

THE LAW OFFICE OF
PAINE, HAMBLÉN, COFFIN, BROOKE & MILLER LLP

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

R. Blair Strong
Partner
509-455-6059
r.blair.strong@painehamblen.com

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2006 DEC -6 AM 9:39

IDAHO PUBLIC
UTILITIES COMMISSION

December 5, 2006

AVU-E-06-10

Ms. Jean Jewell, Commission Secretary
Idaho Public Utilities Commission
472 West Washington
Boise, ID 83702

RE: *Joint Petition of Stimson Lumber Company and Avista Corporation*

Dear Ms. Jewell:

Please find enclosed for filing the original and seven (7) copies of the Joint Petition of Stimson Lumber Company and Avista Corporation. Please conform and return the additional copy in the enclosed self-addressed stamped enveloped.

Very truly yours,

PAINE, HAMBLÉN, COFFIN, BROOKE
& MILLER LLC



Terry L. York
Paralegal for R. Blair Strong

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Enclosures

cc: David J. Meyer (w/enc.)
William E. Peressini (w/enc.)

For Avista Corporation

DAVID J. MEYER
VICE PRESIDENT, CHIEF COUNSEL FOR REGULATORY
AND GOVERNMENTAL AFFAIRS
AVISTA CORPORATION
P.O. BOX 3727
1411 EAST MISSION AVENUE
SPOKANE, WASHINGTON 99220-3727
TELEPHONE: (509) 495-4316
FACSIMILE: (509) 495-8851

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IDAHO PUBLIC
UTILITIES COMMISSION

For Stimson Lumber Company

WILLIAM E. PERESSINI
VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
STIMSON LUMBER COMPANY
520 S.W. YAMHILL, SUITE 700
PORTLAND, OREGON 97204-1330
TELEPHONE: (503) 222-1676
FACSIMILE: (503) 222 2682

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE JOINT
PETITION OF AVISTA CORPORATION
AND STIMSON LUMBER COMPANY
FOR APPROVAL OF A POWER
PURCHASE AND SALE AGREEMENT

CASE NO. AVU-E-06-10

JOINT PETITION OF STIMSON
LUMBER COMPANY AND AVISTA
CORPORATION

Avista Corporation ("Avista") and Stimson Lumber Company ("Stimson")

(Avista and Stimson are referred to collectively as the "Parties") hereby petition the Idaho Public Utilities Commission ("Commission" or "IPUC") for an order approving the Power Purchase Agreement between Stimson Lumber Company and Avista Corporation effective October 1, 2006 ("Agreement") which is attached hereto. In support of this Petition, the Parties state as follows:

1. Avista is a corporation created and organized under the laws of the State of Washington with its principal office in Spokane, Washington. Avista is an investor-

owned utility principally engaged in the business of providing electric and natural gas service in the states of Idaho and Washington.

2. Stimson is a corporation organized under the laws of the State of Oregon that operates a thermal wood waste small power electric generation plant, at Plummer, Idaho (hereinafter referred to as the "Facility").

3. Stimson's Facility is capable of generating up to approximately 6.5 megawatts of energy. The Facility is a Qualifying Facility ("QF") pursuant to the Public Utility Regulatory Policies Act of 1978, Pub. L. No. 95-617, 92 Stat. 3117 (1978) ("PURPA") and 18 C.F.R. Part 292 (2003).

4. The Facility was previously owned and operated by HaleyWest LLC. HaleyWest, LLC has assigned all of its rights to own and operate the Facility to Stimson. Stimson has assumed HaleyWest LLC's obligations under a power sale and purchase agreement between Avista and HaleyWest LLC that expired under its own terms on September 30, 2006.

5. Stimson and Avista both desired that energy deliveries from the Facility to Avista continue without interruption following termination of the HaleyWest LLC agreement.

6. The Parties reached agreement on a power purchase and sale agreement commencing October 1, 2006 to continue purchases and sales from the Facility. In summary, the essential terms of the Agreement are as follows:

- (a) The Purchase and Sale Agreement is for a term of five (5) years, unless terminated earlier by terms and conditions contained in the Agreement.

(b) The Agreement shall terminate if the Commission determines that the prices to be paid for electric power are not just and reasonable, in the public interest, and that the costs incurred by Avista for purchases of electric power from Seller are legitimate expenses.

(c) The Agreement includes an Interconnection Agreement, separately negotiated by Avista Transmission Services. The Interconnection Agreement is attached as Exhibit C to the Agreement.

d) Avista will be the sole purchaser of Stimson's generation. For all Net Delivered Output received by Avista that is not Surplus Energy, Avista shall pay prices at Avoided Cost Rates For Non-Fueled Projects Smaller Than Ten Megawatts -Non-Levelized, which are set forth in Section 11.1.1 of the Agreement.

(e) For all Surplus Energy received by Avista, Avista shall pay to the current month's Market Energy Cost per megawatt-hour or the Net Delivered Output Purchase Price specified in Section 11.1.1, whichever is lower.

(f) The petitioners are not requesting retroactive approval of the Agreement. In order to allow for the continuous operation of the Facility, the Agreement allows for energy deliveries and payments by Avista to Stimson at the scheduled avoided cost rate effective October 1, 2006. In the event the Commission does not approve the Agreement by January 30, 2007, or approves it subject to conditions unacceptable to the Parties, the Agreement will terminate. In such event, Stimson shall refund certain amounts to Avista. Pursuant to Section 5.4 of the Agreement, the refund amount for each month shall be equal to

the amount previously paid by Avista for electric power received by Avista during such month, less the arithmetic product that is obtained by multiplying the number of megawatt-hours during such month for which Avista has paid, by the lesser of: (i) the Net Delivered Output Cost set forth in Section 11.1 for such month, or (ii) the Market Energy Cost for such month.

7. Communications respecting this matter should be addressed to:

FOR AVISTA:

David J. Meyer
Vice President, Chief Counsel For Regulatory
and Governmental Affairs
Avista Corporation
P.O. Box 3727
1411 East Mission Avenue, MSC-13
Spokane, Washington 99220-3727
Telephone: (509) 495-4316
Facsimile: (509) 495-8851

Kelly O. Norwood
Vice President, State and Federal Regulation
Avista Corporation
P.O. Box 3727
1411 E. Mission Avenue, MSC-13
Spokane, Washington 99220
Phone: (509) 495-4267
Fax: (509) 495-8851

FOR STIMSON:

William E. Peressini
Vice President and Chief Financial Officer
Stimson Lumber Company
520 S.W. Yamhill, Suite 700
Portland, Oregon 97204-1330
Phone: (503) 222 1676
Fax: (503) 222 2682

WHEREFORE, Avista and Stimson respectfully request that the Commission issue an order approving the Agreement, including provisions:

(1) approving the Agreement and the Interconnection Agreement; and

(2) allowing deferral and recovery of all power purchase costs subject to Avista's Idaho Power Cost Adjustment ("PCA") or as otherwise recovered by Avista through base rates, and declaring that prices to be paid for energy and capacity are just and reasonable, in the public interest, and that the costs incurred by Avista for purchasing capacity and energy from Stimson are legitimate expenses.

(3) approving the Agreement as satisfaction of the entirety of Avista's obligations under PURPA with regard to the Facility.

THE PARTIES FURTHER REQUEST that the Commission consider this joint petition in accordance with Rule 201, et seq. allowing for disposition by Modified Procedure. IDAPA 31.01.01.201 et seq.

Respectfully submitted this 4th day of December, 2006.

AVISTA CORPORATION

By [Signature]
Its V. P. & Chief Counsel for Reg / Govt Affairs
Date 12/4/06

STIMSON LUMBER COMPANY

By _____
Its _____
Date _____

(1) approving the Agreement and the Interconnection Agreement; and

(2) allowing deferral and recovery of all power purchase costs subject to Avista's Idaho Power Cost Adjustment ("PCA") or as otherwise recovered by Avista through base rates, and declaring that prices to be paid for energy and capacity are just and reasonable, in the public interest, and that the costs incurred by Avista for purchasing capacity and energy from Stimson are legitimate expenses.

(3) approving the Agreement as satisfaction of the entirety of Avista's obligations under PURPA with regard to the Facility.

THE PARTIES FURTHER REQUEST that the Commission consider this joint petition in accordance with Rule 201, et seq. allowing for disposition by Modified Procedure. IDAPA 31.01.01.201 et seq

Respectfully submitted this ____ day of December, 2006

AVISTA CORPORATION

By _____
Its _____
Date _____

STIMSON LUMBER COMPANY

By W.E. Perreault
Its VP/CEO
Date 12/4/06

CERTIFICATE OF SERVICE

I hereby certify that on this 5th day of December, 2006, the ***Joint Petition of Stimson Lumber Company and Avista Corporation*** was sent to the following parties as shown:

Jean Jewell
Commission Secretary
Idaho Public Utilities Commission
472 West Washington
Boise, Idaho 83702
jjewell@puc.state.id.us

☒ U.S. Mail, Postage Prepaid
☐ Hand Delivered
☐ Overnight Mail
☐ Facsimile
☐ Electronic Mail

Scott Woodbury
Idaho Public Utilities Commission
472 West Washington
Boise, Idaho 83702
swoodbury@puc.state.id.us

☒ U.S. Mail, Postage Prepaid
☐ Hand Delivered
☐ Overnight Mail
☐ Facsimile
☐ Electronic Mail

R. Blair Strong
R. Blair Strong

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IDAHO PUBLIC
UTILITIES COMMISSION

POWER PURCHASE AGREEMENT

BETWEEN

STIMSON LUMBER COMPANY

AND

AVISTA CORPORATION

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This Agreement, effective October 1, 2006, is made by and between Avista Corporation, a Washington corporation ("Avista"), and Stimson Lumber Company ("Project Developer"). Avista and Project Developer are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, Project Developer plans to operate a 6.5 MW electric generating unit(s) ("Facility") at Plummer, Idaho; and

WHEREAS, Project Developer has obtained from the Coeur d'Alene Tribe of Indians the right and authority to operate the Facility; and

WHEREAS, Project Developer has been assigned, by HaleyWest, LLC ("HaleyWest") all of HaleyWest's rights to own and operate the Facility;

WHEREAS, the Facility may produce power from time to time which is in excess to Project Developer's needs and which Project Developer desires to sell to Avista,

WHEREAS, HaleyWest and Avista are parties to an agreement pursuant to which Avista purchases the output of the Facility, which agreement expires by its own terms on September 30, 2006;

WHEREAS, the Facility is connected in a manner such that parallel operation with Avista's electrical system occurs;

WHEREAS, Avista and Project Developer are parties to the Interconnection Agreement, which is set forth at Exhibit C, herein, and incorporated as a part of this Agreement;

WHEREAS, Project Developer desires to sell and Avista desires to purchase power from the Facility subject to approval of the Idaho Public Utilities Commission;

WHEREAS, Project Developer is or shall be a Qualifying Facility within the meaning of the Public Utility Regulatory Policies Act of 1978 and the rules and regulations thereunder;

WHEREAS, Avista is obligated under the Public Utility Regulatory Policies Act of 1978 and the rules and regulations of the IPUC to purchase power from Qualifying Facilities;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the Parties agree as follows.

