

**AGREEMENT AMONG RTO WEST
AND TRANSMISSION OWNERS TO USE PAYING AGENT**

This Agreement, executed _____, 20____, by and among RTO West, Inc., a nonprofit corporation formed under the laws of the State of Washington (RTO West), the United States of America, Department of Energy, acting by and through the Administrator of the Bonneville Power Administration (Bonneville), PacifiCorp, Idaho Power Company, Montana Power Company, Puget Sound Energy, Inc, Avista Corporation, Sierra Pacific Energy Company, Portland General Electric Company, and Nevada Power Company.

WITNESSETH

WHEREAS, the Transmission Owners (as hereinafter defined) are coordinating the operation of their transmission systems through the use of a regional transmission organization in furtherance of policies, orders and rules of the Federal Energy Regulatory Commission;

WHEREAS, the Transmission Owners desire to provide for an efficient arrangement for the collection of revenues from the combined operations of their transmission systems and to provide the customers of such systems with a common payment facility for the collection of revenues; and

WHEREAS, each Participant desires to assure that notwithstanding the common payment facility, its revenues will be not be diverted or applied to obligations other than its own;

Now, therefore, the parties hereto mutually agree as follows:

1. Definitions

(a) “Customer” means a corporation, firm, partnership, cooperative, association, joint venture, limited liability company, trust, public or governmental body, or other legal person or entity who receives transmission and related service under a Tariff.

(b) “Business Day” means a day other than a weekend day, Washington State holiday, or Federal holiday, on which RTO West is open for commercial business.

(c) “Paying Agent” means one or more entities retained by the Participants whose responsibilities are to receive, hold and distribute funds derived from the coordinated operations of the Transmission Owners respective transmissions system under a Paying Agent Agreement and as provided herein

(d) “Paying Agent Agreement” means one or more agreements among the Paying Agent, the Transmission Owners and RTO West, the terms of which shall provide for the Paying Agent to receive, hold and distribute funds derived from the coordinated

operations of the Transmission Owners' respective transmission systems, as provide herein.

(e) "Tariff" means a tariff, approved by the Federal Energy Regulatory Commission, governing the terms and conditions of transmission and related service by RTO West and one or more Transmission Owners.

(f) "Transmission Owner" means an owner of transmission facilities that has in effect a transmission operating agreement with RTO West and who is or may becomes a party to this Agreement.

2. Exhibits.

Exhibit A is by this reference incorporated herein and made part of this Agreement.

3. Term of Agreement

This Agreement shall be effective upon execution and delivery and except as to accrued obligations and liabilities shall terminate with respect to any party on the earlier of the date that a Party withdraws under this Agreement or the date that a Transmission Owner no longer has in effect a Transmission Operating Agreement with RTO West.

4. Paying Agent Essential

The Parties agree that a Paying Agent is essential to assuring a secure flow of funds to each of them and agree that there shall at all times during the term of this Agreement be a Paying Agent as defined in, and under terms substantially similar to those of, the Paying Agent Agreement, a copy of which is attached as Exhibit A hereto.

5. Appointment of Paying Agent

(a) The Paying Agent shall be appointed upon the written approval of a majority approval of RTO West and the Transmission Owners then having in effect a transmission operating agreement with RTO West.

(b) In the event that a majority approval is not obtained in a reasonable period as reasonably determined by Paying Agent in view of the necessity that a Paying Agent shall at all times be appointed during the term of this Agreement, RTO West shall first attempt in good faith to appoint on behalf of the Transmission Owners a Paying Agent, and, if RTO West reasonably determines that no Paying Agent may be placed under contract in the time necessary, shall itself assume the duties of Paying Agent, in each case on a temporary basis under terms substantially similar to those provided in Exhibit A pending appointment and approval of a permanent Paying Agent.

6. Withdrawal by Transmission Owner

(a) If a Transmission Owner reasonably determines that a Paying Agent Agreement is inadequate for assuring a secure flow to the Transmission Owner of funds and revenues derived from the use of its transmission facilities, the Transmission Owner may withdraw from participation in any Paying Agent Agreement then in effect upon ninety (90)

calendar days' prior written notice to RTO West, the other Transmission Owners, and the Paying Agent.

(b) After receipt by RTO West of written notice by a Transmission Owner of its intention to withdraw from the Paying Agent Agreement, RTO West shall provide all information reasonably necessary, at times reasonably necessary, for the Transmission Owner to bill Customers directly and collect revenues therefrom directly for the use of Transmission Owner's transmission facilities under the then-applicable Tariff, provided, however, that the amounts that the withdrawing Transmission Owner may thereafter bill for the use of Transmission Owner's transmission facilities under the Tariff shall be determined solely by reference to the Tariff and any protocols or agreements then in effect with respect to the withdrawing Transmission Owner for the allocation of revenues among Transmission Owners and RTO West. Notwithstanding any other provision of this Agreement, the withdrawal of a Participant from this Agreement, shall not affect the obligation of any Participant to make transfer or other payments to another Participant under any agreement, including a Paying Agent Agreement.

