

THE LAW OFFICE OF
PAINE HAMBLEN LLP

717 WEST SPRAGUE AVENUE
SUITE 1200
SPOKANE, WASHINGTON 99201-3505
(509) 455-6000
FAX: (509) 838-0007
www.painehamblen.com

Gary A. Dahlke
Of Counsel
509-455-6012
gary.dahlke@painehamblen.com

July 13, 2007

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

RE: *Avista Corporation*
Docket No. ER07-____-000
Section 205 Filing of Proposed Changes to July 13, 2007 OATT Compliance
Filing

Dear Secretary Bose:

Pursuant to 18 C.F.R. Part 35, Section 205 of the Federal Power Act, 16 U.S.C. § 824d, Avista Corporation ("Avista") hereby submits for filing revised tariff sheets for its pending FERC Electric Tariff Revised Volume 4 (Open Access Transmission Tariff) ("Tariff"). Avista understands that this voluntary Section 205 filing will be assigned an ER docket number, and it is not under the electronic filing rules as indicated at page 4 of the April 16, 2007 Guidance Order.

I. CONTENTS OF FILING

Avista respectfully tenders for filing an original and six (6) copies of the following documents. Additionally, please conform and return one copy in the enclosed self-addressed stamped envelope.

1. Transmittal letter;
2. Redlined revised Tariff sheets showing changes from Avista's Order No. 890 Compliance Filing being submitted separately, but concurrently; and

3. Clean versions of the following revised Tariff sheets:

- First Revised Sheet Nos. 16, 29 and 34 (Sections 1.41, 13.2 and 14.2)
- First Revised Sheet Nos. 16, 17, 18 and 55 (Sections 1.43 and 23.1)
- First Revised Sheet No. 18 (Section 1.57)
- First Revised Sheet No. 27 (Section 12)
- First Revised Sheet No. 41 (Section 17.1)
- First Revised Sheet No. 45 (Section 18.3)
- First Revised Sheet No. 46 (Section 19.1)
- First Revised Sheet Nos. 90, 91, 92 and 93 (Schedule 9)
- First Revised Sheet No. 101 (Attachment A-1)
- First Revised Sheet No. 111 (Attachment E).

Avista will mail notice to its transmission customers and post a copy of this filing on its OASIS. Avista will correct its OATT on its web site when Avista receives acceptance of the proposed changes from the Commission.

II. COMMUNICATION

Avista respectfully requests that the following persons be included on the official service list in this proceeding and that all communications concerning this filing be addressed to them:

Jeff Schlect
Manager, Transmission Services
Avista Corporation
1411 E Mission
Spokane, WA 99202-1902
Telephone: 509-495-4851
Email: jeff.schlect@avistacorp.com

Gary A. Dahlke
Paine Hamblen LLP
717 West Sprague, Suite 1200
Spokane, WA 99201
Telephone: 509-455-6000
Email: gary.dahlke@painehamblen.com

III. DESCRIPTION OF FILING

Concurrent with this filing and pursuant to the Commission's Guidance on Order No. 890 Compliance, Avista is submitting separately its electronic filing of a completely revised volume for its Tariff (Docket No. OA07-28-000), with the compliance effective date of July 13, 2007.

Avista submits this filing pursuant to Section 205 of the Federal Power Act and the procedures from Order No. 890 for seeking variations from the pro forma OATT contained in that compliance filing. Avista submits that each of the variations set forth below are consistent with or superior to the Order No. 890 pro forma OATT. Avista seeks approval of the revised tariff sheets submitted herewith, with an effective date of July 13, 2007. This date would be consistent with Avista's compliance filing effective date and would conform Avista's Tariff to correct the language for the reasons set forth below.

Additionally, Avista will be submitting a separate Section 205 filing, jointly with other Pacific Northwest Investor-Owned Utilities, wherein Avista is filing a revision to Section 30.3 related to the timing of resource un-designations.

A. Pre-Confirmed Requests for Transmission Service. Sections 13.2 and 14.2 of the Order No. 890 pro forma OATT use the new defined term “Pre-Confirmed Application” in reference to the processes to obtain Short-Term Firm Point-to-Point Transmission Service and Non-Firm Point-to-Point Transmission Service. The Order No. 890 pro forma OATT also defines Pre-Confirmed Application in the context of an “application” for Transmission Service followed by the execution of a Service Agreement. In practice, the Short-Term Firm and Non-Firm Point-to-Point Transmission Service processes only require a “request” on the Transmission Provider’s OASIS from a Transmission Customer who has previously executed an enabling Service Agreement. No separate written application is needed and no new Service Agreement will be tendered. Pre-confirmations only have meaning in the context of reservation requests on OASIS. Additionally, the Order No. 890 pro forma OATT appropriately uses the term “Pre-Confirmed Request” in Sections 17.2 and 18.2. Therefore, for clarity and consistency, Avista proposes to change the definition in Section 1.41 from “Pre-Confirmed Application” to “Pre-Confirmed Request,” delete the reference in the definition to another “Service Agreement” which is not, in fact, required, and make the applicable revisions to the references to the defined term (from “Pre-Confirmed Application” to “Pre-Confirmed Request”) in Sections 13.2 and 14.2 of the Tariff.

