

Transmission Services  
Avista Corporation  
1411 E Mission Avenue  
Spokane, WA 99202



September 7, 2006

Magalie Roman Salas, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E., Room 1A  
Washington, DC 20426

RE: *Avista Corporation, Docket No. ER06-\_\_\_\_\_*  
*Revisions to Open Access Transmission Tariff, FERC Electric Tariff Volume No. 8*

Dear Ms. Salas:

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 (2006), Avista Corporation ("Avista") hereby submits for filing originals and six copies each of revisions to Avista's Open Access Transmission Tariff, Volume No. 8 ("Tariff")<sup>1</sup>. The filing consists of two revised and two new original sheets revising terms and conditions for two Ancillary Services (Schedule 3 – Regulation and Frequency Response Service and Schedule 4 – Energy Imbalance Service), a series of revised and original sheets incorporating a revised standard form of Network Integration Transmission Service Agreement, and nineteen revised sheets incorporating a revised form of Network Operating Agreement. All proposed revisions are to incorporate the necessary terms and conditions for Avista to provide Network Integration Transmission Service to the Bonneville Power Administration ("Bonneville") under recently filed Service Agreements [see Docket No. ER06-436-001] and to any subsequent Network Customers. Avista respectfully submits that the proposed revisions to the Tariff are consistent with, and/or *superior to*, the current terms and conditions of the Tariff. Avista respectfully requests that the Commission accept the attached revised Tariff sheets with an effective date of November 9, 2006.

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<sup>1</sup> The Commission accepted the currently applicable version of Avista's Tariff for filing in Docket No. ER06-422-000 in a letter order dated February 8, 2006 [Compliance with *Interconnection for Wind Energy*, Order No. 661-A, 70 Fed. Reg. 75005 (Dec. 12, 2005), 113 FERC ¶ 61,254 (2005); *see also Interconnection for Wind Energy*, Order No. 661, 70 Fed. Reg. 34993 (June 16, 2005), FERC Stats. & Regs. ¶ 31,186 (2005) (Final Rule)].

## **BACKGROUND AND REASON FOR FILING**

Avista has historically provided transmission service to Bonneville under a pre-Order 888 agreement, the General Transfer Agreement ("GTA") between Avista and Bonneville (Avista Rate Schedule FERC No. 105), which expired on December 31, 2005. On December 30, 2005, Avista submitted an unsigned *pro forma* Network Integration Transmission Service Agreement ("NITSA") with Bonneville, to be effective January 1, 2006, while further negotiations were conducted to convert from service under the GTA to Network Integration Transmission Service under the Tariff. Avista and Bonneville completed negotiations over a form of NITSA and a form of Network Operating Agreement ("NOA") to implement Network Integration Transmission Service to Bonneville's wholesale utility customers under the Tariff and, on June 9, 2006 Avista amended its filing to include twelve non-conforming NITSAs and NOAs with Bonneville, requesting an effective date of January 1, 2006 for each agreement. Avista also indicated that, with the Commission's acceptance of the non-conforming agreements, Avista would file proposed revisions to the Tariff in the future to incorporate the proposed changes to the NITSA, NOA and applicable Tariff sections. On August 8, 2006, the Commission issued a notice of deficiency to Avista requesting additional information, including: (i) a justification of each proposed provision in the NITSAs and NOAs that deviates from Avista's Tariff, and (ii) an explanation why Avista had not already filed proposed changes to its Tariff and why any delay in such a filing is not unduly discriminatory during the interim.

Concurrent with this filing, Avista is submitting its response to the Commission's notice of deficiency in Docket No. ER06-436-002. By the submittal of the proposed revisions to the Tariff in this filing, it is Avista's intent to assure that any prospective Network Customer might be able to obtain service from Avista under the same basic terms and conditions for network service offered to Bonneville. By submitting these proposed revisions concurrent with the Commission's review of Avista's response in Docket No. ER06-436-002, Avista intends to establish that there would be no opportunity for undue discrimination as between the service offered to Bonneville and service offered to any prospective Network Customer. In order to focus on the Tariff issues immediately at hand with respect to related Docket No. ER06-436-002, Avista is filing only proposed revisions to the Tariff that are directly related to the implementation of Network Integration Transmission Service.

Avista is just now proposing these revisions to the Tariff because Avista is just now implementing Network Integration Transmission Service under the Tariff for the first time. While Attachment I to Avista's Tariff lists five prior Network Customers, Bonneville becomes the first *true* Network Customer of Avista. The five listed prior customers under Attachment I are: (i) an erroneous listing of "The Washington Water Power Company" for a non-existent service agreement that was erroneously filed and then withdrawn in response to the Commission's omnibus order in Allegheny Power System, Inc. et. al., 80 FERC ¶ 61,143 (1997) [Avista Docket No. OA96-162-004], and (ii) those retail customers of Avista who took service under long-expired experimental direct access programs in the State of Washington. Included in Avista's amended filing in Docket No. ER06-436-002, submitted concurrent with this filing, is a revised Attachment I to Avista's Tariff reflecting the fact that Bonneville is the only current Network Customer of Avista.

As Avista and Bonneville began to address the conversion from service under the GTA to Network Integration Transmission Service under the Tariff, it became readily apparent that the forms of agreements attached to Avista's Tariff would be woefully inadequate to effectively provide for the implementation of network service under the Tariff. The proposed new standard forms of NITSA and NOA are the result of negotiations with Bonneville as well as Avista's preparation for prospective future Network Customers. The proposed revisions are in the following four areas:

1. Incorporation of an alternative billing determinant for Schedule 3 – Regulation and Frequency Response Service to allow the Transmission Customer to mitigate potential costly metering costs under this rate schedule;
2. More flexible and less punitive terms and conditions for Schedule 4 – Energy Imbalance Service;
3. A revised standard form of Network Integration Transmission Service Agreement (Attachment F); and
4. A revised standard form of Network Operating Agreement (Attachment G).

#### **PROPOSED REVISION TO RATE SCHEDULE 3 – REGULATION AND FREQUENCY RESPONSE**

Second Revised Sheet No. 63 incorporates a more flexible alternative billing determinant approach for Regulation and Frequency Response for the benefit of Transmission Customers. While the current billing determinant approach in Rate Schedule 3 [accepted by the Commission in Docket No. OA96-162-001] provides an effective means to determine a Transmission Customer's impact on the Transmission Provider's system related to regulation and frequency response, this approach requires the installation of metering that can monitor and record ten-minute integrated intervals. In certain instances this approach would be absolutely necessary (e.g. for a point of delivery serving a large fluctuating load such as an arc furnace). In the case of Bonneville's conversion from service under the GTA to Network Integration Transmission Service, new equipment would need to be installed at over one-hundred metering points at Bonneville's Points of Delivery. As in the past, Avista wishes to work cooperatively with its Transmission Customers and, in those cases where the load characteristics do not necessitate the need for ten-minute integrated demand recording, Avista will agree to the simplified "surrogate" approach added to Rate Schedule 3. Note that the Commission has previously approved this same alternative approach, using a billing determinant based upon 2% of the Transmission Customer's monthly peak load, for Avista's customers [see Docket Nos. ER96-302-000 and ER98-1676-000].

By providing additional flexibility that can benefit a Transmission Customer, Avista respectfully submits that this proposed revision is both consistent with, and *superior to*, Avista's current Tariff. Accordingly, Avista respectfully requests that the Commission accept Second Revised Sheet No. 63.

#### **PROPOSED REVISION TO RATE SCHEDULE 4 – ENERGY IMBALANCE SERVICE**

Second Revised Sheet No. 64 and Original Sheet Nos. 64A and 64B incorporate proposed revisions to Schedule 4 – Energy Imbalance Service. The revisions provide a superior approach to Energy Imbalance Service providing more flexible and forgiving terms and conditions to remove the “100 mills/kWh penalty” for most imbalance amounts outside of the deadband. While these revised provisions were negotiated with Bonneville in association with the conversion of historical transfer service under the GTA to Network Integration Transmission Service, by these proposed changes to Schedule 4 Avista shall offer these superior terms and conditions to all Transmission Customers taking Energy Imbalance Service. The proposed revisions to Energy Imbalance Service are as follows:

- At the Transmission Customer’s election, imbalance amounts within the “deadband” or “Deviation Band 1” can be settled via physical return of energy or via financial settlement. This provides a more flexible approach for the Transmission Customer.
- Three deviation bands are defined, replacing the two deviation bands under the pro forma tariff approach. The new deviation bands are defined as follows:
  - Deviation Band 1 = less than or equal to  $\pm 1.5\%$  or  $\pm 2$  MW
  - Deviation Band 2 = outside of Band 1 and less than or equal to  $\pm 7.5\%$  or  $\pm 5$  MW
  - Deviation Band 3 = outside of Band 2This three-tiered approach is similar to that offered by Bonneville in its transmission tariff and similar to that being contemplated by the Commission in its recent Notice of Proposed Rulemaking [see Preventing Undue Discrimination and Preference in Transmission Service, Docket Nos. RM05-25-000 and RM05-17-000, paragraphs 238-247].
- The 100 mills/kWh “penalty” was removed for negative deviation amounts outside the pro forma deadband of 1.5% or 2 MW but yet still within Deviation Band 2. The 100 mills/kWh “penalty” charge now only applies to negative deviation amounts in Deviation Band 3, or amounts outside a band of 7.5% or 5 MW of the scheduled amount. This eliminates a significant “penalty” risk for the Transmission Customer, yet maintains the penalty for significant negative deviation amounts (greater than 7.5% or 5 MW) to provide the necessary disincentive to keep a Transmission Customer from leaning on the Transmission Provider’s system during peak hours where real-time prices may exceed heavy-load-hour index prices.
- A defined term for an “Hourly Pricing Proxy” was developed providing both Avista and the Transmission Customer a commonly-recognized reference in settling any deviation amounts outside of Deviation Band 1. Using a defined

Hourly Pricing Proxy significantly reduces contract administration costs for both parties.

In summary, the proposed revisions provide the Transmission Customer greater flexibility in its scheduling practices by reducing the applicability of the 100 mills/kWh penalty and providing the means for the customer to elect to financially settle imbalance amounts within Deviation Band 1. While the three-tiered approach provides such greater flexibility for the Transmission Customer, the pricing provisions of Deviation Band 3 maintains the necessary disincentive for the customer to lean on the transmission provider's control area and resources during certain operating conditions.

By providing additional flexibility that can benefit a Transmission Customer while maintaining necessary protections for the Transmission Provider, Avista respectfully submits that these proposed revisions are consistent with, and *superior to*, Avista's current Tariff. Accordingly, Avista respectfully requests that the Commission accept Second Revised Sheet No. 64 and Original Sheet Nos. 64A and 64B.

#### **PROPOSED REVISION TO STANDARD FORM OF NETWORK SERVICE AGREEMENT**

Second Revised Sheet Nos. 83, 84, 85, 85A, 86, 87, 87A, 88, 89, Original Sheet No. 89A, and Second Revised Sheet No. 90 incorporate a number of revisions to the standard form of NITSA in order to implement Network Integration Transmission Service under the Tariff and to provide flexibility for the Transmission Customer in certain areas. As noted above, Bonneville becomes the first ever third-party Network Customer of Avista under the Tariff. Accordingly, the proposed revisions represent the first effort by Avista and a prospective Network Customer to develop the necessary contractual provisions to effectively implement Network Integration Transmission Service under the Tariff. The following describes the nature of these proposed revisions:

- Section 2 – The current form of NITSA unnecessarily attaches the Tariff as an exhibit. In part to save paper, the Tariff has been removed as an exhibit to the NITSA and instead is formally incorporated by reference into the NITSA in Section 2.1. The remaining exhibits are incorporated into the NITSA in Section 2.2.
- Section 3 – Revisions to this section provide greater clarity and additional time for the Transmission Customer related to its cancellation rights.
- Section 4.2 – The current form of NITSA does not accommodate the potential use of non-transmission facilities in conjunction with Network Integration Transmission Service. Avista understands that the Commission asserts jurisdiction over transfer service over low-voltage substation and distribution facilities to facilitate wholesale delivery of electric power. For example, Avista has historically provided transfer service over low-voltage substation and distribution facilities to Bonneville under the GTA, Avista's Rate Schedule FERC

No. 105. Since it is Avista's understanding that the charges for transfer service across such facilities are under the Commission's jurisdiction, Avista has provided for such charges in the NITSA. Avista submits that the non-rate terms and conditions for such service are appropriately under the Tariff, while Avista recognizes that separate cost-support must be provided to substantiate charges for such service in the event they are included in a NITSA. From an administrative standpoint, it is not clear to Avista what differing non-rate terms and conditions might be applicable to transfer service across such facilities that might require an entirely separate service agreement. Accordingly, Avista has included provision for such charges, if applicable, in its revised standard form of NITSA. Should the Commission determine that transfer service across low-voltage substation and distribution facilities need to be provided for pursuant to a separate service agreement from the NITSA, Avista hereby agrees that it will comply with such determination by seeking to amend the twelve NITSAs with Bonneville and develop twelve new service agreements to provide for such service and applicable charges.