7. Billing Services

(a) RTO West, on behalf of each Transmission Owner, shall act as a billing agent and shall prepare or cause to be prepared billings for all use of Transmission Owner's transmission facilities to transmit electric energy and provide related services under an applicable Tariff. Such billing service shall include preparing bills for transfer and other payments among Transmission Owners under any applicable agreement providing therefor. RTO West shall prepare and submit such bills to Customers, and Transmission Owners in the case of transfer or other payments between or among Transmission Owners, in the manner and at such times as established in the Tariff.

(b) Simultaneously with the submission of such bills to Customers, RTO West shall provide copies thereof to each Transmission Owner and the Paying Agent under the Paying Agent Agreement.

(c) At Bonneville's written direction, RTO West shall reflect in such billings on behalf of Bonneville the application of monetary billing credits to Customers for their use of Bonneville's transmission facilities. Bonneville shall provide RTO West with information regarding the amount of billing credits to be provided and name of the Customer against whose bills the credits shall be applied. Bonneville shall provide such billing credit information to RTO West not later than five (5) Business Days prior to the date RTO West submits such bills to customers under the Tariff.

(d) Each Transmission Owner agrees that the billings prepared and submitted to Customers by the RTO West on behalf of each Transmission Owner may be combined with other bills for the use of the transmission facilities of other Transmission Owners and for the provision of services by the RTO West, provided, however, that if such billings are combined, RTO West shall separately itemize the billings on behalf of each such party, and, provided further, that, such billings shall provide that RTO West is preparing and submitting bills as an agent of the Transmission Owners in their respective

individual capacities and that revenues paid under the billing shall be the revenue and property of the Transmission Owners and RTO West in their individual capacities, solely in accordance with the terms of the Paying Agent Agreement.

8. Ownership of Funds, Revenues

All amounts paid by a Customer to a Paying Agent on behalf of a Transmission Owner shall at all times be the funds and revenues only of the Transmission Owner on whose behalf the funds were paid, and such funds shall be the revenue and property of such Transmission Owner in its respective individual capacity, solely in accordance with the terms of the Paying Agent Agreement.

To be added if RTO uplift is collected through Paying Agent: [All amounts paid by a Customer to a Paying Agent on behalf of RTO West shall at all times be the funds and revenues only of RTO West and such funds shall be the revenue and property of RTO West in its individual capacity, solely in accordance with the terms of the Paying Agent Agreement.]

9. Notices

Unless otherwise provided herein, all notices or other communications hereunder shall be deemed given when delivered in writing by hand or sent by facsimile transmission, tested telex, or registered mail, postage prepaid, addressed as follows:

If to RTO West:

If to Transmission Owner:

10. Assignment

This Agreement shall inure to the benefit of and be binding upon the respective parties hereto, and their respective successors and assigns. A party may assign this Agreement to another entity upon thirty (30) calendar days' advance written notice to the Agent and all other Participants.

11. Governing Law

This Agreement shall be governed and construed under the laws of the State of Washington, to the extent permitted under Federal law.

12. Counterparts

This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first written above.

PAYING AGENT AGREEMENT

This Agreement, executed _____, 20____, by and among the United States of America, Department of Energy, acting by and through the Administrator of the Bonneville Power Administration (Bonneville), PacifiCorp, Idaho Power Company, Montana Power Company, Puget Sound Energy, Inc., Avista Corporation, Sierra Pacific Power Company, Portland General Electric Company, and Nevada Power Company (the foregoing entities are hereinafter referred to collectively as "Participants"), RTO West, Inc. a nonprofit corporation formed under the laws of the State of Washington (hereinafter referred to as "RTO West," and _____ Bank, (hereinafter referred to as "Agent")

WITNESSETH

WHEREAS, the Transmission Owners (as hereinafter defined) are coordinating the operation of their transmission systems through the use of a regional transmission organization in furtherance of policies, orders and rules of the Federal Energy Regulatory Commission;

WHEREAS, the Transmission Owners desire to provide for an efficient arrangement for the collection of revenues from the combined operations of their transmission systems and to provide the customers of such systems with a common payment facility for the collection of revenues; and

WHEREAS, each Participant desires to assure that notwithstanding the common payment facility, its revenues will be not be diverted or applied to obligations other than its own;

Now, therefore, the parties hereto mutually agree as follows:

1. Definitions

(a) "Business Day" means a day on which Agent is open for commercial business.

(b) "Customer" means a corporation, firm, partnership, cooperative, association, joint venture, limited liability company, trust, public or governmental body, or other legal person or entity who receives transmission and related service under a Tariff.

