

POWER PURCHASE AGREEMENT

BETWEEN

CLARK FORK HYDRO, LLC

AND

AVISTA CORPORATION

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This Power Purchase Agreement ("Agreement") with an Effective Date as provided in Section 5.1 below is made by and between Avista Corporation, a Washington corporation ("Avista"), and Clark Fork Hydro LLC, an Idaho limited liability 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 continue to operate a 250 kW electric generating unit(s) ("Facility") at Clark Fork, Idaho; and

WHEREAS, Project Developer has obtained all necessary rights and authorities to own and operate the Facility; and

WHEREAS, Project Developer 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 December 31, 2017; and

WHEREAS, Project Developer and Avista desire to enter into this Agreement under which Avista will continue to purchase the output of the Facility pursuant to the terms of this Agreement for the Term; and

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

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; and

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

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; and

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 "Effective Date" shall have the meaning provided in Section 5.1.
- 1.5 Reserved
- 1.6 "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).
- 1.7 "Facility Service Power" means the electric power used by the Facility during its operation, including, but not necessarily limited to pumping, generator excitation, cooling or otherwise related to the production of electricity by the Facility.
- 1.8 "FERC" means the Federal Energy Regulatory Commission.
- 1.9 "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.
- 1.10 "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.
- 1.11 "Interconnection Facilities" means all facilities required to interconnect the Facility for delivery of Net Delivered Output to the Avista transmission or distribution 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.
- 1.12 "IPUC" means the Idaho Public Utilities Commission or its successor.
- 1.13 "MW" means megawatt. One thousand kilowatts equals one megawatt.
- 1.14 "Market Energy Cost" means eighty-five percent (85%) of the weighted average of the daily Intercontinental Exchange ("ICE") daily On- and Off-Peak Firm Index prices for electricity at the Mid-Columbia hub ("Mid-C"), or its successor, or as agreed to by the parties where no successor exists.
- 1.15 "Net Delivered Output" means all electric energy generated by the Facility, net of Facility Service Power.

1.16 "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.

1.17 "Off-Peak" means all hours other than On-Peak hours.

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

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

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

1.21 "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.

1.22 "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.

1.23 "Term" means the period commencing on the Effective Date and terminating on December 31, 2037, unless terminated earlier in accordance with the terms of this Agreement.

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 C.F.R. §§ 292.101, 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 TO ACCEPTANCE OF ENERGY

Avista's obligation to accept output generated by the Facility is conditioned upon the following:

4.1 Licenses, Permits and Approvals. Pursuant to applicable federal, state, tribal or local regulations, Project Developer shall prior to the Effective Date obtain, and for the Term shall maintain in good standing and effect, all licenses, permits or approvals necessary for Project Developer's operations including, but not limited to, compliance with Subpart B, 18 C.F.R. § 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 easements and leases.

4.2 Insurance. Project Developer shall, prior to the Effective Date, have obtained the insurance and engineering certification required by Section 7.

4.3 Initial Year Monthly Net Delivered Output Amounts. Project Developer shall provide to Avista the Initial Year Monthly Net Delivered Output Estimates in accordance with Section 6.3.

5. TERM OF AGREEMENT

5.1 Subject to the provisions of this Section 5, this Agreement shall be effective at 0000 hours on January 1, 2018, or such other date as ordered by the IPUC, ("Effective Date"); provided the Agreement is executed by the Parties on or prior to the January 1, 2018. In the event this Agreement is executed by the Parties subsequent to January 1, 2018, 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 and any mutually agreed to amendment to the Agreement. This Agreement and any amendment to 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, 2018, neither Party shall have any further obligations to purchase or sell electric power hereunder, and this Agreement shall terminate on January 30, 2018.

5.4 In the event that this Agreement is terminated pursuant to Section 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 Section 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 This Agreement shall expire on December 31, 2037, unless terminated earlier in accordance with the terms of this Agreement.