1. DEFINITIONS

Whenever used in this Agreement and exhibits hereto, the following terms shall have the following meanings:

1.1 "Agreement" means this Power Purchase Agreement, including all exhibits, and any written amendments.

1.2 "aMW" means average MW.

1.3 "Avista", "Project Developer", "Party" and "Parties" shall have their respective meanings set forth above.

1.4 "Facility" means the electric generating facilities, including all equipment and structures necessary to generate and supply power, more particularly described at Exhibit D (Description of the Facility).

1.5 "Facility Service Power" means the electric power used by the Facility during its operation for facility service power, including, but not necessarily limited to pumping, generator excitation, cooling or otherwise related to the production of electricity by the Facility.

1.6 "FERC" means the Federal Energy Regulatory Commission.

1.7 "Independent Engineering Certification" means certifications provided by a professional engineer registered in Washington or Idaho, who has no direct or indirect, legal or equitable, ownership interest in the Facility.

1.8 "Interconnection Agreement" The Generation Interconnection Agreement by which Net Delivered Output may be delivered into the transmission system of Avista at the Point of Delivery during the term of this Agreement. The Interconnection Agreement is set forth in full at Exhibit C.

1.9 "Interconnection Facilities" means all facilities required to interconnect the Facility for delivery of Net Delivered Output to the Avista transmission system including connection, transformation, switching, relaying and safety equipment. Interconnection Facilities shall also include all telemetry, metering, cellular telephone, and/or communication equipment required under this Agreement regardless of location.

1.10 "IPUC" means the Idaho Public Utilities Commission or its successor.

1.11 "MW" means megawatt. One thousand kilowatts equals one megawatt.

1.12 "Market Energy Cost" means eighty-five percent (85%) of the weighted average of the daily On-Peak and Off-Peak Dow Jones Mid-Columbia Index (Dow Jones Mid-C Index) prices for firm energy. If the Dow Jones Mid-Columbia Index price is discontinued by the reporting agency, both Parties will mutually agree upon a replacement index, which is similar to the Dow Jones Mid-C Index. The selected replacement index will be consistent with other similar agreements and a commonly used index by the electric industry.

1.13 **"Net Delivered Output"** means all electric energy generated by the Facility, net of Facility Service Power.

1.14 **"Net Delivered Output Cost"** means the rate in dollars per megawatt-hour, to be paid by Avista for all Net Delivered Output, subject to any limitations under this Agreement. The Net Delivered Output Cost is specified in Section 11.1.

1.15 **"Off-Peak"** means all hours other than On-Peak hours.

1.16 **"On-Peak"** means the hours ending 0700 through 2200 Pacific Prevailing time, Monday through Sunday, including NERC holidays.

1.17 **"Operating Year"** means each 12-month period from January 1 through December 31.

1.18 **"Operation Date"** means the later of October 1, 2006 or the day following the day that Avista has verified that Project Developer has fulfilled all of the conditions required by Sections 3 and 4, of the Agreement.

1.19 **"Point of Delivery"** means the location where the Facility is electrically interconnected with Avista's transmission system.

1.20 **"Prudent Utility Practices"** means the practices, methods, and acts, including but not limited to practices, methods, and acts engaged in or approved by a significant portion of the electric power generation and transmission industry, in the exercise of reasonable judgment in the light of the facts known or that should have been known at the time a decision was made, that would have been expected to accomplish the desired result in a manner consistent with law, regulation, reliability, safety, environmental protection, economy, and expedition.

1.21 **"Scheduled Outage"** means any outage which is scheduled by the Project Developer to remove electrical or mechanical equipment from service for repair, replacement, maintenance, safety or any other reason, and which thereby limits the generating capability of the Facility to less than its full tested capability.

1.22 **"Surplus Energy"** means: (1) Net Delivered Output produced by the Project Developer's Facility and delivered to the Avista electrical system during the month which exceeds 110% of the monthly Net Delivered Output estimate for the corresponding month specified in Section 6.3; (2) If the Net Delivered Output produced by the Project Developer's Facility and delivered to the Avista electrical system during the month is less than 90% of the monthly Net Delivered Output estimate for the corresponding month specified in Section 6.3, then all Net Delivered Output delivered by the Facility to the Avista electrical system for that given month, or (3) All Net Delivered Output produced by the Project Developer's Facility and delivered by the Facility to the Avista electric system prior to the Operation Date. For clarification, Net Delivered Output that is Surplus Energy pursuant to this definition shall be sold to Avista at the price set forth in Section 11.2.

1.23 **"Surplus Energy Cost"** means the rate in dollars per megawatt-hour, to be paid by Avista for all Surplus Energy, subject to any limitations under this Agreement. The Surplus Energy Cost is specified in Section 11.2.

2. **NO RELIANCE ON AVISTA**

2.1 **Project Developer Independent Investigation.** Project Developer warrants and represents to Avista that in entering into this Agreement and the undertaking by Project Developer of the obligations set forth herein, Project Developer has investigated and determined that it is capable of performing hereunder and has not relied upon the advice, experience or expertise of Avista in connection with the transactions contemplated by this Agreement.

2.2 **Project Developer Experts.** All professionals or experts including, but not limited to, engineers, attorneys or accountants, that Project Developer may have consulted or relied on in undertaking the transactions contemplated by this Agreement have been solely those of Project Developer.

3. **WARRANTIES**

3.1 **No Warranty by Avista.** Any review, acceptance or failure to review Project Developer's design, specifications, equipment or facilities shall not be an endorsement or a confirmation by Avista, and Avista makes no warranties, expressed or implied, regarding any aspect of Project Developer's design, specifications, equipment or facilities, including, but not limited to, safety, durability, reliability, strength, capacity, adequacy or economic feasibility.

3.2 **Qualifying Facility Status.** Project Developer warrants that the Facility is a "Qualifying Facility", as that term is used and defined in 18 CFR §292.207. After initial qualification, Project Developer shall take such steps as may be required to adequately maintain the Facility's Qualifying Facility status during the term of this Agreement and Project Developer's failure to adequately maintain Qualifying Facility status will be a material breach of this Agreement. Avista reserves the right to review the Project Developer's Qualifying Facility status and associated support and compliance documents at any time during the term of this Agreement.

4. **CONDITIONS PRIOR TO OPERATION DATE**

Prior to the Operation Date, the following actions must have occurred:

4.1 **Licenses, Permits and Approvals.** Project Developer shall have submitted proof to Avista that all licenses, permits or approvals necessary for Project Developer's operations have been obtained from applicable federal, state, tribal or local authorities, including, but not limited to, evidence of compliance with Subpart B, 18 CFR 292.207. Licenses, Permits and Approvals shall

include but shall not be limited to tribal, state and local Business Licenses, environmental permits approvals for fuel storage, water rights, and other necessary property owner easements and leases.

4.2 Opinion of Counsel. Project Developer shall have submitted to Avista an Opinion Letter signed by an attorney admitted to practice and in good standing in the State of Idaho, or Washington providing an opinion that Project Developer's licenses, permits and approvals as set forth in Section 4.1 above are legally and validly issued, are held in the name of the Project Developer, and based on a reasonable independent review, counsel is of the opinion that Project Developer is in substantial compliance with said permits as of the date of the Opinion Letter. The Opinion will be in a form acceptable to Avista and will acknowledge that the attorney rendering the opinion understands that Avista is relying on said opinion. Avista's acceptance of the form shall not be unreasonably withheld. The Opinion Letter will be governed by and shall be interpreted in accordance with the legal opinion accord of the American Bar Association Section of Business Law (1991).

4.3 Security. Project Developer shall have complied with Section 7, Security.

4.4 Written Acceptance. Project Developer shall have obtained written confirmation from Avista that all conditions to acceptance of electric energy have been fulfilled. Such written confirmation shall not be unreasonably withheld by Avista.

4.5 Initial Year Monthly Net Delivered Output Amounts. Project Developer shall have provided to Avista the Initial Year Monthly Net Delivered Output Estimates in accordance with Section 6.3.1.

5. TERM OF AGREEMENT

5.1 Subject to the provisions of this Section 5, this Agreement shall be effective at 0000 hours on October 1, 2006 ("Effective Date"), provided the Agreement is executed by the Parties on or prior to the October 1, 2006. In the event this Agreement is executed by the Parties subsequent to October 1, 2006, the Effective Date will be deemed to be the date upon which the Agreement will have been executed by both Parties. Power purchases pursuant to this Agreement shall commence upon the Effective Date.

5.2 Project Developer and Avista shall jointly petition the IPUC for an order approving the Agreement. This Agreement is conditioned upon the approval and determination by the IPUC that the prices to be paid for electric power are just and reasonable, in the public interest, and that the costs incurred by Avista for purchases of electric power from Seller are legitimate expenses.

5.3 In the event that the IPUC fails to issue a final order approving this Agreement by January 30, 2007, neither Party shall have any further obligations to purchase or sell electric power hereunder, and this Agreement shall terminate on January 30, 2007.

5.4 In the event that this Agreement is terminated pursuant to Sections 5.2 or 5.3, except as otherwise provided, the Project Developer shall refund amounts to Avista. The refund amount for each month shall be equal to the amount previously paid by Avista for electric power received by Avista during such month, less the arithmetic product that is obtained by multiplying the number of megawatt-hours during such month for which Avista has paid, by the lesser of: (i) the Net Delivered Output Cost set forth in Section 11.1 for such month, or (ii) the Market Energy Cost for such month. In the event that Avista has not paid for electric power delivered by Project Developer before this Agreement is terminated pursuant to Sections 5.2 or 5.3, Avista shall pay for such power at the lesser of: (i) the Net Delivered Output Cost set forth in Section 11.1 for such month, or (ii) the Market Energy Cost for such month.

5.5 The term of the Agreement shall be for 5 years following the Operation Date, unless terminated earlier by terms and conditions contained herein.

5.6 Unless excused by Force Majeure, Avista may terminate this Agreement on thirty (30) days prior written notice if, in any two (2) consecutive Operating Years, Project Developer fails to deliver Net Delivered Output equal to 42,048 megawatt-hours.

6. PURCHASE AND SALE OF POWER

6.1 Project Developer shall sell and deliver to the Point of Delivery and Avista shall purchase all Net Delivered Output.

6.2 The Facility is designed, and the Project Developer shall operate the Facility in a manner such that the hourly scheduled amount of Net Delivered Output does not exceed 6.5 MW in any hour. Avista shall have the right, but not the obligation, to purchase any Net Delivered Output from the Facility in excess of 6.5 MW in any hour. The maximum annual amount of electric power that Avista is obligated to purchase hereunder shall be 56,940 megawatt-hours in any Operating Year which is a non-Leap Year, or 57,096 megawatt-hours in any Operating Year which is a Leap Year.

