

THIS CAPACITY MANAGEMENT PROCEDURES AGREEMENT (“Agreement”) is entered into as of the Effective Date, as defined herein, between AVISTA CORPORATION, a Washington corporation (“Avista”); the BONNEVILLE POWER ADMINISTRATION, a Federal Power Marketing Administration (“Bonneville”); IDAHO POWER COMPANY, an Idaho corporation (“Idaho Power”); NORTHWESTERN CORPORATION, a Delaware corporation (“NorthWestern”); and PACIFICORP, an Oregon corporation (“PacifiCorp”). Avista, Bonneville, Idaho Power, NorthWestern, and PacifiCorp are each sometimes referred to as a “Party” and collectively as “Parties.”

Recitals

WHEREAS, Avista, Idaho Power, NorthWestern, and PacifiCorp (collectively, the “Amps Parties”) are parties to the Amended and Restated Interconnection Agreement dated July 26, 2006 (“Amps Agreement”) which sets forth the terms for the construction, ownership, operation, maintenance and joint use of the 230 kV transmission facilities known as the Amps Line;

WHEREAS, the Amps Line connects to Bonneville’s Hot Springs Switching Station;

WHEREAS, Avista and Bonneville are parties to the Letter Agreement dated October 22, 1963 (Bonneville Contract No. 14-03-40533) and NorthWestern and Bonneville are parties to the Letter Agreement dated October 22, 1963 (Bonneville Contract No. 14-03-40534) (collectively the “1963 Agreements”);

WHEREAS, Avista, Bonneville and NorthWestern are parties to the Letter Agreement Regarding East-to-West Transmission Allocation West of Garrison (Bonneville Contract No. DE-MS79-94BP94298) (the “MT-to-NW Allocation Agreement”);

WHEREAS, the Parties, as applicable, own, operate, and provide transmission service over certain transmission facilities (“MT-NW Facilities”), including the Hot Springs Switching Station, the Amps Line and the facilities that comprise the Montana-to-Northwest Path, as such path is defined from time-to-time in the WECC Path Rating Catalog; and

WHEREAS, in consideration of the aforementioned agreements the Parties have identified a need to set forth certain transmission capacity management procedures in order to facilitate the reliable and transparent operation of the Parties’ collective transmission systems on the MT-NW Facilities and to provide for consistent management of transmission capacity on and between the Parties’ respective transmission facilities.

NOW, THEREFORE, in consideration of the promises and of the mutual covenants and agreements contained herein, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto undertake and agree as follows:

I. Purpose

The purpose of this Agreement is to set forth certain transmission capacity management procedures for the MT-NW Facilities in order to facilitate the reliable and transparent operation of the Parties' collective transmission systems and to provide for consistent management of transmission capacity by and between the Parties' respective transmission systems. Nothing in this Agreement is intended to interpret the rights and obligations of any Party under any other agreement, including, without limitation, the Amps Agreement, the 1963 Agreements and the MT-to-NW Allocation Agreement. Notwithstanding any other agreement, including the Amps Agreement, the 1963 Agreements, and the MT-to-NW Allocation Agreement, the Parties agree to the capacity management procedures set forth herein ("Capacity Management Procedures"). To the extent that the Capacity Management Procedures are in conflict with any of the operational components of any other agreement, this Agreement shall control.

II. Effective Date and Term

The term of this Agreement shall commence on the _____ day of March, 2009, subject to another date being designated by the Federal Energy Regulatory Commission ("Commission"), ("Effective Date") and shall be coterminous with the Amps Agreement, as it may be renewed or extended, unless otherwise terminated pursuant to the terms of this Agreement. The Parties shall implement the Capacity Management Procedures set forth herein on or before June 1, 2009 ("Implementation Date").

III. Termination and Duty to Negotiate

A. Filing. The Amps Parties shall file this Agreement with the Commission. In the event the Commission asserts jurisdiction over this Agreement, a Party may immediately terminate this Agreement if the Commission rejects this Agreement or accepts this Agreement upon conditions that are unacceptable to such Party, in the sole determination of such Party, by providing the Parties a notice of such termination. In the event that a Party terminates this Agreement pursuant to this Paragraph, the Parties agree to meet within thirty (30) days of the date of the notice of such termination (unless the Parties agree to a longer time) to negotiate in good faith in order to amend or replace this Agreement to address the issues giving rise to the notice of termination such that the relative benefits and obligations of the Parties are, to the extent practicable, preserved. The obligation in this Paragraph to meet and negotiate in good faith shall survive the termination of this Agreement.

B. Adverse Impact and Termination. In the event of any change in circumstances that materially and adversely impacts any Party's ability to operate or make use of Planned New Transmission Facilities for the Montana-to-Northwest Path, or operate or make use of MT-NW Facilities, due to or in accordance with the Capacity Management Procedures, or if a Party, in its sole discretion, believes that compliance with the Capacity Management Procedures would result in that Party being in violation of any statute,

regulation, reliability standard, or other law, such Party shall immediately notify the other Parties of the material adverse impact and the change in circumstances that caused such impact (“Adverse Impact Notice”). “Planned New Transmission Facilities” means a plan that includes a proposed plan of service that is intended to resolve (1) an anticipated violation of an applicable planning or reliability standard, including a standard developed by the Party, or (2) a commercial need. The Parties agree to meet within thirty (30) days of the date of such Adverse Impact Notice to discuss the Parties’ ability to operate the MT-NW Facilities in accordance with the Capacity Management Procedures. In the event that any Party determines in good faith, after such meeting, that, due to the circumstances identified in the Adverse Impact Notice, there will be material and adverse impacts on the Party’s ability to operate or make use of Planned New Transmission Facilities for the Montana-to-Northwest Path or operate or make use of MT-NW Facilities due to or in accordance with the Capacity Management Procedures, such Party may terminate this Agreement.