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 1,000 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 250 kW in any hour. Avista shall have the right, but not the obligation, to purchase any Net Delivered Output from the Facility in excess of 250 kW in any hour. The maximum annual amount of electric power that Avista is obligated to purchase hereunder shall be 2,453 megawatt-hours in any Operating Year which is a non-Leap Year, or 2,460 megawatt-hours in any Operating Year which is a Leap Year.

6.3 Initial Net Delivered Output Estimates. Project Developer shall provide to Avista no later than seven (7) calendar days following the Effective Date, Net Delivered Output Estimates for each of the twelve consecutive months that begin with the month containing the

Effective Date, counting the month during which the Effective Date occurs as month one (Initial Year Monthly Net Delivered Output Estimates).

7. INSURANCE

7.1 Business Insurance. Prior to operating the Facility, Project Developer, at his own cost, shall obtain and maintain the following insurance in force over the Term of this Agreement and shall provide certificates of all insurance policies. Avista's acceptance of the certificate of insurance is not intended to, and will not reduce, limit, affect, or modify the primary obligations and liabilities of Project Developer under the provisions of this Agreement. Project Developer must provide notice of cancellation or notice of change in policy terms at least 60 days prior to any change or termination of the policies.

7.1.1 General Liability. Project Developer shall carry and maintain comprehensive general liability insurance in a form acceptable to Avista with coverage of not less than \$1,000,000 per occurrence, including coverage of bodily injury, property damage liability, and contractual liability specifically related to the indemnity provisions of this Agreement. The deductible will not exceed the Project Developer's financial ability to cover claims and will not be greater than prevailing practices for similar operations in the State of Idaho.

7.1.2 Property Insurance. Project Developer shall carry and maintain property insurance for the full replacement value of the Facility in a form acceptable to Avista, a deductible not to exceed the Project Developer's financial ability, and will not be greater than prevailing practices for similar operations in the State of Idaho.

7.1.3 Qualifying Insurance. The insurance coverage required by this Section 7.1.1 must be obtained from an insurance carrier licensed to conduct business in the state in which the Services are to be performed, must be acceptable to Avista, such acceptance not to be unreasonably withheld, but in no event have less than an A.M. Best Rating of A-, Class VIII. The policies required under this Agreement must include (i) provisions or endorsements naming Avista and its directors, officers and employees as additional insureds, (ii) Avista as a loss payee as applicable, (iii) a cross-liability and severability of interest clause, and (iv) provisions such that the policy is primary insurance with respect to the interests of Avista and that any other insurance maintained by Avista is excess and not contributory.

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 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 Average Megawatts per month - Non-Levelized as shown in Exhibit E.

11.2 RESERVED.

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 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 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. 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 fails 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.

16.1.2 Where default is for failure to pay sums which are due and payable under this Agreement, then the defaulting Party shall have 30 days following receipt of written notice to cure the default, after which period the non-defaulting Party may unilaterally terminate this Agreement.

16.1.3 Except as provided in Sections 16.1.2 and 16.1.4, in all other cases of breach or default, then the defaulting Party must begin to cure the breach or default within 30 days and shall complete such cure within 90 days of receipt of written notice, or else the non-defaulting Party may unilaterally terminate this Agreement.

16.1.4 If a breach or default occurs under Sections 16.2.1, 16.3.1, 16.3.2, 16.3.3, 16.3.4, then the non-defaulting party may terminate this Agreement after the respective cure period(s) as expressly provided for in such Sections.

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

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.

16.3 For purposes of this Agreement, and without limiting the generality of section 16.1, 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 Facility 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: Director, Power Supply
Avista Corporation
P.O. Box 3727
Spokane, WA 99220

to Project Developer: Jay White
Operations Manager Clark Fork Hydro LLC
PO Box 528
Clark Fork Idaho 83811

and

Judi Allread
1805 Booker Rd
Springfield KY 40069

and

U.S. Bank Trust Dept.
C/O Jennifer Schmidt
1603 N. 4th Street
Coeur D'Alene, ID 83814

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	Reserved
Exhibit C	Interconnection Agreement
Exhibit D	Description of the Facility
Exhibit E	Purchase Prices

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.