B. Definition of Reseller. The pro forma OATT, prior to Order No. 890, contained an internal definition of “Reseller” in Section 23.1. Order No. 890 requires the use of this term elsewhere in the OATT, not in juxtaposition with Section 23.1, including Attachment A-1. Avista proposes to move the definition of “Reseller” to the definitions section as new Section 1.43, and delete the internal definition from Section 23.1.

C. Definition of Working Day. Avista’s pre-Order No. 890 Tariff, as approved by the Commission, contained a definition of Working Day used throughout the Tariff. Avista proposes to conform this definition to current practice by inserting the term “NERC” prior to the exception for “holidays” in Section 1.57 in order to make it clear that the holidays intended to be recognized are those identified by NERC in its standard practices.

D. Introduction to Section 12. The introduction to Section 12 (Dispute Resolution) of Avista’s pre Order No. 890 OATT contains a paragraph which references alternate procedures for dispute resolution in the event that both the Transmission Provider and the Transmission Customer are members of a “Regional Transmission Group” (“RTG”). This is an outdated reference. The RTG in Avista’s subregion (the Northwest Regional Transmission Association) has been dissolved, and termination of the rate schedules for this RTG was accepted by the Commission in Docket No. ER05-774, on May 20, 2005. Accordingly, Avista proposes to delete the reference to an RTG as a qualification to the OATT dispute resolution procedures.

E. Notices under the Tariff. Section 17.1 provides for requests for Firm Point-to-Point Transmission Service to be addressed to the attention of the “Transmission Contracts Agent.” Avista wishes to change this to “Manager, Transmission Services” to properly reflect its current organization of responsibilities for administering the Tariff.

F. Timing of Non-Firm Reservations. Section 18.3 of the Commission's pro forma OATT specifies a "no earlier than" restriction (noon on the Working Day before service is to commence) for submitting hourly Non-Firm Point-to-Point Transmission Service requests. In order to allow Avista staff more time to process requests, Avista proposes to change the "no earlier than" restriction specified in the Tariff to 10:00am on the Working Day before service commences. Avista recognizes that it might establish such a change via its business practices, but feels the OASIS capabilities within the region have advanced to such a point that it is appropriate to implement this less restrictive criterion in Avista's Tariff.

G. Conflict in Sections 19.1 and 19.3. Avista proposes to clarify a potential conflict in the interpretation of Sections 19.1 and 19.3. Section 19.1 requires the Transmission Provider to inform the Eligible Customer if a System Impact Study is required. The Eligible Customer is required to notify the Transmission Provider if it elects not to have the Transmission provider study redispatch or conditional curtailment as part of the System Impact Study. Thus, the default under Section 19.1 is for the Transmission Provider to study redispatch and conditional curtailment, unless the Eligible Customer affirmatively opts out.

In contrast, Section 19.3 requires the Transmission Provider to complete the System Impact Study, including identifying redispatch options and conditional curtailment only "(when requested by a Transmission customer)." Thus, under Section 19.3, the Transmission Provider will not study redispatch options and conditional curtailment unless the customer opts in.

This inconsistency can be addressed by deleting the word "not" in Section 19.1 so that it reads: "Once informed, the Eligible Customer shall timely notify the Transmission Provider if it elects to have the Transmission Provider study redispatch or conditional curtailment as part of the System Impact Study." In this way, the default in both sections is not to study redispatch and conditional curtailment unless the customer requests that the Transmission Provider study those items (*i.e.*, opts in).

H. Generator Imbalance Service. Revisions to Schedule 9 – Generator Imbalance Service have been made to conform Schedule 9 to the same structure, terms and conditions included in Avista's Schedule 4 – Energy Imbalance Service, consistent with the Commission's pro forma Schedules 4 and 9 set forth in Order No. 890. Avista's existing Schedule 4, as accepted by the Commission in Docket No. ER06-1475-000 and submitted by Avista for the Commission's confirmation in Avista's optional Section 205 filing in OA07-05-000, already incorporates the three-tiered bandwidth approach set forth by the Commission in Order No. 890. The existing Schedule 4 provides additional flexibility for the Transmission Customer to elect to settle imbalances in Band 1 either physically or financially and also provides a specific definition for incremental cost (the index-based "Hourly Pricing Proxy") for simplicity and clarity in the settlement of imbalances in all bands. With this proposed revision, Schedules 4 and 9 will be the same, apart from their respective applications to loads and generators within Avista's balancing authority area (Control Area).