6.3 Net Delivered Output Amounts.

6.3.1 Initial Net Delivered Output Estimates. Project Developer shall provide to Avista Net Delivered Output estimates for each of the twelve consecutive months that begin with the month containing the Operation Date, counting the month during which the Operation Date occurs as month one (Initial Year Monthly Net Delivered Output Estimates). Project Developer shall provide to Avista such Initial Year Monthly Net Delivered Output Estimates by written notice in accordance with Section 29 no later than five (5) calendar days prior to the Operation Date.

6.3.2 Subsequent Monthly Net Delivered Output Estimates. At the end of month nine following the Operation Date, and at the end of every third month thereafter, Project Developer shall provide to Avista Net Delivered Output estimates pertaining to each of the additional consecutive three months for which Project Developer has not yet

delivered to Avista Net Delivered Output estimates, so that Project Developer shall have provided in advance on a rolling basis to Avista six months of Net Delivered Output estimates. Project Developer shall provide such Net Delivered Output estimates to Avista by written notice in accordance with Section 29, no later than 5:00 p.m. of the last business day of the month during which they are required to be provided.

6.3.3 Content of Net Delivered Output Estimates. All Net Delivered Output estimates shall be expressed in kilowatt-hours by month.

6.3.4 Failure to Provide Net Delivered Output Estimates. If the Project Developer fails to provide to Avista Net Delivered Output estimates when required herein pertaining to any month or months, Avista shall determine the Net Delivered Output estimates pertaining to such month or months, and the Net Delivered Output estimates shall be binding for purposes of the Agreement as though they were prepared by Project Developer and provided to Avista as required by the Agreement.

6.3.5 Project Developer's Revisions of Net Delivered Output Estimates. At the end of month three following the Operation Date, and at the end of every third month thereafter, counting the month during which the Operation Date occurs as month one, Project Developer may provide Avista with revisions to Net Delivered Output estimates previously provided to Avista, except Project Developer may not revise Net Delivered Output estimates that pertain to the three consecutive months that immediately follow the month during which Project Developer provides Avista notice of the revisions. If Project Developer elects to revise Net Delivered Output estimates previously provided to Avista, then Project Developer must provide to Avista the revised Net Delivered Output estimates by written notice in accordance with Section 29, no later than 5:00 p.m. of the last business day of the month during which they are required to be provided.

6.3.6 Avista Adjustment of Net Delivered Output Estimate. If Avista is excused from accepting the Project Developer's Net Delivered Output as specified in Section 9.2 or if the Project Developer declares a Suspension of Energy Deliveries as specified in Section 9.3 and the Project Developer declared Suspension of Energy Deliveries is accepted by Avista, the Net Delivered Output estimate as specified in Section 6.3.1 for the specific month in which the reduction or suspension under Section 9.2 or 9.3 occurs will be reduced in accordance with the following:

Where:

- | | |
|-----------|---|
| NDO = | Current Month's Net Delivered Output estimate |
| SGU = (a) | If Avista is excused from accepting the Project Developer's Net Delivered Output as specified in Section 9.2 this value will be equal to the percentage of curtailment as specified by Avista multiplied by the TGU as defined below. |
| (b) | If the Project Developer declares a Suspension of Net Delivered Output as specified in Section 9.3 this value will be the generation unit size rating of 6.5 MW. |

TGU = Generation unit size rating of 6.5 MW,
RSH = Actual hours the Facility's Net Delivered Output was either reduced or suspended under Sections 9.2 or 9.3.
TH = Actual total hours in the current month

Resulting formula being:

$$\text{Adjusted Net Delivered Output} = \text{NDO} - \left(\left(\frac{\text{SGU}}{\text{TGU}} \times \text{NDO} \right) \times \left(\frac{\text{RSH}}{\text{TH}} \right) \right)$$

This Adjusted Net Delivered Output estimate will be used in applicable Surplus Energy calculations for only the specific month in which Avista was excused from accepting the Net Delivered Output or the Project Developer declared a Suspension of Energy

7. SECURITY

7.1 Business Insurance. Prior to operating the Facility, Project Developer shall obtain and maintain insurance coverage of all of the following types with limits as shown:

<u>Type</u>	<u>Minimum Coverage Limits</u>	<u>Maximum Deductible</u>
Liability	\$1 million, per occurrence	Consistent with current insurance utility practices for a similar property

7.1.1 Commercial general liability insurance for bodily injury and property damage with limits equal to \$1,000,000 for each occurrence, combined single limit. The deductible for such insurance shall be consistent with current insurance utility practices for a similar property.

7.1.2 The form of all insurance policies, and the insurance companies issuing the policies shall be acceptable to Avista, provided however, that any approval by Avista shall not be unreasonably withheld, and must have an A.M. Best rating of A- or better. Project Developer shall provide copies of all insurance policies to Avista as proof of insurance. All insurance policies required to fulfill the requirements of this Section 7.1 shall include language requiring that any notice of cancellation or notice of change in policy terms be sent to Avista by the insurance carrier(s) at least sixty (60) days prior to any change or termination of the policies.

7.2 Engineering Certifications. Project Developer shall obtain and provide to Avista Independent Engineering Certifications as to the adequacy of the Operations and Maintenance Policy substantially in the form as shown in Exhibit B within sixty (60) days after the Effective Date. Failure to provide such documentation shall be deemed to be a default under Section 16.1.

8. CURTAILMENT, INTERRUPTION OR REDUCTION OF DELIVERY

Avista may require Project Developer to curtail, interrupt or reduce delivery of Net Delivered Output if, in accordance with Section 9.2, Avista determines that curtailment, interruption or reduction is necessary because of force majeure or to protect persons and property from injury or damage, or because of emergencies, necessary system maintenance, system modification or special operating circumstances. Avista shall use its reasonable efforts to keep any period of curtailment, interruption, or reduction to a minimum. In order not to interfere unreasonably with Project Developer operations, Avista shall give Project Developer reasonable prior notice of any curtailment, interruption, or reduction, the reason for its occurrence and its probable duration.

9. OPERATION

9.1 Communications and Reporting. Avista and the Project Developer shall maintain appropriate operating communications through Avista's Designated Dispatch Facility in accordance with Exhibit A of this Agreement.

9.2 Excuse From Acceptance of Delivery of Power.

9.2.1 Avista may interrupt, suspend or curtail delivery, receipt or acceptance of delivery of power if Avista reasonably determines consistent with Prudent Utility Practice that the failure to do so:

9.2.1.1 May endanger any person or property, or Avista's electric system, or any electric system with which Avista's system is interconnected;

9.2.1.2 May cause, or contribute to, an imminent significant disruption of electric service to Avista's or another utility's customers;

9.2.1.3 May interfere with any construction, installation, inspection, testing, repair, replacement, improvement, alteration, modification, operation, use or maintenance of, or addition to, Avista's electric system or other property of Avista.

9.2.2 Avista shall promptly notify Project Developer of the reasons for any such interruption, suspension or curtailment provided for in Section 9.2.1, above. Avista shall use reasonable efforts to limit the duration of any such disconnection, interruption, suspension or curtailment.

9.3 Project Developer Declared Suspension of Energy Deliveries.

9.3.1 If the Project Developer's Facility experiences a forced outage due to equipment failure which is not caused by an event of force majeure or by neglect, disrepair or lack of adequate preventative maintenance of the Project Developer's Facility, Project Developer may, after giving notice as provided in Section 9.3.2 below, temporarily suspend all deliveries of Net Delivered Energy to Avista from the Facility for from individual generation unit(s) within the Facility impacted by the forced outage for a period of not less than 48 hours to correct the forced outage condition ("Declared Suspension of Energy Deliveries"). The Project Developer's Declared Suspension of Energy Deliveries will begin at the start of the next full hour following the Project Developer's telephone notification as specified in Section 9.3.2 and will continue for the time as specified (not less than 48 hours) in the written notification provided by the Project Developer. In the month(s) in which the Declared Suspension of Energy occurred, the Net Delivered Energy Amount will be adjusted as specified in Section 6.3.5.

9.3.2 If the Project Developer desires to initiate a Declared Suspension of Energy Deliveries as provided in Section 9.3.1, the Project Developer shall notify the Designated Dispatch Facility by telephone. The beginning hour of the Declared Suspension of Energy Deliveries will be at the earliest the next full hour after making telephone contact with Avista. The Project Developer shall, within 24 hours after the telephone contact, provide Avista a written notice in accordance with Section 29 that will contain the beginning hour and duration of the Declared Suspension of Energy Deliveries and a description of the conditions that caused the Project Developer to initiate a Declared Suspension of Energy Deliveries. Avista shall review the documentation provided by the Project Developer to determine Avista's acceptance of the described forced outage as qualifying for a Declared Suspension of Energy Deliveries as specified in Section 9.3.1. Avista's acceptance of the Project Developer's forced outage as an acceptable forced outage will be based upon the clear documentation provided by the Project Developer that the forced outage is not due to an event of Force Majeure or by neglect, disrepair or lack of adequate preventative maintenance of the Project Developer's Facility.

9.4 Scheduled Maintenance. On or before January 31 of each calendar year, Project Developer shall submit a written proposed maintenance schedule of significant Facility maintenance for that calendar year and Avista and Project Developer shall mutually agree as to the acceptability of the proposed schedule. The Parties determination as to the acceptability of the Project Developer's timetable for scheduled maintenance shall take into consideration Prudent Utility Practices, Avista system requirements and the Project Developer's preferred schedule. Neither Party shall unreasonably withhold acceptance of the proposed maintenance schedule. The Parties shall cooperate in determining mutually acceptable Facility down times or maintenance shutdowns.

9.5 Compliance with Permits, Licenses, Authorizations and Other Rights. Project Developer shall obtain and comply with all permits, licenses, authorizations and other rights required to own, operate, use and maintain the Facility, as they may change from time to time.

Project Developer shall furnish to Avista on request, copies of all documents granting, evidencing or otherwise related to such permits, licenses, authorizations and rights.

9.6 Project Developer's Risk. Project Developer shall own, operate, use and maintain the Facility at its own risk and expense in compliance with all applicable laws, ordinances, rules, regulations, orders and other requirements, now or hereafter in effect, of any governmental authority.

9.7 Avista Right to Inspect. Project Developer shall permit Avista to inspect the Facility or the operation, use or maintenance of the Facility. Project Developer shall provide Avista reasonable advance notice of any such test or inspection by or at the direction of Project Developer.

9.8 Project Developer Obligations in Accordance with Prudent Utility Practices. Project Developer shall own, operate and maintain the Facility and any Project Developer-owned Interconnection Facilities so as to allow reliable generation and delivery of electric energy to Avista for the full term of the Agreement, in accordance with Prudent Utility Practices.

