

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

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All provisions are subject to change.

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; NorthWestern Energy, L.L.C.; Puget Sound Energy, Inc.; Avista Corporation; Sierra Pacific Energy Company; Portland General Electric Company; Nevada Power Company; and [full list of other applicable entities to be named later] (the foregoing entities are referred to herein in their collective capacities as Parties or Participants and in their individual capacities as Party or Participant).

WITNESSETH

WHEREAS, the Transmission Owners (as hereinafter defined) are coordinating the operation of their transmission systems through the use of RTO West, 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 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 other than a weekend day, Washington state holiday, or federal holiday on which RTO West is open for commercial business.

(b) “Company Rate” means a load-based access charge for transmission service as provided in the Transmission Operation Agreement.

(c) “Customer” means a corporation, firm, partnership, cooperative, association, joint venture, limited liability company, trust, public or governmental body,

or other legal person or entity, other than a Transmission Owner or a Scheduling Coordinator, who receives transmission and related service under a Tariff.

(d) “Paying Agent” means one or more entities retained by the Participants pursuant to this Agreement and whose responsibilities are to receive, hold, and distribute funds derived from the coordinated operations of the Transmission Owners’ respective transmission systems under a Paying Agent Agreement.

(e) “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 provided herein, and from Scheduling Coordinators as provided in the Transmission Operation Agreement.

(f) “Scheduling Coordinator” means an RTO West-certified scheduling coordinator, as defined in the RTO West Tariff;

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

(h) “Transfer Charge” means a charge between Transmission Owners for transmission service relating to transmission contracts converted to RTO service, as provided in the Transmission Operating Agreement.

(i) “Transmission Access Charge” means [DEFINITION TO BE DEVELOPED]

(j) “Transmission Operating Agreement” means that agreement dated [DATE] among the Transmission Owners pursuant to which the Transmission Owners have agreed, among other things, to the joint operation of their respective transmission facilities by RTO West, as such Agreement may from time to time be amended.

(k) “Transmission Owner” means an owner of transmission facilities that has in effect a Transmission Operating Agreement with RTO West and who is or after the effective date of this Agreement becomes a Party to this Agreement.

(l) “Transmission Use Access Charge” (“TUAC” or “TRF”) means a charge for the provision of access to the RTO West-controlled transmission grid that is based on the right to schedule electric power between any pair or pairs of injection and withdrawal points, as provided in the Transmission Operating 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 the Transmission Owner no longer has in effect a Transmission Operating Agreement with RTO West.

4. Paying Agent Essential.

The Participants agree that a Paying Agent is essential to ensure 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 [degree of consent, whether by majority, unanimity, or other standard, is yet to be determined] RTO West and the Transmission Owners then having in effect a Transmission Operating Agreement with RTO West.

(b) If a majority approval is not obtained in a reasonable period as determined by RTO West 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 to appoint a Paying Agent on behalf of the Transmission Owners. If RTO West determines that no Paying Agent may be placed under contract in the time necessary, RTO West itself shall 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 to ensure a secure flow to the Transmission Owner of its 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 the Participants 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 Transmission Owner 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 a Transmission Owner's transmission facilities to transmit electric energy and provide related services under an applicable Tariff. Such billings shall include, without limitation, a Transmission Access Charge, a TUAC (TRF), a Transfer Payment, amounts due from Scheduling Coordinators, payments with respect to Company Rates, and such other charges and payments as from time to time may be derived from use of a Transmission Owner's transmission facilities to transmit electric energy and provide related services under an applicable Tariff.

(b) RTO shall prepare and submit such billings to respective obligors (including, without limitation, RTO West, a Scheduling Coordinator, a Transmission Owner, or a Customer) in the manner and at such times as provided in an applicable Tariff.

(c) Simultaneously with the submission of such billings, RTO West shall provide copies thereof to each Transmission Owner and Paying Agent.

(d) At a Transmission Owner's written direction, RTO West shall reflect in such billings on behalf of the Transmission Owner the application of monetary billing credits to Customers or others for their use of the Transmission Owner's transmission facilities. With regard to Bonneville, such billings by RTO West shall reflect net billing credits that Bonneville is required to provide to named Net Billing Participants as set forth in Net Billing Agreements providing for the purchase by Bonneville of electric project capability from certain nuclear generation. The Transmission Owner shall provide RTO West with information regarding the amount of billing credits to be provided and the name of the Customer or other against whose bills the credits shall be applied. The Transmission Owner shall provide such billing credit

information to RTO West not later than five (5) Business Days before the date RTO West submits such bills to customers under the Tariff.

(e) Each Transmission Owner agrees that the billings prepared and submitted by the RTO West on behalf of each Transmission Owner may be combined with other billings for the use of the transmission facilities of other Transmission Owners, for the fees and charges of Scheduling Coordinators, and for the provision of services by RTO West or other entities, in each case as provided under an applicable Tariff; provided, however, that if such billings are combined, RTO West shall separately itemize the billings on the basis of the entity on whose behalf payment is due and by the service or benefit provided, and, provided further, that, such billings shall provide that RTO West is preparing and submitting bills as an agent of the Transmission Owners, Scheduling Coordinators, or other entities in their respective individual capacities and that revenues paid under the billings shall be the revenue and property of the Transmission Owners, Scheduling Coordinators, RTO West, or other entities in their respective individual capacities solely in accordance with the terms of the Paying Agent Agreement.

8. Ownership of Funds and Revenues.

(a) All amounts paid 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.

