may require the acquisition of real-time load data (megawatts and megavars) at Points of Delivery that have meters and metering equipment owned by <Transmission Customer>. The Parties shall facilitate such data acquisition pursuant to Good Utility Practice and <Transmission Customer> shall provide either of the following to Avista:

- (A) Megawatt and megavar indications from <Transmission Customer>'s supervisory control and data acquisition (SCADA) system, if existing, in a format agreed upon by the Parties, or
- (B) The following:
 - (i) Metering current transformers (“CTs”) and potential transformers (“PTs”),
 - (ii) Space in <Transmission Customer>'s substation control house or cabinet for an Avista remote terminal unit or such other equipment that performs a comparable function (“Avista Equipment”), to be supplied by Avista,
 - (iii) Voltage and current indications from <Transmission Customer>'s CTs and PTs to the Avista Equipment, and
 - (iv) Space for any conduit needed by Avista for its communications out of the substation.

Section 10 - Operation and Maintenance

10.1 Maintenance Scheduling and Continuity of Service – Avista may Curtail or otherwise temporarily suspend service at the Points of Delivery:

- (A) pursuant to Section 33.7 of the Tariff; and
- (B) without prior notice of such Curtailment or temporary suspension as may be necessary due to Force Majeure pursuant to Section 10 of the Tariff. Consistent with Section 33.7 of the Tariff, Avista shall use reasonable efforts to repair the cause of any such Curtailment or temporary suspension comparable to such

reasonable efforts Avista uses with respect to its bundled retail Native Load Customers.

10.2 Emergency Planning and Operation – As the Transmission Provider, Avista is responsible for planning, coordinating and implementing emergency operation schemes applicable to Avista's Transmission System. Examples of such schemes include NWPP programs related to underfrequency load shedding, undervoltage load shedding and system restoration. Other schemes may be developed to meet NERC, WECC or NWPP reliability planning and operations objectives. <Transmission Customer> shall:

- (A) participate in the development and implementation of such load shedding and other programs to facilitate system reliability and security;
- (B) install and maintain or, in the alternative, require its wholesale utility customer served via the Service Agreement to install and maintain, any required load shedding relays, including underfrequency and undervoltage relays; and
- (C) participate in system restoration planning.

Section 11 - Miscellaneous

11.1 Supremacy of Tariff – In the event of any irreconcilable difference between the Tariff and this Agreement, the language of the Tariff shall govern.

11.2 Notices – Any formal notice to be served, given or made in connection with this Agreement shall be in writing and shall be directed as provided in the Service Agreement. Notices of an operating nature shall be given as provided in the Service Agreement.

11.3 Assignment – Any assignment of this Agreement shall be pursuant to the terms of assignment in the Service Agreement.

11.4 Amendment – From time to time Avista may amend this Agreement. Avista shall provide reasonable prior notice of any such amendment to <Transmission Customer> and the Parties shall work in good faith to reach consensus on the content of such amendment. Any such amendment shall become effective upon acceptance for filing by the Commission.

ATTACHMENT I

Index Of Network Integration Transmission Service Customers

<u>Customer</u>	<u>Date of Service Agreement</u>
Bonneville Power Administration (PUD No. 1 of Asotin County)	October 1, 2011
Bonneville Power Administration (Big Bend Electric Cooperative)	October 1, 2011
Bonneville Power Administration (City of Cheney)	October 1, 2011
Bonneville Power Administration (City of Chewelah)	October 1, 2011
Bonneville Power Administration (Clearwater Power Company)	October 1, 2011
Bonneville Power Administration (Fairchild AFB)	October 1, 2011
Bonneville Power Administration (Idaho County Light & Power)	October 1, 2011
Bonneville Power Administration (Inland Power & Light Co.)	October 1, 2011
Bonneville Power Administration (Kootenai Electric Cooperative, Inc.)	October 1, 2011
Bonneville Power Administration (Modern Electric Water Co.)	October 1, 2011
Bonneville Power Administration (Northern Lights, Inc.)	October 1, 2011
Bonneville Power Administration (City of Plummer)	October 1, 2011

ATTACHMENT F

Service Agreement For Network Integration Transmission Service

This document is intended to provide basic contract provisions for a Service Agreement for Network Integration Transmission Service under the Tariff, and therefore may not contain all provisions which may be necessary in specific instances. Other provisions may be addressed in the specific agreements for each Transmission Customer requesting Network Integration Transmission Service.