C. Duty to Negotiate. A Party desiring to terminate this Agreement pursuant to Paragraph (B) of this Section III shall provide sixty (60) day’s written notice to each of the other Parties of its intent to terminate this Agreement (“Termination Notice”). Such Termination Notice shall include the basis for termination. In the event that any Party provides Termination Notice, the Parties agree to promptly (within thirty (30) days of providing such Termination Notice, unless the Parties agree to a longer time) commence negotiations to amend or replace this Agreement. In such event, the Parties agree to negotiate in good faith in order to amend or replace this Agreement to address the issues giving rise to the Termination Notice such that the relative benefits and obligations of the Parties are, to the extent practicable preserved, given the issues stated in the Adverse Impact Notice.

IV. Operating Committee

A. Purpose and Membership. An Operating Committee shall be created under this Agreement to address, in the first instance, any issues or questions that may arise out of this Agreement. The Operating Committee shall be composed of one member designated by each of the Parties hereto by written notice to the other Parties. Each Party may also designate an alternate to act in the absence of the member representing such Party. Each Party may change its member on the Operating Committee, or its alternate, from time to time by notice in writing to each of the other Parties.

B. Meetings. Meetings of the Operating Committee may be called by any member of the Operating Committee. Notice in writing shall be given to all members of the Operating Committee at least seven (7) days before any meeting, except that in case of emergency a meeting may be called by a notice given by best available means at least twenty-four (24) hours in advance of such meeting. Notice of any meeting of the Operating Committee may be waived by written assent of all of the members of the Operating Committee.

V. Capacity Management Procedures

A. Incorporation of Procedures. The Parties have worked collaboratively to develop Capacity Management Procedures to govern the operational and scheduling practices and the management of transmission capacity related to the MT-NW Facilities, including transmission scheduling practices and contractual references to point(s) of receipt (“POR”) and point(s) of delivery (“POD”). The Parties agree to comply with the Capacity Management Procedures. The Capacity Management Procedures are incorporated herein and are attached hereto as Attachment A.

B. Incorporation of Exhibits. Exhibits 1, 2 and 3 to Attachment A are incorporated herein. Exhibits 1A and 1B to Attachment A are interface diagrams that illustrate transmission capacities to and from the common interface representation of the MT-NW Facilities for the west-to-east and east-to-west directions respectively. Exhibits 2A and 2B are OASIS path segment diagrams illustrating the naming conventions for various nodes, points of receipt and points of delivery and the relationships between the Parties’ respective OASIS paths. Exhibits 3A and 3B specify existing commitments referenced in Attachment A. Exhibits 1A, 1B, 2A and 2B are for illustrative purposes only, intended to illustrate the Parties’ understandings regarding the Capacity Management Procedures, and do not add or modify any of the terms of the Capacity Management Procedures in Attachment A. To the extent that anything in Exhibits 1A, 1B, 2A or 2B is inconsistent with the Capacity Management Procedures, the Capacity Management Procedures shall control.

VI. Limitation of Liability and Indemnity

A. Liability. No Party shall be liable to any other Party for any claim, loss, cost, liability, damage or expense, including without limitation any direct damage or any special, indirect, exemplary, punitive, incidental or consequential loss or damage (including without limitation any loss of revenue, income, profits or investment opportunities or claims of third party customers) (collectively, “Damages”), arising out of or directly or indirectly related to this Agreement.

B. Indemnity. The Amps Parties shall indemnify, defend and hold harmless all other Amps Parties and their directors, officers, shareholders, employees, agents and consultants from and against any claim, loss, cost, liability, Damage or expense (including without limitation judgments, costs and reasonable attorneys’ fees and expenses) of any and every character that arises out of or is directly or indirectly related to this Agreement.

C. Survivability. The rights and obligations under this Section VI shall survive the expiration and termination of this Agreement.

D. WIS Agreement. Nothing in this Agreement shall supersede the Agreement Limiting Liability Among Western Interconnected Systems as such agreement may be amended from time to time.

VII. Dispute Resolution

The Parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement. If the dispute has not been resolved by authorized representatives of the Parties, the Parties shall seek to settle the dispute by the senior management of the interested Parties. If the dispute has not been resolved by senior management, the Parties may agree to resolution of the dispute through mediation, arbitration, or other form of alternative dispute resolution. If the dispute is not resolved in accordance with the foregoing, the same shall be settled in accordance with the Parties' rights at law and in equity.

VIII. Uncontrollable Force

No Party hereto shall be liable to any other Party hereto for failure to comply with any of the terms and conditions of this Agreement where such failure is caused by an act of God, court order, governmental regulation or requirement, strike or labor difficulty, fire, flood, freeze-up, breakdown of or damage to lines or facilities or, without being limited by the foregoing, by any other cause beyond the reasonable control of the Party in default.

IX. General Provisions

A. Notice. All notices required by this Agreement shall be in writing and shall be sent to the following representatives of each Party via U.S. Mail or other commonly used carrier:

Avista Corporation

Manager, Transmission Services
1411 E Mission Avenue
Spokane, Washington 99202

Bonneville Power Administration

Account Executive – Avista
7500 NW 41st Street
Vancouver, Washington 98662

Idaho Power Company

Manager, Grid Operations
P.O. Box 70
Boise, Idaho 83707

NorthWestern Corporation

Director, Transmission Marketing
40 East Broadway
Butte, Montana 59701

PacifiCorp

Director, Customer Accounts
825 NW Multnomah Street, Suite 1600
Portland, Oregon 97232

Each Party may from time-to-time change the person designated to receive notice on behalf of such Party by sending the other Parties written notice of such change.

B. Entirety. This Agreement, including its attachments and the exhibits thereto, constitutes the entire agreement between the Parties.

C. Governing Law. This Agreement shall be interpreted, construed, and enforced in accordance with the laws of the State of New York, except with regard to real property issues which shall be governed by the law of the state in which the real property at issue is located, and except to the extent that such laws may be preempted by the laws of the United States; *provided however*, that notwithstanding the foregoing, with respect to a dispute involving a Party that is a United States government entity (including, but not limited to, a federal power marketing administration), this Agreement shall in all respects be interpreted, construed, and enforced in accordance with the laws of the United States. The Parties acknowledge that with respect to a Party that is an agency of the United States federal government, under law in effect as of the Effective Date of this Agreement, such agency has not by this Agreement waived its sovereign immunity.