- Section 4.3 – Consistent with what the Commission has accepted in other NITSAs [see Idaho Power Company, 102 FERC ¶ 61,351], a new Section 4.3 provides for an adjustment to the transmission billing demand at a given Point of Delivery should the Transmission Customer persistently violate power factor requirements at such Point of Delivery. It should be noted that this is a penalty adjustment to the transmission demand at a Point of Delivery reflecting the *additional transmission capacity used by the Transmission Customer* to provide such reactive power to the Point of Delivery. It is not a rate or charge for any such reactive power provided by Avista.
- Sections 5, 6, 7 and 8.2 – Non-substantive revisions to these sections add additional clarity to the NITSA.
- Section 8.5 – Avista and Bonneville desired to provide clarity with respect to certain assignment principles. Recognizing that Bonneville's wholesale federal power customers may at some point wish to procure Network Integration Transmission Service directly from Avista, both Bonneville and Avista acknowledged that a number of technical issues (e.g. the use of Bonneville's existing metering and any scheduling issues related to the melding of contract network resources and physical network resources) would need to be addressed in order to make the transition under any such assignment. Avista's proposed revisions provide for each party's qualified consent to such assignment, providing necessary clarity for the NITSAs executed with Bonneville as well as any future NITSAs with prospective Network Customers.
- Exhibit 1 – Monthly Transmission Charge – Per Commission requirements, past load history cannot be used to establish the rolling twelve-month averages used in the calculation of the monthly transmission charge for new Network Integration

Transmission Service [see Florida Power & Light Company, 87 FERC ¶ 81,149 (Docket No. ER99-723-001)]. These revisions clarify how Avista will calculate each monthly charge during the first twelve months under the NITSA for a Network Customer whose load has not yet been served via Network Integration Transmission Service. For the benefit of both the Transmission Provider and the Transmission Customer it was felt to be more appropriate to provide written clarification in the NITSA as to how Commission policy would be implemented in this area. Should the Commission determine that this clarification best be incorporated not in the standard form of NITSA but incorporated into applicable text in Section 1.18 and Section 34 of the main body of the Tariff, Avista hereby stipulates that it would agree to such an approach.

- Exhibit 1 – Power Factor Penalty Adjustment – Per Section 4.3 of the NITSA, this portion of Exhibit 1 outlines the methodology of adjusting the transmission demand applicable to a given Point of Delivery in the event such Point of Delivery demonstrates continued violations of the applicable power factor criteria. Note that Avista cannot make such an adjustment to the transmission demand unless we have provided prior notification to the Transmission Customer, thereby providing the Transmission Customer the opportunity to provide an operational remedy to avoid such adjustment. Again, the Power Factor Penalty Adjustment is not a rate or charge, but a penalty adjustment to the transmission demand at a Point of Delivery reflecting the *additional transmission capacity used by the Transmission Customer* to provide such reactive power to the Point of Delivery. Again, this is consistent with what the Commission has approved in other cases [see Idaho Power Company, 102 FERC ¶ 61,351, (Docket Nos. ER03-487-000 and ER03-488-000)]
- Exhibit 1 – Losses – This section provides for three items related to the provision of losses:
  - The specification of loss factors associated with low-voltage substation and distribution facilities, if any;
  - Provisions related to the physical return of losses. In Bonneville's case, both parties agreed that the most effective and administratively least-cumbersome means to account for losses for Network Integration Transmission Service is to provide for concurrent loss return. All loss factors associated with each metered quantity are known and identified by both parties prior to pre-schedule and can be included in the transmission customer's pre-scheduling activities and included in the after-the-fact accounting associated with each metered quantity. The means of concurrent loss return is recognized by both Avista and Bonneville as the most administratively efficient means by which to account for the physical return of losses; and
  - Provision for the financial settlement of losses per the Transmission Customer's election. This provides greater flexibility for the Transmission Customer.

Avista submits that the proposed revisions are *superior to* Avista's current Tariff in that they provide for greater clarity and more flexible terms and conditions for prospective Network Customers. Should the Commission accept Avista's revised sheets, then all prospective Network Customers might be able to obtain service under the same basic terms and conditions as those offered in the NITSAs executed with Bonneville (filed in Docket No. ER06-436-001). Avista respectfully requests that the Commission accept Second Revised Sheet Nos. 83, 84, 85, 85A, 86, 87, 87A, 88, 89, Original Sheet No. 89A, and Second Revised Sheet No. 90.

#### **PROPOSED REVISION TO STANDARD FORM OF NETWORK OPERATING AGREEMENT**

Second Revised Sheet Nos. 91 – 109 incorporate proposed revisions to the standard form of NOA. This proposed revised form of NOA is far superior to the form of "Interconnection and Network Operating Agreement" currently attached to Avista's Tariff. When Avista filed its Tariff in 1996, the form of agreement that Avista developed and included as its "Interconnection and Network Operating Agreement" primarily pertained to the physical interconnection of electric facilities and did not in any way address the many issues associated with the implementation of Network Integration Transmission Service, as referenced in Section 35.2 of the Tariff. Avista, at that time, had no Network Integration Transmission Service customers and so had not worked through any issues related to network service. This prior form of agreement developed by Avista and attached to the Tariff (note that this is not a *pro forma* agreement developed by the Commission) *is of no value* in implementing network service under the Tariff. With Bonneville becoming Avista's first true Network Customer it is necessary to develop a completely new NOA to provide for the technical and operational practices necessary to implement Network Integration Transmission Service under the Tariff. Many of the provisions in the NOA were taken from other such agreements in existence within the Pacific Northwest, including Bonneville's own form of agreement attached to its open access transmission tariff.

In converting from historical transmission service under the GTA to Network Integration Transmission Service, it was necessary to include some specific elements in the NOA with Bonneville. Accordingly, these elements will be necessary for any future Network Customer of Avista. Among these are terms and conditions that provide for:

- Clarity with respect to the inherent differences relating to redispach of resources connected directly with the transmission provider's system, resources connected to third-party systems, and contract resources that by their very nature are not a physical resource able to be dispatched to affect physical power flows on the transmission system (see Section 7 of the NOA).
- Necessary scheduling protocols associated with a Transmission Customer's designated contract Network Resources (see Section 8 of the NOA).
- Clarity with respect to metering requirements and the sharing of metering data. In the case of converting from service under the GTA, it is recognized that the meters historically used for transmission service to Bonneville's wholesale federal

power customers on Avista's system are meters owned by Bonneville. While Avista maintains the right to install its own meters, Avista and Bonneville developed provisions providing for the timely sharing of Bonneville's metering information with Avista (see Section 9 of the NOA), such provisions providing flexibility under the NOA to use meters owned either by Avista or the Transmission Customer.

In light of the fact that the current form of agreement attached to Avista's Tariff is of no value in implementing Network Integration Transmission Service, Avista submits that this proposed revision to the standard form of NOA is *superior to* that form of agreement currently attached to Avista's Tariff. Should the Commission accept Avista's Second Revised Sheet Nos. 94 – 109, then the form of NOA attached to the NITSAs with Bonneville (filed in Docket No. ER06-436-001) will be a *conforming* NOA. Avista respectfully requests that the Commission accept Second Revised Sheet Nos. 91 – 109.

#### MATERIALS SUBMITTED

Pursuant to the Commission's regulations, Avista submits an original and six (6) copies of each of the following documents:

1. This transmittal letter;
2. Revised Tariff sheets incorporating proposed revisions to Avista's Open Access Transmission Tariff, Volume No. 8, as follows:

<u>Revised Sheets</u>	<u>Description</u>
Second Revised Sheet No. 63	Regulation and Frequency Response Service
Second Revised Sheet No. 64	Energy Imbalance Service
Original Sheet No. 64A	Energy Imbalance Service
Original Sheet No. 64B	Energy Imbalance Service
Second Revised Sheet Nos. 83, 84, 85, 85A, 86, 87, 87A, 88, 89	Standard form of NITSA
Original Sheet No. 89A	Standard form of NITSA
Second Revised Sheet No. 90	Standard form of NITSA
Second Revised Sheet Nos. 91–109	Standard Form of NOA
3. Redline Tariff sheets showing the proposed revisions from the current Tariff sheets;
4. Distribution list of Avista's Transmission Customers to whom copies of this filing letter have been sent.

**PERSON TO WHOM COMMUNICATIONS SHOULD BE ADDRESSED**

Please address all notices, questions and correspondence regarding this filing to:

Mr. Jeff Schlect  
Manager, Transmission Services MSC-7  
Avista Corporation  
P. O. Box 3727  
Spokane, WA 99220-3727  
Telephone: (509) 495-4851  
E-mail: [jeff.schlect@avistacorp.com](mailto:jeff.schlect@avistacorp.com)

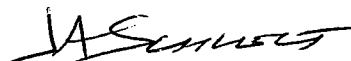
**PERSONS TO WHOM COPIES OF THIS FILING HAVE BEEN SENT**

Avista has sent a copy of this filing letter by U.S. mail to all of its Transmission Customers to notify them that this filing has been made and that a copy of the filing can be obtained on the Avista OASIS site at <http://www.oatioasis.com/avat/index.html>.

**RELIEF REQUESTED AND PROPOSED EFFECTIVE DATE**

Avista respectfully requests the Commission accept the revised Tariff sheets as consistent with and/or superior to the prior Tariff sheets. Avista respectfully requests that the revised Tariff sheets filed herewith be effective November 9, 2006.

Respectfully,



Jeff Schlect  
Manager, Transmission Services

Attachments

## **PROPOSED REVISED TARIFF SHEETS**

The Transmission Customer's Regulation and Frequency Response Service obligation shall be the ratio of the Transmission Customer's monthly Peak Load Fluctuation to the monthly Peak Non-Coincident Load Fluctuation, multiplied by the monthly Peak Coincident Load Fluctuation:

$$\begin{array}{rcccl} \text{Regulation} & & \text{Transmission Customer's monthly} & & \\ \text{and Frequency} & & \text{Peak Load Fluctuation} & & \\ \text{Response} & = & \text{-----} & \times & \text{monthly Peak Coincident} \\ \text{Service} & & & & \text{Load Fluctuation for} \\ \text{Obligation} & & \text{monthly Peak Non-Coincident Load} & & \text{all customers} \\ & & \text{Fluctuation for all customers} & & \end{array}$$

- (b) In order to facilitate service under Schedule 3 at a reduced cost impact to Transmission Customer in the event available metering facilities at the Points of Delivery do not provide the necessary functionality to calculate applicable billing determinants under (a) above, the Parties may agree to use the following billing determinant in lieu of the methodology described in (a). Alternatively, the monthly Regulation and Frequency Response Service obligation shall be 2.0% of Transmission Customer's monthly peak Network Load.
- (c) The Transmission Customer shall compensate the Transmission Provider at the monthly rate for Regulation and Frequency Response Service applied to the Transmission Customer's monthly Regulation and Frequency Response Service obligation. The monthly rate for Regulation and Frequency Response Service shall be no greater than \$8.94 per kW.

## SCHEDULE 4 Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

The charges for Energy Imbalance Service are as set forth below.

### Energy Imbalance Service

The Transmission Customer may elect to settle energy imbalance deviations within Deviation Band 1 either by the return of energy or by settling financially. The Service Agreement shall specify the Transmission Customer's initial election.

(a) Imbalances within Deviation Band 1: Deviation Band 1 applies to the portion of an hourly imbalance deviation less than or equal to  $\pm 1.5\%$  of the scheduled amount of energy or  $\pm 2$  MW, whichever is larger in absolute value. The Transmission Customer may elect to settle imbalance deviations within Deviation Band 1 by the return of energy or by settling financially. The Transmission Customer may change such election no more often than once per any one-year period and such change shall only become effective upon the first day of a specified month. The Transmission Customer shall provide at least ninety (90) days' notice prior to any such change in election.