**SERVICE AGREEMENT
for
NETWORK INTEGRATION TRANSMISSION SERVICE
between
<TRANSMISSION CUSTOMER>
and
AVISTA CORPORATION
under
AVISTA CORPORATION'S
OPEN ACCESS TRANSMISSION TARIFF
FERC ELECTRIC TARIFF VOLUME NO. 8**

<u>Section</u>	<u>Description</u>	<u>Page</u>
1.	Definitions	-
2.	Standard Provisions	-
3.	Term and Regulatory Filing	-
4.	Network Integration Transmission Service	-
5.	Other Services	-
6.	Construction of Facilities	-
7.	Billing and Payments	-
8.	Miscellaneous Provisions	-

Exhibit 1: Specifications for Network Integration Transmission Service

Exhibit 2: Specifications and Charges for Ancillary Services

Exhibit 3: Network Operating Agreement

This NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT (“Service Agreement”) is made and entered into this ____ day of _____, _____, by and between AVISTA CORPORATION (“Avista”) and <TRANSMISSION CUSTOMER> (“<Transmission Customer>”), which hereinafter may be referred to individually as “Party” or collectively as “Parties”.

RECITALS

WHEREAS, Avista provides Network Integration Transmission Service over its Transmission System under Avista’s Open Access Transmission Tariff – FERC Electric Tariff Volume No. 8 (“Tariff”); and

WHEREAS, the Parties <are entering/have entered> into an Interconnection and Operating Agreement providing for, among other things, the operation and maintenance of the interconnected electric facilities of Avista and <Transmission Customer>.

WHEREAS, on _____, _____, <Transmission Customer> requested Network Integration Transmission Service from Avista pursuant to the Tariff.

NOW THEREFORE, the Parties agree as follows:

Section 1 - Definitions

Unless otherwise defined herein, all capitalized terms shall have their respective meanings as set forth in the Tariff. <Transmission Customer> shall be the Transmission Customer as such term is used in the Tariff and Avista shall be the Transmission Provider as such term is used in the Tariff.

Section 2 - Standard Provisions

- 2.1 **Terms and Conditions and Incorporation of Tariff:** The terms and conditions under which Network Integration Transmission Service is offered and accepted are pursuant to this Service Agreement and to the Tariff. The Tariff is hereby incorporated by this reference and made a part of this Service Agreement. Unless otherwise mutually agreed by the Parties, Avista may change the terms and conditions of the Tariff upon, and only upon, approval by the Commission pursuant to a filing by Avista.
- 2.2 **Incorporation of Exhibits:** The following exhibits are incorporated herein and made a part of this Service Agreement: Exhibit 1 (Specifications for Network Integration

Transmission Service), Exhibit 2 (Specifications and Charges for Ancillary Services), and Exhibit 3 (Network Operating Agreement).

- 2.3 Completed Application: By receipt of <Transmission Customer>'s request for transmission service dated _____, _____, Avista has determined that <Transmission Customer> has provided a Completed Application for Network Integration Transmission Service under the Tariff.
- 2.4 System Impact and Facilities Studies: Study Agreements for a System Impact Study and/or a Facilities Study <are/are not> required for the Application dated _____, _____ /for Avista to provide continuing Network Integration Transmission Service to <Transmission Customer>.

Section 3 - Term and Regulatory Filing

- 3.1 Effective Date and Filing: This Service Agreement shall be effective on the Service Commencement Date of _____, _____ or such other date as may be designated by the Commission when accepted for filing ("Effective Date"). Avista shall file this Service Agreement with the Commission as a Service Agreement under the Tariff.
- 3.2 Cancellation Rights: If the Commission determines that any part of this Service Agreement must be changed, Avista shall offer an amended Service Agreement reflecting such changes to <Transmission Customer>. In the event such amended Service Agreement is not executed by <Transmission Customer> within fifteen (15) business days after it is offered by Avista, this Service Agreement shall be void and have no further force and effect.
- 3.3 Termination of Agreement: Except as provided in Section 3.2, this Service Agreement shall remain in effect through _____, _____.

Section 4 - Network Integration Transmission Service

Commencing on the Effective Date Avista shall provide, and <Transmission Customer> shall take and pay for, Network Integration Transmission Service pursuant to the Tariff. Avista's obligation to provide Network Integration Transmission Service shall be subject to Avista's right to Curtail or Interrupt schedules pursuant to the Tariff. Exhibit 1 to this Service Agreement lists <Transmission Customer>'s designated Network Resources and Network Loads.

- 4.1 Transmission Service: Section 34 of the Tariff and Exhibit 1 describe the applicable rates and charges methodology for Network Integration Transmission Service.

- 4.2 Direct Assignment Facilities and Low-voltage Substation and Distribution Facilities: Exhibit 1 describes the applicable rates and charges for any Direct Assignment facilities and for transfer service over any low-voltage substation and distribution facilities.
- 4.3 Power Factor Penalty Adjustment: Power delivered at each Point of Delivery shall be at a power factor greater than or equal to 0.95, leading or lagging, unless otherwise mutually agreed upon by the Parties. To compensate for deliveries made to a Point of Delivery at a power factor of less than 0.95, leading or lagging, Avista may adjust the billing demand at such Point of Delivery. Avista shall provide one month's notice to <Transmission Customer> prior to applying for any such penalty adjustment for the first time at a Point of Delivery. Exhibit 1 describes the methodology for a power factor penalty adjustment.