I. Use of Schedule A-1 for Short-Term Firm Assignments. The title to Schedule A-1 from Order No. 890 identifies the form as applicable to "Long Term" resale assignments, which would appear to limit its use to transactions of twelve months or longer. Avista proposes

to use this same form for resale of Transmission Service purchased for periods of less than twelve months, if necessary. Accordingly, Avista proposes to delete the reference in the title of Schedule A-1 to "Long Term."

J. Reference to Customers in Attachment E. Attachment E of Avista's pre-Order No. 890 Tariff contains an outdated reference to a list of customers for Point-to-Point Transmission Service. These customers are currently shown on Avista's Electronic Quarterly Report. Avista proposes to delete the reference in Attachment E to a list of customers, and to add "Customers are identified on Transmission Provider's Electronic Quarterly Report."

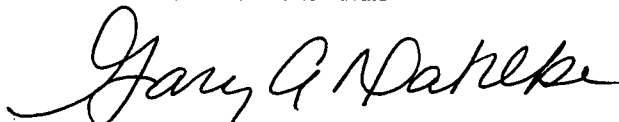
V. CONCLUSION

For the reasons set forth above, Avista respectfully requests that the Commission accept the provisions discussed herein and highlighted on the attached tariff sheets with an effective date of July 13, 2007. Avista respectfully requests waiver of the sixty (60) day prior notice requirement so that the enclosed revisions can be effective on the same date as Avista's OATT compliance filing.

Thank you for your consideration of the documents submitted herewith.

Very truly yours,

PAINE HAMBLÉN LLP

A handwritten signature in black ink, appearing to read "Gary A. Dahlke". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Gary A. Dahlke

Attorneys for Avista Corporation

Enclosures

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REDLINE VERSION

OF

OPEN ACCESS TRANSMISSION TARIFF

OF

AVISTA CORPORATION

FERC ELECTRIC TARIFF

FOURTH REVISED VOLUME NO. 8

("TARIFF")

POINT-TO-POINT TRANSMISSION SERVICE

AND

NETWORK INTEGRATION TRANSMISSION SERVICE

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1.37 Point(s) of Delivery:

Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-to-Point Transmission Service.

1.38 Point(s) of Receipt:

Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-to-Point Transmission Service.

1.39 Point-to-Point Transmission Service:

The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

1.40 Power Purchaser:

The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

1.41 ~~Pre-Confirmed Application~~Request:

~~An Application request for short-term firm or non-firm Point-to-Point Transmission Service on the Transmission Provider's OASIS that commits the Transmission Customer to the purchase execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested of such Transmission Service upon acceptance of the request by the Transmission Provider.~~

1.42 Receiving Party:

The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

1.43 Regional Transmission Group (RTG):

A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

1.44 Reseller:

A Transmission Customer that sells, assigns or transfers its rights under its Service Agreement.

1.445 Reserved Capacity:

The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

1.465 Service Agreement:

The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.

1.476 Service Commencement Date:

The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.

1.487 Short-Term Firm Point-to-Point Transmission Service:

Firm Point-to-Point Transmission Service under Part II of the Tariff with a term of less than one year.

1.498 System Condition:

A specified condition on the Transmission Provider's system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the Curtailment priority pursuant to Section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.

1.5049 System Impact Study:

An assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-to-Point Transmission Service or Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.

1.510 Third-Party Sale:

Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.

1.521 Transmission Customer:

Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff.

1.532 Transmission Provider:

Avista Corporation (Avista Corp.), or its Designated Agent, which owns, controls, or operates facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff.

1.543 Transmission Provider's Monthly Transmission System Peak:

The maximum firm usage of the Transmission Provider's Transmission System in a calendar month.

1.554 Transmission Service:

Point-to-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.

1.565 Transmission System:

The facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service under Part II and Part III of the Tariff.

1.576 Working Day:

The days Monday through Friday, excluding NERC holidays.

2. Initial Allocation and Renewal Procedures

2.1 Initial Allocation of Available Transfer Capability: For purposes of determining whether existing capability on the Transmission Provider's Transmission System is adequate to accommodate a request for firm service under this Tariff, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing with the effective date of the Tariff will be deemed to have been filed simultaneously. A lottery system conducted by an independent party shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section 13.2.

11. Creditworthiness

The Transmission Provider will specify its Creditworthiness procedures in Attachment L.

12. Dispute Resolution Procedures

~~Whenever the Transmission Customer and the Transmission Provider are both members of a RTG, any dispute regarding transmission service under the Tariff shall be resolved in a manner provided in the dispute resolution procedures contained in the governing agreement for that RTG. Any other dispute regarding transmission service under the Tariff shall be resolved pursuant to Sections 12.1 through 12.5.~~

12.1 Internal Dispute Resolution Procedures:

Any dispute between a Transmission Customer and the Transmission Provider involving transmission service under the Tariff (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of the Transmission Provider and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days (or such other period as the Parties may agree upon) by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

12.2 External Arbitration Procedures:

Any arbitration initiated under the Tariff shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations or Regional Transmission Group rules.