CLARK FORK HYDRO, LLC

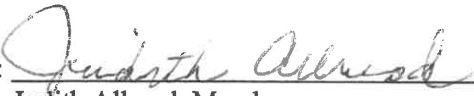
AVISTA CORPORATION

By: 
Jay White, Member
Date: 12/17/17

By: 
Printed Name: SCOTT MUERIS
Title: PRESIDENT, CHAIRMAN & CEO
Date: 12/15/17

And


CLARK FORK HYDRO, LLC

By: 
Judith Allread, Member
Date: 12-22-17

And

CLARK FORK HYDRO, LLC

By: U.S. Bank, N.A., as Trustee of the
James E. White, Jr. Credit Shelter Trust,
the James E. White, Jr. Exempt Marital Trust
and the James E. White, Jr. Non-Exempt Marital Trust,
Member

By: 
Jennifer J. Schmidt,
Officer Trust Associate
Date: 12/14/2017

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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	208 266 0381 (Home Phone) 208 290 8558 (Cell)

(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	208 266 0381 (Home Phone) 208 290 8558 (Cell)

Exhibit B

Reserved

Exhibit C

Interconnection Agreement

Insert Existing Interconnection Agreement

**SMALL GENERATOR
INTERCONNECTION AGREEMENT (SGIA)
BETWEEN
AVISTA CORPORATION
AND
CLARK FORK HYDRO, LLC
(DERR CREEK HYDROELECTRIC PROJECT)**

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This Small Generator Interconnection Agreement (“Agreement”) is made and entered into this 14 day of December, 2017, by Avista Corporation a Washington corporation with its principal offices located at 1411 East Mission, Spokane, Washington (“Transmission Provider”), and Clark Fork Hydro, LLC, a limited liability company organized and existing under the laws of the State of Idaho (“Interconnection Customer”) each hereinafter sometimes referred to individually as “Party” or both referred to collectively as the “Parties.”

RECITALS:

WHEREAS, the Clark Fork Hydro, LLC owns and operates a hydroelectric generating project in Bonner County, Idaho, commonly known as the Derr Creek Hydroelectric Project (“Derr Creek Hydro”); and

WHEREAS, Transmission Provider and Interconnection Customer are parties to the *Power Purchase Agreement*, dated February 12, 1982 (“Prior Agreement”), which provides for, among other things, the interconnection of Derr Creek Hydro with Transmission Provider’s electric system; and

WHEREAS, the Prior Agreement expires on December 31, 2017; and

WHEREAS, Interconnection Customer and Transmission Provider are entering into this Agreement that provides for and governs the interconnection of Derr Creek Hydro with Transmission Provider’s Electric System; and

WHEREAS, the Interconnection Customer has constructed and owns Derr Creek Hydro that electrically connects to the Transmission Provider’s Clark Fork Substation through a 20.8 kV line owned by the Transmission Provider;

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the Parties agree as follows:

Transmission Provider Information

Avista Corporation
Attention: Manager, Transmission Services
1411 E. Mission Avenue
Spokane, WA 99202-1902
(509) 489-0500

Interconnection Customer Information

Clark Fork Hydro, LLC
Attn: Jay White
PO Box 528
Clark Fork, ID 83811

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 Transmission Provider'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 Transmission Provider.
- 1.3 Nothing in this Agreement is intended to affect any other agreement between the Transmission Provider 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, operate and maintain its Small Generating Facility and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and Operating Requirements in accordance with this Agreement, and with Good Utility Practice.
 - 1.4.3 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 Transmission Provider and any Affected Systems.
 - 1.4.4 The Transmission Provider shall operate and maintain its Electric System and Interconnection Facilities in accordance with this Agreement, and with Good Utility Practice.
 - 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 Transmission Provider and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Transmission

Provider's Electric System, personnel, and other persons from damage and injury. The allocation of responsibility for the operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement. Interconnection Customer is responsible for compliance with any applicable NERC and/or WECC reliability standard requirements associated with its facilities and systems and Transmission Provider does not assume any responsibility or obligation for compliance with such reliability standard requirements.