(b) "Tariff" means a tariff, approved by the Federal Energy Regulatory Commission, governing the terms and conditions of transmission and related service by RTO West and/or one or more Transmission Owners.

2. Exhibits

Exhibits A through F are by this reference incorporated herein and made part of this Agreement. *[NOTE: The exhibits will be prepared after the various allocation protocols, fee structures and related terms are agreed to].*

3. Term of Agreement

This Agreement shall be effective upon execution and delivery and, except as provided in sections 14, 15 and 16, and except as to accrued obligations and liabilities, shall terminate on DATE.

4. Receipt of Funds, Agency Relationship with Participants.

Each Participant hereby appoints the Agent to be the recipient of funds paid by Customers to Agent on the Participant's behalf, subject to the terms hereof. Agent shall receive, hold and disburse funds paid to it under the Tariff solely in the capacity of agent on behalf of each Participant in its respective individual capacity. Agent shall have no right, title, interest, or claim on such revenues except as described herein. Such funds shall be held in trust for the Participants individually as their interests appear in this Agreement.

5. Northwest Transmission Revenue Account.

(a) On or before [DATE], Agent shall establish a trust account, in the name of the Participants, to be designated as the Northwest Transmission Revenue Account, into which the Agent shall deposit all receipts and collections payable in the name of a Participant as provided under the Tariff and a Transmission Operating Agreement between RTO West and a Participant.

(b) Agent shall establish, maintain, and account for the Northwest Transmission Revenue Account separately from all other accounts of Agent or any other person or entity.

The following section would be needed if Paying Agent cannot make same day distributions:

[(c) Agent shall invest the Northwest Transmission Revenue Account in (insert name of money market fund or other overnight money market type fund)].

6. Transfer Payment Net Settlement Accounts

(a) On or before [DATE], Agent shall establish one trust account for, and in the name of, each Participant. Such accounts, to be designated Transmission Lockbox Accounts, shall be used by the Agent to effect net settlements of transfer payments among Participants as provided in Exhibit A (Transfer Payment Clearing Protocol).

(b) Agent shall establish, maintain and account for each such Transmission Lockbox Account separately from the Northwest Transmission Account, and all other accounts of Agent, Participants other than Participant in whose name the Transmission Lockbox Account is established, or any other person or entity. Each such Transmission Lockbox Account shall be held in trust by the Agent in the name of Participant for whom the Lockbox Account was established.

(c) Agent shall invest amounts in the Transmission Lockbox Accounts in [insert name of money market fund or other overnight money market type fund].

7. Distributions

(a) [On the same Business Day] that funds are received into the Northwest Transmission Account, Agent shall make distributions on behalf of each Participant to its Transmission Lockbox Account, solely in accordance with the allocations and directions provided in Exhibit B (Revenues from Company Rates), Exhibit C (Revenues from Non-Exempt Firm Transmission Rights), Exhibit D (Revenues from Non-Exempt RTR), and such other Exhibits as may be agreed to from time to time among the Participants with the consent of the Agent. A Participant may at any time override the foregoing direction to distribute funds to its Transmission Lockbox Account, by providing written notice to the Agent, who shall, upon receipt of such notice, make distributions of the Participant's funds from the Northwest Transmission Account to one or more accounts other than the Participant's Transmission Lockbox Account designated in writing by the Participant.

(b) Distributions to Participants from funds received into the Northwest Transmission Account under Exhibit C (Revenues from Non-Exempt Firm Transmission Rights), and Exhibit D (Revenues from Non-Exempt RTR) shall be made simultaneously among all Participants.

(c) Upon periodic net settlement of transfer payments as provided in Exhibit A (Transfer Payment Clearing Protocol), Agent shall make distributions of remaining amounts from the Transmission Lockbox Accounts by electronic transfer to the accounts or accounts specified from time to time by the respective Participant.

8. Interest Earnings

(a) Agent shall transfer any interest earnings on amounts in the Lockboxes to the accounts or accounts specified by each Participant in writing to Agent.

The following section would be needed only if the Paying Agent could not agree to make same day transfers out of the Northwest Transmission Revenue Account:

[(b) Interest earnings on amounts in the Northwest Transmission Revenue Account shall be allocated to each Participant in the proportion that its respective claim to the funds earning interest bears to the sum of all of the claims of all Participants to the funds earning interest. Agent shall distribute interest earnings to Participants on or before the last calendar day of each calendar month by electronic transfer to the accounts or accounts specified by each Participant in writing to Agent.]

9. Notice of Nonpayment

Agent shall immediately notify each Participant in writing of any non-payment, late payment or partial payment by a Customer of amounts due and owing under the Tariff. In determining whether to provide notice of non-payment, late payment or partial payment, Agent shall refer to, and may conclusively rely on, the most recent copy then

received from RTO West of billings of amounts due and owing under the Tariff by a Customer.