13.2 Reservation Priority:

- (a) Long-Term Firm Point-to-Point Transmission Service shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Transmission Customer has reserved service.
- (b) Reservations for Short-Term Firm Point-to-Point Transmission Service will be conditional based upon the length of the requested transaction. However, Pre-Confirmed ~~Applications~~ Requests for Short-Term Point-to-Point Transmission Service will receive priority over earlier-submitted requests that are not pre-confirmed and that have equal or shorter duration. Among requests with the same duration and pre-confirmation status (pre-confirmed or not confirmed), priority will be given to an Eligible Customer's request that offers the highest price, followed by the date and time of the request.
- (c) If the Transmission System becomes oversubscribed, requests for longer term service may preempt requests for shorter term service up to the following deadlines: one Working Day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transfer capability is insufficient to satisfy all Applications, an Eligible Customer with a reservation for shorter term service or equal duration service and lower price has the right of first refusal to match any longer term request or equal duration service with a higher price before losing its reservation priority. A longer term competing request for Short-Term Firm Point-to-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point-to-Point Transmission Service. When a longer duration request preempts multiple shorter duration requests, the shorter duration requests shall have simultaneous opportunities to exercise the right of first refusal. Duration, pre-confirmation status, price and time of response will be used to determine the order by which the multiple shorter duration request will be able to exercise the right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff.

Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14. Nature of Non-Firm Point-to-Point Transmission Service

14.1 Term:

Non-Firm Point-to-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a Purchaser of Non-Firm Point-to-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 18.3.

14.2 Reservation Priority:

(a) Non-Firm Point-to-Point Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-to-Point Transmission Service. A higher priority will be assigned first to reservations with a longer duration of service and second to Pre-Confirmed ~~Applications~~Requests. In the event the Transmission System is constrained, competing requests of the same pre-confirmation status and equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term reservation before being preempted. A longer term competing request for Non-Firm Point-to-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Point-to-Point Transmission Service after notification by the Transmission Provider; and, (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section 14.6) for Non-Firm Point-to-Point Transmission Service other than hourly transactions after notification by the Transmission Provider. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-to-Point Transmission Service. Non-Firm Point-to-Point Transmission Service over secondary Points of Receipt and Points of Delivery will have the lowest reservation priority under the Tariff.

17. Procedures for Arranging Firm Point-to-Point Transmission Service

17.1 Application:

A request for Firm Point-to-Point Transmission Service for periods of one year or longer must contain a written Application to:

Attention: Manager, Transmission Services Contracts Agent
Avista Corporation
1411 East Mission Avenue
Spokane, WA 99202-2600 1902
- or -
P. O. Box 3727
Spokane, WA 99220-3727
Telefax No. (509) 495-8542

at least sixty (60) days in advance of the calendar month in which service is to commence. The Transmission Provider will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 17.5. All Firm Point-to-Point Transmission Service requests should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the priority of the Application.

17.2 Completed Application:

A Completed Application shall provide all of the information included in 18 C.F.R. § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to

- (iii) The Point(s) of Receipt and the Point(s) of Delivery;
- (iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
- (v) The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the Transmission Provider also may ask the Transmission Customer to provide the following:

- (vi) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and
- (vii) The electrical location of the ultimate load.

The Transmission Provider will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

- (viii) A statement indicating whether the Transmission Customer commits to a Pre-Confirmed Request, *i.e.*, will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

18.3 Reservation of Non-Firm Point-to-Point Transmission Service:

Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than two (2) Working Days before service is to commence, and requests for hourly service shall be submitted no earlier than noon-10:00 a.m. on the Working Day before service is to commence. Requests for service received later than 2:00 p.m. prior to the Working Day service is scheduled to commence will be accommodated if practicable.

18.4 Determination of Available Transfer Capability:

Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transfer capability pursuant to Section 15.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service (i) thirty (30) minutes for hourly service, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly service, and (iv) two (2) Working Days for monthly service.

19. Additional Study Procedures For Firm Point-to-Point Transmission Service Requests

19.1 Notice of Need for System Impact Study:

After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. Once informed, the Eligible Customer shall timely notify the Transmission Provider if it elects ~~not~~ to have the Transmission Provider study redispach or conditional curtailment as part of the System Impact Study. If notification is provided prior to tender of the System Impact Study Agreement, the Eligible Customer can avoid the costs associated with the study of these options. The Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest.

19.2 System Impact Study Agreement and Cost Reimbursement:

- (a) The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
- (b) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.