1.4.6 The Transmission Provider 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 balancing area, including, but not limited to: 1) the rules and procedures concerning the operation of generation set forth in the Tariff or by the system operator for the Transmission Provider'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 Transmission Provider's reasonable and necessary cost for the purchase, installation, 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, or shall meet other provisions as mutually agreed upon by the Parties. In the event the existing metering and data equipment fails or is no longer in compliance with applicable industry rules and operating requirements, then the Parties agree to meet and discuss the current needs and requirements. For any planned replacement of the metering and data equipment by Transmission Provider for which the Interconnection Customer bears cost responsibility pursuant to this Agreement, Transmission Provider shall consult with Interconnection Customer with regard to the planning, design, replacement and operation of such metering and data equipment prior to replacing or procuring such equipment, including providing estimated costs. Transmission Provider shall use its best efforts to minimize such costs.

1.7 REACTIVE POWER

1.7.1 The Small Generating Facility is designed to operate at a power factor within the range of 0.95 leading to 0.95 lagging when operated in parallel with the Electric System.

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 PRIOR TO PARALLEL OPERATION

2.1.1 The Transmission Provider shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 4 of this Agreement. Additionally, the Transmission Provider shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Transmission Provider 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 Transmission Provider's Electric System without prior authorization from the Transmission Provider. The Transmission Provider will provide such authorization once the Transmission Provider receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. The authorization shall not be unreasonably withheld, conditioned or delayed.

2.2 RIGHT OF ACCESS

2.2.1 Upon reasonable notice, the Transmission Provider may send a qualified person to the premises of the Interconnection Customer to observe the testing of the Small Generating Facility operation of the unit. In addition, the Interconnection Customer shall notify the Transmission Provider at least five (5) Business Days prior to conducting any on-site verification testing of the Small Generating Facility.

2.2.2 At reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the Transmission Provider 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, and Disconnection

3.1 EFFECTIVE DATE

This Agreement shall become effective upon execution by the Parties. The Transmission Provider shall promptly file this Agreement with the appropriate regulatory agencies, if required.

3.2 TERM OF AGREEMENT

This Agreement shall remain in effect through December 31, 2037 and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 3.3 of this Agreement.

3.3 TERMINATION

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to the termination, including the filing with the appropriate regulatory agencies of a notice of termination of this Agreement, if required.

3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the Transmission Provider twenty (20) Business Days written notice.

3.3.2 In the event the Transmission Provider determines that this Agreement must be filed with FERC or FERC asserts jurisdiction over this Agreement, Transmission Provider will file this Agreement with FERC. If FERC issues an order rejecting this Agreement or accepting this Agreement upon conditions that are, in the sole determination of such Party, unacceptable to either Party the Parties will meet within thirty (30) days of the date of such order (unless the Parties agree to a longer period) to negotiate in good faith for the purpose of amending or replacing this Agreement to address the issues raised by the FERC order. To the extent practical, the Parties will endeavor to amend or replace the Agreement in a manner that the relative benefits and obligations of the Parties under the Agreement are, to the extent practicable, preserved.

3.3.3 Either Party may terminate this agreement upon written notice to the other Party at such time as the Small Generating Facility permanently ceases commercial operation.

3.3.4 Either Party may terminate this Agreement after Default pursuant to article 7.6.

3.3.5 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the Transmission Provider's Electric System. All costs required to effectuate the disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this Agreement or such non-terminating Party otherwise is responsible for these costs under this Agreement. The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.

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

3.3.7 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 Good Utility Practice.