(i) For imbalances within Deviation Band 1 settled by the return of energy, the Transmission Provider will maintain deviation accounts showing the net energy imbalance (the sum of positive and negative deviations from schedule for each hour) for Heavy Load Hour (HLH) and Light Load Hour (LLH) periods. Imbalance energy may be returned or accepted on a scheduled basis during comparable loading conditions during the month to bring the HLH and LLH deviation account balances to zero at the end of each month. The Transmission Provider shall have the right to approve or adjust any hourly schedules of return energy submitted by the Transmission Customer. Any remaining HLH or LLH deviation balances remaining at the end of the month shall be settled financially as follows:

(A) When the monthly net energy (determined for HLH and LLH periods) taken by the Transmission Customer is greater than the energy scheduled, the charge is 100% of the weighted average Hourly Pricing Proxy (determined for HLH and LLH periods) for such month.

Issued by: Jeff Schlect  
Manager, Transmission Services

Effective: November 9, 2006

Issued on: September 7, 2006

Filed in compliance with Order No. 2003, *Standardization of Interconnection Agreements and Procedures*, FERC Stats. 7 Regs. Preambles ¶ 31,146 (2003) and Order No. 2003-A, *Standardization of Interconnection Agreements and Procedures*, 106 FERC ¶ 61,220 (March 5, 2004).

- (B) When the monthly net energy (determined for HLH and LLH periods) taken by the Transmission Customer is less than the energy scheduled, the Transmission Provider shall credit the Transmission Customer at 100% of the weighted average Hourly Pricing Proxy (determined for HLH and LLH periods) for such month.
- (ii) Hourly imbalance deviations within Deviation Band 1 settled financially shall be settled as follows:
  - (A) When energy taken by the Transmission Customer during an hour is greater than the energy scheduled (negative deviation), the charge is 100% of the Hourly Pricing Proxy.
  - (B) When energy taken by the Transmission Customer during an hour is less than the energy scheduled (positive deviation), the Transmission Provider shall credit the Transmission Customer at 100% of the Hourly Pricing Proxy.
- (b) Imbalances within Deviation Band 2: Deviation Band 2 applies to the portion of an hourly imbalance deviation greater than  $\pm 1.5\%$  of the scheduled amount of energy or  $\pm 2$  MW, whichever is larger in absolute value, up to and including  $\pm 7.5\%$  of the scheduled amount of energy or  $\pm 5$  MW, whichever is larger in absolute value.
  - (i) When energy taken by the Transmission Customer during an hour is greater than the energy scheduled (negative deviation), the charge is 110% of the Hourly Pricing Proxy.
  - (ii) When energy taken by the Transmission Customer during an hour is less than the energy scheduled (positive deviation), the Transmission Provider shall credit the Transmission Customer at 90% of the Hourly Pricing Proxy.
- (c) Imbalances within Deviation Band 3: Deviation Band 3 applies to the portion of an hourly imbalance deviation greater than  $\pm 7.5\%$  of the scheduled amount of energy or greater than  $\pm 5$  MW of the scheduled amount of energy, whichever is larger in absolute value.
  - (i) When energy taken by the Transmission Customer during an hour is greater than the energy scheduled (negative deviation), the charge is 125% of the Hourly Pricing Proxy, or 100 mills per kilowatt-hour, whichever is greater.
  - (ii) When energy taken by the Transmission Customer during an hour is less than the scheduled amount (positive deviation), the Transmission Provider shall credit the Transmission Customer at 75% of the Hourly Pricing Proxy.

- (d) **Hourly Pricing Proxy:** For purposes of financially settling energy imbalances in any of the deviation bands, the "Hourly Pricing Proxy" is defined as the Dow Jones Mid-Columbia Daily Firm Index, On-Peak (hours ending 0700 through 2200 Pacific Prevailing Time Monday through Saturday inclusive, excluding NERC holidays) and Off-Peak (all other hours), subject to the following: For any on-peak or off-peak period during which Avista's Clark Fork River system (Noxon Rapids or Cabinet Gorge) is in a Forced Spill Condition, no compensation shall be given for a positive deviation for any hour of such on-peak or off-peak period. If data for calculating any Hourly Pricing Proxy is not available from Dow Jones, data from the same time of day from the previous day shall be used. Should the Dow Jones Mid-Columbia Daily Firm Index become no longer generally available, the Parties shall agree upon a replacement definition for the Hourly Pricing Proxy and shall specify such replacement definition in the Service Agreement.
- (e) **Forced Spill Condition:** For purposes of Energy Imbalance Service, a "Forced Spill Condition" exists when spill physically occurs on Avista's hydro system due to lack of load and/or market. Spill due to lack of load and/or market typically occurs during periods of high flows or flood control implementation, but can also occur at other times. Discretionary spill, where Avista may choose whether to spill, does not constitute a Forced Spill Condition. Spill for fish is included in discretionary spill and is not a Forced Spill Condition. Spill that occurs when all of Avista's available hydro units on its Clark Fork River system are generating at full load is not a Forced Spill Condition. Avista must post the Forced Spill Condition on its OASIS or otherwise notify the Transmission Customer at least two (2) hours prior to the Forced Spill Condition becoming effective. Avista shall document the lack of load and/or market that cause the Forced Spill Condition, and this documentation shall be provided to the Transmission Customer upon request.

## 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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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

Issued by: Jeff Schlect  
Manager, Transmission Services

Effective: November 9, 2006

Issued on: September 7, 2006

Filed in compliance with Order No. 2003, *Standardization of Interconnection Agreements and Procedures*, FERC Stats. 7 Regs. Preambles ¶ 31,146 (2003) and Order No. 2003-A, *Standardization of Interconnection Agreements and Procedures*, 106 FERC ¶ 61,220 (March 5, 2004).

This NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT ("Service Agreement") 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).

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Manager, Transmission Services

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- 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 \_\_\_\_\_, \_\_\_\_\_.

### **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.

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- 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 Ancillary Services:

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Manager, Transmission Services

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- 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.

#### 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 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  
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 \_\_\_\_\_, \_\_\_\_.

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Manager, Transmission Services

Effective: November 9, 2006

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**EXHIBIT 1**  
**SPECIFICATIONS FOR**  
**NETWORK INTEGRATION TRANSMISSION SERVICE**

**Designated Network Resources**

<>

**Designated Network Loads**

<>

**Monthly Transmission Charge**

(Pursuant to Section 34 of the Tariff)

*[Applicable to new Network Customers only]*

For each month of the first contract year (<beginning month> through <ending month>) Avista shall calculate <Transmission Customer>'s Monthly Transmission charge using rolling average data for only those months to-date within the contract year. In the invoice for Monthly Transmission charges for the month of <end of first contract year>, Avista shall include a billing adjustment for each of the first eleven months of the first contract year using the rolling average data for twelve months then available as of the end of <end of first contract year>. Thereafter, all calculations for <Transmission Customer>'s Monthly Transmission Charge shall use the then-available 12-month rolling average data

**Monthly Charges for Direct Assignment and Low Voltage Facilities**

<>

**Power Factor Penalty Adjustment**

Subject to the one-month notice provision contained in Section 4.3, in Avista's determination of <Transmission Customer>'s Monthly Transmission Charge and Monthly Charges for Direct Assignment and Low Voltage Facilities, Avista may adjust the monthly billing demand applicable to a Point of Delivery with a power factor of less than 0.95, leading or lagging. Such adjustment shall be made by multiplying the monthly demand by 0.95 and dividing the result by the monthly average power factor at such Point of Delivery.

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## **Losses**

(Pursuant to Section 28.5 of the Tariff)

In addition to the transmission loss factor specified in Section 28.5 of the Tariff, Avista shall specify low-voltage loss factors for applicable substation and distribution facilities at each Point of Delivery. Avista shall provide at least thirty (30) days' prior written notice to <Transmission Customer> of any revision to a low-voltage loss factor, including appropriate background information supporting such revision. Any such revision to a low-voltage loss factor shall be made effective on the first day of a specified month.

*[Applicable to a Transmission customer electing physical return of losses]*

<Transmission Customer> shall return losses concurrent with its scheduled power delivered to Avista. Any deviation amounts associated with such return of losses shall be settled pursuant to the terms and conditions specified for Energy Imbalance Service.

<Transmission Customer> and Avista may from time-to-time agree to terms for financial settlement of losses. Any change between physical return and financial settlement of losses shall have a term of at least one year and shall be preceded by at least six months' notice, unless otherwise mutually agreed upon by the Parties.

*[Applicable to a Transmission Customer electing financial settlement of losses]*

Should the <Transmission Customer> elect to settle losses financially, the Parties shall specify terms for financial settlement of losses.

<Transmission Customer> and Avista may from time-to-time agree to terms for physical return of losses. Any change between financial settlement and physical return of losses shall have a term of at least one year and shall be preceded by at least six months' notice, unless otherwise mutually agreed upon by the Parties.

**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 Sources**

(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 >

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## 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 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, 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.

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### **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.
- 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.

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### **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.

### **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 provide for such protocol and any applicable accounting measures necessary to identify such redispatch costs. Such redispatch costs shall be born 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.
- 7.4 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

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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.
- 8.2 **Scheduling of Contract Resources** – Schedules for <Transmission Customer>'s designated contract 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. Hourly schedules shall be stated in increments of 1 megawatt per hour. Electronic tag or schedule revisions for Network Integration Transmission Service will be permitted up to 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, any revision to an electronic tag or schedule for such hour shall be submitted prior to 0840 hours. 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.
- 8.3 **Combining Schedules from Multiple Agreements** – In consideration of the transition from historical service under a single agreement to multiple agreements for Network Integration Transmission Service, Avista may consent to the combining of schedules for multiple agreements for Network Integration Transmission Service. The Parties shall agree upon any such combination of schedules, which combinations shall not be revised except upon mutual agreement by the Parties.

- 8.4 Sharing of Aggregate Schedule Information – For purposes of reliable and economic operation of Avista's Control Area and pursuant to 18 C.F.R. §358.5(b)(4) and §358.5(b)(8), <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 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 9.4.
- 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, 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 (5<sup>th</sup>) 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

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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 – <Transmission Customer> shall be responsible for all costs associated with the installation, operation and maintenance of any metering and communications 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.
- 9.7 Metering and Communications Required for Ancillary Services – <Transmission Customer> shall be responsible for all costs associated with the installation, operation, and maintenance of any metering and communications 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 applicable NERC, WECC, and NWPP 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:

Issued by: Jeff Schlect  
Manager, Transmission Services

Effective: November 9, 2006

Issued on: September 7, 2006

Filed in compliance with Order No. 2003, *Standardization of Interconnection Agreements and Procedures*, FERC Stats. 7 Regs. Preambles ¶ 31,146 (2003) and Order No. 2003-A, *Standardization of Interconnection Agreements and Procedures*, 106 FERC ¶ 61,220 (March 5, 2004).

- (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.

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## **REDLINE VERSION OF PROPOSED REVISED TARIFF SHEETS**

The Transmission Customer's Regulation and Frequency Response Service obligation shall be the ratio of the Transmission Customer's monthly Peak Load Fluctuation to the monthly Peak Non-Coincident Load Fluctuation, multiplied by the monthly Peak Coincident Load Fluctuation:

$$\begin{array}{lcl} \text{Regulation} & & \text{Transmission Customer's monthly} \\ \text{and Frequency} & & \text{Peak Load Fluctuation} \\ \text{Response} & = & \text{-----} \\ \text{Service} & & \text{monthly Peak Non-Coincident Load} \\ \text{Obligation} & & \text{Fluctuation for all customers} \end{array} \times \begin{array}{l} \text{monthly Peak Coincident} \\ \text{Load Fluctuation for} \\ \text{all customers} \end{array}$$

(b) In order to facilitate service under Schedule 3 at a reduced cost impact to Transmission Customer in the event available metering facilities at the Points of Delivery do not provide the necessary functionality to calculate applicable billing determinants under (a) above, the Parties may agree to use the following billing determinant in lieu of the methodology described in (a). Alternatively, the monthly Regulation and Frequency Response Service obligation shall be 2.0% of Transmission Customer's monthly peak Network Load.