- (a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by the Transmission Provider on behalf of its Native Load Customers.
- (b) The sum of all firm and non-firm Point-to-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.
- (c) The Transmission Customer shall retain its right to schedule Firm Point-to-Point Transmission Service at the Points of Receipt and Points of Delivery specified in the relevant Service Agreement in the amount of its original capacity reservation.
- (d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-to-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

22.2 Modification On a Firm Basis:

Any request by a Transmission Customer to modify Points of Receipt and Points of Delivery on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the requested capacity reservation does not exceed the Reserved Capacity in the existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Points of Receipt and Points of Delivery specified in its Service Agreement.

23. Sale or Assignment of Transmission Service

23.1 Procedures for Assignment or Transfer of Service:

Subject to Commission approval of any necessary filings, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). ~~The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the "Reseller".~~ Compensation to the Reseller shall be at rates established by agreement with the Assignee. The Assignee must execute a Service Agreement with the Transmission Provider prior to the date on which the reassigned service commences that will govern the

SCHEDULE 9 Generator Imbalance Service

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider's Control Area and a delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour. The Transmission Provider must offer this service when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Generator 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 may charge a Transmission Customer a penalty for either hourly generator imbalances under this Schedule or hourly energy imbalances under Schedule 4 for the same imbalance, but not both.

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

Generator Imbalance Service

The Transmission Customer may elect to settle generator 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 ± 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) generated by the Transmission Customer is less than the energy scheduled, the charge is 100% of the weighted average Hourly Pricing Proxy (determined for HLH and LLH periods) for such month.
 - (B) When the monthly net energy (determined for HLH and LLH periods) generated by the Transmission Customer is greater 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 generated by the Transmission Customer during an hour is less than the energy scheduled (negative deviation), the charge is 100% of the Hourly Pricing Proxy.
 - (B) When energy generated by the Transmission Customer during an hour is greater 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 ± 2 MW, whichever is larger in absolute value, up to and including $\pm 7.5\%$ of the scheduled amount of energy or ± 5 MW, whichever is larger in absolute value.
 - (i) When energy generated by the Transmission Customer during an hour is less than the energy scheduled (negative deviation), the charge is 110% of the Hourly Pricing Proxy.
 - (ii) When energy generated by the Transmission Customer during an hour is greater 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 ± 5 MW of the scheduled amount of energy, whichever is larger in absolute value.
 - (i) When energy generated by the Transmission Customer during an hour is less 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 generated by the Transmission Customer during an hour is greater 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 Generator 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.

~~———— The Transmission Provider shall establish charges for generator imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of each month, at 100 percent of incremental or decremental cost, (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of incremental cost or 90 percent of decremental cost, and (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled at 125 percent of incremental cost or 75 percent of decremental cost, except that an intermittent resource will be exempt from this deviation band and will pay the deviation band charges for all deviations greater than the larger of 1.5 percent or 2 MW. An intermittent resource, for the limited purpose of this Schedule is an electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand or respond to transmission security constraints.~~

~~For purposes of this Schedule, incremental cost and decremental cost represent the Transmission Provider's actual average hourly cost of the last 10 MW dispatched to supply the Transmission Provider's Native Load Customers, based on the replacement cost of fuel, unit heat rates, start-up costs (including any commitment and redispatch costs), incremental operation and maintenance costs, and purchased and interchange power costs and taxes, as applicable.~~

Credit to Transmission Customers for Imbalance Penalty Charges

For any month for which the Transmission Provider collects any charge for a negative deviation where such charge is greater than the ~~incremental cost~~Hourly Pricing Proxy, the Transmission Provider shall credit to Qualified Transmission Customers for such month the amount by which such charge exceeded the ~~incremental cost~~Hourly Pricing Proxy. For each such month, the amount of such credit shall be allocated among Qualified Transmission Customers for such month in proportion to their respective Qualified Transmission Loads for such month.

For purposes of this Schedule 9, the following definitions shall apply:

- (a) "Qualified Transmission Customer" for any month means each of the following in such month:
 - (i) Long-Term Firm Point-to-Point Transmission Service Customer;
 - (ii) Network Customer; or
 - (iii) Transmission Provider on behalf of its Native Load Customers; provided that any Transmission Customer that is charged for a negative deviation where such charge is greater than the ~~incremental~~Hourly Pricing Proxy cost shall not be a Qualified Transmission Customer for such month.
- (b) "Qualified Transmission Load" for any month means the following with respect to each Qualified Transmission Customer:
 - (i) For each Long-Term Firm Point-to-Point Transmission Service Customer, its Reserved Capacity applicable to such month;
 - (ii) For each Network Customer, its Monthly Network Load computed in accordance with Section 34 of the Tariff for such month; or
 - (iii) For the Transmission Provider on behalf of its Native Load Customers, the hourly load in such month of its Native Load Customers coincident with the Transmission Provider's Monthly Transmission System Peak for such month (computed consistent with computations pursuant to Section 34 of the Tariff).