10. METERING

10.1 A power meter currently located at the Point of Delivery at Project Developer's expense will register the Net Delivered Output generated and delivered to Avista on an hourly basis.

10.2 The power meter will record power, which flows from the Facility to Avista. Avista and Project Developer both shall have the right to read and receive readings from the power meter. Avista shall read the meter at least once a month to determine the amount of Net Delivered Output in each calendar month. Power deliveries in any month shall be calculated based on information from meter readings with the date adjustment made by prorating metered amounts to the number of days in such month. Actual monthly Net Delivered Output shall be determined from the record developed. Avista shall own and maintain all meters used to determine the billing hereunder and the meter(s) shall be located as specified in the Interconnection Agreement. Such meter(s) shall be tested and inspected in accordance with Avista's meter testing program as filed with the Washington Utilities and Transportation Commission and/or the Idaho Public Utilities Commission. If requested by Project Developer, Avista shall provide copies of applicable test and calibration records and calculations. Avista shall permit a representative of Project Developer to be present at all times the meters are being tested. Additionally, Avista shall test any or all of such meters as may be reasonably be required by Project Developer. Project Developer shall pay reasonable costs for such requested test unless any of the meters is found to be inaccurate in which case Avista shall pay for such test.

10.3 Adjustments shall be made in meter readings and billings for errors in a meter reading or billing discovered within twelve (12) months of the error. Avista shall notify Project Developer of any errors arising from meter calibration, reading or billing. Avista shall permit

representatives of Project Developer to inspect all of Avista's records relating to the delivery of electrical energy to and purchase of electrical energy by Avista hereunder.

11. PURCHASE PRICES AND METHOD OF PAYMENT

11.1 Net Delivered Output Cost.

11.1.1 Avoided Cost Rates For Non-Fueled Projects Smaller Than Ten Megawatts -Non-Levelized. For all Net Delivered Output received by Avista for each hour that is not Surplus Energy Avista shall pay the applicable rate based upon the following On-Peak or Off-Peak Avoided Cost Rates For Non-Fueled Projects Smaller Than Ten Megawatts -Non-Levelized:

Period	On-Peak Seasonally Adjusted Rate	Off-Peak Seasonally Adjusted Rate
Oct-Dec 2006	\$ 58.41	\$ 53.41
Jan-Feb 2007	\$ 59.72	\$ 54.72
Mar-June 2007	\$ 46.82	\$ 41.82
July-Dec 2007	\$ 59.72	\$ 54.72
Jan-Feb 2008	\$ 61.06	\$ 56.06
Mar-June 2008	\$ 47.86	\$ 42.86
July-Dec 2008	\$ 61.06	\$ 56.06
Jan-Feb 2009	\$ 62.42	\$ 57.42
Mar-June 2009	\$ 48.92	\$ 43.92
July-Dec 2009	\$ 62.42	\$ 57.42
Jan-Feb 2010	\$ 63.81	\$ 58.81
Mar-June 2010	\$ 50.00	\$ 45.00
July-Dec 2010	\$ 63.81	\$ 58.81
Jan-Feb 2011	\$ 65.25	\$ 60.25
Mar-June 2011	\$ 51.12	\$ 46.12
July-Sept 2011	\$ 65.25	\$ 60.25

11.2 Surplus Energy Cost. For all Surplus Energy, Avista shall pay to the Project Developer the current month's Market Energy Cost per megawatt-hour or the Net Delivered Output Cost specified in Section 11.1, whichever is lower.

11.3 Payments to Project Developer. For each month during the term of this Agreement, so long as there are energy deliveries made and/or payments due hereunder, Avista shall prepare a statement based upon Net Delivered Output and Surplus Energy delivered to Avista. Payments by Avista for amounts billed shall be paid no later than the 15th day of the month following the prior calendar month billing period. If the Due Date falls on a non-business day of either Party, then the payment shall be due on the next following business day.

11.4 Payments to Avista. If Project Developer is obligated to make any payment or refund to Avista, Avista shall bill Project Developer for such payments. Project Developer shall



pay Avista on or before the 15th day of the month following the prior calendar month billing period or ten (10) days after receipt of the bill, whichever is later.

11.5 Interest. Any payments by Avista to Project Developer or by Project Developer to Avista, if not paid in full within the limitations set forth in Sections 11.3 and 11.4 above, shall be late. In addition to the remedies for such an event of default pursuant to Section 16, the late-paying Party shall be assessed a charge for late payment equal to the lesser of seven and one half percent (7.5%) per annum, or the maximum rate allowed by the laws of the State of Idaho, multiplied by the overdue amount.

11.6 Set-Off. Project Developer agrees that Avista may set off any and all amounts owed by Project Developer to Avista against any current or future payments due Project Developer under this Agreement.

11.7 Wire Transfer. All payments shall be made by by ACH or wire transfer in accordance with further agreement of the Parties.

12. FORCE MAJEURE

12.1 Neither Party shall be liable to the other Party for, or be considered to be in breach of or default under this Agreement, on account of any delay in performance due to any of the following events or any delay or failure to produce Net Delivered Output, or to, receive or accept Net Delivered Output due to any of the following events:

12.1.1 Any cause or condition beyond such Party's reasonable control which such Party is unable to overcome by the exercise of reasonable diligence (including but not limited to: fire, flood, earthquake, volcanic activity, wind, drought and other acts of the elements; court order and act of civil, military or governmental authority; strike lockout and other labor dispute; riot, insurrection, sabotage or war; breakdown of or damage to facilities or equipment; electrical disturbance originating in or transmitted through such Party's electric system or any electric system with which such Party's system is interconnected; and, act or omission of any person or entity other than such Party, and Party's contractors or suppliers of any tier or anyone acting on behalf of such Party); or

12.1.2 Any action taken by such Party which is, in the sole judgment of such Party, necessary or prudent to protect the operation, performance, integrity, reliability or stability of such Party's electric system or any electric system with which such Party's electric system is interconnected, whether such actions occur automatically or manually.

12.2 In the event of any force Majeure occurrence, the time for performance thereby delayed shall be extended by a period of time reasonably necessary to compensate for such delay. Avista shall not be required to pay for Available Output which, as a result of any force majeure event, is not delivered. Nothing contained in this Section shall require any Party to settle any strike, lockout or other labor dispute. In the event of a force majeure occurrence which will affect performance under this Agreement, the nonperforming Party shall provide the other

Party written notice within fourteen (14) days after the occurrence of the force majeure event. Such notice shall include the particulars of the occurrence, assurances that suspension of performance is of no greater scope and of no longer duration than is required by the force majeure, and that best efforts are being used to remedy its inability to perform.

12.3 Force majeure shall include an electrical disturbance that prevents any electric deliveries from occurring at the Point of Delivery.

13. INDEMNITY

13.1 Project Developer shall indemnify, defend and hold harmless Avista, its directors, officers, employees, agents, and representatives, against and from any and all losses, expenses, liabilities, claims or actions (hereafter "Loss"), based upon or arising out of bodily injuries or damages to persons, including without limitation death resulting therefrom, or physical damages to or losses of property caused by, arising out of or sustained in connection with the construction, operation or maintenance of the Facility. Avista shall indemnify, defend and hold harmless Project Developer, its directors, officers, employees, agents, and representatives, against and from any Loss, caused by, arising out of or sustained in connection with the construction, operation or maintenance of its electrical system. In the event that any such Loss is caused by the negligence of both Project Developer and Avista, including their employees, agents, suppliers and subcontractors, the Loss shall be borne by Project Developer and Avista in the proportion that their respective negligence bears to the total negligence causing the Loss.

13.2 TO THE EXTENT PERMITTED BY APPLICABLE LAW, PROJECT DEVELOPER AND AVISTA EACH WAIVE ANY IMMUNITY UNDER EXISTING WORKER'S COMPENSATION LAW APPLICABLE TO THE JURISDICTION WHERE THE FACILITY IS TO BE LOCATED AS NECESSARY TO INDEMNIFY AND HOLD HARMLESS THE OTHER FROM SUCH LOSS, TO THE EXTENT SET FORTH IN SECTION 13.1, ABOVE.

13.3 PROJECT DEVELOPER AND AVISTA SPECIFICALLY WARRANT THAT THE TERMS AND CONDITIONS OF THE FOREGOING INDEMNITY PROVISIONS ARE THE SUBJECT OF MUTUAL NEGOTIATION BY THE PARTIES, AND ARE SPECIFICALLY AND EXPRESSLY AGREED TO IN CONSIDERATION OF THE MUTUAL BENEFITS DERIVED UNDER THE TERMS OF THE AGREEMENT.

13.4 Other than as expressly provided for in this Agreement, neither Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

14. ASSIGNMENT

14.1 Project Developer shall not voluntarily assign its rights or delegate its duties under this Agreement, or any part of such rights or duties without the written consent of Avista. Such consent shall not unreasonably be withheld. Further, no assignment by Project Developer shall relieve or release it to the extent of any of its obligations hereunder. Subject to the foregoing restrictions on assignments, this Agreement shall be fully binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors, heirs and assigns.

14.2 Project Developer shall have the right, subject to the obligation to provide security hereunder, without the other Party's consent, but with a thirty (30) days prior written notice to the other Party, to make collateral assignments of its rights under this Agreement to satisfy the requirements of any development, construction, or other long term financing. A collateral assignment shall not constitute a delegation of Project Developers' obligations under this Agreement, and this Agreement shall not bind the collateral assignee. Any collateral assignee succeeding to any portion of the ownership interest of Project Developer shall be considered Project Developer's successor in interest and shall thereafter be bound by this Agreement.

15. NO UNSPECIFIED THIRD PARTY BENEFICIARIES

Except as specifically provided in this Agreement, there are no third party beneficiaries of this Agreement. Nothing contained in this Agreement is intended to confer any right or interest on anyone other than the Parties, and their respective successors, heirs and assigns permitted under Section 14.

16. DEFAULT

16.1 In the event that either Party shall fail to perform the terms and conditions set forth in this Agreement (a breach of or default under this Agreement), including without limitation the failure to provide Net Delivered Output, when available and deliverable to Avista, at the times or in the amounts required by this Agreement, the following shall apply:

16.1.1 The non-defaulting Party shall give written notice to the defaulting Party of the breach of or default under this Agreement in accordance with this Agreement.

16.1.2 If, after 30 days following receipt of such notice, the defaulting Party has not taken the steps necessary to cure the breach, the non-defaulting Party may, at its option, terminate this Agreement. Provided, however, that except for the failure to pay sums which are due and payable, if the defaulting Party, within such 30-day period, commences and thereafter proceeds with all due diligence to cure such breach or default, such 30-day period shall be extended up to ninety (90) days after written notice to the defaulting Party, as may be necessary to cure the breach or default with all due diligence.