(bc) The Transmission Customer shall compensate the Transmission Provider at the monthly rate for Regulation and Frequency Response Service applied to the Transmission Customer's monthly Regulation and Frequency Response Service obligation. The monthly rate for Regulation and Frequency Response Service shall be no greater than \$8.94 per kW.

Issued by: ~~Randall O. Cloward~~ Jeff Schlect

Effective: ~~September 1, 2004~~ November 9, 2006

~~Director, Engineering & System Ops.~~ Manager, Transmission Services

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## SCHEDULE 4 Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

~~The Transmission Provider shall establish a deviation band of +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s). Parties should attempt to eliminate energy imbalances within the limits of the deviation band within thirty (30) days or within such other reasonable period of time as is generally accepted in the region and consistently adhered to by the Transmission Provider. If an energy imbalance is not corrected within thirty (30) days or a reasonable period of time that is generally accepted in the region and consistently adhered to by the Transmission Provider, the Transmission Customer will compensate the Transmission Provider for such service. Energy imbalances outside the deviation band will be subject to charges to be specified by the Transmission Provider. The charges for Energy Imbalance Service are as set forth below.~~

### Energy Imbalance Service

- ~~(a) For an energy imbalance within the deviation band there is no charge for Energy Imbalance Service; however, the Transmission Customer shall be required to return or accept hourly energy in kind on a scheduled basis during comparable loading conditions in order to correct the energy imbalance within thirty (30) days. If the energy imbalance is not corrected within thirty (30) days, the Transmission Customer may be charged for Energy Imbalance Service at the rates specified below for energy imbalances outside the deviation band.~~
- ~~(b) For an energy imbalance outside the deviation band for any hour of the day, the charge for Energy Imbalance Service shall be as follows:~~
  - ~~(i) For a negative energy imbalance deviation, the Transmission Customer shall pay the Transmission Provider the higher of 100 mills per kilowatt hour or 110% of the Transmission Provider's actual purchase costs for that hour.~~
  - ~~(ii) For a positive energy imbalance deviation, the Transmission Provider shall pay the Transmission Customer 90% of the Transmission Provider's decremental costs for that hour.~~

The Transmission Customer may elect to settle energy imbalance deviations within Deviation Band 1 either by the return of energy or by settling financially. The Service Agreement shall specify the Transmission Customer's initial election.

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Director, Engineering & System Ops. Manager, Transmission Services

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(a) Imbalances within Deviation Band 1: Deviation Band 1 applies to the portion of an hourly imbalance deviation less than or equal to  $\pm 1.5\%$  of the scheduled amount of energy or  $\pm 2$  MW, whichever is larger in absolute value. The Transmission Customer may elect to settle imbalance deviations within Deviation Band 1 by the return of energy or by settling financially. The Transmission Customer may change such election no more often than once per any one-year period and such change shall only become effective upon the first day of a specified month. The Transmission Customer shall provide at least ninety (90) days' notice prior to any such change in election.

(i) For imbalances within Deviation Band 1 settled by the return of energy, the Transmission Provider will maintain deviation accounts showing the net energy imbalance (the sum of positive and negative deviations from schedule for each hour) for Heavy Load Hour (HLH) and Light Load Hour (LLH) periods. Imbalance energy may be returned or accepted on a scheduled basis during comparable loading conditions during the month to bring the HLH and LLH deviation account balances to zero at the end of each month. The Transmission Provider shall have the right to approve or adjust any hourly schedules of return energy submitted by the Transmission Customer. Any remaining HLH or LLH deviation balances remaining at the end of the month shall be settled financially as follows:

(A) When the monthly net energy (determined for HLH and LLH periods) taken by the Transmission Customer is greater than the energy scheduled, the charge is 100% of the weighted average Hourly Pricing Proxy (determined for HLH and LLH periods) for such month.

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- (B) When the monthly net energy (determined for HLH and LLH periods) taken by the Transmission Customer is less than the energy scheduled, the Transmission Provider shall credit the Transmission Customer at 100% of the weighted average Hourly Pricing Proxy (determined for HLH and LLH periods) for such month.
  - (ii) Hourly imbalance deviations within Deviation Band 1 settled financially shall be settled as follows:
    - (A) When energy taken by the Transmission Customer during an hour is greater than the energy scheduled (negative deviation), the charge is 100% of the Hourly Pricing Proxy.
    - (B) When energy taken by the Transmission Customer during an hour is less than the energy scheduled (positive deviation), the Transmission Provider shall credit the Transmission Customer at 100% of the Hourly Pricing Proxy.
- (b) Imbalances within Deviation Band 2: Deviation Band 2 applies to the portion of an hourly imbalance deviation greater than  $\pm 1.5\%$  of the scheduled amount of energy or  $\pm 2$  MW, whichever is larger in absolute value, up to and including  $\pm 7.5\%$  of the scheduled amount of energy or  $\pm 5$  MW, whichever is larger in absolute value.
  - (i) When energy taken by the Transmission Customer during an hour is greater than the energy scheduled (negative deviation), the charge is 110% of the Hourly Pricing Proxy.
  - (ii) When energy taken by the Transmission Customer during an hour is less than the energy scheduled (positive deviation), the Transmission Provider shall credit the Transmission Customer at 90% of the Hourly Pricing Proxy.
- (c) Imbalances within Deviation Band 3: Deviation Band 3 applies to the portion of an hourly imbalance deviation greater than  $\pm 7.5\%$  of the scheduled amount of energy or greater than  $\pm 5$  MW of the scheduled amount of energy, whichever is larger in absolute value.
  - (i) When energy taken by the Transmission Customer during an hour is greater than the energy scheduled (negative deviation), the charge is 125% of the Hourly Pricing Proxy, or 100 mills per kilowatt-hour, whichever is greater.
  - (ii) When energy taken by the Transmission Customer during an hour is less than the scheduled amount (positive deviation), the Transmission Provider shall credit the Transmission Customer at 75% of the Hourly Pricing Proxy.

- (d) Hourly Pricing Proxy: For purposes of financially settling energy imbalances in any of the deviation bands, the "Hourly Pricing Proxy" is defined as the Dow Jones Mid-Columbia Daily Firm Index, On-Peak (hours ending 0700 through 2200 Pacific Prevailing Time Monday through Saturday inclusive, excluding NERC holidays) and Off-Peak (all other hours), subject to the following: For any on-peak or off-peak period during which Avista's Clark Fork River system (Noxon Rapids or Cabinet Gorge) is in a Forced Spill Condition, no compensation shall be given for a positive deviation for any hour of such on-peak or off-peak period. If data for calculating any Hourly Pricing Proxy is not available from Dow Jones, data from the same time of day from the previous day shall be used. Should the Dow Jones Mid-Columbia Daily Firm Index become no longer generally available, the Parties shall agree upon a replacement definition for the Hourly Pricing Proxy and shall specify such replacement definition in the Service Agreement.
- (e) Forced Spill Condition: For purposes of Energy Imbalance Service, a "Forced Spill Condition" exists when spill physically occurs on Avista's hydro system due to lack of load and/or market. Spill due to lack of load and/or market typically occurs during periods of high flows or flood control implementation, but can also occur at other times. Discretionary spill, where Avista may choose whether to spill, does not constitute a Forced Spill Condition. Spill for fish is included in discretionary spill and is not a Forced Spill Condition. Spill that occurs when all of Avista's available hydro units on its Clark Fork River system are generating at full load is not a Forced Spill Condition. Avista must post the Forced Spill Condition on its OASIS or otherwise notify the Transmission Customer at least two (2) hours prior to the Forced Spill Condition becoming effective. Avista shall document the lack of load and/or market that cause the Forced Spill Condition, and this documentation shall be provided to the Transmission Customer upon request.

## 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: ~~Electric Tariff Original Volume No. 8~~

~~Exhibit 2:~~ Specifications for Network Integration Transmission Service

Exhibit 32: Specifications and Charges for Ancillary Services

Exhibit 3: Network Operating Agreement

Issued by: ~~Randall O. Cloward~~ Jeff Schlect

Effective: ~~September 1, 2004~~ November 9, 2006

~~Director, Engineering & System Ops Manager, Transmission Services~~

Issued on: ~~June 29, 2004~~ September 7, 2006

Filed in compliance with Order No. 2003, *Standardization of Interconnection Agreements and Procedures*, FERC Stats. 7 Regs. Preambles ¶ 31,146 (2003) and Order No. 2003-A, *Standardization of Interconnection Agreements and Procedures*, 106 FERC ¶ 61,220 (March 5, 2004).

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

### RECITALS

WHEREAS, ~~Avista Corp.~~ provides Network Integration Transmission Service over its Transmission System under ~~Avista Corp.'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 Corp.~~ pursuant to ~~Avista Corp.'s~~ Open Access Transmission 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 ~~Avista Corp.'s~~ Open Access Transmission Tariff, FERC Electric Tariff Volume No. 8 ("Tariff"). <Transmission Customer> shall be the Transmission Customer as such term is used in the Tariff and ~~Avista Corp.~~ 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 ~~as Exhibit 1~~. Unless otherwise mutually agreed by the Parties, ~~Avista Corp.~~ may change the terms and conditions of the Tariff upon, and only upon, approval by the Commission pursuant to a filing by ~~Avista Corp.~~

Issued by: ~~Randall O. Cloward~~ Jeff Schlect  
Director, Engineering & System Ops. Manager, Transmission Services

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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).

Issued by: ~~Randall O. Cloward~~ Jeff Schlect Effective: ~~September 1, 2004~~ November 9, 2006  
~~Director, Engineering & System Ops.~~ Manager, Transmission Services  
Issued on: ~~June 29, 2004~~ September 7, 2006  
Filed in compliance with Order No. 2003, *Standardization of Interconnection Agreements and Procedures*, FERC Stats. 7 Regs. Preambles ¶ 31,146 (2003) and Order No. 2003-A, *Standardization of Interconnection Agreements and Procedures*, 106 FERC ¶ 61,220 (March 5, 2004).

- 2.23 Completed Application: By receipt of <Transmission Customer>'s request for transmission service dated \_\_\_\_\_, \_\_\_\_\_, Avista ~~Corp.~~ has determined that <Transmission Customer> has provided a Completed Application for Network Integration Transmission Service under the Tariff.
- 2.34 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 \_\_\_\_\_, \_\_\_\_\_.
- ~~2.4 Network Operating Agreement: Pursuant to Section 35 of the Tariff the Parties shall execute a Network Operating Agreement to provide for, among other things, the operation and maintenance of the Parties' interconnected systems.~~

### 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 ~~Corp.~~ 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 ~~Corp.~~ 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 ~~the Commission's action~~, this Service Agreement shall be void and have no further force and effect.
- 3.3 Termination of Agreement: Except as provided in ~~paragraph~~ Section 3.2, this Service Agreement shall remain in effect through \_\_\_\_\_, \_\_\_\_\_.

### Section 4 - Network Integration Transmission Service

Commencing on the Effective Date Avista ~~Corp.~~ shall provide, and <Transmission Customer> shall take and pay for, Network Integration Transmission Service pursuant to the Tariff. Avista ~~Corp.~~'s obligation to provide Network Integration Transmission Service shall be subject to Avista ~~Corp.~~'s right to eCurtail or interrupt schedules pursuant to the Tariff. Exhibit ~~21~~ to this Service Agreement lists <Transmission Customer>'s designated Network Resources and Network Loads.

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Director, Engineering & System Ops. Manager, Transmission Services

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- 4.1 Transmission Service: Section 34 of the Tariff outlines 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 Corp. shall provide, and <Transmission Customer> shall take and pay for, the following Ancillary Services:

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Director, Engineering & System Ops. Manager, Transmission Services

Issued on: June 29, 2004 September 7, 2006

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- 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 32 to this Service Agreement.

### Section 6 - Construction of Facilities

As of the Service Commencement Date, ~~<No construction/>~~ <construction> of new or additional ~~of~~ Direct Assignment Facilities ~~<and/or>~~ Network Upgrades ~~<are/is>~~ 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 ~~Corp.~~ shall be wire transferred to:

~~<>~~

ABA #0000000000 for credit to  
Avista Corporation  
Account No. 00000000

Issued by: ~~Randall O. Cloward~~ Jeff Schlect

~~Director, Engineering & System Ops.~~ Manager, Transmission Services

Effective: ~~September 1, 2004~~ November 9, 2006

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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 which~~ increase Avista Corp.'s Transmission System capability shall not obligate Avista Corp. 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 requests 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.