ATTACHMENT A-1

**Form Of Service Agreement For
The Resale, Reassignment Or Transfer Of
~~Long-Term-Firm~~ Point-to-Point Transmission Service**

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the Transmission Provider), and _____ (the Assignee).
- 2.0 The Assignee has been determined by the Transmission Provider to be an Eligible Customer under the Tariff pursuant to which the transmission service rights to be transferred were originally obtained.
- 3.0 The terms and conditions for the transaction entered into under this Service Agreement shall be subject to the terms and conditions of Part II of the Transmission Provider's Tariff, except for those terms and conditions negotiated by the Reseller, as identified below, of the reassigned transmission capacity (pursuant to Section 23.1 of this Tariff) and the Assignee and appropriately specified in this Service Agreement. Such negotiated terms and conditions include: contract effective and termination dates, the amount of reassigned capacity or energy, point(s) of receipt and delivery. Changes by the Assignee to the Reseller's Points of Receipt and Points of Delivery will be subject to the provisions of Section 23.2 of this Tariff.
- 4.0 The Transmission Provider shall credit or charge the Reseller, as appropriate, for any difference between the price reflected in the Assignee's Service Agreement and the Reseller's Service Agreement with the Transmission Provider.
- 5.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

ATTACHMENT E

Index Of Point-to-Point Transmission Service Customers

<u>Customer</u>	<u>Date of Service Agreement</u>
<u>Customers are as indicated on Transmission Provider's Electronic Quarterly Report.</u>	

Issued by: Jeff Schlect, Manager, Transmission Services
Issued on: July 13, 2007

Effective: July 13, 2007

Filed in compliance with Order No. 890, *Preventing Undue Discrimination and Preference in Transmission Service*,
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CLEAN VERSION

OF

OPEN ACCESS TRANSMISSION TARIFF

OF

AVISTA CORPORATION

FERC ELECTRIC TARIFF

FOURTH REVISED VOLUME NO. 8

("TARIFF")

POINT-TO-POINT TRANSMISSION SERVICE

AND

NETWORK INTEGRATION TRANSMISSION SERVICE

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1.37 Point(s) of Delivery:

Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-to-Point Transmission Service.

1.38 Point(s) of Receipt:

Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-to-Point Transmission Service.

1.39 Point-to-Point Transmission Service:

The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

1.40 Power Purchaser:

The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

1.41 Pre-Confirmed Request:

A request for short-term firm or non-firm Point-to-Point Transmission Service on the Transmission Provider's OASIS that commits the Transmission Customer to the purchase of such Transmission Service upon acceptance of the request by the Transmission Provider.

1.42 Receiving Party:

The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

1.43 Regional Transmission Group (RTG):

A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

1.44 Reseller:

A Transmission Customer that sells, assigns or transfers its rights under its Service Agreement.

1.45 Reserved Capacity:

The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

1.46 Service Agreement:

The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.

1.47 Service Commencement Date:

The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.

1.48 Short-Term Firm Point-to-Point Transmission Service:

Firm Point-to-Point Transmission Service under Part II of the Tariff with a term of less than one year.

1.49 System Condition:

A specified condition on the Transmission Provider's system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the Curtailment priority pursuant to Section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.

1.50 System Impact Study:

An assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-to-Point Transmission Service or Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.

1.51 Third-Party Sale:

Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.

1.52 Transmission Customer:

Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff.

1.53 Transmission Provider:

Avista Corporation (Avista Corp.), or its Designated Agent, which owns, controls, or operates facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff.

1.54 Transmission Provider's Monthly Transmission System Peak:

The maximum firm usage of the Transmission Provider's Transmission System in a calendar month.

1.55 Transmission Service:

Point-to-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.

1.56 Transmission System:

The facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service under Part II and Part III of the Tariff.

1.57 Working Day:

The days Monday through Friday, excluding NERC holidays.

2. Initial Allocation and Renewal Procedures

2.1 Initial Allocation of Available Transfer Capability: For purposes of determining whether existing capability on the Transmission Provider's Transmission System is adequate to accommodate a request for firm service under this Tariff, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing with the effective date of the Tariff will be deemed to have been filed simultaneously. A lottery system conducted by an independent party shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section 13.2.

11. Creditworthiness

The Transmission Provider will specify its Creditworthiness procedures in Attachment L.

12. Dispute Resolution Procedures

12.1 Internal Dispute Resolution Procedures:

Any dispute between a Transmission Customer and the Transmission Provider involving transmission service under the Tariff (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of the Transmission Provider and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days (or such other period as the Parties may agree upon) by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

12.2 External Arbitration Procedures:

Any arbitration initiated under the Tariff shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations or Regional Transmission Group rules.