D. Severability. Except as otherwise stated herein, any provision, article or section declared or rendered unlawful by a court of law or regulatory agency with jurisdiction over the Parties, or deemed unlawful because of statutory change, will not otherwise affect the lawful obligations that arise under this Agreement. However, if such declaration or rendering causes an adverse impact for any Party, such Party may exercise its rights, or take other action in a manner consistent with Section III (B) and (C) of this Agreement.

E. Headings. The headings used herein are for convenience and reference purposes only and shall in no way affect the meaning or interpretation of any provision of this Agreement.

F. Waiver. No waiver by any Party hereto of any one or more defaults by the other in the performance of any of the provisions of this Agreement shall be construed as a waiver of any other default or defaults whether of a like or different nature.

G. No Third-Party Beneficiary. This Agreement is for the sole and exclusive benefit of the Parties and shall not create a contractual relationship with, or cause of action in favor of, any third party.

H. Writing. The Agreement may be amended only by a separate writing executed by all Parties.

I. Signature Clause. This Agreement may be executed in counterparts and each executed counterpart shall have the same force and effect as an original instrument as if all Parties had signed the same instrument. The signatories hereto represent that they have been authorized to enter into this Agreement on behalf of the Party for whom they sign.

AVISTA CORPORATION

BONNEVILLE
POWER ADMINISTRATION

Jeff Schlect
Manager, Transmission Services

Richard Gillman
Senior Account Executive

Date

Date

IDAHO POWER COMPANY

NORTHWESTERN CORPORATION

Tessia Park
Manager, Grid Operations

Mike Cashell
Chief Transmission Officer

Date

Date

PACIFICORP

John Cupparo
Vice-President, Transmission

Date

Attachment A

Capacity Management Procedures

General Principles

(1) Montana-to-Northwest Path Treated in Aggregate Terms.

The transmission capacities of the interfaces between Avista Corporation (“AVAT”) and NorthWestern Energy (“NWMT”) and between the Bonneville Power Administration (“BPAT”) and NWMT, including the Amps Line capacities of Idaho Power Company (“IPCO”) and PacifiCorp (“PPW”), in both the west-to-east and east-to-west directions, shall be utilized in terms of capacities to and from a single, common node or interface (“Interface”). For purposes of these Capacity Management Procedures, the Interface shall encompass the Montana-to-Northwest Path and shall include the following points of receipt, points of delivery and points of interchange: Anaconda 230kV, Burke 115kV, Garrison 230kV, Hot Springs 230kV, Kerr 115kV and Rattlesnake 230kV. Notwithstanding the inclusion of certain Garrison 500kV facilities in the Montana-to-Northwest Path, the Interface shall not include Garrison 500kV as a point of receipt and/or a point of delivery. The Interface shall also include the internal path segment designation established in paragraph (2) below. Unless otherwise agreed upon, the Interface shall include future facilities, points of receipt, points of delivery and points of interchange that are placed in service and included in the Montana-to-Northwest Path.

(2) Common Point of Receipt and Point of Delivery Designations.

The Parties shall establish common point of receipt and point of delivery names that represent the collective points of receipt, points of delivery and/or points of interchange at or within the Interface between AVAT and NWMT and between BPAT and NWMT. As of the Effective Date, the Parties have agreed upon and shall use “AVAT.NWMT” and “BPAT.NWMT” to represent these collective points between the AVAT and NWMT balancing areas and between the BPAT and NWMT balancing areas, respectively. From time to time the Parties may agree upon alternative naming conventions for such collective points. As of the Effective Date, the Parties have agreed upon and shall use the common “MT-NW” designation as an internal path segment identifier within the Interface to facilitate the management of transmission capacities to and from the AVAT.NWMT and BPAT.NWMT points. From time to time the Parties may agree upon an alternative common designation for this path segment identifier.

(3) Management of the Montana-to-Northwest Path.

These Capacity Management Procedures do not revise or otherwise affect the Parties’ respective obligations and responsibilities to operate and manage their respective systems.

- (a) Operational Responsibilities – NWMT shall continue to serve as the path operator for the Montana-to-Northwest Path and is the transmission operator and balancing authority within and on the east side of the Interface. AVAT and BPAT shall continue to serve as transmission operators and balancing authorities on the west side of the Interface.

- (b) Outage and Curtailment Management for the Montana-to-Northwest Path – Prior to the Implementation Date, the Parties shall develop a series of common curtailment, interruption and planned outage practices for use by NWMT as the transmission operator and balancing authority within and on the east side of the Interface and the path operator of the Montana-to-Northwest Path and, where applicable, by AVAT and BPAT, as transmission operators and balancing authorities on the west side of the Interface. Such common practices shall incorporate the impacts to the Parties’ respective TTC and ATC postings established herein and shall incorporate the following principles, unless otherwise agreed upon by the Parties:
- (i) Reductions in transmission capacity associated with a planned outage shall be allocated to the transmission provider on whose system the outage is to occur. Such transmission provider may apply such reductions to reservations and/or schedules using such transmission provider’s capacity, pursuant to such transmission provider’s applicable operational practices.
 - (ii) Curtailment and interruption of schedules within the hour during which an unplanned contingency occurs shall be at the discretion of the path operator of the Montana-to-Northwest Path.
 - (iii) Curtailment and interruption of schedules for hours following an unplanned contingency shall be allocated to the transmission provider on whose system the contingency occurred and/or to applicable reservations and schedules using such transmission provider’s capacity. In the event NWMT, in its role as path operator of the Montana-to-Northwest Path, is unable to implement such allocated curtailment and interruption practices by the Implementation Date, the Parties agree to implement temporary and interim curtailment and interruption practices that provide for a pro-rata allocation of curtailments or interruptions without regard to the transmission provider experiencing the contingency.

(4) OASIS Posting – Information for Transmission Customers.