Issued by: ~~Randall O. Cloward~~ Jeff Schlect  
~~Director, Engineering & System Ops~~ Manager, Transmission Services

Effective: ~~September 1, 2004~~ November 9, 2006

Issued on: ~~June 29, 2004~~ September 7, 2006

Filed in compliance with Order No. 2003, *Standardization of Interconnection Agreements and Procedures*, FERC Stats. 7 Regs. Preambles ¶ 31,146 (2003) and Order No. 2003-A, *Standardization of Interconnection Agreements and Procedures*, 106 FERC ¶ 61,220 (March 5, 2004).

8.56 Notices: Any formal written notice or request made to Avista Corp. under this Service Agreement shall be directed to:

Attention: Director, Transmission Operations  
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. < >

Issued by: ~~Randall O. Cloward~~ Jeff Schlect

Effective: ~~September 1, 2004~~ November 9, 2006

~~Director, Engineering & System Ops. Manager, Transmission Services~~

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8.67 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 ~~officers~~ representatives as of the date first noted above.

AVISTA CORPORATION

By: \_\_\_\_\_

<Name> *print/type*

<Title>

Signed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

<TRANSMISSION CUSTOMER>

By: \_\_\_\_\_

<Name> *print/type*

<Title>

Signed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Issued by: ~~Randall O. Cloward~~ Jeff Schlect

~~Director, Engineering & System Ops.~~ Manager, Transmission Services

Effective: ~~September 1, 2004~~ November 9, 2006

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**EXHIBIT 1**

**OPEN ACCESS TARIFF OF  
AVISTA CORPORATION  
~~FERC ELECTRIC TARIFF VOLUME NO. 8~~**

**EXHIBIT 21  
SPECIFICATIONS FOR  
NETWORK INTEGRATION TRANSMISSION SERVICE**

**Designated Network Resources**

< >

**Designated Network Loads**

< >

**Monthly Transmission Charge**

< >

(Pursuant to Section 34 of the Tariff)

**[Applicable to new Network Customers only]**

For each month of the first contract year (<beginning month> through <ending month>) Avista shall calculate <Transmission Customer>'s Monthly Transmission charge using rolling average data for only those months to-date within the contract year. In the invoice for Monthly Transmission charges for the month of <end of first contract year>, Avista shall include a billing adjustment for each of the first eleven months of the first contract year using the rolling average data for twelve months then available as of the end of <end of first contract year>. Thereafter, all

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calculations for <Transmission Customer>'s Monthly Transmission Charge shall use the then-available 12-month rolling average data

### Monthly Charges for Direct Assignment and Low Voltage Facilities

<>

### Power Factor Penalty Adjustment

Subject to the one-month notice provision contained in Section 4.3, in Avista's determination of <Transmission Customer>'s Monthly Transmission Charge and Monthly Charges for Direct Assignment and Low Voltage Facilities, Avista may adjust the monthly billing demand applicable to a Point of Delivery with a power factor of less than 0.95, leading or lagging. Such adjustment shall be made by multiplying the monthly demand by 0.95 and dividing the result by the monthly average power factor at such Point of Delivery.

### Losses

<>

(Pursuant to Section 28.5 of the Tariff)

In addition to the transmission loss factor specified in Section 28.5 of the Tariff, Avista shall specify low-voltage loss factors for applicable substation and distribution facilities at each Point of Delivery. Avista shall provide at least thirty (30) days' prior written notice to <Transmission Customer> of any revision to a low-voltage loss factor, including appropriate background information supporting such revision. Any such revision to a low-voltage loss factor shall be made effective on the first day of a specified month.

#### [Applicable to a Transmission customer electing physical return of losses]

<Transmission Customer> shall return losses concurrent with its scheduled power delivered to Avista. Any deviation amounts associated with such return of losses shall be settled pursuant to the terms and conditions specified for Energy Imbalance Service.

<Transmission Customer> and Avista may from time-to-time agree to terms for financial settlement of losses. Any change between physical return and financial settlement of losses shall have a term of at least one year and shall be preceded by at least six months' notice, unless otherwise mutually agreed upon by the Parties.

#### [Applicable to a Transmission Customer electing financial settlement of losses]

Should the <Transmission Customer> elect to settle losses financially, the Parties shall specify terms for financial settlement of losses.

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<Transmission Customer> and Avista may from time-to-time agree to terms for physical return of losses. Any change between financial settlement and physical return of losses shall have a term of at least one year and shall be preceded by at least six months' notice, unless otherwise mutually agreed upon by the Parties.

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**EXHIBIT 32**  
**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 Sources**

(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 >

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## 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.

-----

### ~~INTERCONNECTION AND NETWORK OPERATING AGREEMENT~~

between  
AVISTA CORPORATION  
and  
<TRANSMISSION CUSTOMER>

This ~~INTERCONNECTION NETWORK OPERATING AGREEMENT~~ ("Agreement") is ~~attached to the Network Integration Transmission Service Agreement ("Service Agreement") made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between AVISTA CORPORATION ("Avista Corp.") and <Transmission Customer> ("<Transmission Customer>") and incorporated herein, which hereinafter may be referred to individually as "Party" or collectively as "Parties".~~

#### 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, 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.

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### 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.
- 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.

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## **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.

## **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 provide for such protocol and any applicable accounting measures necessary to identify such redispatch costs. Such redispatch costs shall be born 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.
- 7.4 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

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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.
- 8.2 Scheduling of Contract Resources – Schedules for <Transmission Customer>'s designated contract 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. Hourly schedules shall be stated in increments of 1 megawatt per hour. Electronic tag or schedule revisions for Network Integration Transmission Service will be permitted up to 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, any revision to an electronic tag or schedule for such hour shall be submitted prior to 0840 hours. 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.
- 8.3 Combining Schedules from Multiple Agreements – In consideration of the transition from historical service under a single agreement to multiple agreements for Network Integration Transmission Service, Avista may consent to the combining of schedules for multiple agreements for Network Integration Transmission Service. The Parties shall agree upon any such combination of schedules, which combinations shall not be revised except upon mutual agreement by the Parties.

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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 C.F.R. §358.5(b)(4) and §358.5(b)(8), <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 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 9.4.

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, 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 (5<sup>th</sup>) 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.

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## 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

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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 – <Transmission Customer> shall be responsible for all costs associated with the installation, operation and maintenance of any metering and communications 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.

9.7 Metering and Communications Required for Ancillary Services – <Transmission Customer> shall be responsible for all costs associated with the installation, operation, and maintenance of any metering and communications 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 applicable NERC, WECC, and NWPP 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:

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- (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:

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- (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.

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**RECITALS**

~~WHEREAS, Avista Corp. and <Transmission Customer> <currently/plan to> operate interconnected electric systems; and~~

~~WHEREAS, Avista Corp. and <Transmission Customer> intend to execute a service agreement under Avista Corp.'s Open Access Transmission Tariff FERC Electric Tariff Volume No. 8 ("Tariff") pursuant to which Avista Corp. will provide <point to point/network integration> transmission service to <Transmission Customer>; and~~

~~WHEREAS, Avista Corp. and <Transmission Customer> desire to provide for the terms and conditions for the operation and maintenance of their interconnected electric systems.~~

~~NOW, THEREFORE, the Parties agree as follows:~~

Issued by: ~~Randall O. Cloward~~ Jeff Schlect

~~Director, Engineering & System Ops.~~ Manager, Transmission Services

Effective: ~~September 1, 2004~~ November 9, 2006

Issued on: ~~June 29, 2004~~ September 7, 2006

Filed in compliance with Order No. 2003, *Standardization of Interconnection Agreements and Procedures*, FERC Stats. 7 Regs. Preambles ¶ 31,146 (2003) and Order No. 2003-A, *Standardization of Interconnection Agreements and Procedures*, 106 FERC ¶ 61,220 (March 5, 2004).

### Section 1—Definitions

- ~~1.1 Ancillary Services Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of Avista Corp.'s Transmission System in accordance with Good Utility Practice.~~
- ~~1.2 Commission The Federal Energy Regulatory Commission, or its regulatory successor.~~
- ~~1.3 Direct Assignment Facilities Facilities or portions of facilities that are constructed by Avista Corp. for the sole use or benefit of <Transmission Customer>.~~
- ~~1.4 Good Utility Practice Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a range of acceptable practices, methods or acts.~~
- ~~1.5 Generating Project Any electric generating facility, whether owned by <Transmission Customer> or a third party, located in an area served by <Transmission Customer> which is electrically connected to Avista Corp. through the Points of Delivery.~~
- ~~1.6 Native Load Customers The wholesale and retail power customers of either Party on whose behalf that Party, by statute, franchise, regulatory requirement, or contract, undertakes an obligation to construct and operate that Party's system to meet the reliable electric needs of such customers.~~
- ~~1.7 NERC The North American Electric Reliability Council.~~
- ~~1.8 NWPP The Northwest Power Pool.~~
- ~~1.9 Point(s) of Delivery Those points of interconnection as specified in Exhibit A of this Agreement.~~
- ~~1.10 Service Commencement Date The date whereupon Avista Corp. first commences providing <point to point/network integration> transmission service for <Transmission Customer> pursuant to a service agreement under the Tariff.~~
- ~~1.11 Tariff Avista Corp.'s Open Access Transmission Tariff FERC Electric Tariff Volume No. 8, as such may be amended or replaced.~~

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~~1.12 Transmission Service~~ ~~—~~ ~~Point to point/Network integration~~ ~~—~~ transmission service, including transfer service over substation facilities, distribution facilities, or Direct Assignment Facilities, provided pursuant to the Tariff or any other agreement between the Parties.

~~1.13 WSCC~~ The Western Systems Coordinating Council.

## Section 2 — Term of Agreement

~~2.1 Effective Date~~ The effective date of this Agreement shall be the later of:

~~(a) the date of this Agreement; or~~

~~(b) the date this Agreement is accepted for filing by the Commission, without any change or condition by the Commission which is unacceptable to either Avista Corp. or Transmission Customer.~~

~~2.2 Term~~ The term of this Agreement shall commence on the effective date and shall continue for ten (10) years from the Service Commencement Date, except as provided in Sections 2.3 and 2.4 below.

~~2.3 Continuation of Term~~ The term of this Agreement shall continue beyond ten (10) years from the Service Commencement Date unless affirmatively terminated in writing upon two (2) years' written notice by either Party to the other Party.

## Section 3 — Exhibits

The following Exhibits are attached and incorporated by reference herein:

~~Exhibit A~~ Points of Delivery and Demand Limits

~~Exhibit B~~ Meter Reading and Meter Test Procedures

~~Exhibit C~~ Substation Construction and Ownership Guidelines

## Section 4 — Services Provided by Avista Corp. or Other Parties

~~4.1 Transmission Service~~ ~~—~~ ~~Transmission Customer~~ requires Transmission Service to the Points of Delivery in order to serve its Native Load Customers. Transmission Service is not provided for under this Agreement, but shall be provided for pursuant to the Tariff or other agreement between the Parties.

