

COOPERATIVE AGREEMENT

THIS AGREEMENT is entered into by and between Avista Corporation, a corporation organized under the laws of the State of Washington (hereinafter referred to as "AVISTA") and The State of Washington, Department of Natural Resources (hereinafter referred to as the "DNR"), hereinafter sometimes hereinafter referred to individually, as a "Party", and collectively, as the "Parties", for the express purpose set forth in the following provisions of this Agreement.

RECITAL

IT IS THE PURPOSE OF THIS AGREEMENT TO: Define the scope of AVISTA's and DNR's responsibilities as they relate to the partial funding to the DNR for the operation and maintenance of the Long Lake Campground (hereinafter referred to as the "Recreation Area") in Section 16, Township 27 North, Range 40 East, W.M. The funding shall be used by DNR to contract with a security company, contract with a paid host, hire seasonal staff, and purchase supplies and equipment, as needed, for operating and maintaining the Recreation Area.

NOW THEREFORE, in consideration of the above, the Parties agree to the following:

A. Definitions

1. "Security Company" shall mean the company contracted by DNR to provide security at the Recreation Area.
2. "Host" shall mean the company/firm/individual contracted by DNR to provide support for DNR activities.
3. "Seasonal Staff" shall mean seasonal employees, hired by DNR, who are assigned to work at the Recreation Area and/or the North shore Campsites.
4. "Supplies and Equipment" shall mean those items deemed necessary by DNR to be used in the performance of this and any subsequent agreement with third parties.
5. "Recreation Season" shall mean the period of time that the Recreation Area is open to the public, typically starting on May 1 and ending on October 30 each year.

B. It is Mutually Agreed That:

AVISTA shall:

1. Provide funding, not to exceed Twenty-Five Thousand Dollars (\$25,000.00), for the services listed above, for the Recreation Season.
2. Provide written notification to DNR, at AVISTA's sole discretion, of any extension of the Recreation Season, within thirty (30) days of the effective date.

DNR shall:

1. Provide security at the Recreation Area during the following times:
Fridays 1700 – 2400 hours (7 hours)
Saturdays 1000 – 2400 hours (14 hours)
Sundays 1000 – 2000 hours (10 hours)
2. Provide such security during the following time period:
Start Date: May 1, 2003
End Date: September 30, 2003
3. Provide such security on holidays as follows:
Memorial Day 1000 – 2400 hours (14 hours)
July 4th 1000 – 2400 hours (14 hours)
Labor Day 1000 – 2400 hours (14 hours)
4. Provide AVISTA with copies of all invoices paid to the security services company.
5. Provide AVISTA with copies of expenses paid to the host as compensation for services provided for work performed at the Recreation Area.
6. Provide AVISTA with a copy of expenses for supplies and equipment needed to maintain the Recreation Area.
7. Not exceed the total funding allowed under this Agreement, as described above.
8. Not invoice AVISTA for more than Five Thousand Dollars (\$5,000.00) for seasonal staff during the Recreation Season.
9. Upon written notification from AVISTA of an extension of the Recreation Season, provide a cost estimate for the increase in services for such extended Recreation Season, for AVISTA's approval.
10. Provide a scope of work for duties that the host will perform and ensure compliance, prior to the beginning of the Recreation Season. Such scope of work is attached hereto and incorporated herein as "Attachment A".
11. Provide all water, telephone with local service, electric service, and septic hookup at no charge to the host.
12. Maintain the fences, gates and all locks at the Recreation Area.
13. Ensure that the host's duties include a visit every two (2) to three (3) days to the AVISTA North Shore Camp Sites. Such duties shall be as outlined in Attachment A.

C. Special Terms and Conditions

1. Period of Performance: This Agreement shall become effective on the date of execution, and shall remain in full force and effect until March 31, 2004, unless terminated sooner by either Party, as provided herein.
2. Subsequent Terms: The term of this Agreement may be extended by AVISTA's Project Coordinator for additional one (1) year periods; provided that the extensions shall be at the option of AVISTA and shall be effected by AVISTA giving written notice of its intent to extend this Agreement with DNR, not less than thirty (30) calendar days prior to the expiration of the then current Agreement term, and DNR accepting such extension prior to the expiration of the then current Agreement term. The total term of this Agreement shall not extend beyond March 31, 2007. No change in terms and conditions, including increased rates, shall be permitted during these extensions unless mutually agreed to by both Parties and specified in an amendment to this Agreement.
3. Payment:
 - a. Amount of Payment. Total payment, including expenses payable to DNR for satisfactory performance of the work under this Agreement shall not exceed the funding described above. Invoices sent to AVISTA by DNR for services rendered shall be based on the following rates, or in accordance with the following terms:
 - (1) Security. Security costs are expected to be approximately \$12.50 per hour, plus mileage, if required. Such costs may increase over the term of this Agreement. The proposed days and hours of work shall be as described above. Security work shall include crowd control and safety compliance in the parking areas and gate access/control.
 - (2) Host. DNR will advertise for a paid host who will reside at the Recreation Area at a site provided by DNR. It is agreed that the contract amount shall not exceed One Thousand Five Hundred Dollars (\$1,500.00) per month.
 - (3) Seasonal Staff. DNR's seasonal staff requirements shall be limited to an amount not to exceed Five Thousand Dollars (\$5,000.00).
 - (4) Supplies and Equipment. Cost of materials needed to support the host and the security staff, which may be purchased throughout the year for use at the Recreation Area.
 - b. Time of Payment. Payment for performed shall be made in accordance with the following:
 - (1) AVISTA shall provide timely payment to DNR upon receipt of invoice vouchers submitted to AVISTA by DNR. Payment shall be considered timely if made by