10. Allocation and Distribution of Partial Payments

In the event of a partial payment by a Customer of a billing under the Tariff, Agent shall distribute to the Participants the funds received from such Customer proportionately in the ratio that each Participant's interest in payment bears to the sum of all amounts shown on the billing as due and payable to all Participants, provided, however, that, in the event a Customer disputes a billing with one or more named Participants and notifies the Agent in writing that specific amounts withheld are due to a dispute with such named Participant or Participants, Agent shall allocate any shortfall to the Participant or Participants so named by Customer. In the event that such a dispute is later resolved and Customer is required to pay or pays amounts in resolution of the dispute, the Participant to whom such a shortfall is allocated is (or, as the case may be, the Participants whom the shortfall are allocated are) entitled to any payments by Customer in respect of such resolution.

11. Records

Agent agrees to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection and audit by any Participant.

12. Authorization

Agent is hereby authorized and directed to honor its obligation under and in compliance with this Agreement without regard to, and without any duty on its part to inquire into (i) any disputes or controversies between or among the Participants, and (ii) the respective rights, duties, or liabilities of the Participants. Each Participant agrees that the Agent's sole obligations to the Participant shall be limited to honoring the Agent's honoring the obligations under and compliance with the terms of the Agreement.

13. No Right of Participants to Revenues or Funds of Another Participant.

Each Participant agrees that it has no claim on, right to or interest in, any funds received, held, or disbursed by Paying Agent except to the extent that such revenues may be allocated and distributed to such Participant as provided herein.

14. Withdrawal and Transfer of Agreement by Participant

(a) Participant may withdraw from this Agreement on not less than ninety (90) calendar days' advance written notice of such withdrawal to the Agent and all other Participants.

(b) This Agreement shall inure to the benefit of and be binding upon the Agent and the Participants and their respective successors and assigns. A Participant may assign this Agreement to another party upon thirty (30) calendar days' advance written notice to the Agent and all other Participants.

(c) Notwithstanding any other provision of this Agreement, the withdrawal of a Participant as provided herein, shall not affect the obligation of any Participant to make transfer payments to another Participant under any Exhibit A.

15. Termination and Assignment of Agreement by Agent

(a) Agent may terminate this Agreement only upon ninety (90) calendar days' prior written notice to each Participant.

(b) Agent may transfer or assign this Agreement only upon receiving the written consent of each Participant, whose consent shall not be unreasonably withheld.

16. Removal of Agent; Appointment of Successor Agent

The Agent may be removed at any time immediately upon delivery thereto of an instrument signed by a majority of the Participants.

17. Amendment

This Agreement may not be amended except by a writing signed by each of the parties hereto.

18. Liability of Agent, Agent Indemnified and Held Harmless *(Will depend on negotiations with Bank)*

(a) Agent shall incur no liability to a Participant or any other person for its actions as Agent pursuant to the terms of this Agreement except for its willful misconduct or negligence. In making distributions under this Agreement, Agent shall not be liable for any error made in good faith.

(b) The Participants agree to indemnify and hold Agent harmless from any liability in its administration of the duties hereunder, apart from liability arising from the willful misconduct or negligence of Agent; provided however, that, in the event that Agent is to be indemnified or held harmless hereunder, each Participant shall be obligated to pay only its share of the indemnification of the Agent and the expense of holding Agent harmless from liability, in accordance with the allocations in Exhibit E (Proportionate Participant Responsibility). Agent acknowledges that the obligation of a Participant under this section is individual as to such Participant as determined in accordance with Exhibit E (Proportionate Participant Responsibility), and is the several but not the joint responsibility of the Participants.

19. Fees of Agent *(Will depend on negotiation with Bank)*

(a) As compensation for the Agent's service hereunder, each Participant shall pay for its respective share of the Agent's fees, in accordance with the schedule in Exhibit F (Paying Agent Fee Schedule). Agent shall prepare and submit separate written bills to each Participant for the Participant's respective share of the Agent's monthly fees only after the completion of the calendar month for which Agent renders service.

(b) Each Participant shall be obligated only to pay the share of Agent's fees as determined in accordance with Exhibit E (Proportionate Participant Responsibility) and

Agent acknowledges that its fees are the several but not the joint responsibility of the Participants.

20. Notices

Unless otherwise provided herein, all notices or other communications hereunder shall be deemed given when delivered in writing by hand or sent by facsimile transmission, tested telex, or registered mail, postage prepaid, addressed as follows:

If to Agent:

If to Transmission Owner:

21. Governing Law

This Agreement shall be governed and construed under the laws of the State of New York, to the extent permitted under Federal law.

22. Counterparts

This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first written above.