Whether or not the non-defaulting Party elects to terminate this Agreement, it may, in addition to other remedies provided for herein, pursue such remedies as are available at law or in equity.

if: 16.2 Notwithstanding any claim of force majeure, Project Developer shall be in default

16.2.1 Project Developer has abandoned the Facility; or

16.2.2 There have been no energy deliveries to Avista from the Facility for a period of twelve (12) consecutive months; or

16.2.3 Net Delivered Output delivered to Avista fails to exceed 42,048 megawatt-hours during any rolling period of twenty-four (24) consecutive calendar months; or

16.2.4 Facility ceases to be a Qualifying Facility.

16.2.5 With respect to Project Developer's default under Section 16.2.1, or Section 16.2.2, above, Avista shall provide thirty (30) days notice of termination of the Agreement, and Project Developer shall have the opportunity to cure its default only up to and including the day of termination.

16.2.6 With respect to Project Developer's default under Section 16.2.3 or Section 16.2.4, above, Avista shall provide notice of termination of the Agreement and Project Developer shall have the opportunity to cure the defect as specified in Section 16.1.

16.3 For purposes of this Agreement, a Party shall also be in default if it:

16.3.1 Becomes insolvent (e.g., is unable to meet its obligations as they become due or its liabilities exceed its assets); or

16.3.2 Makes a general assignment of substantially all of its assets for the benefit of its creditors, files a petition for bankruptcy or reorganization or seeks other relief under any applicable insolvency laws; or

16.3.3 Has filed against it a petition for bankruptcy, reorganization or other relief under any applicable insolvency laws and such petition is not dismissed or stayed within sixty (60) days after it is filed.

16.3.4 Is in default under any Transmission Agreement, provided that Avista shall have the obligation to notify Project Developer of any default under any Transmission Agreement, and provide Project Developer with seventy-two (72) hours from the receipt of notice of default to cure such default under any Transmission Agreement.

16.4 Any right or remedy afforded to either Party under any provision of this Agreement on account of the breach of or default under this Agreement by the other Party is in addition to, and not in lieu of, all other rights or remedies afforded to such Party under any other provisions of this Agreement, by law or otherwise on account of the breach or default.

17. ARBITRATION

Each Party shall strive to resolve any and all differences during the term of the Agreement. If a dispute cannot be resolved, each Party shall use arbitration before requesting a hearing before the IPUC. The arbitration shall be conducted pursuant to the Dispute Resolution Procedures, Attachment 5, to the Interconnection Agreement. The Parties agree that the IPUC shall have continuing jurisdiction over this Agreement.

18. RELEASE BY PROJECT DEVELOPER

Project Developer releases Avista from any and all claims, losses, harm, liabilities, damages, costs and expenses to the extent resulting from any:

18.1 Electric disturbance or fluctuation that migrates, directly or indirectly, from Avista's electric system to the Facility;

18.2 Interruption, suspension or curtailment of electric service to the Facility or any other premises owned, possessed, controlled or served by Project Developer, which interruption, suspension or curtailment is caused or contributed to by the Facility or the interconnection of the Facility with any electric system; or

18.3 Disconnection, interruption, suspension or curtailment by Avista pursuant to terms of this Agreement or the Interconnection Agreement.

18.4 Disconnection, interruption, suspension or curtailment of transmission service by a transmitting entity or any unforeseen cost or increase in costs to Project Developer imposed by a transmitting entity.

19. GOVERNMENTAL AUTHORITY

This Agreement is subject to the rules, regulations, orders and other requirements, now or hereafter in effect, of all governmental authorities having jurisdiction over the Facility, this Agreement, the Parties or either of them. All laws, ordinances, rules, regulations, orders and other requirements, now or hereafter in effect, of governmental authorities that are required to be incorporated in agreements of this character are by this reference incorporated in this Agreement.

20. EQUAL OPPORTUNITY

Project Developer shall comply with all applicable equal opportunity laws, ordinances, orders, rules and regulations.

21. SEVERAL OBLIGATIONS

Except where specifically stated in this Agreement to be otherwise, the duties, obligations and liabilities of the Parties are intended to be several not joint or collective. This Agreement shall not be interpreted or construed to create an association, joint venture or partnership between the Parties or to impose any partnership obligations or liability upon either Party. Each Party shall be individually and severally liable for its own obligations under this Agreement. Further, neither Party shall have any rights, power or authority to enter into any agreement or undertaking for or on behalf of, to act as to be an agent or representative of, or to otherwise bind the other Party.

22. IMPLEMENTATION

Each Party shall promptly take such action (including, but not limited to, the execution, acknowledgement and delivery of documents) as may be reasonably requested by the other Party for the implementation or continuing performance of this Agreement.

23. NON-WAIVER

The failure of either Party to insist upon or enforce strict performance by the other Party of any provision of this Agreement or to exercise any right under this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to assert or rely upon any such provision or right in that or any other instance; rather, the same shall be and remain in full force and effect.

24. AMENDMENT

No change, amendment or modification of any provision of this Agreement shall be valid unless set forth in a written amendment to this Agreement signed by both Parties.

25. CHOICE OF LAWS

This Agreement shall be construed and interpreted in accordance with the laws of the State of Idaho.

26. COMPLIANCE WITH LAWS

Both Parties shall comply with all applicable laws and regulations of governmental agencies having jurisdiction over the Project and the operations of the Parties.

27. VENUE

Any action at law or in equity to enforce the terms and conditions of this Agreement shall be brought in Idaho.

28. HEADINGS

The section headings in this Agreement are for convenience only and shall not be considered part of or used in the interpretation of this Agreement.

29. NOTICES

All written notices required by this Power Purchase Agreement shall be mailed or delivered as follows:

to Avista:

Vice President, Energy Resources
Avista Corporation
P.O. Box 3727
Spokane, WA 99220

to Project Developer:

President and Chief Executive Officer
Stimson Lumber
520 S.W. Yamhill
Suite 700
Portland, OR 97204

and

Vice President and Chief Financial Officer
Stimson Lumber
520 S.W. Yamhill
Suite 700
Portland, OR 97204

Either Party may change its address specified above by giving the other Party notice of such change in accordance with this Section. All notices, requests, authorizations, directions or other communications by a Party shall be deemed delivered when mailed as provided in this

Section or personally delivered to the other Party. Any verbal notice required hereby which affects the payments to be made hereunder shall be confirmed in writing (certified mail) as promptly as practicable after the verbal notice is given.

30. **EXHIBITS**

This Power Purchase Agreement includes the following exhibits which are attached and incorporated by reference herein:

Exhibit A	Communications and Reporting
Exhibit B	Form of Engineer's Certification of Operations and Maintenance Policy
Exhibit C	Interconnection Agreement
Exhibit D	Description of the Facility

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the first date herein above set forth.

Stimson Lumber Company

AVISTA CORPORATION

By: W. E. Peresani
Printed Name: W. E. PERESANI
Title: VP/CEO

By: [Signature]
Printed Name: Gary Ely
Title: Chairman / CEO

RBS as to form

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Exhibit A
Communication and Reporting

(a) During normal business hours, all verbal communications relating to interruptions and outages:

Avista	System Operator (509) 495-4105 Alternate Phone Number: (509) 495-4934
Project Developer	Manager, Stimson Plummer Sawmill (208) 686-9080 Alternate Phone Number: Regional General Manager (208) 667-4304

(b) Outside of normal business hours (nights, weekends, and holidays), all verbal communications relating to interruptions and outages shall take place between the following personnel:

Avista	System Operator (509) 495-4105 Alternate Phone Number: (509) 495-4934
Project Developer	Manager, Stimson Plummer Sawmill Cell phone: (208) 659-4158 Alternate Phone Number: Regional General Manager Cell phone: (208) 659-7289

Exhibit B

Form of Engineer's Certification of Operations and Maintenance Policy

1. I, _____ am a Professional Engineer
(Name of Engineer)
registered to practice in the State of Idaho. I have substantial experience in the design,
construction and operation of electric power plants of the same type as _____
_____ (plant),
_____ (Title of QF)
sited at _____
(Description of Project Site)
in _____ County, State of _____.
2. I have reviewed and/or supervised the review of the Policy for Operation and Maintenance (O&M Policy) for the plant and it is my professional opinion that, provided said plant has been designed and built to appropriate standards, adherence to said O&M Policy will result in the plant's producing at or near the design electrical output, efficiency, and plant factor for _____ years (length of the proposed Power Sales Contract), barring unforeseeable Force Majeure.
3. I have no economic relationship to the Designer of said plant and have made my analysis of the Plans and Specifications independently.
4. I have supplied the owner of the plant with at least one copy of said O&M Policy bearing my Stamp and the words "CERTIFIED FOR IDAHO P.U.C. SECURITY ACCEPTANCE" on each sheet thereof.
5. I hereby CERTIFY that the above statements are complete, true, and accurate to the best of my knowledge and I therefore set my hand and seal below.

Signed and Sealed

DATE: _____

SIGNATURE: _____

Exhibit C

Interconnection Agreement

(Entered into October 11, 2006)

**GENERATOR
INTERCONNECTION AGREEMENT (GIA)
Between
AVISTA CORPORATION
AND
STIMSON LUMBER COMPANY**

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This Interconnection Agreement ("Agreement") is made and entered into this 11 day of October 2006, by Avista Corporation ("Interconnecting Utility"), and Stimson Lumber Company ("Interconnection Customer") each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties."

Interconnecting Utility Information

Interconnecting Utility: Avista Corporation
Attention: Manager, Transmission Services
Address: 1411 E. Mission Avenue
City: Spokane State: Washington Zip: 99202-1902
Phone: (509) 409-0500 Fax: (509) 495-8542

Interconnection Customer Information

Interconnection Customer: Stimson Lumber Company
Attention: President/CEO
Address: 520 S.W. Yamhill; Suite 700
City: Portland State: Oregon Zip: 97204
Phone: (503) 222-1686 Fax: (503) 222-2682

Stimson Lumber Company – Plummer Office
Attention: Manager
Address: 732 10th St.
City: Plummer State: Idaho Zip: 83851
Phone: (208) 686-9080
Regional General Manager Phone: (208) 667-4304

Interconnection Customer Application No: Already an exiting Interconnection

In consideration of the mutual covenants set forth herein, the Parties agree as follows:

ARTICLE 1. SCOPE AND LIMITATIONS OF AGREEMENT

1.1 This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generating Facility will interconnect with, and operate in parallel with, the Interconnecting Utility's Electric System.

1.2 This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate agreements, if any. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with the applicable Interconnecting Utility.

1.3 Nothing in this Agreement is intended to affect any other agreement between the

Interconnecting Utility and the Interconnection Customer.

1.4 Responsibilities of the Parties

1.4.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.

1.4.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Small Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Prudent Utility Practices.

1.4.3 The Interconnecting Utility shall construct, operate, and maintain its Electric System and Interconnection Facilities in accordance with this Agreement, and with Prudent Utility Practices.

1.4.4 The Interconnection Customer agrees to operate its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to maintain and operate its Small Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Interconnecting Utility and any Affected Systems.

1.4.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Interconnecting Utility and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Interconnecting Utility's Electric System, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.