13.2 Reservation Priority:

- (a) Long-Term Firm Point-to-Point Transmission Service shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Transmission Customer has reserved service.
- (b) Reservations for Short-Term Firm Point-to-Point Transmission Service will be conditional based upon the length of the requested transaction. However, Pre-Confirmed Requests for Short-Term Point-to-Point Transmission Service will receive priority over earlier-submitted requests that are not pre-confirmed and that have equal or shorter duration. Among requests with the same duration and pre-confirmation status (pre-confirmed or not confirmed), priority will be given to an Eligible Customer's request that offers the highest price, followed by the date and time of the request.
- (c) If the Transmission System becomes oversubscribed, requests for longer term service may preempt requests for shorter term service up to the following deadlines: one Working Day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transfer capability is insufficient to satisfy all Applications, an Eligible Customer with a reservation for shorter term service or equal duration service and lower price has the right of first refusal to match any longer term request or equal duration service with a higher price before losing its reservation priority. A longer term competing request for Short-Term Firm Point-to-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point-to-Point Transmission Service. When a longer duration request preempts multiple shorter duration requests, the shorter duration requests shall have simultaneous opportunities to exercise the right of first refusal. Duration, pre-confirmation status, price and time of response will be used to determine the order by which the multiple shorter duration request will be able to exercise the right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff.

Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14. Nature of Non-Firm Point-to-Point Transmission Service

14.1 Term:

Non-Firm Point-to-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a Purchaser of Non-Firm Point-to-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 18.3.

14.2 Reservation Priority:

- (a) Non-Firm Point-to-Point Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-to-Point Transmission Service. A higher priority will be assigned first to reservations with a longer duration of service and second to Pre-Confirmed Requests. In the event the Transmission System is constrained, competing requests of the same pre-confirmation status and equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term reservation before being preempted. A longer term competing request for Non-Firm Point-to-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Point-to-Point Transmission Service after notification by the Transmission Provider; and, (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section 14.6) for Non-Firm Point-to-Point Transmission Service other than hourly transactions after notification by the Transmission Provider. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-to-Point Transmission Service. Non-Firm Point-to-Point Transmission Service over secondary Points of Receipt and Points of Delivery will have the lowest reservation priority under the Tariff.

17. Procedures for Arranging Firm Point-to-Point Transmission Service

17.1 Application:

A request for Firm Point-to-Point Transmission Service for periods of one year or longer must contain a written Application to:

Attention: Manager, Transmission Services
Avista Corporation
1411 East Mission
Spokane, WA 99202-1902

- or -

P. O. Box 3727
Spokane, WA 99220-3727
Telefax No. (509) 495-8542

at least sixty (60) days in advance of the calendar month in which service is to commence. The Transmission Provider will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 17.5. All Firm Point-to-Point Transmission Service requests should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the priority of the Application.

17.2 Completed Application:

A Completed Application shall provide all of the information included in 18 C.F.R. § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to

- (iii) The Point(s) of Receipt and the Point(s) of Delivery;
- (iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
- (v) The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the Transmission Provider also may ask the Transmission Customer to provide the following:

- (vi) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and
- (vii) The electrical location of the ultimate load.

The Transmission Provider will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

- (viii) A statement indicating whether the Transmission Customer commits to a Pre-Confirmed Request, *i.e.*, will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

18.3 Reservation of Non-Firm Point-to-Point Transmission Service:

Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than two (2) Working Days before service is to commence, and requests for hourly service shall be submitted no earlier than 10:00 a.m. on the Working Day before service is to commence. Requests for service received later than 2:00 p.m. prior to the Working Day service is scheduled to commence will be accommodated if practicable.

18.4 Determination of Available Transfer Capability:

Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transfer capability pursuant to Section 15.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service (i) thirty (30) minutes for hourly service, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly service, and (iv) two (2) Working Days for monthly service.

19. Additional Study Procedures For Firm Point-to-Point Transmission Service Requests

19.1 Notice of Need for System Impact Study:

After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. Once informed, the Eligible Customer shall timely notify the Transmission Provider if it elects to have the Transmission Provider study redispatch or conditional curtailment as part of the System Impact Study. If notification is provided prior to tender of the System Impact Study Agreement, the Eligible Customer can avoid the costs associated with the study of these options. The Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest.

19.2 System Impact Study Agreement and Cost Reimbursement:

- (a) The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
- (b) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.

- (a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by the Transmission Provider on behalf of its Native Load Customers.
- (b) The sum of all firm and non-firm Point-to-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.
- (c) The Transmission Customer shall retain its right to schedule Firm Point-to-Point Transmission Service at the Points of Receipt and Points of Delivery specified in the relevant Service Agreement in the amount of its original capacity reservation.
- (d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-to-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

22.2 Modification On a Firm Basis:

Any request by a Transmission Customer to modify Points of Receipt and Points of Delivery on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the requested capacity reservation does not exceed the Reserved Capacity in the existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Points of Receipt and Points of Delivery specified in its Service Agreement.