All Parties shall prominently display on their respective OASIS sites information for Transmission Customers regarding these Capacity Management Procedures. Such posted information shall include the following points:

- (a) To attain a complete transmission path to enable a scheduled transaction from source to sink, Transmission Customers *must* acquire transmission capacity to and from the Interface, that is, on both sides of the Interface. Transmission customers who do not acquire transmission capacity on both sides of the Interface will be unable to use their reserved capacity on the one side of the Interface and will be unable to cross the Interface.
- (b) The AVAT.NWMT and BPAT.NWMT points shall not be a source or sink for any scheduled transaction. Neither shall the AVAT.NWMT and BPAT.NWMT points be used in any bounce-back or ricochet fashion. Accordingly, all schedules or electronic tags to the Interface from the west must exit the Interface to the east and/or south and all schedules to the Interface from the east and/or south must exit the Interface to the west.

(5) Ratings and Posted TTC and ATC.

From time to time capacity ratings for the Montana-to-Northwest Path may be revised pursuant to applicable WECC, regional or sub-regional processes and procedures. Such revised ratings shall be reflected in the posted TTC and/or ATC values used by the Parties to post offerings for the sale of transmission capacity on each Party's OASIS. The Parties acknowledge and understand that under these Capacity Management Procedures the sum of transmission capacities available to the Interface from the west, as posted for sale by all transmission providers on their respective OASIS sites, may exceed the sum of posted transmission capacities made available by all transmission providers from the Interface to the east. Accordingly, the sum of posted transmission capacities made available by all transmission providers to the Interface from the west may exceed the west-to-east rating of the Montana-to-Northwest Path. Notwithstanding such posting practices, scheduled transactions and actual flow across the Montana-to-Northwest Path in either direction shall be limited by the applicable operational rating of the Montana-to-Northwest Path applicable to such direction.

(6) Existing Transmission Commitments.

Existing long-term commitments of transmission capacity by the Parties which require capacity through the Interface are specified in Exhibits 3A and 3B ("Existing Commitments"). The Parties agree that the Existing Commitments can and shall be upheld upon the implementation of these Capacity Management Procedures and that the Parties are able to uphold their respective commitments to transmission customers under the Existing Commitments. Additionally, the Parties recognize that each Party may have commitments on its respective side of the Interface that differ from commitments specified by a Party on the other side of the Interface.

(7) Transmission Capacity Allocations.

These Capacity Management Procedures reference transmission capacity amounts in the west-to-east and east-to-west directions that reflect transmission capacities set forth in other agreements. Specifically, the Amps Agreement specifies the allocated ownership shares of the Amps Line and the MT-to-NW Allocation Agreement specifies the allocation of east-to-west transmission capacity for the Montana-to-Northwest Path. In the event the capacities specified in the Amps Agreement or the MT-to-NW Allocation Agreement are revised, as such agreements may be amended, superseded and/or replaced, or in the event allocated capacity amounts reflected herein are revised by mutual agreement of those parties whose transmission capacity allocations are affected, such revised capacity allocations shall be reflected in the transmission capacity amounts referenced in these Capacity Management Procedures.

West-to-East Capacity

The following table illustrates the relationships between AVAT's and BPAT's west-to-east capacities *to* the Interface with IPCO's, NWMT's, and PPW's west-to-east capacities *from* the Interface. As noted, the total of all capacities capable of being reserved on the east side of the Interface shall equal the rated capacity of the Montana-to-Northwest Path while the total of all

capacities capable of being reserved on the west side of the Interface shall be 170MW greater than the rated capacity of the Montana-to-Northwest Path.

<u>Transmission Provider</u>	<u>Posted Firm Capacities</u>	<u>Firm Capacities on Other Side of Interface</u>
AVAT	382MW (export)	80MW to IPCO; 90MW to PPW; 382MW to NWMT
BPAT	1138MW ⁽¹⁾ (export)	80MW to IPCO; 90MW to PPW; 968MW to NWMT
IPCO	80MW (import)	80MW from AVAT; 80MW from BPAT
PPW	90MW (import)	90MW from AVAT; 90MW from BPAT
NWMT	1180MW ⁽¹⁾ (import)	382MW from AVAT; 968MW from BPAT

(1) Based upon a west-to-east capacity rating of the Montana-to-Northwest Path of 1350MW. From time to time this rating may be revised pursuant to applicable WECC, regional and sub-regional processes and procedures. All posted capacities shall reflect the applicable operational rating of the Montana-to-Northwest Path, including those capacities posted for long-term service which shall reflect the most limiting seasonal rating of the Montana-to-Northwest Path.

- (a) AVAT’s long-term posted capacity shall equal 382MW of the west-to-east capacity of the Montana-to-Northwest Path and reflects a “sharing” of 170MW of west-to-east export capacity between AVAT and BPAT.
- (b) BPAT’s long-term posted capacity shall equal the total long-term west-to-east capacity of the Montana-to-Northwest Path, as determined by the limiting seasonal rating of the path, less 212MW. BPAT’s long-term posted capacity reflects a “sharing” of 170MW of west-to-east export capacity between AVAT and BPAT.
- (c) NWMT’s long-term posted capacity shall equal the total long-term west-to-east capacity of the Montana-to-Northwest Path, as determined by the limiting seasonal rating of the path, less 170MW.
- (d) IPCO, NWMT and PPW may continue to post non-firm capacity pursuant to their sharing arrangement under the Amps Agreement. Accordingly, IPCO and PPW may post up to 250MW of non-firm west-to-east import capacity: 250MW from AVAT and 170MW from BPAT. NWMT may post up to 382MW of non-firm west-to-east import capacity from AVAT.

East-to-West Capacity

The following table illustrates the relationships between BPAT’s, IPCO’s, NWMT’s, and PPW’s east-to-west capacities to the Interface with AVAT’s and BPAT’s east-to-west capacities from the Interface. The total of all capacities capable of being reserved on the east and west sides of the Interface shall equal the rated capacity of the Montana-to-Northwest Path.