AVISTA within thirty (30) days after receipt of properly completed invoice vouchers.

- (2) Payment shall be sent to the Northeast Region Office, S. 25 Silke Road, PO Box 190, Colville, WA 99114-0190.
- c. Method of Payment. Payment for services rendered shall be due upon submittal of properly completed invoice vouchers. Requests for payment under this Agreement shall be submitted by DNR to AVISTA on invoice vouchers prepared in the manner prescribed by AVISTA. Such vouchers shall include such information as is necessary for AVISTA to determine the exact nature of all expenditures and shall identify all personnel for whom payment is sought, the amount of hours each individual worked, and the rate of payment for each. The rate of payment for each of the security personnel, host, or seasonal staff shall not exceed the amount described herein. Each voucher will clearly indicate that it is for the services rendered in performance under the Agreement. Requests for payment shall be submitted to AVISTA's Project Coordinator.

D. General Terms and Conditions

1. Identification: The Agreement number must appear on all documents, correspondence, invoices and all other written material submitted or prepared in conjunction with this Agreement.
2. Close-Out: The DNR will submit all requests for reimbursement for work performed under this Agreement to AVISTA so that such requests are received no later than thirty (30) day following the termination of this Agreement.
3. Non-Discrimination: During the performance of this Agreement, DNR shall comply with all Federal and State non-discrimination laws, regulations and policies.
4. Assignability: This Agreement and any claim arising under this Agreement are not assignable or delegable by DNR, either in whole or in part.
5. Subcontracting: AVISTA agrees to permit DNR to subcontract out any and all work specified in this Agreement.
6. Changes: By mutual agreement, changes may be made to this Agreement by written amendment only. Under this provision, no additional work shall be commenced nor any payment rendered for any work or services to be performed in connection with this Agreement until an amendment has been signed by both Parties.
7. Disputes: When a dispute arises concerning this Agreement between the Parties, and the Parties are not able to resolve such dispute by mutual agreement, each Party shall designate an arbitrator, and those two (2) arbitrators shall appoint a third arbitrator to comprise the panel to resolve the dispute. The panel will render a decision on the dispute, and both Parties agree to be bound by the determination of the panel of arbitrators.

8. Termination: Either Party may terminate this Agreement by giving written notice to the other Party, at the address noted in Section E below, of such termination and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination.
9. Indemnification: The Parties each agree, to the extent permitted by law, to defend, protect, save and hold harmless, the other Party, its officers, agents and employees from any and all claims, costs, damages and expenses suffered due to each Party's own actions or those of its agents or employees in the performance of this Agreement. Neither Party shall be liable for the acts and conduct of the other Party.
10. Governing Law: This Agreement shall be governed by the laws of the State of Washington. In the event of an inconsistency in this Agreement, unless otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order:
 - a. Applicable Federal and State statutes and regulations;
 - b. The terms and conditions of the Federal Energy Regulatory Commission ("FERC") license issued to AVISTA under the Federal Power Act.
11. Jurisdiction/Venue: This Agreement shall be construed and interpreted under the laws of the State of Washington and the venue of any action brought under this Agreement shall be in the Superior Court for Stevens County. AVISTA, by execution of this Agreement, acknowledges the jurisdiction of the courts of the State of Washington in this matter.
12. Entire Contract: This Agreement contains all covenants, stipulations and provisions agreed by both Parties. No agent or representative of either Party has authority to make, and the Parties shall not be bound by or be liable for, any statement, representation, promise or agreement not set forth herein, except for extension of the completion date. No changes, amendments or modifications of the terms hereof shall be valid unless reduced to writing and signed by the Parties as an amendment to this Agreement.
13. Severability: If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, and to this end, the provisions of this Agreement are declared to be severable.
14. Independent Relationship: This is an agreement to provide funding to DNR to facilitate recreational activities at the Recreation Area. AVISTA and DNR are independent contracting parties. Neither Party, nor any subcontractor of DNR, is authorized to act as an agent, employee or representative of the other Party for any purpose.
15. Recreational Use Statute: The Recreation Area is made available for use of the public subject to the provisions of RCW Sections 4.24.200 and 4.24.210. DNR shall take

whatever action it may deem appropriate to identify any dangerous, artificial, latent conditions at the site and shall post such warning signs as it may deem appropriate.