23. Sale or Assignment of Transmission Service

23.1 Procedures for Assignment or Transfer of Service:

Subject to Commission approval of any necessary filings, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). Compensation to the Reseller shall be at rates established by agreement with the Assignee. The Assignee must execute a Service Agreement with the Transmission Provider prior to the date on which the reassigned service commences that will govern the

SCHEDULE 9

Generator Imbalance Service

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider's Control Area and a delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour. The Transmission Provider must offer this service when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Generator 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 may charge a Transmission Customer a penalty for either hourly generator imbalances under this Schedule or hourly energy imbalances under Schedule 4 for the same imbalance, but not both.

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

Generator Imbalance Service

The Transmission Customer may elect to settle generator 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 ± 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) generated by the Transmission Customer is less than the energy scheduled, the charge is 100% of the weighted average Hourly Pricing Proxy (determined for HLH and LLH periods) for such month.
 - (B) When the monthly net energy (determined for HLH and LLH periods) generated by the Transmission Customer is greater 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 generated by the Transmission Customer during an hour is less than the energy scheduled (negative deviation), the charge is 100% of the Hourly Pricing Proxy.
 - (B) When energy generated by the Transmission Customer during an hour is greater 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 ± 2 MW, whichever is larger in absolute value, up to and including $\pm 7.5\%$ of the scheduled amount of energy or ± 5 MW, whichever is larger in absolute value.
 - (i) When energy generated by the Transmission Customer during an hour is less than the energy scheduled (negative deviation), the charge is 110% of the Hourly Pricing Proxy.
 - (ii) When energy generated by the Transmission Customer during an hour is greater 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 ± 5 MW of the scheduled amount of energy, whichever is larger in absolute value.
 - (i) When energy generated by the Transmission Customer during an hour is less 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 generated by the Transmission Customer during an hour is greater 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 Generator 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.

Credit to Transmission Customers for Imbalance Penalty Charges

For any month for which the Transmission Provider collects any charge for a negative deviation where such charge is greater than the Hourly Pricing Proxy, the Transmission Provider shall credit to Qualified Transmission Customers for such month the amount by which such charge exceeded the Hourly Pricing Proxy. For each such month, the amount of such credit shall be allocated among Qualified Transmission Customers for such month in proportion to their respective Qualified Transmission Loads for such month.

For purposes of this Schedule 9, the following definitions shall apply:

- (a) "Qualified Transmission Customer" for any month means each of the following in such month:
 - (i) Long-Term Firm Point-to-Point Transmission Service Customer;
 - (ii) Network Customer; or

- (iii) Transmission Provider on behalf of its Native Load Customers; provided that any Transmission Customer that is charged for a negative deviation where such charge is greater than the Hourly Pricing Proxy cost shall not be a Qualified Transmission Customer for such month.
- (b) "Qualified Transmission Load" for any month means the following with respect to each Qualified Transmission Customer:
 - (i) For each Long-Term Firm Point-to-Point Transmission Service Customer, its Reserved Capacity applicable to such month;
 - (ii) For each Network Customer, its Monthly Network Load computed in accordance with Section 34 of the Tariff for such month; or
 - (iii) For the Transmission Provider on behalf of its Native Load Customers, the hourly load in such month of its Native Load Customers coincident with the Transmission Provider's Monthly Transmission System Peak for such month (computed consistent with computations pursuant to Section 34 of the Tariff).

ATTACHMENT A-1

**Form Of Service Agreement For
The Resale, Reassignment Or Transfer Of
Firm Point-to-Point Transmission Service**

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the Transmission Provider), and _____ (the Assignee).
- 2.0 The Assignee has been determined by the Transmission Provider to be an Eligible Customer under the Tariff pursuant to which the transmission service rights to be transferred were originally obtained.
- 3.0 The terms and conditions for the transaction entered into under this Service Agreement shall be subject to the terms and conditions of Part II of the Transmission Provider's Tariff, except for those terms and conditions negotiated by the Reseller, as identified below, of the reassigned transmission capacity (pursuant to Section 23.1 of this Tariff) and the Assignee and appropriately specified in this Service Agreement. Such negotiated terms and conditions include: contract effective and termination dates, the amount of reassigned capacity or energy, point(s) of receipt and delivery. Changes by the Assignee to the Reseller's Points of Receipt and Points of Delivery will be subject to the provisions of Section 23.2 of this Tariff.
- 4.0 The Transmission Provider shall credit or charge the Reseller, as appropriate, for any difference between the price reflected in the Assignee's Service Agreement and the Reseller's Service Agreement with the Transmission Provider.
- 5.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

ATTACHMENT E

Index Of Point-to-Point Transmission Service Customers

Customers are as indicated on Transmission Provider's Electronic Quarterly Report.