~~4.2 Ancillary Services~~ ~~—~~ ~~Transmission Customer~~ requires Ancillary Services in order to serve its Native Load Customers via the Points of Delivery. Ancillary Services are not

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~~provided for under this Agreement, but shall be provided for pursuant to the Tariff or another agreement between the Parties.~~

### Section 5—Points of Delivery and Facilities

~~5.1 Additional Points of Delivery During the term of this Agreement, <Transmission Customer> may, upon Avista Corp.'s approval and in accordance with Good Utility Practice, add new Points of Delivery such as to facilitate Transmission Service under the Tariff.~~

#### 5.2 Ownership of Facilities

~~(a) Except as otherwise expressly provided, ownership of any and all equipment and all salvable facilities installed or previously installed by either Party on the property of the other Party shall be and remain with the owning Party.~~

~~(b) Each Party shall identify all movable equipment and, to the extent agreed upon by the Parties, all other salvable facilities which are installed by such Party on the property of the other, by permanently affixing thereto suitable markers plainly identifying the owner of the equipment. Within a reasonable time subsequent to initial installation, and subsequent to any modification of such installation, representatives of the Parties shall jointly prepare an itemized list of said movable equipment and salvable facilities so installed.~~

~~(c) Each Party shall be responsible for the cost of compliance with the requirements of all applicable Federal, State, and local environmental laws for its own facilities, even when such facilities are located on the property of the other Party.~~

~~(d) Construction and ownership of facilities inside Avista Corp. substation shall be subject to the Substation Construction and Ownership Guidelines outlined in Exhibit C, attached hereto.~~

~~5.3 Addition of Facilities Any incremental costs of additions or modifications to Avista Corp.'s equipment and facilities in order to provide Transmission Service or Ancillary Services at the Points of Delivery shall be provided for pursuant to the Tariff or another agreement between the Parties.~~

#### 5.4 Permits

~~(a) If any equipment or facilities associated with any Point of Delivery and belonging to a Party are, or are planned to be, located on the property of the other Party, a permit to install, test, maintain, inspect, replace, repair, and operate during the term of this Agreement and to remove such equipment and facilities at the expiration of the Term, together with the right of entry to said property at all~~

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~~reasonable times, is hereby granted by the other Party, provided, however, that permits to perform ground excavation are exempted from this Section 5.4(a).~~

~~(b) Each Party shall have the right at all reasonable times to enter the property of the other Party for the purpose of reading any and all meters mentioned in this Agreement which are installed on such property.~~

~~(c) If either Party is required or permitted to install, test, maintain, inspect, replace, repair, remove, or operate equipment on the property of the other, the owner of such property shall furnish the other Party with accurate drawings and wiring diagrams of associated equipment and facilities, or, if such drawings or diagrams are not available, shall furnish accurate information regarding such equipment or facilities. The owner of such property shall notify the other Party of any subsequent modification which may affect the duties of the other Party in regard to such equipment, and furnish the other Party with accurate revised drawings, if possible.~~

~~5.5 Inspection of Facilities Either Party may inspect the other Party's electric installation for any reasonable purpose at any reasonable time. Such inspection, or failure to inspect, shall not render such Party, its officers, agents, or employees, liable or responsible for any injury, loss, damage, or accident resulting from defects in such electric installation, or for violation of this Agreement. The inspecting Party shall observe written instructions and rules posted in facilities and such other necessary instructions or standards for inspection as the Parties may agree upon. Only Generating Projects and those electric installations used in complying with the terms of this Agreement shall be subject to inspection.~~

### Section 7 – Metering

~~7.1 Meters Meters at the Points of Delivery are provided for under the Power and Transfer Agreements. At such time as provisions in the Power and Transfer Agreements do not apply to any necessary metering at the Points of Delivery, the following provisions shall apply:~~

~~(a) Measurements and Installation of Meters Avista Corp. 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, a service agreement under the Tariff, or any other agreement between the Parties, and if so installed, such measurements shall be used thereafter in such computation or determination.~~

~~(b) Tests of Metering Installations Each Party shall, at its expense, test its measuring installations associated with this Agreement, a service agreement under the Tariff,~~

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~~or any other agreement between the Parties, in accordance with the Meter Reading and Meter Test Procedures outlined in Exhibit B, 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, in accordance with Exhibit B, jointly by the Parties and shall be witnessed and agreed to by representatives of each Party.~~

- ~~7.2 Metering Required for Ancillary Services <Transmission Customer> shall be responsible for all costs associated with the installation, operation, and maintenance of any metering equipment necessary for the provision of Ancillary Services either by Avista Corp., <Transmission Customer>, or by a third party. All such metering installations shall be installed, operated, and maintained pursuant to applicable NERC, WSCC, and NWPP criteria and Good Utility Practice.~~

### Section 8 – Operation and Maintenance

- ~~8.1 Operation of <Transmission Customer>'s Points of Delivery Avista Corp. shall have primary operating responsibility in all Avista Corp. substations. This responsibility specifically includes the distribution feeder protective device at each Point of Delivery in Avista Corp. substations, and all switching operations in such substations. Operation of apparatus owned by <Transmission Customer> in Avista Corp.'s substations shall be the responsibility of <Transmission Customer>, subject to switching orders received from Avista Corp. System Operations personnel. <Transmission Customer> personnel shall adhere to the Avista Corp. requirement that anyone entering Avista Corp. substation notify Avista Corp. System Operations of their presence and their operational intentions. Operation of <Transmission Customer> equipment at each Point of Delivery not located in Avista Corp. substation shall be coordinated with Avista Corp. System Operations personnel to the extent practicable pursuant to Good Utility Practice.~~
- ~~8.2 Operator's Qualifications <Transmission Customer>'s personnel who perform operations in Avista Corp.'s substations are required to meet the National Electric Safety Code's (NESC) training and qualification criterion for Substation operators.~~
- ~~8.3 Power Quality The interconnection of Avista Corp. and <Transmission Customer> facilities requires mutual responsibilities with respect to quality of service to both Parties' customers.~~
- ~~(a) Character of Service Unless otherwise provided in this Agreement, Avista Corp. will make electric power available to <Transmission Customer> in the form of three phase alternating current at a nominal frequency of sixty (60) hertz.~~

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- (b) ~~Abnormal Voltage Magnitudes~~ Both Parties shall operate and maintain their facilities such that the other Party's steady state voltage fluctuations at the Points of Delivery are manageable to within  $\pm 10\%$ .
- (e) ~~Frequency Control~~ Both Parties shall operate and maintain their systems to enable the Avista Corp. control area to maintain its frequency control obligations to applicable regional operating criteria.
- (d) ~~Harmonic Control~~ Each Party shall design, construct, operate, maintain and use its electric facilities in accordance with Good Utility Practice to reduce to acceptable levels the harmonic currents and voltages which pass into the other Party's facilities. Harmonic reductions shall be accomplished with equipment which is specifically designed and permanently operated and maintained as an integral part of the facilities of the Party which owns the system on which harmonics are generated.
- 8.4 ~~Reactive Power~~ The Parties shall jointly plan and operate their interconnected electrical facilities pursuant to Good Utility Practice in order to minimize the reactive power requirements placed upon the other Party. Avista Corp. shall not be obligated to make deliveries to ~~<Transmission Customer>~~ at the Points of Delivery, pursuant to any transmission service agreement, at a power factor less than 0.90 leading or lagging.
- 8.5 ~~Balancing Phase Demands~~ If required by Avista Corp. at any time during the term of this Agreement, ~~<Transmission Customer>~~ shall make such changes as are necessary on its system to balance the phase currents at any Point of Delivery such that the current of any one phase not deviate by more than five (5) percent from the average of the currents on all three phases, unless otherwise agreed upon by the Parties.
- 8.6 ~~Remedial Actions~~ Avista Corp. may require ~~<Transmission Customer>~~ to provide or participate in, at ~~<Transmission Customer>~~'s cost, ~~<Transmission Customer>~~'s pro rata share of any Remedial Action Scheme which may be required to support the reliability of Avista Corp.'s system or the regional or sub-regional transmission systems (e.g. automatic underfrequency load shedding). In such case, Avista Corp. and ~~<Transmission Customer>~~ shall jointly plan and coordinate the implementation of the required Remedial Action Scheme pursuant to Good Utility Practice.
- 8.7 ~~Generating Projects~~ ~~<Transmission Customer>~~ shall require that any Generating Project shall agree by contract to plan and interconnect the Generating Project consistent with Good Utility Practice and the standards, criteria, and requirements of NERC, WSCC, NWPP, and any applicable Regional Transmission Association.

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- ~~8.8 Maintenance Responsibility~~ The owner of any equipment shall retain maintenance responsibility for such equipment, except for any required earth excavation inside Avista Corp. substations. Any earth excavation inside Avista Corp. substation shall be performed by Avista Corp. or Avista Corp.'s authorized agents and shall be the responsibility of Avista Corp.. To the extent that excavation is performed on behalf of ~~Transmission Customer~~, for ~~Transmission Customer's~~ sole or joint benefit, ~~Transmission Customer~~ shall reimburse Avista Corp. for an appropriate share of the costs associated with such excavation.
- ~~8.9 Maintenance Scheduling and Continuity of Service~~ The Parties shall coordinate their respective equipment maintenance schedules so as to minimize any effects upon either Party due to temporary interruptions associated with such maintenance. Avista Corp. may temporarily interrupt or curtail service at the Points of delivery:
- ~~(a) upon reasonable notice to Transmission Customer in order to install equipment in, make repairs, replacements, investigations, and inspections of or perform other maintenance work on Avista Corp.'s system; provided, however, that Avista Corp. shall give Transmission Customer prior notice thereof, the reason therefore, and the probable duration thereof; and~~
  - ~~(b) without prior notice of such interruption or curtailment as may be necessary because of uncontrollable forces as provided in Section 9. Avista Corp. shall use its best efforts to avoid interference with the operations of Transmission Customer and to repair the cause of the interruption, if reasonably feasible.~~

### Section 9—Uncontrollable Forces and Liability

- ~~9.1 Uncontrollable Forces~~ Neither Party to this Agreement shall be considered to be in default in performance of any obligation hereunder if failure of performance shall be due to uncontrollable forces. The term "uncontrollable forces" means any cause beyond the control of the Party affected, including, but not limited to, failure or loss of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, and restraint by court order or public authority, which by exercise of due foresight, such Party could not reasonably have been expected to avoid, and which by exercise of due diligence it shall be unable to overcome. A Party shall not, however, be relieved of liability for failure of performance if such failure is due to causes arising out of its own negligence or to removable or remediable causes which it fails to remove or remedy with reasonable dispatch. Nothing contained herein, however, shall be construed to require a Party to prevent or settle a strike against its will. Damage to the electrical system of either ~~Transmission Customer~~ or Avista Corp. caused by or arising out of an electrical disturbance shall be governed under Section 9.2 and not under the provisions of this Section 9.1.

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~~9.2~~ Electric Disturbances

- ~~(a) For the purposes of this section, an electric disturbance is any sudden, unexpected, changed, or abnormal electric condition occurring in or on an electric system which causes automatic operation or damage.~~
- ~~(b) Each Party shall design, construct, operate, maintain and use its electric system in conformance with Good Utility Practice:~~
- ~~(i) to minimize electric disturbances such as, but not limited to, the abnormal flow of power which may damage or interfere with the electric system of the other Party or any electric system connected with such other Party's electric system; and~~
  - ~~(ii) to minimize the effect on its electric system and on its customers of electric disturbances originating on its own or another electric system.~~

~~9.3~~ Liability

- ~~(a) If both <Transmission Customer> and Avista Corp. are parties to the Western Interconnected Systems Agreement Limiting Liability, that agreement shall continue in full force and effect as between the Parties to the extent that such provisions may apply under this Agreement. If either <Transmission Customer> or Avista Corp. is not a party to the Western Interconnected Systems Agreement Limiting Liability, then <Transmission Customer> and Avista Corp. shall assume all liability for, and shall indemnify, defend and save each other harmless from, any and all damages, losses, claims, demands, suits, recoveries, costs and expenses, including all court costs and attorney fees ("Loss"), arising out of or resulting from, incidents occurring on their respective electric transmission, generation or distribution systems, whether such damages, losses, claims, demands, suits, recoveries, costs and expenses result from any injury to or death of any person or persons whomsoever, or from any loss, destruction of or damage to any property, including property of any third party, or from any outages, or from any business interruption, or from any other cause whatsoever, occurring on their respective systems. In the event that any Loss is caused by the negligence of both <Transmission Customer> and Avista Corp., including their employees, agents, suppliers and subcontractors, the Loss shall be borne by <Transmission Customer> and Avista Corp. in the proportion that their respective negligence bears to the total negligence causing the Loss.~~
- ~~(b) To the extent permitted by applicable law, <Transmission Customer> and Avista Corp. each waive any immunity under existing worker's compensation law as necessary to indemnify and hold harmless the other from such loss, to the extent set forth in Section 9.3(a) above.~~

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- (e) ~~<Transmission Customer> and Avista Corp. specifically warrant that the terms and conditions of the foregoing indemnity provisions are the subject of mutual negotiation by the Parties, and are specifically and expressly agreed to in consideration of the mutual benefits derived under the terms of this Agreement.~~
- (d) ~~<Transmission Customer> and Avista Corp. shall obtain and maintain commercial liability insurance with a single limit of coverage of not less than \$5,000,000 for each occurrence. A certificate of such insurance shall be provided to each of the Parties before the Service Commencement Date. <Transmission Customer> shall promptly notify Avista Corp. of any changes in its commercial liability insurance policies.~~
- (e) ~~At the end of every fifth year following the execution date of this Agreement, the minimum coverage limits for the commercial liability insurance shall be reviewed by the Parties and adjusted according to Good Utility Practice.~~

#### Section 10 - Miscellaneous

10.1 ~~Notices~~ Any notice to be served, given or made in connection with this Agreement, shall be in writing and shall be deemed properly served, given or made if delivered by facsimile, in person or sent by United States mail, properly addressed and stamped with the required postage, as follows:

\_\_\_\_\_ If to Avista Corp.: Attention: Director, Transmission Operations  
\_\_\_\_\_ Avista Corporation  
\_\_\_\_\_ 1411 East Mission Avenue  
\_\_\_\_\_ Spokane, Washington 99202 2600  
\_\_\_\_\_ or  
\_\_\_\_\_ P. O. Box 3727  
\_\_\_\_\_ Spokane, Washington 99220 3727  
\_\_\_\_\_ Facsimile Number: 509 495 8542

\_\_\_\_\_ If to <Transmission Customer>: \_\_\_\_\_ Attention:  
\_\_\_\_\_  
\_\_\_\_\_ <>  
\_\_\_\_\_ <>  
\_\_\_\_\_ <>  
\_\_\_\_\_ Facsimile Number: <>

\_\_\_\_\_ Either Party may change its address specified in this paragraph by giving the other Party notice of such change in accordance with this paragraph.