1.4.6 The Interconnecting Utility shall coordinate with all Affected Systems to support the interconnection.

1.5 Parallel Operation Obligations. The Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the applicable control area, including, but not limited to; 1) the rules and procedures concerning the operation of generation set by the applicable system operator(s) for the Interconnecting Utility's

Electric System and; 2) the Operating Requirements set forth in Attachment 4 of this Agreement.

1.6 Metering. The Interconnection Customer shall be responsible for the Interconnecting Utility's reasonable and necessary cost for the operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachments 2 and 3 of this Agreement. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.

1.7 Reactive Power. The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the Interconnecting Utility has established different requirements that apply to all similarly situated generators in the control area on a comparable basis.

1.8 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement.

ARTICLE 2. AUTHORIZATION, AND RIGHT OF ACCESS

2.1 Authorization Required For to Parallel Operation

2.1.1 The Interconnecting Utility shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 4 of this Agreement. Additionally, the Interconnecting Utility shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Interconnecting Utility shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations.

2.1.2 The Interconnection Customer shall not operate its Small Generating Facility in parallel with the Interconnecting Utility's Electric System without first complying with section 2.3 of Attachment 4.

2.2 Right of Access

2.2.1 Upon reasonable notice, the Interconnecting Utility may send a qualified person to the premises of the Interconnection Customer to inspect the interconnection, and observe the operation of the Small Generating Facility.

2.2.2 Following the inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the Interconnecting Utility shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal

obligation to provide service to its customers.

2.2.3 Each Party shall be responsible for its own costs associated with following this article.

ARTICLE 3. EFFECTIVE DATE, TERM, TERMINATION, DISCONNECTION

3.1 Effective Date. This Agreement shall become effective upon execution by the Parties subject to acceptance by any regulatory body of competent jurisdiction (if applicable). The Interconnecting Utility shall promptly file this Agreement with any regulatory body of competent jurisdiction upon execution, if required.

3.2 Term of Agreement. This Agreement shall become effective on the Effective Date and shall remain in effect for a period of five years from the Effective Date unless terminated in accordance with Article 3.3 of this Agreement. This Agreement shall remain in effect beyond the initial five year period unless affirmatively terminated in writing upon a 30 days notice by either Party to the other Party.

3.3 Termination. No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with any regulatory body of competent jurisdiction of a notice of termination of this Agreement (if required), which notice has been accepted for filing by the regulatory body of competent jurisdiction.

3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the Interconnecting Utility 30 day's written notice.

3.3.2 Either Party may terminate this Agreement after Default pursuant to Article 6.6.

3.3.3 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the Interconnecting Utility's Electric System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this GIA or such non-terminating Party otherwise is responsible for these costs under this GIA.

3.3.4 The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination

3.3.5 The provisions of this article shall survive termination or expiration of this Agreement.

3.4 Temporary Disconnection. Temporary disconnection shall continue only for so long as reasonably necessary under Prudent Utility Practices.

3.4.1 Emergency Conditions -- "Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of the Interconnecting Utility, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Electric System, the Interconnecting Utility's Interconnection Facilities or the Electric Systems of others to which the Interconnecting Utility's Electric System is directly connected; or (3) that, in the case of the Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Small Generating Facility or the Interconnection Customer's Interconnection Facilities. Under Emergency Conditions, the Interconnecting Utility may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility. The Interconnecting Utility shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Small Generating Facility. The Interconnection Customer shall notify the Interconnecting Utility promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnecting Utility's Electric System or any Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair. The Interconnecting Utility may interrupt interconnection service or curtail the output of the Small Generating Facility and temporarily disconnect the Small Generating Facility from the Interconnecting Utility's Electric System when necessary for routine maintenance, construction, and repairs on the Interconnecting Utility's Electric System. The Parties shall cooperate in determining mutually acceptable Small Generating Facility down times or maintenance shutdowns. The Interconnecting Utility shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

3.4.3 Forced Outages. During any forced outage, the Interconnecting Utility may suspend interconnection service to effect immediate repairs on the Interconnecting Utility's Electric System. The Interconnecting Utility shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Interconnecting Utility shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

3.4.4 Adverse Operating Effects. The Interconnecting Utility shall notify the Interconnection Customer as soon as practicable if, based on Prudent Utility Practices, operation of the Small Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Small Generating Facility could cause damage to the Interconnecting Utility's Electric System or Affected Systems. Supporting documentation used to reach the decision to disconnect

shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Interconnecting Utility may disconnect the Small Generating Facility. The Interconnecting Utility shall provide the Interconnection Customer with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

3.4.5 Modification of the Small Generating Facility. The Interconnection Customer must receive written authorization from the Interconnecting Utility before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the Electric System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Prudent Utility Practices. If the Interconnection Customer makes such modification without the Interconnecting Utility's prior written authorization, the latter shall have the right to temporarily disconnect the Small Generating Facility.

3.4.6 Reconnection. The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, and the Interconnecting Utility's Electric System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

ARTICLE 4. CONTACT INFORMATION

4.1 Contact Information. Any contact or communications between Interconnecting Utility and Interconnection Customer required for operation of the Small Generating Facility shall take place in accordance with Attachment 6.

ARTICLE 5. COST RESPONSIBILITY FOR INTERCONNECTION FACILITIES

5.1 Interconnection Facilities. The Interconnection Customer shall be responsible for its share of all reasonable expenses associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Interconnecting Utility's Interconnection Facilities.

ARTICLE 6. ASSIGNMENT, LIABILITY, INDEMNITY, FORCE MAJEURE, CONSEQUENTIAL DAMAGES, AND DEFAULT

6.1 Assignment. This Agreement may be assigned by either Party upon 15 Business Days prior written notice and opportunity to object by the other Party; provided that:

6.1.1 Either Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party

under this Agreement, provided that the Interconnection Customer promptly notifies the Interconnecting Utility of any such assignment;

6.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Interconnecting Utility, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will promptly notify the Interconnecting Utility of any such assignment.

6.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

6.2 Limitation of Liability

6.2.1 Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.

6.2.2 Limitation of Liability for WIS Parties. If both Interconnecting Utility and Interconnection Customer are parties to the WIS Agreement, then the WIS Agreement shall control their liabilities with respect to damages to the Small Generation Facility, the Interconnection Facilities, or Interconnecting Utility's Electric System.

6.3 Indemnity

6.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 6.6.

6.3.2 Interconnection Customer shall indemnify, defend and hold harmless Interconnecting Utility, its directors, officers, employees, agents, and representatives, against and from any and all losses, expenses, liabilities, claims or actions (hereafter "Loss"), based upon or arising out of bodily injuries or damages to persons, including without limitation death resulting therefrom, or physical damages to or losses of property caused by, arising out of or sustained in connection with the construction, operation or maintenance of the Small Generating Facility. Interconnecting Utility shall indemnify, defend and hold harmless Interconnection Customer, its directors, officers, employees, agents, and representatives, against and from any Loss, caused by, arising out of or

sustained in connection with the construction, operation or maintenance of its electrical system. In the event that any such Loss is caused by the negligence of both Interconnection Customer and Interconnecting Utility, including their employees, agents, suppliers and subcontractors, the Loss shall be borne by Interconnection Customer and Interconnecting Utility in the proportion that their respective negligence bears to the total negligence causing the Loss.

6.3.3 TO THE EXTENT PERMITTED BY APPLICABLE LAW, INTERCONNECTION CUSTOMER AND INTERCONNECTING UTILITY EACH WAIVE ANY IMMUNITY UNDER EXISTING WORKER'S COMPENSATION LAW APPLICABLE TO THE JURISDICTION WHERE THE FACILITY IS TO BE LOCATED AS NECESSARY TO INDEMNIFY AND HOLD HARMLESS THE OTHER FROM SUCH LOSS, TO THE EXTENT SET FORTH IN SECTION 13.1, ABOVE.

6.3.4 INTERCONNECTION CUSTOMER AND UTILITY SPECIFICALLY WARRANT THAT THE TERMS AND CONDITIONS OF THE FOREGOING INDEMNITY PROVISIONS ARE THE SUBJECT OF MUTUAL NEGOTIATION BY THE PARTIES, AND ARE SPECIFICALLY AND EXPRESSLY AGREED TO IN CONSIDERATION OF THE MUTUAL BENEFITS DERIVED UNDER THE TERMS OF THE AGREEMENT.

6.3.5. If an indemnified person is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

6.3.6 If an indemnifying party is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.

6.3.7 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the indemnifying party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying party.

6.4 Consequential Damages. Other than as expressly provided for in this Agreement, neither Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including

negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

6.5 Force Majeure

6.5.1 As used in this article, a Force Majeure Event shall mean

6.5.1.1 Any cause or condition beyond such Party's reasonable control which such Party is unable to overcome by the exercise of reasonable diligence (including but not limited to: fire, flood, earthquake, volcanic activity, wind, drought and other acts of the elements; court order and act of civil, military or governmental authority; strike lockout and other labor dispute; riot, insurrection, sabotage or war; breakdown of or damage to facilities or equipment; electrical disturbance originating in or transmitted through such Party's electric system or any electric system with which such Party's system is interconnected; and, act or omission of any person or entity other than such Party, and Party's contractors or suppliers of any tier or anyone acting on behalf of such Party); or

6.5.1.2 Any action taken by such Party which is, in the sole judgment of such Party, necessary or prudent to protect the operation, performance, integrity, reliability or stability of such Party's electric system or any electric system with which such Party's electric system is interconnected, whether such actions occur automatically or manually.

6.5.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure Event (Affected Party) shall promptly notify the other Party, either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

6.6 Default

6.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in article 7.6.2, the defaulting Party shall have 30 calendar days from

receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 30 calendar days, the defaulting Party shall commence such cure within 30 calendar days after notice and continuously and diligently complete such cure within 90 calendar days from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

6.6.2 If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

ARTICLE 7. INSURANCE

7.1 The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made, provided that at a minimum Interconnection Customer shall obtain commercial general liability insurance for bodily injury and property damage with limits equal to \$1,000,000 for each occurrence, combined single limit. The deductible for such insurance shall be consistent with current insurance utility practices for a similar property. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in the State where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the Interconnecting Utility, except that the Interconnection Customer shall show proof of insurance to the Interconnecting Utility no later than ten Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.

7.2 The Interconnecting Utility agrees to maintain general liability insurance or self-insurance consistent with the Interconnecting Utility's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Interconnecting Utility's liabilities undertaken pursuant to this Agreement.

7.3 The Parties further agree to notify each other whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

ARTICLE 8. DISPUTES

8.1 Any claim or dispute which either Party may have against the other arising out of or relating to this Agreement or the breach, termination or validity thereof (any such claim or dispute, a "Dispute") shall be submitted in writing to the other Party. Upon such notice, the Parties shall follow the applicable Dispute Resolution procedures in Attachment 5.