Section 5 - Other Services

Commencing on the Effective Date Avista shall provide, and <Transmission Customer> shall take and pay for, ~~the following~~all applicable Ancillary Services.:

~~5.1 — Scheduling, System Control and Dispatch Service~~

~~5.2 — Reactive Supply and Voltage Control from Generation Sources Service~~

~~5.3 — Regulation and Frequency Response Service~~

~~5.4 — Energy Imbalance Service~~

~~5.5 — Operating Reserve — Spinning Reserve Service~~

~~5.6 — Operating Reserve — Supplemental Reserve Service~~

— The amounts of such services, ~~any exceptions,~~ specific terms and ~~or~~ conditions associated with such services and the charges for such services are listed in Exhibit 2 to this Service Agreement.

Section 6 - Construction of Facilities

As of the Service Commencement Date, <no construction/construction> of new or additional Direct Assignment Facilities <and/or> Network Upgrades are required for Network Integration Transmission Service to be provided pursuant to this Service Agreement.

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Section 7 - Billing and Payment

Billing and payment for all services provided under this Service Agreement shall be pursuant to Section 7 of the Tariff. Bills sent to <Transmission Customer> shall be sent to:

Attention: < >

< >

< >

< >

All payments to Avista shall be submitted via electronic funds transfer to the account specified on each billing invoice. ~~wire transferred to:~~

< >

~~ABA #0000000000 for credit to~~

~~Avista Corporation~~

~~Account No. 00000000~~

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Section 8 - Miscellaneous Provisions

- 8.1 Interconnection with Other Systems: Nothing contained in this Service Agreement shall restrict or limit either Party from establishing, altering or terminating interconnection points with any entity not a party to this Service Agreement or amending or entering into such agreements.
- 8.2 Future Changes or Additions: Future changes or additions that increase Avista's Transmission System capability shall not obligate Avista to provide any transmission or other services in addition to those services provided under this Service Agreement, except by separate Application pursuant to Section 31.2 of the Tariff or pursuant to Avista's responsibilities under Section 28.2 of the Tariff.
- 8.3 Waivers: Any waiver at any time by either Party hereto of its rights with respect to the other Party or with respect to any matter arising in connection with this Service Agreement shall not be considered a waiver with respect to any other default of the same or any other matter.
- 8.4 Effect of Section Headings: Section headings appearing in this Service Agreement are inserted for convenience of reference only and shall not be construed to be interpretations of the text of this Service Agreement.
- 8.5 Assignment: Avista may assign this Service Agreement only upon the prior written consent of <Transmission Customer>, provided, however, that <Transmission Customer>

hereby consents to assignment of this Service Agreement to a successor where such successor acquires all or substantially all of Avista's electric transmission assets, <Transmission Customer> may request an assignment of this Service Agreement. This assignment shall include all rights and post-assignment obligations associated with this Service Agreement. Such assignment shall require mutual agreement by Avista and <Transmission Customer>, provided that Avista shall not unreasonably withhold such agreement. When notice of such assignment is provided to Avista, the Parties shall work in good faith to make any necessary modifications to this Service Agreement and the Network Operating Agreement, implement metering modifications, ensure compliance with the Tariff, and make any other adjustments necessary to allow such assignment to proceed. If Avista withholds agreement to such assignment, Avista shall provide a detailed written explanation as to why it is withholding agreement and shall include a detailed list of remedies that would allow Avista to agree to such assignment. A Party requesting assignment shall provide at least six months' prior notice to the other Party. Subject to the foregoing restrictions on assignment, this Service Agreement shall be binding upon, inure to the benefit of and be enforceable by the Parties and their successors and assigns.

- 8.6 Notices: Any formal written notice or request made to Avista under this Service Agreement shall be directed to:

Attention: ~~Director, Transmission Operations~~ Manager, Transmission Services
Avista Corporation
1411 East Mission Avenue
Spokane, Washington 99202-2600
or
P. O. Box 3727
Spokane, Washington 99220-3727
~~Facsimile No. (509) 495-8542~~

Any formal written notice or request made to <Transmission Customer> under this Service Agreement shall be directed to:

Attention: < >
< >
< >
< >

~~Facsimile No. < >~~

- 8.7 Notices of an Operating Nature: Any notice or request pertaining to matters of an operating or maintenance nature, or of a routine character pertaining to delivery or receipt of power, shall be given in such manner as the Parties from time to time shall arrange.

IN WITNESS WHEREOF, the Parties hereto have caused this Service Agreement to be executed in their respective names by their duly authorized representatives as of the date first noted above.

AVISTA CORPORATION

By: _____

<Name>

<Title>

Signed this ____ day of _____, ____.