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- ~~10.2 Amendment No change, modification or amendment of this Agreement shall be valid unless set forth in a written instrument signed by both Parties.~~
- ~~10.3 Assignment Neither Party shall assign this Agreement without the prior written consent of the other Party. Subject to the foregoing restriction on assignment, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the Parties and their successive successors and assigns; provided, however, that each Party hereby consents to assignment of this Agreement to a successor where a Party sells or transfers all or substantially all of its electric utility operating plant to a third party.~~
- ~~10.4 No Third Party Beneficiary There are no third party beneficiaries of this Agreement. This Agreement shall not confer any right or remedy upon any person or entity other than the Parties and their respective successors and assigns permitted under Section 10.3. No action may be commenced or prosecuted against any Party by any third party claiming to be a third party beneficiary of this Agreement or the transactions contemplated hereby. This Agreement shall not release or discharge any obligation or liability of any third party to any party or give any third party any right of subrogation or action over or against any Party.~~
- ~~10.5 Implementation Avista Corp. shall timely file this Agreement with the Commission. Each Party shall take such additional action as may be reasonably required for the implementation and performance of this Agreement in accordance with its terms.~~
- ~~10.6 No Waiver Any waiver at any time by either Party hereto of its rights with respect to the other or with respect to any other matters arising in connection with this Agreement shall not be considered a waiver with respect to any other right or matter.~~
- ~~10.7 Arbitration Whenever Avista Corp. and <Transmission Customer> are both members of a Regional Transmission Association ("RTA"), the determination of any disputed matter between the Parties arising out of or relating to this Agreement, except an obligation arising out of Section 9.3, shall be resolved in a manner provided in the dispute resolution procedures contained in the governing agreement for that RTA. The determination of any other disputed matter between the Parties arising out of or relating to this Agreement, except an obligation arising out of Section 9.3, shall be subject to binding arbitration in accordance with subsections 10.7(a), 10.7(b) and 10.7(c) below.~~
- ~~(a) Initiation and Selection of Arbitrators The Party calling for arbitration shall serve notice in writing upon the other Party, setting forth in detail the question or questions to be arbitrated, the relief sought, and the arbitrator appointed by such Party. The other Party shall, within twenty five (25) business days after the receipt of such notice, appoint the second arbitrator by notice in writing to the Party calling for arbitration, and the two so appointed shall choose and appoint a~~

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~~third (if the Parties have not agreed upon and appointed a third). If such other Party fails to appoint the second arbitrator within said twenty five (25) business days, or if a third arbitrator has not been appointed by agreement between the Parties within twenty five (25) business days after receipt of notice of appointment of the second arbitrator (or, in the absence of such agreement, by the two arbitrators who have been appointed), either Party, upon five (5) business days' written notice delivered to the other Party, may apply to the Chief Justice of the Supreme Court of the State of Idaho for appointment of the second or third arbitrator, as the case may be. Neither Party may discuss any matter to be arbitrated with any arbitrator after such arbitrator is appointed but prior to the arbitrators' determination, without providing notice to the other Party and reasonable opportunity to participate. The Parties intend that every arbitrator be an unbiased person with experience in the subject matter to be arbitrated.~~

~~(b) Procedure The rules of procedure for the conduct of the arbitration shall be determined by a majority of the arbitrators. Such rules of procedure shall direct the expeditious evaluation of the merits of the matter and rendering of decision consistent with the complexity of the matter being arbitrated. In any such arbitration, each Party thereto shall have:~~

- ~~(i) full access to the records of the other Party that pertain to the subject matter or the controversy;~~
- ~~(ii) the power to call for testimony of any director, officer, employee, agent, or representative of the other Party having knowledge relevant to the controversy; and~~
- ~~(iii) all other rights of discovery afforded to Parties in civil actions under the then applicable Federal Rules of Civil Procedure (or rules or laws applicable to Federal Court proceeding adopted in lieu thereof).~~

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

~~Unless otherwise agreed upon by the Parties, the Parties hereby instruct the arbitrators that they should render a determination of the matters submitted and the relief awarded within thirty (30) calendar days of the completion of the arbitration proceeding. In determining matters submitted for arbitration, no arbitrator shall be required to adhere to or advance the position of any particular Party. The determination of the matters submitted for arbitration shall be made by a majority of the arbitrators, and shall be binding as between the Parties. The determination shall be writing and shall affirm or deny each contention of the Parties and shall set forth the reasons therefore. The determination of the~~

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~~arbitrators shall be final and binding and shall be enforceable by a court of competent jurisdiction at the request of either Party.~~

- ~~(e) Costs Each Party shall pay for the services and expenses of the arbitrator appointed by or for it, and for all of its own costs including its own attorney fees, and compensation for its witnesses and consultants. The costs for the services and expenses of the third arbitrator and all administrative costs of the arbitration shall be paid equally by the Parties.~~

### Section 11 – Default

~~In the event that either <Transmission Customer> or Avista Corp. commits a material breach of or default under this Agreement (the "Defaulting Party"), the following shall apply:~~

- ~~(a) The other Party (the "Non Defaulting Party") may give written notice to the Defaulting Party of the material breach or default.~~
- ~~(b) If after thirty (30) days following receipt of such notice, the Defaulting Party has not taken the steps necessary to cure such breach or default, the Non Defaulting Party may, at its option, terminate this Agreement; provided, however, that if the Defaulting Party within such 30 day period commences and thereafter proceeds with all due diligence to cure such default, such 30 day period shall be extended up to six (6) months after written notice to the Defaulting Party, as may be necessary to cure the material breach or default with all due diligence. Whether or not the Non Defaulting Party elects to terminate this Agreement, it may, in addition to other remedies provided for herein, pursue such remedies as are available at law or in equity.~~
- ~~(c) The Non Defaulting Party may, at its option, cure (or cause to be cured) any material breach or default hereunder within the appropriate time period, without waiver of any remedy at law or in equity including the right of reimbursement. The right of the Non Defaulting Party to cure any breach or default by the Defaulting Party shall not be construed or interpreted as obligating such Non Defaulting Party to make any such cure.~~
- ~~(d) A Defaulting Party shall be liable to the Party claiming default for all costs, including costs of collection and reasonable attorney fees incurred by such Party claiming default. The proceeds paid by any Defaulting Party to remedy any such default shall be distributed to the Party claiming default in proportion to the additional cost actually paid by the Party claiming default as a result of the default.~~

### Section 12 – Waiver

Issued by: Randall O. Cloward ~~Jeff Schlect~~

Effective: ~~September 1, 2004~~ November 9, 2006

Director, Engineering & System Ops ~~Manager, Transmission Services~~

Issued on: ~~June 29, 2004~~ September 7, 2006

Filed in compliance with Order No. 2003, *Standardization of Interconnection Agreements and Procedures*, FERC Stats. 7 Regs. Preambles ¶ 31,146 (2003) and Order No. 2003-A, *Standardization of Interconnection Agreements and Procedures*, 106 FERC ¶ 61,220 (March 5, 2004).

~~A waiver at anytime by a Party of its rights with respect to a default by another Party under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or matter. No delay, short of the statutory period of limitations, in asserting or enforcing any right hereunder shall be deemed a waiver of such right.~~

### **Section 13—Relationship of Parties**

~~13.1 Nothing contained herein shall be construed to create an association, joint venture, trust, or partnership, or impose a trust or partnership covenant, obligation, or liability on or with regard to any one or more of the Parties. Each Party shall be individually responsible for its own covenants, obligations, and liabilities under this Agreement.~~

~~13.2 All rights of the Parties are several, not joint. No Party shall be under the control or shall be deemed to control another Party. Except as expressly provided in this Agreement, no Party shall have a right or power to bind another Party without its express written consent.~~

### **Section 14—No Dedication of Facilities**

~~14.1 Any undertaking by one Party to another Party under any provision of this Agreement shall not constitute the dedication of the electric system or any portion thereof of the undertaking Party to the public or to the other Party, and it is understood and agreed that any such undertaking under any provision of this Agreement by a Party shall cease upon the termination of such Party's obligations under this Agreement.~~

### **Section 15—Governing Law**

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

Issued by: Randall O. ClowardJeff Schlect  
Director, Engineering & System Ops Manager, Transmission Services

Effective: September 1, 2004November 9, 2006

Issued on: June 29, 2004September 7, 2006

Filed in compliance with Order No. 2003, *Standardization of Interconnection Agreements and Procedures*, FERC Stats. 7 Regs. Preambles ¶ 31,146 (2003) and Order No. 2003-A, *Standardization of Interconnection Agreements and Procedures*, 106 FERC ¶ 61,220 (March 5, 2004).

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

\_\_\_\_\_  
AVISTA CORPORATION

\_\_\_\_\_  
By: \_\_\_\_\_

\_\_\_\_\_  
*print/type*

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
◀TRANSMISSION CUSTOMER▶

\_\_\_\_\_  
By: \_\_\_\_\_

\_\_\_\_\_  
*print/type*

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

Issued by: Randall O. ClowardJeff Schlect

Director, Engineering & System Ops.Manager, Transmission Services

Effective: September 1, 2004November 9, 2006

Issued on: June 29, 2004September 7, 2006

Filed in compliance with Order No. 2003, *Standardization of Interconnection Agreements and Procedures*, FERC Stats. 7 Regs. Preambles ¶ 31,146 (2003) and Order No. 2003-A, *Standardization of Interconnection Agreements and Procedures*, 106 FERC ¶ 61,220 (March 5, 2004).

**EXHIBIT A**  
**POINTS OF DELIVERY**

1) ~~↔~~ **Point of Delivery**

~~Location: The point approximately \_\_\_\_\_ where the \_\_\_\_\_ kV facilities of Avista Corp. and <Transmission Customer> are connected.~~

~~Voltage: \_\_\_\_\_ kV~~

~~Metering: At or near the Point of Delivery, in the \_\_\_\_\_ kV circuit over which such electric power and energy flows.~~

2) ~~↔~~ **Point of Delivery**

~~Location:~~

~~Voltage:~~

~~Metering:~~

3) ~~↔~~ **Point of Delivery**

~~Location:~~

~~Voltage:~~

~~Metering:~~

Issued by: ~~Randall O. Cloward~~ Jeff Schlect

Effective: ~~September 1, 2004~~ November 9, 2006

~~Director, Engineering & System Ops.~~ Manager, Transmission Services

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**EXHIBIT B**  
**METER READING AND METER TEST PROCEDURES**

**~~B1. Meter Readings.~~**

~~\_\_\_\_\_ Meter readings required by this Agreement and any other agreement between the Parties 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 date adjustments made by prorating metered amounts to the number of days in such month. In the event a recording metering device is installed, actual monthly energy deliveries shall be determined from the record developed.~~

**~~B2. Meter Testing.~~**

~~\_\_\_\_\_ Avista Corp. and/or <Transmission Customer> shall own and maintain all meters used to determine any billing for this Agreement and any other agreement between the Parties.~~

~~\_\_\_\_\_ Avista Corp. meters shall be tested and inspected in accordance with Avista Corp.'s meter testing program ("Avista Corp. Program") as filed with the Washington Utilities and Transportation Commission and/or the Idaho Public Utilities Commission. If requested by <Transmission Customer>, Avista Corp. shall provide copies of applicable test and calibration records and calculations. Avista Corp. shall permit a representative of <Transmission Customer> to be present at all times the meters are being tested. Additionally, Avista Corp. shall test any or all of 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 Corp. Program, in which case Avista Corp. shall pay for the test.~~

~~\_\_\_\_\_ <Transmission Customer>'s meters shall be tested and inspected in accordance with the <Transmission Customer> meter testing program ("<Transmission Customer> Program"). If requested by Avista Corp., <Transmission Customer> shall provide copies of applicable test and calibration records and calculations. <Transmission Customer> shall permit a representative of Avista Corp. to be present at all times the meters are being tested. Additionally, <Transmission Customer> shall test any or all of such meters as may reasonably be requested by Avista Corp.. Reasonable costs for such requested test shall be paid by Avista Corp. 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.~~

Issued by: Randall O. ClowardJeff Schlect  
Director, Engineering & System Ops.Manager, Transmission Services

Effective: September 1, 2004November 9, 2006

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~~B3. —~~ Adjustments.