ARTICLE 9. MISCELLANEOUS

9.1 Governing Law, Regulatory Authority, and Rules. The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of Idaho (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

9.2 Amendment. The Parties may amend this Agreement by a written instrument duly executed by both Parties.

9.3 No Third-Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

9.4 Waiver.

9.4.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

9.4.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Interconnecting Utility. Any waiver of this Agreement shall, if requested, be provided in writing.

9.5 Entire Agreement. This Agreement, including all Attachments, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or

any condition to, either Party's compliance with its obligations under this Agreement.

9.6 Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

9.7 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

9.8 Severability. If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

9.9 Security Arrangements. Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. FERC expects all Interconnecting Utility's, market participants, and Interconnection Customers interconnected to electric systems to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

9.10 Environmental Releases. Each Party shall notify the other Party, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Small Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party copies of any publicly available reports filed with any governmental authorities addressing such events.

9.11 Subcontractors. Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

9.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring

Party hires as if no subcontract had been made; provided, however, that in no event shall the Interconnecting Utility be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

9.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

ARTICLE 10. NOTICES

10.1 General. Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person, delivered by recognized national courier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

Interconnection Customer: Stimson Lumber Company
Attention: President/CEO
Address: 520 S.W. Yamhill; Suite 700
City: Portland State: Oregon Zip: 97204
Phone: (503) 222-1686 Fax: (503) 222-2682

If to the Interconnecting Utility:

Interconnecting Utility: Avista Corporation
Attention: Manager, Transmission Services
Address: 1411 E. Mission Avenue
City: Spokane State: Washington Zip: 99202-1902
Phone: (509) 489-0500 Fax: (509) 495-8542

10.2 Billing and Payment. Billings and payments shall be sent to the addresses set out below:

Interconnection Customer: Stimson Lumber Company
Attention: Manager
Address: 732 10th St.
City: Plummer State: Idaho Zip: 83851

Interconnecting Utility: Avista Corporation
Attention: Manager, Transmission Services
Address: 1411 E. Mission Avenue

City: Spokane State: Washington Zip: 99202-1902

10.3 Alternative Forms of Notice. Any notice or request required or permitted to be given by either Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Interconnection Customer: Stimson Lumber Company
Attention: Manager
Address: 732 10th St.
City: Plummer State: Idaho Zip: 83851
Phone: (208) 686-9080
Regional General Manager Phone: (208) 667-4304

If to the Interconnecting Utility:

Interconnecting Utility: Avista Corporation
Attention: Manager, Transmission Services
Address: 1411 E. Mission Avenue
City: Spokane State: Washington Zip: 99202-1902
Phone: (509) 489-0500 Fax: (509) 495-8542

10.4 Designated Operating Representative. The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

Interconnection Customer: Stimson Lumber Company
Attention: Manager
Address: 732 10th St.
City: Plummer State: Idaho Zip: 83851
Phone: (208) 686-9080
Regional General Manager Phone: (208) 667-4304

Interconnecting Utility's Operating Representative:

Interconnecting Utility: Avista Corporation
Attention: System Operator, Transmission Operations
Address: 1411 E. Mission Avenue
City: Spokane State: Washington Zip: 99202-1902
Phone: (509) 495-8732 Fax: (509) 495-8061


10.5 Changes to the Notice Information. Either Party may change this information by giving five Business Days written notice prior to the effective date of the change.

ARTICLE 11. SIGNATURES

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

For the Interconnecting Utility

Name: Jeff Schlect

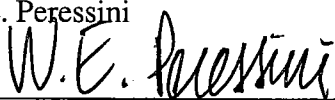
Signature: 

Title: Manager, Transmission Services

Date: OCTOBER 9, 2006

For the Interconnection Customer

Name: William E. Peressini

Signature: 

Title: Vice President / CFO

Date: 10/11/06

Glossary of Terms

Affected System – An electric system other than the Interconnecting Utility's Electric System that may be affected by the proposed interconnection.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Business Day – Monday through Friday, excluding Federal Holidays.

Default – The failure of a breaching Party to cure its breach under the Small Generator Interconnection Agreement.

Distribution System – The Interconnecting Utility's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Electric System – The facilities owned, controlled or operated by the Interconnecting Utility.

Good Utility Practice – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, the Interconnection Provider, or any Affiliate thereof.

Interconnecting Utility – The public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce.

Interconnection Customer – Any entity that proposes to interconnect its Small Generating Facility with the Interconnecting Utility's Electric System.

Interconnection Facilities – The Interconnecting Utility's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the Interconnecting Utility's Electric System.

Interconnection Request – The Interconnection Customer's request to interconnect a new Small Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Small Generating Facility that is interconnected with the Interconnecting Utility's Electric System.

Material Modification – A modification that has a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Operating Requirements – Any operating and technical requirements that may be applicable due to Regional Transmission Organization, Independent System Operator, control area, or the Interconnecting Utility's requirements, including those set forth in the Small Generator Interconnection Agreement.

Party or Parties – The Interconnecting Utility and Interconnection Customer.

Point of Interconnection – The point where the Interconnection Facilities connect with the Interconnecting Utility's Electric System.

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the Small Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Small Generating Facility – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

WIS Agreement - Means the Agreement Limiting Liability Among Western Interconnected Systems.

Description of the Small Generating Facility, Interconnection Facilities, and Metering Equipment

Description of Interconnection Facilities, Ownership and Costs

Avista-Owned Interconnection Facilities

The following equipment are existing interconnection facilities owned by Avista:

Westinghouse Type ES-560 oil circuit recloser, 14.4kV, 560 amp, 8000 amp interrupting, complete with a Bitronics three-phase solid state demand ammeter, three phase and one ground Westinghouse Type CO overcurrent relays, one Westinghouse Type RC reclosing relay, and six 1200:5 A multi-ratio bushing current transformers.

Three S&C 15 kV, 600 A single-pole single-throw disconnect switches.

Three S&C 15 kV, 600 A single-pole tandem-transfer disconnect switches.

One General Electric Type JVW-5 70:1 ratio potential transformer with secondary disconnecting device.

Three General Electric Type JKW-5 400:5 A current transformers.

Three 10 kV distribution class lightning arresters.

One wood feeder bay, complete with insulators and conductors.

One General Electric Type AB-40 voltmeter.

The following equipment was installed for this project to facilitate in interconnection of the generation. This equipment was originally paid for by Plummer Forest Products but Avista will own the equipment.

One 78" high standard 19" equipment rack with panel segments.

One three element solid state bidirectional watt/varhour meter with mass memory, Scientific Columbus Type JEM 603 J-P-MM.

One microprocessor based protective relay, Schweitzer Engineering Laboratories Type SEL-351 for feeder overcurrent, under/overfrequency, under/over voltage, voltage unbalance and hot bus/dead line reclosing functions.

Four States Type FMS 10 pole test switches for the above meter and relay.

One RFL telemetry tone rack with power supply and cards for continuous transmission of instantaneous watts and vars, and hourly transmission of kilowatthour quantities.

One fiberglass telephone equipment cabinet with SNC telephone isolation equipment.

Approximately 40' of 2" Schedule 80 PVC conduit for new telephone circuit, trenched, installed and backfilled.

Avista drawing L-31123 is attached (included in Attachment 3) which is an interconnection one line diagram of the metering points and locations.

There are no Terminal Voltage Regulators on this project. The generators follow voltage of the Avista system bus.

Generator-Owned Interconnection Facilities

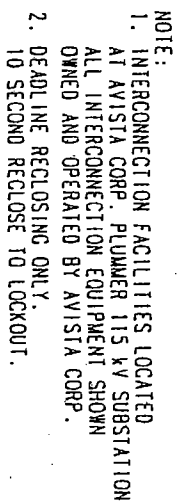
The generation facility consists of a 6,250 kW, 3600 rpm, 2400 / 4160 Volt, Westinghouse turbine generator unit consisting of an impulse type condensing steam turbine connected to a 5,000 kW, 0.80 p.f. 6,250 kVA, air-cooled generator, with direct connected 125 Volt exciter. The steam generator is a Riley Generating wood fired, traveling grate spreader, stroke type, with capacity of 70,000 lbs./hr. of 750 degree (F) steam at 420 psig.

The overall one-line diagram of the Generation Facility is attached. The power is transformed through a three phase 6.25 MVA Delta-Y 4160 / 13800 Volt transformer, that is protected by a 560 Amp 15 kV breaker. Between the breaker and Plummer Substation is a 13.8 kV distribution line owned by Stimson Lumber Company. The conductor of this distribution line is 4/0 ASCR and is approximately ½ mile long. The point of interconnection and point of change of ownership is a breaker inside Plummer Substation that is used solely for the Stimson Lumber Company generation connection and is owned by Avista.

Drawing 1305-1841 (Pacific Crown Power Transmission One-line) is attached (included in Attachment 3) as additional information.

**One-line Diagram Depicting the Small Generating Facility, Interconnection
Facilities, and Metering Equipment**

VILLAGE OF PLUMMER
FEEDER



50-----INSTANTANEOUS OVERCURRENT RELAY
50N-----INSTANTANEOUS OVERCURRENT GROUND RELAY
51-----TIME OVERCURRENT RELAY
51N-----TIME OVERCURRENT GROUND RELAY
79-----RECLOSING RELAY

DA.	DEMAND ANMETER
MR.	MULTI-RATIO
VARHM. . . .	VAR HOUR METER
WHM.	WATTHOUR METER

SUPERSEDES L-31123, DATED 6-27-83

AVISTA CORP
SPOKANE, WASHINGTON

NAME	5-21-01	APPROVED	<i>M. J. [Signature]</i>
GRADE		DATE	
050.	CHOMA	CNO.	<i>WTC</i>
OR.	CJ	NIO.	
CNO.		NIO.	<i>44</i>
		SNF	<i>1</i>
		DATE	<i>5-13-01</i>
			<i>1-31123</i>

[illegible]

**Additional Operating Requirements for the Interconnecting Utility's
Electric System and Affected Systems Needed to Support
the Interconnection Customer's Needs**

1. General Interconnection requirements for generators greater than 5000 kW.

1.1 Generating Facility will be interconnected at transmission voltage levels only unless system studies indicate distribution connections are acceptable.

1.2 Generating in parallel with Generating Company's load will be acceptable only if Generating Facility can be installed at distribution primary voltage levels.

1.3 Generating Company will be responsible for all transformation. Transformers will be delta-wye/grd connected (wye on the primary side), unless otherwise agreed to by Avista. Avista must approve all transformer specifications.

1.4 All generator sizes will require detailed studies to determine the extent of the impact on Avista's electrical system and the scope of required interconnection facilities.

1.5 All generators of this size will be synchronous machines unless approved by Avista.

1.6 Depending on the size, location, and separate contractual arrangements for the generation, Avista may require real-time status of some elements of the Generating Facility, as well as direct voice communications with the operations personnel at the Facility.

2. Metering, Communications and Data.

2.1 Avista will install a bi-directional energy meter with time-referenced recording of kWh and kVARh (at Generating Facility's expense).