<u>Transmission Provider</u>	<u>Posted Firm Capacity</u>	<u>Firm Capacities on Other Side of Interface</u>
AVAT	382MW (import)	80MW from IPCO; 90MW from PPW; 297MW from NWMT
BPAT	1818MW (import)	40MW from IPCO; 45MW from PPW; 323MW ⁽²⁾ from NWMT; 1495MW ⁽²⁾ from BPAT

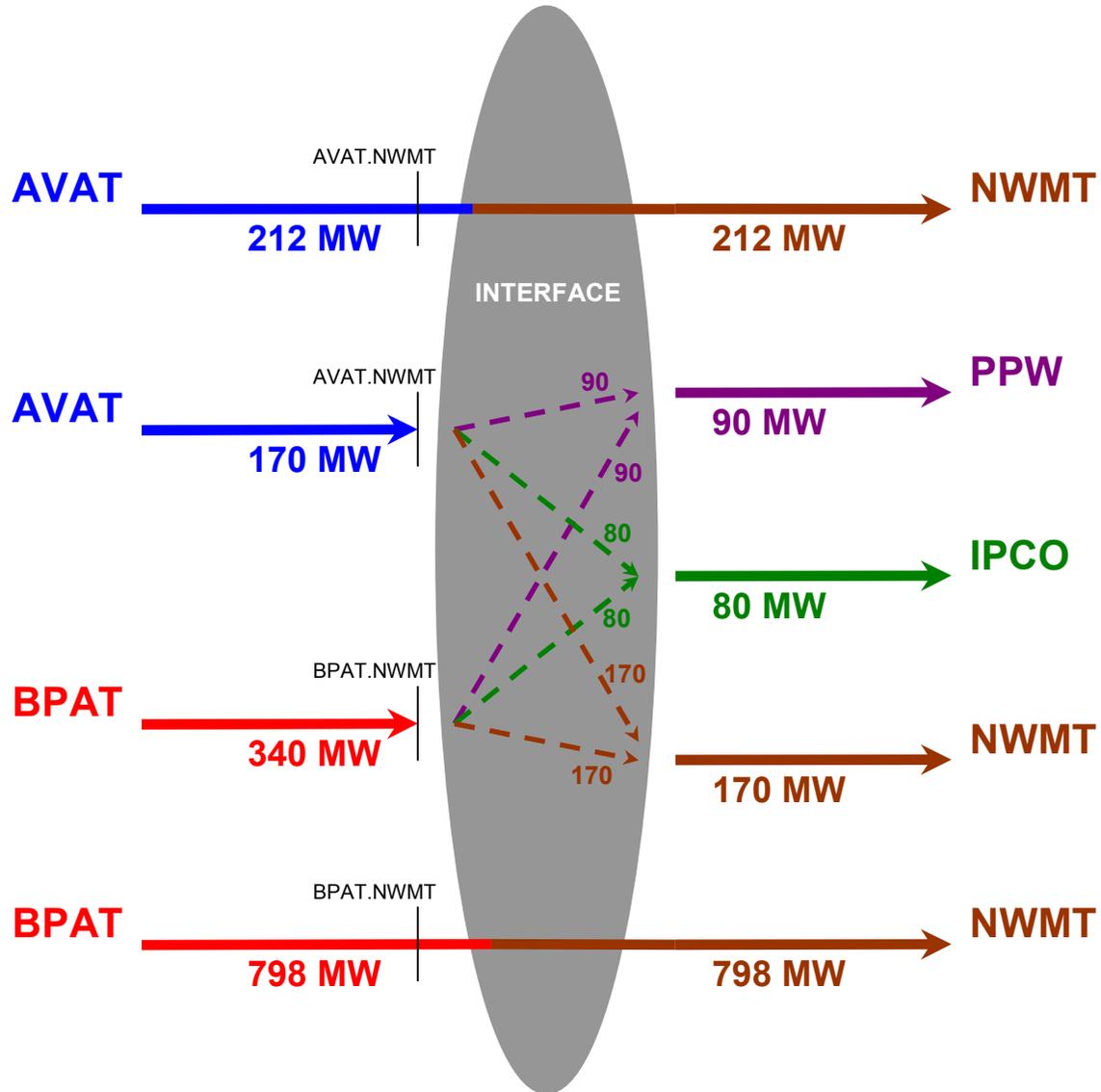
IPCO	80MW (export)	80MW to AVAT; 40MW to BPAT
PPW	90MW (export)	90MW to AVAT; 45MW to BPAT
NWMT	535MW ⁽²⁾ (export)	297MW to AVAT; 323MW ⁽²⁾ to BPAT
BPAT	1495MW ⁽²⁾ (export)	1495MW ⁽²⁾ to BPAT

(2) NWMT's total capacity to the west is 720MW (212MW to AVAT and 508MW to BPAT). Pursuant to the Montana Intertie Transmission Agreement (BPAT Contract No. DE-MS79-81BP90210), BPAT has rights to 185MW of capacity from NWMT on the 500kV system between Broadview and Garrison. This 185MW is included in NWMT's 508MW of total capacity to BPAT. To reflect the 185MW provided by NWMT to BPAT in these Capacity Management Procedures, NWMT's total capacity to the Interface is reflected as 535MW (720MW minus 185MW) and NWMT's capacity to BPAT is reflected as 323MW (508MW minus 185MW). Also, BPAT's 500kV capacity from Broadview to the Interface is reflected as 1495MW (1310MW plus 185MW). BPAT and NWMT shall develop ATC posting practices to reflect this exchange arrangement and to reflect NWMT's continuing ability to post 185MW to its connection to BPAT east of the Interface. BPAT and NWMT may from time to time revise such practices.