16. Insurance: If DNR subcontracts out the work as provided in Section D.5, DNR shall require such contractor to provide such liability insurance coverage as DNR may deem appropriate and shall require that such insurance coverage include DNR and AVISTA as additional insureds. Such subcontract shall also expressly provide that the subcontractor shall release and waive claims against DNR and AVISTA and shall indemnify DNR and AVISTA for all claims made by employees of the subcontractor, including claims for compensation paid under Title 51 RCW, arising out of the work performed with respect to the Recreation Area.

E. Project Coordinators:

1. For AVISTA:

Elvin "Speed" Fitzhugh (509) 495-4998
Avista Corporation
PO Box 3727 MSC-1
Spokane, WA 99220

2. For DNR:

Andrew Stenbeck (509) 684-7474
Department of Natural Resources
PO Box 190
Colville, WA 99114-0190

Avista Corporation



(Signature)

Robert D. Anderson

(Printed Name)

Director, Environmental Affairs

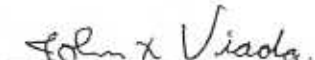
(Title)

3/4/03

(Date)

State of Washington

Department of Natural Resources



(Signature)

John X Viada

(Printed Name)

Northeast Region Manager

(Title)

February 28, 2003

(Date)

"Attachment A"
Washington State Department of Natural Resources
Northeast Region – Arcadia District

Campground Host – Scope of Work

PURPOSE:

To provide a positive, helpful and informative presence in recreational areas under the supervision of the Washington State Department of Natural Resources, Northeast Region – Arcadia District ("Recreation Area(s)"), and to monitor campground and Recreation Area activities to ensure welfare of campers and campground facilities.

A. DURATION AND WORK SCHEDULE:

1. Host shall commence duties on May ___, 200_, and terminate duties on September ___, 200_ ("Recreation Season"). Upon approval from DNR, Host may reside at the host campsite for a longer duration, but will only be reimbursed for the period stated above.
2. Host shall have _____ and _____ off each week during the Recreation Season, except that Host shall perform the Gate Responsibilities described in Section D below every day during the Recreation Season.

B. HOST DUTIES – LONG LAKE CAMPGROUND:

1. Host shall hand out maps and provide campground and Recreation Area rule information to campers and visitors, and review rules with patrons.
2. Host shall answer visitor questions and provide information about local services and attractions.
3. Host shall help campers and visitors contact emergency services, as needed.
4. Host shall distribute miscellaneous literature when necessary, including, but not limited to fire prevention materials.
5. Host shall patrol campground and Recreation Area at least three (3) times during the day, and two (2) time in the evening.
6. Host shall log camper and visitor information using dashboard survey forms, self-registration forms and campground ledgers.
7. Host shall report maintenance needs and problems to DNR staff.
8. Host shall report vandalism and/or rule violations to DNR staff immediately; document incidents as requested by DNR staff; report vandalism and illegal behavior to local law enforcement agency as well as DNR staff.

C. HOST DUTIES – AVISTA CORP. NORTH SHORE CAMPSITES:

1. Host shall patrol the campsites at least two (2) days during the week. Such patrol visits may be made two (2) times a day on two (2) different days, or four (4) times on different days each week.

2. Host shall record users and turn in an annual report to Avista at the end of the Recreational Season.
3. Host shall note any vandalism and report such vandalism to the appropriate Avista representative.
4. Host shall pick up litter during each visit.

D. GATE RESPONSIBILITIES: Host shall open gates at 6:00 a.m. and close gates at 10:00 p.m. daily. In addition, Host shall tend gates during emergency situations, if and as needed.

E. LITTER PATROL:

1. Host shall patrol for litter in campground and recreation areas; pick up and dispose of litter in a safe manner; place bagged litter in dumpster.
2. DNR shall provide training and tools for safe litter pick up.
3. Host shall clean out campfire pits and barbecue grills at least once a week, and dispose of ash and garbage from pits and grills in dumpster after ensuring that the coals have been completely extinguished.

F. CAMPGROUND MAINTENANCE:

1. Host shall report campground and recreation area maintenance needs to DNR staff.
2. Host shall post hazardous situations and contact DNR staff immediately.
3. Host shall inspect sprinkler operation, daily, to ensure proper sprinkler function and lawn watering, and report problems or needed repairs to campground coordinator.