~~Adjustments shall be made in meter readings and billings for errors in a meter reading or billing discovered within twelve (12) months of the error. Each Party shall permit representatives of the other Party to inspect all of the records relating to the delivery of electric power to <Transmission Customer>, and transmission of electric power by Avista Corp. to <Transmission Customer> under this Agreement and any other agreement between the Parties.~~

Issued by: ~~Randall O. Cloward~~ Jeff Schlect

Effective: ~~September 1, 2004~~ November 9, 2006

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**~~EXHIBIT C~~**  
**~~SUBSTATION CONSTRUCTION AND OWNERSHIP GUIDELINES~~**

- ~~1. Avista Corp. shall be responsible to provide reclosers or other protection apparatus to protect Avista Corp.'s power transformers.~~
- ~~2. Avista Corp. shall provide all equipment and materials (including voltage regulator by-pass switches) to construct a feeder position, except as noted below. This will ensure compatibility with spare parts for installed equipment.~~
- ~~3. Voltage regulators shall be provided by <Transmission Customer>, but shall be installed by Avista Corp..~~
  - ~~(a) Regulators are classified as a failure mode change out item and as such are not regularly maintained by Avista Corp.. <Transmission Customer> may maintain its regulators at its discretion.~~
  - ~~(b) <Transmission Customer>'s regulator settings shall be calculated and set by <Transmission Customer>.~~
  - ~~(c) Regulators provided by <Transmission Customer> shall be complete with connectors for the appropriate conductor, as specified by Avista Corp..~~
- ~~4. Insulation coordinated surge arresters shall be provided by <Transmission Customer> to protect its voltage regulators or underground cables.~~
- ~~5. Metering CTs shall be supplied by Avista Corp..~~
- ~~6. Metering PTs shall be supplied by Avista Corp. and may be shared with <Transmission Customer>.~~
- ~~7. <Transmission Customer> shall provide the hardware and conductor to connect to the source at the Point(s) of Delivery, including, but not limited to, the following:~~
  - ~~(a) Hardware for overhead line pull offs/getaways (Avista Corp. will provide eye bolts on distribution structures).~~
  - ~~(b) Potheads and brackets for underground take offs/getaways.~~
- ~~8. Underground conduits and vaults adjacent to a substation shall be provided by Avista Corp..~~

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Effective: ~~September 1, 2004~~ November 9, 2006

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## ATTACHMENT I

### Index Of Network Integration Transmission Service Customers

<u>Customer</u>	<u>Date of Service Agreement</u>
<u>The Washington Water Power Company</u>	<u>none</u>
<u>State of Washington DADS Program Customers</u>	<u>September 1, 1996</u>
<u>State of Idaho DADS Program Customers</u>	<u>October 1, 1996</u>
<u>State of Washington MOPS Program Customers</u>	<u>August 1, 1997</u>
<u>State of Idaho MOPS Program Customers</u>	<u>August 1, 1997</u>
<u>Bonneville Power Administration (PUD No. 1 of Asotin County)</u>	<u>January 1, 2006</u>
<u>Bonneville Power Administration (Big Bend Electric Cooperative)</u>	<u>January 1, 2006</u>
<u>Bonneville Power Administration (City of Cheney)</u>	<u>January 1, 2006</u>
<u>Bonneville Power Administration (City of Chewelah)</u>	<u>January 1, 2006</u>
<u>Bonneville Power Administration (Clearwater Power Company)</u>	<u>January 1, 2006</u>
<u>Bonneville Power Administration (Fairchild AFB)</u>	<u>January 1, 2006</u>
<u>Bonneville Power Administration (Idaho County Light &amp; Power)</u>	<u>January 1, 2006</u>
<u>Bonneville Power Administration (Inland Power &amp; Light Co.)</u>	<u>January 1, 2006</u>
<u>Bonneville Power Administration (Kootenai Electric Cooperative, Inc.)</u>	<u>January 1, 2006</u>
<u>Bonneville Power Administration (Modern Electric Water Co.)</u>	<u>January 1, 2006</u>
<u>Bonneville Power Administration (Northern Lights, Inc.)</u>	<u>January 1, 2006</u>
<u>Bonneville Power Administration (City of Plummer)</u>	<u>January 1, 2006</u>

Issued by: Randall O. Cloward Jeff Schlect

Effective: September 1, 2004 November 9, 2006

Director, Engineering & System Ops. Manager, Transmission Services

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**DISTRIBUTION LIST OF TRANSMISSION CUSTOMERS  
TO WHOM COPIES OF FILING LETTER HAVE BEEN SENT**

## DISTRIBUTION LIST

Alleghney Energy Supply  
Contract Administration  
4350 Northern Pike  
Monroeville, PA 15146-2841

AIG Trading Corporation  
Managing Director  
1 Greenwich Plaza  
Greenwich, CT 06830

American Electric Power Service  
Corporation  
1 Riverside Plaza  
Columbus, OH 43215

American Energy Trading, Inc.  
Michael L. Kessler, Vice President &  
General Counsel  
1781 Duffield Lane  
Alexandria, VA 22307-1174

Arizona Public Service Company  
Contracts Administrator  
P.O. Box 53999 MS 2268  
Phoenix, AZ 85071-3999

Avista Utilities  
Vice President, Power Supply  
1411 E. Mission  
Spokane, WA 99220-3727

Avista Energy, Inc.  
Vice President, Electric Trading and  
Marketing  
201 W. North River Dr., Suite 610  
Spokane, WA 99201

Axia Energy LP  
David Sobotka, President  
20 E. Greenway Plaza, Suite 700  
Houston, TX 77046

Bonneville Power Administration  
Manager, Transmission Acquisitions  
905 NE 11th  
Portland, OR 97208-3621

BP Energy Company  
Contracts Acct. & Admin  
550 Westlake Park Blvd.  
Houston, TX 77079-2696

Cargill Alliant, Asst. Vice President  
12700 Whitewater Drive  
Minnetonka, MN 55343-9497

Centennial Power  
Operations Manager  
400 North Fourth St.  
Bismark, ND 58501

Chelan County PUD  
Steve Fisher  
P.O. Box 1231  
Wenatchee, WA 99807-1231

Cinergy Services Inc.  
L. C. Randolph, Jr., Vice President  
P.O. Box 960  
Cincinnati, OH 45201

Citizens Power LLC  
Karen Brown, Vice President  
160 Federal St.  
Boston, MS 02110-1776

Clearwater Power Company  
General Manager  
P.O. Box 997  
Lewiston, ID 83501

ConAgra Energy Services Inc.  
Gregory A. Heckman, President  
P.O. Box 2533  
Omaha, NE 68103-2533

Conoco Gas & Power Marketing  
Henderson Cosnahan, Vice President of  
Power Marketing & Trading  
600 North Dairy Ashford  
Houston, TX 77079-6651

Consolidated Irrigation District No. 19  
Bob Ashcraft, Manager  
N. 120 Greenacres  
Greenacres, WA 99016

Constellation Power Source, Inc.  
John R. Collins, Vice President and  
Treasurer  
111 Market Place, Suite 500  
Baltimore, MD 21202

## DISTRIBUTION LIST

Cook Inlet Energy Supply, LP  
Director of Energy Trading  
10100 Santa Monica Blvd., 25th Floor  
Los Angeles, CA 90067

Coral Power, L.L.C.  
Wesly F. Blankenship, Sr. Vice President  
909 Fannin, Suite 700  
Houston, TX 77010

Dynegy  
Contracts Administrator  
1000 Louisiana, Suite 5800  
Houston, TX 77002

El Paso Merchant Energy, L.P.  
David Webb, Operations Manager  
1001 Louisiana St.  
Houston, TX 77252-2511

Enron Power Marketing, Inc.  
Phillip K. Allen, Vice President  
1400 Smith Street  
Houston, TX 77002

Eugene Water & Electric  
Scott Spettel  
P.O. Box 10148  
Eugene, OR 97440-2148

Grant County PUD #2  
Jeff Attkinson  
P. O. Box 878  
Ephrata, WA 98823

Haleywest/Plummer Forest Products  
President  
P.O. Box 759  
Plummer, ID 83851

Idaho Power Company  
Director  
1211 W Idaho Street  
Boise, ID 83702

J. Aron & Company  
VP of Transmission  
85 Broad Street  
New York, NY 10004

Kootenai Electric Cooperative  
General Manager  
P.O. Box 278  
Hayden, ID 83835-0278

Los Angeles Department of Water & Power  
Transmission Procurement Officer  
111 N Hope Street, Room 1148  
Los Angeles, CA 90012-5701

Legacy Energy Group  
Transaction Coordinator  
32 Waterloo  
Warrenton, VA 20186

Mieco, Inc.  
Credit Manager  
301 E. Ocean Blvd, Suite 1100  
Long Beach, CA 90802

Morgan Stanley Capital Group, Inc.  
Debbie Hart  
1585 Broadway, 4th Floor  
New York, NY 10036

NRG Power Marketing, Inc.  
Contract Administration  
901 Marquette Ave., Suite 2300  
Minneapolis, MN 55402

Pacific Northwest Generating Cooperative  
Aleka Scott  
711 N.E. Halsey  
Portland, OR 97232

Portland General Electric Company  
General Manager, Power Contracts  
121 SW Salmon St.  
Portland, OR 97204

PPL Energy Plus  
Manager/Electric Trading  
2 N. 9th St. Routing TW 20  
Allentown, PA 18101

PP&L Montana  
Manager/Power Trading  
45 Basin Creek Road  
Butte, MT 59701

## DISTRIBUTION LIST

Public Service Company of Colorado  
Thomas Imbler  
1099 18th St. 30th Floor  
Denver, CO 80202

Public Service Company of New Mexico  
Office of the Secretary  
Alvarado Square  
Albuquerque, NM 87158

Public Utility District No. 1 of Pend Oreille  
County  
Director, Hydro Operations & Power Supply  
Box Canyon Dam  
P.O. Box 547  
Ione, WA 99139

Puget Sound Energy, Inc.  
Wayman Robinett  
P O Box 97034  
Bellevue, WA 98009-9734

Mr. Brian Elloit  
Rainbow Energy Marketing Corp.  
West Power Trading  
6400 Glenwood St., Suite 320  
Overland Park, KS 66202

Sacramento Municipal Utility District  
Director/Energy Trading  
6301 S Street  
Sacramento, CA 95817-1899

San Diego Gas & Electric Co.  
Sr. Transaction Scheduler  
8306 Century Park CT CP41D  
San Diego, CA 92123

Mr. Tim Hanna, Managing Director  
Sempra Energy Trading Corp.  
58 Commerce Road  
Stamford, CT 06902

Sierra Pacific Power Company  
Attn: Director of Power Management  
P. O. Box 10100  
Reno, NV 89520

Southern California Edison  
John Pesposa, Operations Manager  
2244 Walnut Grove Ave Q1C-G01  
Rosemead, CA 91770

Spokane Tribe of Indians  
Chairman  
P.O. Box 100  
Wellpinit, WA 99040

Transalta Energy Marketing  
Contracts Administrator  
Box 1900 Station M  
Calgary, Alberta  
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Turlock Irrigation District  
Scheduling Dept Manager  
P.O. Box 949  
Turlock, CA 95381-0949

Suzanne Calcagno  
UBS AG, London Branch  
677 Washington Blvd.  
Stanford, KY 06901

Western Resources, Inc.  
Exec. Dir./Power Supply  
818 Kansas Avenue  
Topeka, KS 66612