- (a) AVAT's long-term posted capacity shall equal 382MW of the capacity of the Montana-to-Northwest Path.
- (b) BPAT's long-term posted capacity shall equal the total long-term east-to-west capacity of the Montana-to-Northwest Path, as determined by the limiting seasonal rating of the path, less 382MW.
- (c) IPCO's and PPW's long-term posted capacity shall equal 80MW and 90MW, respectively. Each shall establish and post these as firm export capacities to AVAT and shall establish and post firm export capacities to BPAT equal to 50% of their respective long-term posted capacity (i.e. IPCO-to-BPAT = 40MW; PPW to BPAT = 45MW).
- (d) NWMT's long-term posted capacity, consisting of its capacity to the Interface and its capacity to deliver to BPAT east of the Interface, shall equal 720MW. As noted in footnote (2) in the table above, NWMT's long-term posted capacity to the Interface shall equal 535MW. NWMT's posted long-term capacity to AVAT shall equal 212MW plus an amount equal to the total long-term capacities posted to BPAT by IPCO and PPW (i.e. 85MW).
- (e) Upon mutual agreement of the affected Amps Parties, east-to-west capacities to AVAT and BPAT may be adjusted on a long-term firm basis to: (i) increase IPCO-to-BPAT export capacity with a corresponding increase to NWMT-to-AVAT export capacity, (ii) increase PPW-to-BPAT export capacity with a corresponding increase to NWMT-to-AVAT export capacity, or (iii) increase NWMT-to-AVAT export capacity with a corresponding increase to either IPCO-to-BPAT export capacity or PPW-to-BPAT export capacity provided, however, that such mutual agreement shall not be withheld by an Amps Party if such Amps Party has no pending long-term firm transmission service requests for such capacity and has not denied any such request within the past three months. AVAT and BPAT shall make any applicable revisions in their respective capacity reservation systems to reflect any such adjustments.
- (f) IPCO, NWMT and PPW may continue to post non-firm capacity pursuant to their sharing arrangement under the Amps Agreement. Accordingly, IPCO and PPW may post up to 250MW of non-firm east-to-west export capacity: 250MW to AVAT and 170MW to BPAT. NWMT may post up to 382MW of non-firm east-to-west export capacity: 382MW to AVAT and 170MW to BPAT.

EXHIBIT 1-A: WEST-TO-EAST

Firm Transmission Capacities To and From the Common Interface Representation of the Amps Line, Hot Springs Switching Station and Montana-to-Northwest Path (Based upon Montana-to-Northwest Path Rating of 1350MW West-to-East)



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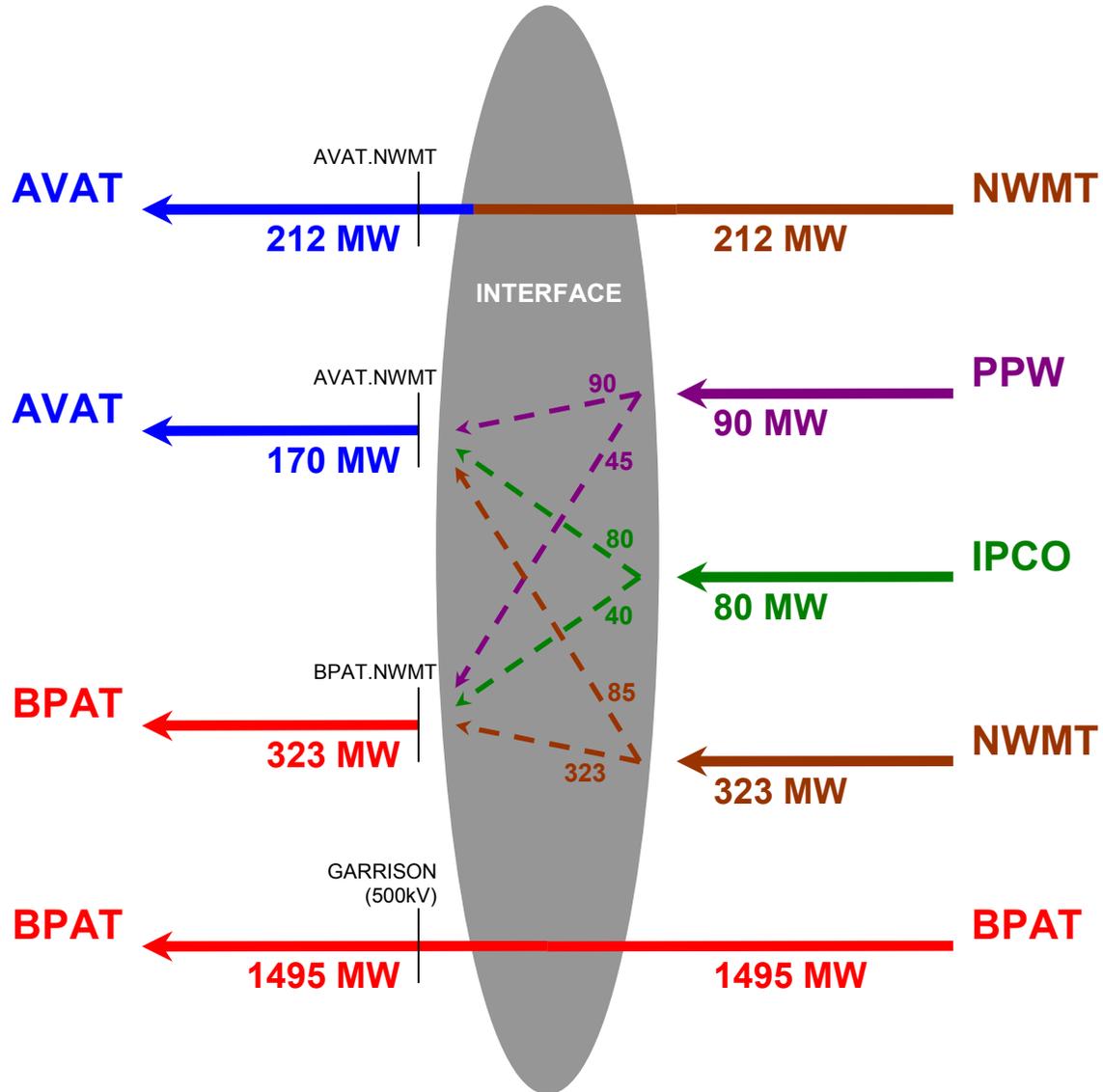
- (i) Firm capacities noted are illustrative based upon the specified operational rating of the Montana-to-Northwest Path. Actual firm capacities for BPAT and NWMT may differ from time to time to reflect applicable operational ratings of the Montana-to-Northwest Path.
- (ii) The maximum firm transmission capacity that can be made available and that can be sold by any Party is that capacity identified to or from the Interface for such Party. The dashed lines and capacities within the Interface represent the alternative parallel points of receipt (AVAT.NWMT or AVAT.BPAT) from which IPCO, PPW and NWMT may make the specified capacities available.