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 Transmission Provider, 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 Transmission Provider's Interconnection Facilities or the Electric Systems of others to which the 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 Transmission Provider may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility. The Transmission Provider 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 Transmission Provider promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Transmission Provider'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 Transmission Provider may interrupt interconnection service or curtail the output of the Small Generating Facility and temporarily disconnect the Small Generating Facility from the Transmission Provider's Electric System when necessary for routine maintenance, construction, and repairs on the Transmission Provider's Electric System. The Transmission Provider shall provide the Interconnection Customer with five (5) Business Days notice prior to the interruption. The Transmission Provider shall use Reasonable Efforts to coordinate the reduction or temporary disconnection with the Interconnection Customer.

3.4.3 Forced Outages

During any forced outage, the Transmission Provider may suspend interconnection service to effect immediate repairs on the Transmission Provider's Electric System. The Transmission Provider shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Transmission Provider 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 Transmission Provider shall notify the Interconnection Customer as soon as practicable if, based on Good Utility Practice, 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 Transmission Provider'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 Transmission Provider may disconnect the Small Generating Facility. The Transmission Provider shall provide the Interconnection Customer with five (5) Business Day notice of the 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 Transmission Provider before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the Electric System. The authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer makes modification without the Transmission Provider'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 Transmission Provider's Electric System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 INTERCONNECTION FACILITIES

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

4.2 DISTRIBUTION UPGRADES

No Distribution Upgrades are required for the interconnection of the Small Generating Facility.

4.3 JOINT COORDINATION

For any planned projects undertaken by the Transmission Provider for which the Interconnection Customer bears cost responsibility pursuant to article 4.1.2, the

Transmission Provider shall consult with the Interconnection Customer regarding the planning, design, replacement, operation, maintenance, and repair of such facilities prior to procuring equipment for such projects or commencing construction or installation of such projects, including providing estimated costs. Transmission Provider shall use its best efforts to minimize such costs.

Article 5. Cost Responsibility for Transmission Upgrades

5.1 APPLICABILITY

No portion of this article 5 shall apply because no Transmission Upgrades were required for the interconnection of the Small Generating Facility.

Article 6. Billing and Payment

6.1 BILLING AND PAYMENT PROCEDURES

6.1.1 The Interconnection Customer has paid for design, engineering, construction, and procurement costs of Interconnection Facilities contemplated by this Agreement, and no further amounts remain to be paid for such costs associated with the existing design and equipment.

6.2 BILLING AND PAYMENT PROCEDURES FOR COSTS OF OPERATING, MAINTAINING, REPAIRING, AND REPLACING THE TRANSMISSION PROVIDER'S INTERCONNECTION FACILITIES

6.2.1 General. Transmission Provider shall submit to Interconnection Customer, on a monthly basis, invoices of amounts due for the preceding month for the services provided by Transmission Provider pursuant to Article 4.1.2(2). Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided.

6.2.2 Payment. Invoices shall be rendered to Interconnection Customer at the address specified in Article 13.1. Interconnection Customer shall pay the invoice within thirty (30) Calendar Days of receipt. All payments shall be made in immediately available funds payable to the Transmission Provider, or by wire transfer to a bank named and account designated by Transmission Provider. Payment of invoices by Interconnection Customer will not constitute a waiver of any rights or claims Interconnection Customer may have under this Agreement.

6.2.3 Disputes. In the event of a billing dispute between Transmission Provider and Interconnection Customer, Transmission Provider shall continue to provide Interconnection Service under this Agreement as long as Interconnection Customer: (i) continues to make all payments not in dispute; and (ii) pays to Transmission Provider or into an independent escrow account the portion of the

invoice in dispute, pending resolution of such dispute. If Interconnection Customer fails to meet these two requirements for continuation of service, then Transmission Provider may provide notice to Interconnection Customer of a Default pursuant to Article 7.6.1. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accord with the methodology set forth in FERC's regulations at 18 C.F.R § 35.19a(a)(2)(iii).