<TRANSMISSION CUSTOMER>

By: _____

<Name>

<Title>

Signed this ____ day of _____, ____.

| ~~Effective Date: 8/27/2010~~

EXHIBIT 2
SPECIFICATIONS AND CHARGES FOR ANCILLARY SERVICES

Scheduling, System Control and Dispatch Service

(Pursuant to Schedule 1 of the Tariff)

< >

Reactive Supply and Voltage Control from Generation or Other Sources Service

(Pursuant to Schedule 2 of the Tariff)

< >

Regulation and Frequency Response Service

(Pursuant to Schedule 3 of the Tariff)

<Method of establishing billing determinants shall be specified >

Energy Imbalance Service

(Pursuant to Schedule 4 of the Tariff)

< >

Operating Reserve - Spinning Reserve Service

(Pursuant to Schedule 5 of the Tariff)

<Any exceptions or special conditions shall be specified>

Operating Reserve - Supplemental Reserve Service

(Pursuant to Schedule 6 of the Tariff)

<Any exceptions or special conditions shall be specified >

~~Effective Date: 8/27/2010~~

ATTACHMENT G

Network Operating Agreement

This document is intended to provide basic contract provisions for a Network Operating Agreement under the Tariff, and therefore may not contain all provisions which may be necessary in specific instances. Other provisions may be addressed in the specific agreements for each Transmission Customer requesting Network Integration Transmission Service.

NETWORK OPERATING AGREEMENT between AVISTA CORPORATION and <TRANSMISSION CUSTOMER>

This NETWORK OPERATING AGREEMENT ("Agreement") is attached to the Network Integration Transmission Service Agreement ("Service Agreement") between AVISTA CORPORATION ("Avista") and <Transmission Customer> ("<Transmission Customer>") and incorporated herein.

SECTION 1 – PURPOSE OF NETWORK OPERATING AGREEMENT

The purpose of this Agreement is to provide for terms and conditions associated with technical and operational issues necessary for the implementation of Network Integration Transmission Service under the Tariff. The Parties shall adhere to Good Utility Practice, including all applicable NERC, WECC and NWPP reliability criteria, subject to the Agreement Limiting Liability Among Western Interconnected Systems, so long as both Avista and <Transmission Customer> are parties to such agreement.

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Section 2 – Definitions

Unless otherwise defined herein, all capitalized terms shall have their respective meanings as set forth in the Tariff.

- 2.1 NERC – The North American Electric Reliability ~~Council~~ Corporation, or its successor.
- 2.2 NWPP – The Northwest Power Pool, or its successor.
- 2.3 Tariff – Avista's Open Access Transmission Tariff - FERC Electric Tariff Volume No. 8, as such may be amended or replaced.

- 2.4 WECC – The Western Electricity Coordinating Council, or its successor.

Section 3 – Term

This Agreement shall become effective and remain effective concurrent with the term of the Service Agreement.

Section 4 – Network Operating Committee

- 4.1 Membership – The Network Operating Committee shall be composed of representatives from Avista, <Transmission Customer> ~~and~~, other Network Customers of Avista and Bonneville's wholesale utility customers that receive energy delivered under an Avista Network Integration Transmission Service Agreement.
- 4.2 Responsibilities – The Network Operating Committee shall meet at least once per year to: (i) adopt rules and procedures consistent with this Agreement and the Tariff governing operating and technical requirements necessary for implementing Network Integration Transmission Service under the Tariff; (ii) review Network Resources and Network Loads on an annual basis in order to assess the adequacy of the Transmission System, and (iii) obtain from Avista its operating policies, procedures, and guidelines for network interconnection and operation.
- 4.3 General Customer Information Requirement – <Transmission Customer> shall, when requested by Avista, provide load forecasts, generation forecasts, schedules and any other information necessary for Avista's calculation of available transmission capability on Avista's Transmission System and for Avista's implementation of redispatch, Curtailment, load shedding and congestion management procedures.

Section 5 – Interconnection Principles and Requirements

Avista and <Transmission Customer> are parties to the Interconnection and Operating Agreement (<reference contract number>) ("Interconnection Agreement") providing for, among other things, the ownership, operation and maintenance of the Parties' interconnected electric facilities. Principles and requirements associated with the interconnection of the Parties' electric facilities shall be pursuant to the Interconnection Agreement or its successor. If at any time Avista and <Transmission Customer> shall fail to be parties to the Interconnection Agreement or its successor, Avista may amend this Agreement to provide for the ownership, operation and maintenance of the Parties' interconnected electric facilities.

Section 6 – Interconnection of Network Resources

~~As of the Effective Date, <Transmission Customer> has no designated Network~~

~~Resources connected to Avista's Transmission System. At such time as <Transmission Customer> intends to designate such a resource, Avista shall specify applicable principles and requirements for the interconnection of generation resources and shall amend this section and this Agreement accordingly.~~

6.1 Interconnection with Avista's Transmission System – Terms and conditions for the connection of a Network Resource to Avista's Transmission System shall be pursuant to the applicable Large Generation Interconnection Procedures or Small Generation Interconnection Procedures under the Tariff.