FIRM CAPACITY REFERENCES

AVAT/NWMT – 212MW: Burke-Thompson Falls (132MW) and Amps Line (80MW) capacities
 AVAT – 170MW: Remaining AVAT share of Amps Line capacity which is “shared” with BPAT under this Agreement
 BPAT – 1138MW: BPAT 500kV and 230kV systems west of Garrison representing BPAT’s full capacity allocation of Montana-to-Northwest Path (798MW + 340MW) where 170MW is “shared” with AVAT’s Amps Line capacity under this Agreement
 IPCO – 80MW: IPCO share of Amps Line capacity
 PPW – 90MW: PPW share of Amps Line capacity
 NWMT – 968MW: NWMT system capacity (798MW + 170MW); that capacity not attributable to Burke-Thompson Falls and Amps Line

EXHIBIT 1-B: EAST-TO-WEST

Firm Transmission Capacities To and From the Common Interface Representation of the Amps Line, Hot Springs Switching Station and Montana-to-Northwest Path (Based upon Montana-to-Northwest Path Rating of 2200MW East-to-West)



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- (i) Firm capacities noted are illustrative based upon the rated capacity of the Montana-to-Northwest Path as of the Effective Date. Actual firm capacities may differ from time to time to reflect applicable operational ratings or a revision to the rated capacity of the Montana-to-Northwest Path.
- (ii) The maximum firm transmission capacity that can be made available and that can be sold by any Party is that capacity identified to or from the Interface for such Party. The dashed lines and capacities within the Interface represent the alternative parallel points of delivery (AVAT.NWMT or AVAT.BPAT) to which IPCO, PPW and NWMT may make the specified capacities available.
- (iii) See footnote (2) in *East-to-West Capacity* section of Attachment A – Capacity Management Procedures RE: 185MW exchange.