G. HOST SITE MAINTENANCE:

1. Host shall keep host site clean and acceptable.
2. Host site shall be free of litter.
3. Only operable vehicles shall be allowed at host site.
4. Host shall keep pet(s) on a leash or confined in a kennel, and clean up after pet(s).
5. Host shall water the lawn.
6. DNR shall mow and fertilize lawn.

H. EQUIPMENT / MATERIAL / RESOURCES

1. DNR shall provide:
 - a. Fenced host site with water, electricity, septic system, telephone line and associated costs for non-personal calls.
 - b. Tools for trash pick up and host site maintenance.
 - c. Supplies required to perform duties listed herein.
 - d. Campground Host identification materials (hats, name tags, etc.).

- e. Training and information related to Host duties, emergency and safety procedures.
 - f. Payment for performance of duties listed in herein.
2. Host shall provide:
- a. Motor home, camper or travel trailer suitable for living quarters and acceptable to DNR.
 - b. Personal transportation vehicle and valid driver's license.
 - c. Washington State minimum vehicle liability insurance.
 - d. Telephone and telephone card for personal long distance calls.
 - e. Maintenance of Host site as described in Section G above.

I. SAFETY REQUIREMENTS:

- 1. Host shall have a current First Aid and CPR certification. DNR shall offer First Aid and CPR Training, if needed.
- 2. Host shall have a current driver's license.
- 3. Host shall provide proof of auto liability insurance.
- 4. Host shall have a safe driving record.
- 5. DNR shall perform a criminal records background check, or ensure that such background check has been performed.
- 6. Host shall provide professional personal references.
- 7. Host shall have acceptable communication skills to avoid possible confrontational situations.
- 8. Host shall have knowledge or experience in security work.

J. EXPECTATIONS:

- 1. Host shall avoid confrontational situations and request DNR and/or local law enforcement response.
- 2. Host shall report emergencies to the appropriate authorities.
- 3. Host shall perform Campground Host duties in a friendly and professional manner.
- 4. Host shall complete volunteer registration.
- 5. Host shall accurately report volunteer hours each month.
- 6. Host shall maintain agreed-upon hours of service.
- 7. Host shall follow all legal and recommended safety requirements.
- 8. Host shall maintain and keep Campground Host site clean and respectable.

I have read and agree to comply with the Campground Host requirements listed herein.

Host Name: _____ Host Signature: _____

Date: _____

Host Name: _____ Host Signature: _____

Date: _____

Coordinator Name: _____

Coordinator Signature: _____

Date: _____

Avista Utilities
1411 East Mission PO Box 3727
Spokane, Washington 99220-3727
Telephone 509-489-0500
Toll Free 800-727-9170
Facsimile 509-495-8734



February 21, 2003

Andrew Stenbeck
Department of Natural Resources
225 South Silke Road
P.O. Box 190
Colville, Washington 99114-0190

RE: Extension of the Long Lake Campground Recreation Site Cooperative Agreement between Avista Corp. (No. R-17262) and Washington Department of Natural Resources (No. V*97-112).

Dear Andrew:

In 2002, Avista Corp. and Washington Department of Natural Resources (DNR) entered into a five-year cooperative agreement to fund the annual operation and maintenance at the DNR's Long Lake Recreation Site and Avista's two north shore campsites. The agreement is the funding mechanism through which Avista contributes up to \$25,000 annually to DNR to operate and maintain the recreation sites.

The five-year agreement requires annual renewals by Avista Corp and DNR. Through this letter, we are requesting renewal of our agreement through March 31, 2004.

Per our conversation on February 18, 2003, Avista has amended the agreement to allow additional funding for DNR seasonal staff. We also have taken the liberty to correct a number of inconsistencies, primarily site and contact names, throughout the document.

If you have any questions about the renewal or amendment, please feel free to contact me at 509-495-4998. Otherwise, please have both copies of this letter signed by the appropriate person, indicating DNR approves the terms of the agreement as it is amended. Please return both letters to me for Avista's signature and I will then return one original to you for your files.

Sincerely,

Speed Fitzhugh

Avista Corporation

State of Washington
Department of Natural Resources

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Avista Corp.
1411 East Mission PO Box 3727
Spokane, Washington 99220-3727
Telephone 509-489-0500



March 5, 2003

Andrew Stenbeck
Department of Natural Resources
PO Box 190
Colville, WA 99114-0190

**RE: Cooperative Agreement
Avista Contract No. R-20103**

Dear Andrew:

Enclosed for your records is an original of the Cooperative Agreement between Avista and the Department of Natural Resources for the operation and maintenance of the Long Lake Campground.

If you have any questions please do not hesitate to contact me at (509) 495-4481.

Again, we are looking forward to working with you in this endeavor.

Sincerely,

A handwritten signature in cursive script that reads "Ceil A. Orr".

Ceil A. Orr
Corporate Contract Services

Enclosure

cc: Speed Fitzhugh
Contract File