6.2 Interconnection with Non-Avista Facilities within Avista Control Area – Unless otherwise agreed upon with a third party, <Transmission Customer> shall be responsible for all costs associated with the connection of any generation resource, to be designated a Network Resource under the Service Agreement, to non-Avista facilities within Avista's Control Area and/or operated in parallel with Avista's electric system. Such costs shall include, but not be limited to, those costs associated with system protection requirements and revisions. All such interconnections shall be pursuant to Avista's Facility Connection Requirements as set forth under NERC Standard FAC-001 and any other applicable NERC, WECC and NWPP standards or criteria and Good Utility Practice. All Network Resources shall be operated to avoid disturbances or interference with the safe and reliable operation of the Transmission System and shall be operated and maintained in accordance with NERC, WECC and NWPP standards and criteria and Good Utility Practice.

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Section 7 – Redispatch and Curtailment of Network Resources

7.1 Redispatch ~~to~~ Manage Transmission System Constraints – In the event that Avista requires a redispatch of Network Resources pursuant to Section 33.2 of the Tariff, Avista shall determine the least cost redispatch that effectively removes the constraint without regard to ownership or purchaser of the output of such Network Resources. At such time as Avista develops a formal redispatch protocol, Avista ~~may, pursuant to Section 9.3, amend this Section 7 to~~shall provide ~~for~~ such protocol and any applicable accounting measures necessary to identify such redispatch costs to <Transmission Customer>. Such redispatch costs shall be borne by Avista and its Network Customers based upon a load ratio share methodology consistent with Section 33.3 of the Tariff.

~~7.2 Redispatch of Network Resources Connected to Avista's System – At such time as <Transmission Customer> intends to designate such a resource, Avista shall specify applicable terms and conditions regarding the redispatch of such resource and Avista shall amend this section and this Agreement accordingly.~~

~~7.3 Redispatch of Network Resources Connected to Third Party Systems – At such time as <Transmission Customer> intends to designate a specific generation resource connected to a third party system as a Network Resource, the Parties shall develop applicable terms and conditions regarding the redispatch of such resource and amend this Agreement accordingly.~~

7.2 Curtailment of Network Resources Pursuant to Section 33 of the Tariff – Consistent with Section 33 of the Tariff, Avista may direct specific operation of a Network Resource, including Curtailment, without prior notice to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. Avista may direct specific operation of a Network Resource, including Curtailment, on a planned basis with prior notice to facilitate maintenance on the Transmission System or to respond to a condition which may impair or degrade the reliability of the Transmission System.

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7.34 Curtailment of Contract Resources – Unless otherwise specified by Avista, designated contract Network Resources scheduled to Avista's system at a Point of Receipt shall not be available for redispatch. Pursuant to Sections ~~33.4 and 33.5~~ of the Tariff, Avista may require the Curtailment of scheduled deliveries from contract Network Resources at a specified Point of Receipt. In the event of such Curtailment Avista shall, pursuant to Good Utility Practice and on a comparable basis with service to all other affected Network Customers and Avista's bundled retail Native Load Customers, accept scheduled deliveries up to an amount equal to the Curtailment at any other available Point of Receipt on Avista's system. Unless Avista directs <Transmission Customer> to incur additional transmission cost by providing a specific redirect instruction, any costs incurred by <Transmission Customer> to redirect or otherwise move its schedules to such other available Point(s) of Receipt due to such Curtailment shall not be treated as redispatch costs. Any Energy Imbalances outside Deviation Band 1 that are incurred for the hour in which any such Curtailment is implemented ~~and the next hour~~ shall be settled as if such Energy Imbalances are within Deviation Band 1. If no alternative Point of Receipt is available to <Transmission Customer> for the following hour or hours during such Curtailment, any resulting Energy Imbalances shall continue to be settled as if they are within Deviation Band 1.

Section 8 – Scheduling

~~8.1 Scheduling of Network Resources – At such time as <Transmission Customer> intends to designate a specific generation resource connected to Avista's Transmission System or to a third party system as a Network Resource, the Parties shall develop applicable terms and conditions regarding the scheduling of such resource and amend this Agreement accordingly.~~

8.12 Scheduling of Contract Resources and Schedule Revisions – Schedules for <Transmission Customer>'s designated ~~contract Network R~~esources shall be submitted to Avista on the scheduling day prior to commencement of service and no later than the earlier of 10:00 a.m. or such other reasonable time that is generally accepted within the region and consistently adhered to by Avista. ~~Hourly s~~Schedules shall be stated in increments of ~~1~~ one megawatt per hour. Electronic tag or schedule revisions for Network Integration Transmission Service will be permitted up to ~~eighty twenty~~ (280) minutes prior to the start of the hour in which such scheduled power flows, provided, however, that:
(A) <Transmission Customer> shall submit schedule revisions during the normal schedule revision time period ending eighty (80) minutes prior to the start of the

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hour in which such scheduled power flows. For example, for the flow hour beginning at 1000 hours and ending at 1100 hours, <Transmission Customer> shall submit any revision to an electronic tag or schedule for such hour ~~shall be submitted~~ prior to 0840 hours. <Transmission Customer> may further revise such electronic tag or schedule prior to 0940 hours.