(b) All amounts paid 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 Paying 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.

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

SAMPLE FORM OF 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; NorthWestern Energy, L.L.C.; Puget Sound Energy, Inc.; Avista Corporation; Sierra Pacific Power Company; Portland General Electric Company; Nevada Power Company; [full list of applicable entities to be named later]; 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 RTO West, 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 of the Transmission Owners and RTO West desires to assure that notwithstanding the common payment facility, its revenues will not be diverted or applied to obligations other than its own;

Now, therefore, the parties 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 has a payment obligation to a Participant with respect to the provision of transmission service through RTO West-controlled transmission facilities. The term “Customer” may include RTO West, a Transmission Owner, a Scheduling Coordinator, or other entity that is a Participant.

(c) “Participant” means RTO West, a Transmission Owner, a Scheduling Coordinator, or another entity that becomes party to this Agreement and receives payment through Agent.

(d) “Scheduling Coordinator” means an RTO West-certified scheduling coordinator as defined in the RTO West Tariff.

(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/or one or more Transmission Owners.

(f) “Transmission Operating Agreement” means that agreement dated [DATE] among the Transmission Owners pursuant to which the Transmission Owners have agreed, among other things, to the joint operation of their respective transmission facilities by RTO West, as such agreement may from time to time be amended.

(g) “Transmission Owner” means an owner of transmission facilities as defined in the Transmission Operating Agreement.

2. Exhibits.

Exhibits A through G 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, payment responsibilities, and related terms are agreed to. Some of the Exhibits will relate to payments with respect to Ancillary Service, Scheduling Coordinators, Company Rates, TUAC (TRF), Transmission Access Charges, RTO Uplift, and any other fees or charges that are to pass through the Paying Agent. It is anticipated that Scheduling Coordinators will be required to participate in the Paying Agent Agreement.]*

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 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 Agent shall deposit all receipts and collections payable in the name of a Participant as provided under a Tariff, a Transmission Operating Agreement between RTO West and a Transmission Owner, or an agreement between RTO West and a Scheduling Coordinator under which the Scheduling Coordinator will perform scheduling coordination services.

(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 will 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 Agent to effect net settlements of payments among Participants as provided in Exhibit A (Transfer Payment Clearing Protocol, which will be drafted when the protocol is agreed to).

(b) Agent shall establish, maintain, and account for each such Transmission Lockbox Account separately from the Northwest Transmission Revenue Account, from all other accounts of Agent, from any account of any Participants other than a Participant in whose name the Transmission Lockbox Account is established, and from any accounts of any other person or entity. Each such Transmission Lockbox Account shall be held in trust by Agent in the name of the 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 Revenue 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), Exhibit E (Revenues from TUAC (TRF)) and such other Exhibits as may be agreed to from time to time among the Participants with the consent of Agent. A Participant may at any time override the foregoing direction to distribute funds to its Transmission Lockbox Account, by providing written notice to Agent, who, upon receipt of such notice, shall make distributions of the Participant's funds from the Northwest Transmission Revenue Account to one or more accounts other than the Participant's Transmission Lockbox Account as designated in writing to Agent 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), Exhibit D (Revenues from Non-Exempt RTR) and Exhibit E (Revenues from TUAC (TRF)) 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 Transmission Lockbox Accounts to the accounts or accounts specified by the related Participant in writing to Agent.

The following section will be needed only if the Paying Agent cannot 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 nonpayment, late payment, or partial payment by a Customer of amounts due and owing under the Tariff. In determining whether to provide notice of nonpayment, 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 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. If 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 to whom the shortfall is 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 Agent's sole obligations to the Participant shall be limited to honoring Agent's obligations under and compliance with the terms of the Agreement.

13. No Right of Participants to Revenues or Funds of Another Participant; Net Billing Participant Payments.

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

(b) Each Participant agrees that the operation of this Agreement shall not interfere with the operation of Net Billing Agreements (i) among Bonneville, the City of Eugene Water and Electric Board and named Net Billing Participants and between Bonneville and the City of Eugene Water and Electric Board, in each case relating to the Trojan Nuclear Project, and (ii) among Bonneville, Energy Northwest and named Net Billing Participants relating to Energy Northwest's interests in Washington Nuclear Project No. 1, Washington Nuclear Project No. 3 and the Columbia

Generating Station (previously, Washington Nuclear Project No. 2). Each Participant agrees that a Net Billing Participant shall not be obligated to pay amounts to Paying Agent on behalf of Bonneville to the extent that credits are to be provided by Bonneville under the Net Billing Agreements.

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 Agent and all other Participants.

(b) This Agreement shall inure to the benefit of and be binding upon 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 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.

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, if Agent is to be indemnified or held harmless hereunder, each Participant shall be obligated to pay only its share of the indemnification of Agent and the expense of holding Agent harmless from liability, in accordance with the allocations in Exhibit F (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 F (Proportionate Participant Responsibility) and is the several but not the joint responsibility of the Participants.

(c) The Participants agree that a Customer shall not bear risk of loss for any payment made to the Paying Agent and shall not bear any penalty for late payment, in the event that the Paying Agent fails to make full or timely distributions of amounts derived from such payment, as provided in this Agreement.

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

(a) As compensation for Agent's service hereunder, each Participant shall pay for its respective share of Agent's fees, in accordance with the schedule in Exhibit G (Paying Agent Fee Schedule). Agent shall prepare and submit separate written bills to each Participant for the Participant's respective share of 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 F (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 [to be determined later], 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.