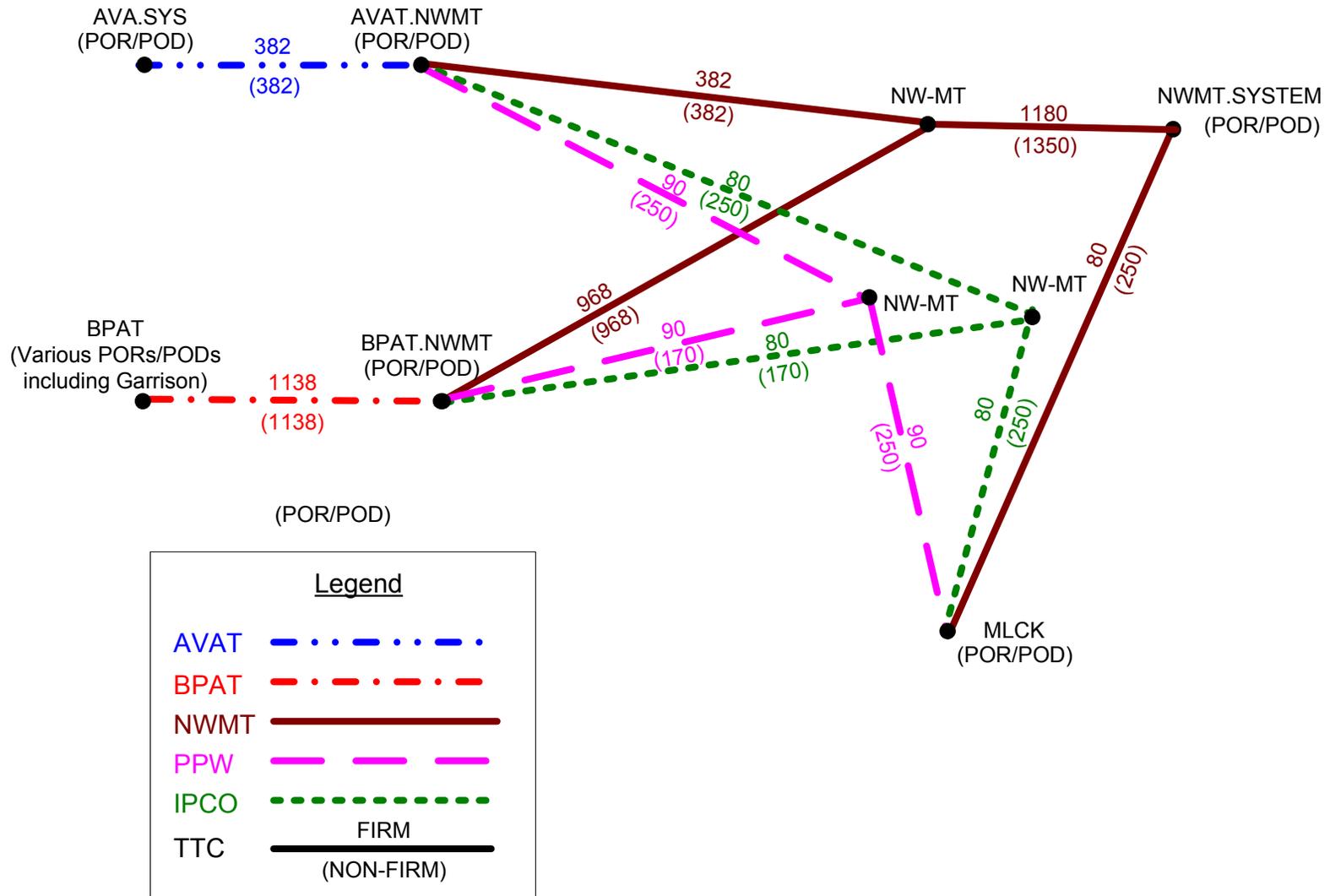
FIRM CAPACITY REFERENCES

- AVAT/NWMT – 212MW: Burke-Thompson Falls (132MW) and Amps Line (80MW) capacities
- AVAT – 170MW: Remaining AVAT share of Amps Line capacity
- BPAT – 1495MW: BPAT 500kV system through Garrison (1310MW) plus capacity exchanged with NWMT (185MW) per Note (iii)
- BPAT – 323MW: Remaining BPAT allocation of Montana-to-Northwest Path (BPAT total of 1818MW less 1495MW)
- IPCO – 80MW: IPCO share of Amps Line capacity
- PPW – 90MW: PPW share of Amps Line capacity
- NWMT – 323MW: NWMT system capacity not attributable to Burke and Amps Line (508MW) less 185MW per Note (iii)

EXHIBIT 2-A: WEST-TO-EAST

OASIS LINE SEGMENT REPRESENTATION AND TTC VALUES FOR CAPACITY MANAGEMENT PROCEDURES

(Based upon Montana-to-Northwest Path Rating of 1350MW West-to-East)



See Attachment A – Exhibit 1-A to the Capacity Management Procedures for applicable notes and capacity references

EXHIBIT 3-A
EXISTING LONG-TERM FIRM COMMITMENTS -- WEST-TO-EAST

Transmission Provider Customer	NT/PTP	Export to	Import from	2009 (MW)	2011 (MW)	2017 (MW)
Avista						
Grant County PUD	PTP	NWMT	---	10	10	0
Avista Utilities	PTP	NWMT	---	24	0	0
Avista Utilities	PTP	NWMT	---	14	14	14
Total Avista Commitments				48	24	14
Bonneville						
PacifiCorp	PTP	PPW	---	76	76	76
PacifiCorp	PTP	PPW	---	10	10	10
PacifiCorp	PTP	PPW	---	5	5	5
Sub-Total BPAT>PPW				91	91	91
Idaho Power	PTP	IPCO	---	7	7	7
Weiser	NT	IPCO	---	12	13	15
South Idaho Customers: Albion, Burley, Declo, East End, Farmers, Heyburn, Minidoka, Riverside, Rupert, South Side, United, Raft	NT	IPCO	---	61	60	58
Sub-Total BPAT>IPCO				80	80	80
BPA - Power Services	PTP	NWMT	---	90	90	90
Glacier, Northern Lights, Ravalli, Vigilante, Missoula	NT	NWMT	---	398	409	482
Central & Southern Montana	NT	NWMT	---	87	92	57
Sub-Total BPAT>NWMT				575	591	629
Total Bonneville Commitments				746	762	800
Idaho Power						
Weiser	NT	---	BPAT	12	13	15
South Idaho Customers	NT	---	BPAT	31	34	37
Idaho Power	NT	---	BPAT	7	7	7
Idaho Power	NT	---	AVAT/BPAT	30	26	21
Total Idaho Power Commitments				80	80	80
NorthWestern						
BPAP: Glacier, Northern Lights, Ravalli, Vigilante, Missoula	NT	---	BPAT	182	182	182
Central Montana Electric Power Coop	NT	---	BPAT	40	40	0
Southern Montana Electric G&T Coop	NT	---	BPAT	45	0	0
Powerex (to BRDY)	PTP	---	BPAT	61	61	61
NorthWestern	NT	---	AVAT	31	21	0
Total NorthWestern Commitments				359	304	243
PacifiCorp						
PacifiCorp (to MLCK)	NT	---	BPAT	90	90	90
Total PacifiCorp Commitments				90	90	90

Note

The Parties recognize that each Party may have commitments on its respective side of the Interface that differ from commitments specified by a Party on the other side of the Interface

EXHIBIT 3-B
EXISTING LONG-TERM FIRM COMMITMENTS -- EAST-TO-WEST

Transmission Provider Customer	NT/PTP	Export to	Import from	2009 (MW)	2011 (MW)	2017 (MW)
Avista						
Avista Utilities	PTP	---	NWMT	20	20	0
Avista Utilities	NT	---	NWMT	27	27	27
Total Avista Commitments				47	47	27
Bonneville						
Puget Sound Energy	PTP	---	NWMT	94	94	94
PPL Energy Plus	PTP	---	NWMT	50	50	50
Sub-Total NWMT>BPAT				144	144	144
Portland General Electric	PTP	BPAT500	BPAT500	270	270	270
PacifiCorp	PTP	BPAT500	BPAT500	70	70	70
PacifiCorp	PTP	BPAT500	BPAT500	76	76	76
PacifiCorp	PTP	BPAT500	BPAT500	10	10	10
Puget Sound Energy	PTP	BPAT500	BPAT500	663	663	663
Avista Utilities	PTP	BPAT500	BPAT500	196	196	196
Sub-Total BPAT500				1285	1285	1285
Total Bonneville Commitments				1429	1429	1429
Idaho Power						
		---	---			
Total Idaho Power Commitments				0	0	0
NorthWestern						
PPL Energy Plus	PTP	BPAT	---	125	125	125
NorthWestern Colstrip 4	PTP	BPAT	---	94	94	94
Capacity Owned by Colstrip Owners	NT/PTP	BPAT	---	1310	1310	1310
Sub-Total NWMT>BPAT				1529	1529	1529
PPL Energy Plus	PTP	AVAT	---	25	25	0
NWE Energy Supply	PTP	AVAT	---	15	15	0
TRC1	PTP	AVAT	---	10	10	0
SMGT	PTP	AVAT	---	65	65	65
Sub-Total NWMT>AVAT				115	115	65
Total NorthWestern Commitments				1644	1644	1594
PacifiCorp						
PacifiCorp (Brady-Antelope)	NT	PPW	---	90	90	90
Total PacifiCorp Commitments				90	90	90

Note

The Parties recognize that each Party may have commitments on its respective side of the Interface that differ from commitments specified by a Party on the other side of the Interface