(B) <Transmission Customer> shall make best efforts to ensure that its 80-minutes prior schedule revision is as accurate as possible and that any 20-minutes prior schedule revision is minimized. In determining its 80-minutes prior schedule revision, <Transmission Customer> shall incorporate the same load forecasting tools, including, but not limited to, assumptions, measurements, algorithms and calculations, that it uses in determining any 20-minutes prior schedule revision. <Transmission Customer> shall not place any bounds or restrictions on its determination of its 80-minutes prior schedule revision that will limit the accuracy or otherwise restrict its 80-minutes prior schedule revision for a given hour with respect to any such determination of its 20-minutes prior schedule revision for such hour.

(C) If at any such time Avista determines that <Transmission Customer>'s 20-minutes prior schedule revisions are too large, Avista may request that the Parties meet to address the issue. In such event, Avista shall document and justify its concerns and the Parties shall work in good faith to address the issue.

<Transmission Customer> shall not submit any intra-hour scheduling adjustments until such time as, pursuant to a filing by Avista that is accepted by the Commission, Avista may settle imbalances for the same intra-hour time period for which intra-hour schedule adjustments are submitted by <Transmission Customer>.

Avista may deny a revised electronic tag or schedule containing a revision that does not meet the eighty minute restriction set forth above, except in the event of a Curtailment under Section 7.4 where <Transmission Customer> may submit a revised electronic tag or schedule up to twenty (20) minutes prior to the start of the hour in which such scheduled power flows for the express purpose of changing the Point of Receipt for the hours following that in which such Curtailment occurs.

8.2 Scheduling of Network Resources – <Transmission Customer>'s designated Network Resources under the Service Agreement amount to the purchase of system power by contract. At such time as <Transmission Customer> intends to designate a specific generation resource connected to Avista's Transmission System or to a third-party system as a Network Resource, the Parties shall develop applicable terms and conditions regarding the scheduling of such resource and amend this Agreement accordingly.

8.3 Combining Schedules from Multiple Agreements – In consideration of the transition from historical service under a single agreement to multiple agreements for Network Integration Transmission ServiceFor purposes of administratively simplifying scheduling and imbalance calculation requirements, Avista may consent to the combining of schedules for multiple agreements for Network Integration Transmission Service and . The Parties shall agree upon any such combination of schedules, which combinations shall not be revised except upon mutual agreement by the Parties. Avista shall retain the right to require scheduling to be performed separately under separate agreements.

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provided, however, that Avista shall provide a minimum of six months notice prior to implementing any such transition from combined schedules to separate schedules.

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- 8.4 Sharing of Aggregate Schedule Information – For purposes of reliable and economic operation of Avista’s Control Area and pursuant to 18 § 358.5(b)(4)(c) and § 358.5(b)(8)7(h)(2)(ii) (as published April 1, 2011), <Transmission Customer> consents to Avista’s transmission function passing on an ~~hourly~~ aggregated sum of <Transmission Customer>’s ~~hourly~~ schedules associated with all of its ~~b~~Borderline ~~w~~Wheeling ~~l~~oads to Avista’s load-serving entity and control area balancing function, which function has been identified as an *energy or marketing* ~~A~~ffiliate for purposes of Avista’s Standards of Conduct.

Section 9 – Metering and Communications

- 9.1 Meters and Meter Reading – Avista and/or <Transmission Customer> shall own and maintain all meters used to determine any billing associated with the Service Agreement. As of the Effective Date, meters at the Points of Delivery are provided by <Avista/Transmission Customer>. Meters at the Point(s) of Delivery shall be read pursuant to the Meter Reading and Meter Test Procedures outlined in Section 9.54.
- 9.2 Exchange of Metering Data – The Party owning, operating and maintaining each meter used to determine billing associated with the Service Agreement shall provide to the other Party all hourly meter readings and any more frequent ~~load profile~~ ~~information~~ readings, if existing, from each such meter. All meter reading information for a given month shall be validated and made available to Avista in the succeeding month by 10:00 a.m. of the fifth (5th) working day of such succeeding month. All meter reading records and scheduled amounts shall be exchanged electronically between the Parties on a monthly basis. Either Party shall notify the other as soon as practicable in the event of system configuration changes or other events which may affect meter readings or access to meter reading information including, but not limited to, advance notice of planned line and substation outages and planned communications outages.
- 9.3 Use of <Avista/Transmission Customer>’s Meter Reading Information – <Pending the specific nature and associated information systems of the applicable Party’s real and reactive power metering data, the Parties shall specify terms and conditions regarding the sharing of such data>.
- 9.4 Tests of Metering Installations – Each Party shall, at its expense, test its measuring installations associated with this Agreement and the Service Agreement in accordance with the Meter Reading and Meter Test Procedures outlined in Section 9.5, attached hereto. The Parties may mutually agree to use a single set of meters. In the event that a single set of meters are utilized, tests of such meters shall be conducted jointly by the Parties in accordance with Section 9.5 and shall be witnessed and agreed to by representatives of each Party.