2.2 All generators of this size will require telemetry of real and reactive power, as well as kWh and kVARh transmitted to Avista's System Operations Office.

2.3 Verbal communications will be required between Generating Facility's operator and Avista's System Operations Office for all Generation of this size before Generating Facility is put on line, or taken off line.

3. Protection.

3.1 Depending on size and location, Generation Facility may be required to participate in any Remedial Action Schemes designated by Avista, NERC, WSCC, NWPP, or any other regional operation authority.

3.2 All generators will be required to have minimal protection as specified in Section 3 of this Agreement. Additional protection may be needed depending on the results of system studies, (up to and including communication-aided tripping schemes).

4. Voltage and Frequency.

4.1 Steady state and transient voltage and frequency support will be required from all generators of this size.

4.2 All generators will be supplied with high response excitation systems specified and tested in accordance with ANSI/IEEE Standard 42.1 through 42.5, including latest revisions or additions. Specific response characteristics, regulation abilities, and operating ranges must be agreed upon by Avista before interconnection to Avista's electrical system.

4.3 Any generator of this size shall include a power system stabilizer if its excitation system is suitable for such use. All new generators shall be specified for construction with a suitable excitation system, (per WSCC policy)..

4.4 All generators will be supplied with speed governing of their prime mover. Governor controls will comply with NERC, WSCC, and ANSI/IEEE Standards for speed/load control. At a minimum, governor droop will be set at 5% and deadband will not exceed plus or minus 0.06%.

4.5 Generating Facility and/or associated loads must have the capability of operating at a power factor of 95% or better (leading or lagging) as scheduled by Avista's System Operations Office. In Addition, Avista's System Operations Office will have the right to request generator operation outside of 95% power factor as long as the machine's capabilities are not exceeded.

4.6 It must be recognized that generators of this size will be expected to operate temporarily outside of normal voltage and frequency ranges in order to support area or regional disturbances and prevent widespread outages. This becomes very

important for larger generating units. The Generating Company will be expected to work closely with Avista's technical staff in the preparation of all machine specifications.

Dispute Resolution Procedures

1. Statements of Dispute. The Dispute Resolution provisions of this Agreement shall be invoked by either Party to resolve any Dispute arising under this Agreement. Within fourteen (14) calendar days of a Party's request that the arbitration process be commenced, each Party shall submit a statement in writing to the other Party, which statement shall set forth in reasonable detail the nature of the Dispute and the issues to be arbitrated.

2. Selection of an Arbitrator. Within ten (10) calendar days following the submission of the statements described in Section 1 above, the Parties shall select an arbitrator familiar with and knowledgeable about the technical and regulatory requirements for generation interconnection. If the Parties cannot agree upon an arbitrator, or do not agree on a means of selecting an arbitrator that differs from that set forth herein, the Parties shall apply to the Idaho Public Utilities Commission, for the appointment of an arbitrator. Absent the express written consent of all Parties as to any particular individual, no person shall be eligible for selection as an arbitrator who is a past or present officer, member of the governing body, employee of, or consultant to any of the Parties, or of an entity related to or affiliated with any of the Parties, or whose interests are otherwise affected by the matter to be arbitrated. Any individual designated as an arbitrator shall make known to the Parties any such disqualifying relationship, and a new arbitrator shall be designated in accordance with the provisions of this Section.

3. Procedural Rules. The arbitrator shall determine discovery procedures, compliance with intervention requirements, how evidence shall be taken, what written submittals may be made and other such procedural matters, taking into account the complexity of the issues involved, the extent to which factual matters are disputed and the extent to which the credibility of witnesses is relevant to a resolution of the dispute. Interveners shall have the same procedural rights as parties to the dispute. Each party to the dispute shall produce all evidence determined by the arbitrator to be relevant to the issues presented. To the extent such evidence involves proprietary or confidential information, the arbitrator shall issue an appropriate protective order that shall be complied with by all parties to the dispute. The arbitrator may elect to resolve the arbitration matter solely on the basis of written evidence and arguments.

4. Intervention. The arbitrator shall admit as interveners in the Dispute Resolution process any party that requests intervention and demonstrates to the arbitrator good cause for intervention. Absent the agreement to the contrary of all parties, no party shall be permitted to intervene unless, as a condition of its intervention, it agrees to be bound by the provisions of this Attachment 5 in regard to the arbitration, including the provisions related to deference on appeal to the FERC or state regulatory commission set forth in Section 8.

5. Evidence. The arbitrator shall take evidence submitted by the disputing parties in accordance with procedures established by the arbitrator and may request additional information, including the opinion of recognized technical bodies. All disputing parties shall be afforded a reasonable opportunity to rebut any such additional information. Other affected entities may request in writing that the arbitrator consider additional information, and the arbitrator may consider such additional information, subject to a right of the disputing parties to have a reasonable opportunity to rebut such additional information.

6. Substantive Standards and Decision. As soon as practicable, but in no event later than one hundred fifteen (115) calendar days after his or her selection as arbitrator, the arbitrator shall render a written decision and reasons therefore. In reaching his or her decision, the arbitrator shall consider the intent of this Agreement; other applicable agreements, laws or regulations; or applicable technical standards and criteria not inconsistent with this Agreement. A written decision, including specific findings of fact, explaining the basis for the award shall be provided by the arbitrator with the written notice to the disputing parties. Awards shall be based only on the evidence on the record before the arbitrators. No award that is not appealed shall be deemed to be precedential in any other arbitration related to a different dispute.

7. Compliance and Costs.

7.1 Compliance with the Arbitrators' Award. Immediately upon the decision by the arbitrators, except during the period of appeal as provided for in Section 8, the disputing parties shall commence to take, and thereafter diligently prosecute to completion, whatever action is required to comply with the selected award to the extent the selected award does not require regulatory action. To the extent the award requires approval or regulatory action by a local, tribal, state, federal or provincial body of competent jurisdiction; FERC review of an award involving a federal power marketing agency; or a FERC filing by a transmission provider subject to Sections 205 or 206 of the Federal Power Act, 16 USC §§824d and 824e; the affected

disputing party shall promptly submit and support that portion of the award with the appropriate authority except as provided in Section 8. Any and all costs associated with the arbitration (but not including the disputing parties' costs associated with attorney and witness fees) shall be borne by the disputing party or parties whose proposed award was not selected, unless the disputing parties agree to an alternate method of allocating costs, or unless the arbitrator determines it would be appropriate to allocate all or a portion of such costs to one or more interveners.

7.2 Effect of Award. Except for it not being precedential, an award that is not appealed shall be deemed to have the same force and effect as an order entered by the appropriate regulatory agency.

8. Grounds for Appeal. Within thirty (30) calendar days of the issuance of any arbitration award, any party to an arbitration may apply to the FERC or to a state regulatory commission to hear an appeal of such award with respect to matters to which a regulatory agency has jurisdiction, but only upon the grounds that the award is contrary to or beyond the scope of this Agreement or is unjust, unreasonable, unduly discriminatory or preferential or otherwise inconsistent with then applicable standards or policies or applicable law. Any appeal shall be based solely upon the record assembled by the arbitrator; provided however, that any order by an arbitrator excluding material from the arbitration record or any ruling that is alleged to violate due process may be explicitly appealed by a party as a part of an appeal under this Section 8. Parties to arbitrations agree that (i) substantial deference shall be afforded to the factual findings of the arbitrator; (ii) the portion, if any, of the award relating to issues not of first impression (i.e., matters previously decided by the FERC, a state regulatory commission, or a court of competent jurisdiction in cases involving comparable facts and circumstances) should be afforded appropriate deference; and (iii) the portion, if any, of the award relating to issues of first impression should be afforded no deference. Implementation of the award shall be stayed pending an appeal unless and until, at the request of a disputing party, an order shortening or extending the stay.

9. No Expansion of Factual Record. No party to an arbitration shall seek to expand the factual record beyond that assembled by the arbitrator, except that any party to an arbitration may submit such additional evidence or argument as may be needed to respond to new evidence or arguments raised by interveners who were not parties to the arbitration.

10. Judicial Enforcement. Subject to the right of any party to appeal, and exhaustion of remedies, any party shall be entitled to seek enforcement of the award in any court of competent jurisdiction.

Contact Information

1. **Verbal Communications.** All communications between Generating Company and Avista shall be done verbally by notifying the following parties:

(a) Pre-Schedule (5:30 a.m. to approximately 1:30 p.m. on normal Business Days):

Avista Pre-Scheduler (509) 495-4911
Alternate Phone Number: (509) 495-4073

Stimson Lumber Manager, Stimson Plummer Sawmill (208) 686-9080
Alternate Phone Number: Regional General Manager
(208) 667-4304

(b) Real-Time Schedule (available 24 hours per day):

Avista Real-Time Scheduler (509) 495-8534

Stimson Lumber Manager, Stimson Plummer Sawmill (208) 686-9080
Alternate Phone Number: Regional General Manager
(208) 667-4304

(c) During normal business hours, all verbal communications relating to interruptions and outages:

Avista System Operator (509) 495-4105
Alternate Phone Number: (509) 495-4934

Stimson Lumber Manager, Stimson Plummer Sawmill (208) 686-9080
Alternate Phone Number: Regional General Manager
(208) 667-4304

(d) Outside of normal business hours (nights, weekends, and holidays), all verbal communications relating to interruptions and outages shall take place between the following personnel:

Avista System Operator (509) 495-4105
Alternate Phone Number: (509) 495-4934

Stimson Lumber Manager, Stimson Plummer Sawmill
Cell phone: (208) 659-4158

Alternate Phone Number: Regional General Manager
Cell phone (208) 659-7289

Either Party may provide written notice to the other Party setting forth different contact numbers.

Exhibit D

Description Of The Facility

Attached

Four States Type FMS 10 pole test switches for the above meter and relay.

One RFL telemetry tone rack with power supply and cards for continuous transmission of instantaneous watts and vars, and hourly transmission of kilowatt-hour quantities.

One fiberglass telephone equipment cabinet with SNC telephone isolation equipment.

Approximately 40' of 2" Schedule 80 PVC conduit for new telephone circuit, trenched, installed and backfilled.

Avista drawing L-31123 is attached (included in Attachment 3) which is an interconnection one line diagram of the metering points and locations.

There are no Terminal Voltage Regulators on this project. The generators follow voltage of the Avista system bus.

Generator-Owned Interconnection Facilities

The generation facility consists of a 6,250 kW, 3600 rpm, 2400 / 4160 Volt, Westinghouse turbine generator unit consisting of an impulse type condensing steam turbine connected to a 5,000 kW, 0.80 p.f. 6,250 kVA, air-cooled generator, with direct connected 125 Volt exciter. The steam generator is a Riley Generating wood fired, traveling grate spreader, stroke type, with capacity of 70,000 lbs./hr. of 750 degree (F) steam at 420 psig.

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