9.5 Meter Reading and Meter Test Procedures

- (A) Meter Readings – Meter readings associated with the delivery of electric power to the Point(s) of Delivery shall be the responsibility of the Party owning such meters. Electric power deliveries in any month shall be calculated on information based on meter readings, with any necessary date adjustments made by pro-rating metered amounts to the number of days in such month. In the event a recording metering device is installed, actual hourly and monthly energy deliveries shall be determined from the record developed. Each Party shall permit representatives of the other Party to inspect all of the records relating to the delivery or transmission of electric power under the Service Agreement.
- (B) Meter Testing – Avista and/or <Transmission Customer> shall own and maintain all meters used to determine any billing under the Service Agreement.
 - (i) Avista meters shall be tested and inspected in accordance with Avista’s meter testing program (“Avista Program”) as filed with the Washington Utilities and Transportation Commission and/or the Idaho Public Utilities Commission. If requested by <Transmission Customer>, Avista shall provide copies of applicable test and calibration records and calculations. Avista shall permit representatives of <Transmission Customer>, and/or <Transmission Customer>’s wholesale utility customer to be present at all times the meters are being tested. Additionally, Avista shall test any or all such meters as may reasonably be requested by <Transmission Customer>. Reasonable costs for such requested test shall be paid by <Transmission Customer> unless any of the meters are found to be inaccurate, as defined in the Avista Program, in which case Avista shall pay for the test.
 - (ii) <Transmission Customer>’s meters shall be tested and inspected in accordance with <Transmission Customer>’s meter testing program (“<Transmission Customer> Program”). If requested by Avista, <Transmission Customer> shall provide copies of applicable test and calibration records and calculations. <Transmission Customer> shall permit a representative of Avista to be present at all times the meters are being tested. Additionally, <Transmission Customer> shall test any or all such meters as may reasonably be requested by Avista. Reasonable costs for such requested test shall be paid by Avista unless any of the meters are found to be inaccurate, as defined in the <Transmission Customer> Program, in which case <Transmission Customer> shall pay for the test. Each Party shall give reasonable notice of the time when any such test or inspection is to be made to the other Party who may have representatives present at such tests or inspections. Any component of such installations found to be defective or inaccurate shall be adjusted, repaired or replaced to provide accurate metering.

- (C) Adjustments – If any meter fails to register, or if the measurement made by such meter during a test made as provided below fails to meet the standards of such test, or if an error in meter reading occurs, adjustment shall be made correcting all measurements for the actual period during which such inaccurate measurements were made. Should any metering equipment at any time fail to register, or should registration thereof be so erratic as to be meaningless, the capacity, energy and reactive power delivered shall be determined from the best available data. If an estimate is required due to metering equipment malfunction, the method of estimating capacity, energy and reactive power delivered shall be made available and agreed upon by both Parties. The approval process shall not delay billings. Such corrected measurements shall be used to re-calculate billed amounts under the Service Agreement.

- 9.6 Metering and Communications Required for Integration of Network Resources – Unless otherwise agreed upon with a third party, <Transmission Customer> shall be responsible for all costs associated with the installation, operation and maintenance of any metering, ~~and~~ communications and SCADA equipment necessary for the integration of any generation resource to be designated a Network Resource under the Service Agreement and connected to Avista's Transmission System or within Avista's Control Area. All such installations shall be pursuant to Avista's Facility Connection Requirements as set forth under NERC Standard FAC-001 and any other applicable NERC, WECC and NWPP standards or criteria and Good Utility Practice.
- 9.7 Metering and Communications Required for Ancillary Services – Unless otherwise agreed upon with a third party, <Transmission Customer> shall be responsible for all costs associated with the installation, operation, and maintenance of any metering, ~~and~~ communications and SCADA equipment necessary for the provision of Ancillary Services by <Transmission Customer> or by a third party. All such ~~metering and communication~~ installations shall be ~~installed, operated, and maintained~~ pursuant to Avista's Facility Connection Requirements as set forth under NERC Standard FAC-001 and any other applicable NERC, WECC, and NWPP standards or criteria and Good Utility Practice.
- 9.8 Installation and Use of Avista Meters – Notwithstanding any other provision in this Section 9, Avista may at any time install meters or metering equipment to make any measurements for any Point of Delivery required for any computation or determination mentioned in this Agreement or the Service Agreement. If such meters or metering equipment are so installed, such measurements shall be used thereafter in such computation or determination.
- 9.9 Real-Time Data Acquisition – For the purpose of enabling Avista to monitor the loads on its transmission system, Avista may require the acquisition of real-time load data (megawatts and megavars) at Points of Delivery that have meters and metering equipment owned by <Transmission Customer>. The Parties shall facilitate such data acquisition pursuant to Good Utility Practice and <Transmission Customer> shall provide either of the following to Avista:

- (A) Megawatt and megavar indications from <Transmission Customer>'s supervisory control and data acquisition (SCADA) system, if existing, in a format agreed upon by the Parties, or
- (B) The following:
 - (i) Metering current transformers ("CTs") and potential transformers ("PTs"),
 - (ii) Space in <Transmission Customer>'s substation control house or cabinet for an Avista remote terminal unit or such other equipment that performs a comparable function ("Avista Equipment"), to be supplied by Avista,
 - (iii) Voltage and current indications from <Transmission Customer>'s CTs and PTs to the Avista Equipment, and
 - (iv) Space for any conduit needed by Avista for its communications out of the substation.

Section 10 - Operation and Maintenance

10.1 **Maintenance Scheduling and Continuity of Service** – Avista may Curtail or otherwise temporarily suspend service at the Points of Delivery:

- (A) pursuant to Section 33.7 of the Tariff; and
- (B) without prior notice of such Curtailment or temporary suspension as may be necessary due to Force Majeure pursuant to Section 10 of the Tariff. Consistent with Section 33.7 of the Tariff, Avista shall use reasonable efforts to repair the cause of any such Curtailment or temporary suspension comparable to such reasonable efforts Avista uses with respect to its bundled retail Native Load Customers.

10.2 **Emergency Planning and Operation** – As the Transmission Provider, Avista is responsible for planning, coordinating and implementing emergency operation schemes applicable to Avista's Transmission System. Examples of such schemes include NWPP programs related to underfrequency load shedding, undervoltage load shedding and system restoration. Other schemes may be developed to meet NERC, WECC or NWPP reliability planning and operations objectives. <Transmission Customer> shall:

- (A) participate in the development and implementation of such load shedding and other programs to facilitate system reliability and security;
- (B) install and maintain or, in the alternative, require its wholesale utility customer served via the Service Agreement to install and maintain, any required load shedding relays, including underfrequency and undervoltage relays; and

- (C) participate in system restoration planning.

Section 11 - Miscellaneous

- 11.1 Supremacy of Tariff – In the event of any irreconcilable difference between the Tariff and this Agreement, the language of the Tariff shall govern.
- 11.2 Notices – Any formal notice to be served, given or made in connection with this Agreement shall be in writing and shall be directed as provided in the Service Agreement. Notices of an operating nature shall be given as provided in the Service Agreement.
- 11.3 Assignment – Any assignment of this Agreement shall be pursuant to the terms of assignment in the Service Agreement.
- 11.4 Amendment – From time to time Avista may amend this Agreement. Avista shall provide reasonable prior notice of any such amendment to <Transmission Customer> and the Parties shall work in good faith to reach consensus on the content of such amendment. Any such amendment shall become effective upon acceptance for filing by the Commission.

~~Effective Date: 8/27/2010~~

ATTACHMENT I

Index Of Network Integration Transmission Service Customers

<u>Customer</u>	<u>Date of Service Agreement</u>
Bonneville Power Administration (PUD No. 1 of Asotin County) 2006 October 1, 2011	January 1,
Bonneville Power Administration (Big Bend Electric Cooperative) 2006 October 1, 2011	January 1,
Bonneville Power Administration (City of Cheney) 2006 October 1, 2011	January 1,
Bonneville Power Administration (City of Chewelah) 2006 October 1, 2011	January 1,
Bonneville Power Administration (Clearwater Power Company) 2006 October 1, 2011	January 1,
Bonneville Power Administration (Fairchild AFB) 2006 October 1, 2011	January 1,
Bonneville Power Administration (Idaho County Light & Power) 2006 October 1, 2011	January 1,
Bonneville Power Administration (Inland Power & Light Co.) 2006 October 1, 2011	January 1,
Bonneville Power Administration (Kootenai Electric Cooperative, Inc.) 2006 October 1, 2011	January 1,
Bonneville Power Administration (Modern Electric Water Co.) 2006 October 1, 2011	January 1,
Bonneville Power Administration (Northern Lights, Inc.) 2006 October 1, 2011	January 1,
Bonneville Power Administration (City of Plummer) 2006 October 1, 2011	January 1,
Effective Date: 8/27/2010	