Article 7. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default

7.1 ASSIGNMENT

This Agreement may not be assigned by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed; provided that, notwithstanding the foregoing:

7.1.1 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 Transmission Provider of any assignment;

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

7.1.3 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.

7.2 RELEASE AND LIMITATION OF LIABILITY

If both the Interconnection Customer and Transmission Provider are parties to the Agreement Limiting Liability Among Western Interconnected Systems, that agreement shall continue in full force and effect as between the Parties to the extent that the provisions may apply under this Agreement. If either the Interconnection Customer or Transmission Provider is not a party to the Agreement Limiting Liability Among Western Interconnected Systems, then the following provisions shall apply:

7.2.1 Release by the Transmission Provider

The Transmission Provider hereby releases each of Interconnection Customer and the officers, employees, agents and legal representatives of the Interconnection Customer from any and all claims, losses, harm, liabilities, damages, costs and expenses to the extent resulting from any:

7.2.1.1 operation of the Interconnection Customer's Interconnection Facilities or Small Generating Facility in parallel with the Transmission Provider's Electric System;

7.2.1.2 electric disturbance or fluctuation that migrates, directly or indirectly, from the Interconnection Customer's Interconnection Facilities or Small Generating Facility to the Transmission Provider's Electric System;

7.2.1.3 disconnection, interruption, suspension or curtailment, through manual operation, automatic operation or otherwise, by the Interconnection Customer in the event that the Interconnection Customer, in the exercise of its sole discretion, determines or has determined that an emergency condition exists or may exist that is contrary to Good Utility Practice, and failure to do so:

(i) may cause imminent harm to any person or property, or

(ii) may cause the disruption of reliable operation of the Interconnection Customer's Interconnection Facilities or Small Generating Facility or the Transmission Provider's Electric System (including, but not limited to, any transmission or distribution line thereof).

The foregoing release shall not be effective to the extent any claims, losses, harm, liabilities, damages, costs, and expenses are the result of the Interconnection Customer's willful misconduct.

7.2.2 Release by the Interconnection Customer

The Interconnection Customer hereby releases each of the Transmission Provider and the directors, employees, agents and legal representatives of the Transmission Provider from any and all claims, losses, harm, liabilities, damages, costs and expenses to the extent resulting from any:

7.2.2.1 operation of the Transmission Provider's Electric System in parallel with the Interconnection Customer's Interconnection Facilities or Small Generating Facility;

7.2.2.2 electric disturbance or fluctuation that migrates, directly or indirectly, from the Transmission Provider's Electric System to the Interconnection Customer's Interconnection Facilities or Small Generating Facility;

7.2.2.3 disconnection, interruption, suspension or curtailment, through manual operation, automatic operation or otherwise, by the Transmission Provider in the event that the Transmission Provider, in the exercise of its sole discretion, determines or has determined that an emergency condition exists or may exist that is contrary to Good Utility Practice, and failure to do so:

- (i) may cause imminent harm to any person or property, or
- (ii) may cause the disruption of reliable operation of the Transmission Provider's Electric System or the Interconnection Customer's Interconnection Facilities or Small Generating Facility (including, but not limited to, any transmission or distribution line thereof) or any electric system with which the Transmission Provider is interconnected.

The foregoing release shall not be effective to the extent any claims, losses, harm, liabilities, damages, costs, and expenses are the result of the Transmission Provider's willful misconduct.

7.3 INDEMNITY

- 7.3.1 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 7.2.
- 7.3.2 Each Party shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the indemnifying Party's action or failure to meet its obligations under this Agreement on behalf of the other Party, except in cases of gross negligence or intentional wrongdoing by the other Party.
- 7.3.3 If an indemnified Party 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 the claim, the 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, the claim.
- 7.3.4 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 the indemnified person's actual loss, net of any insurance or other recovery.

7.3.5 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 the fact. Any failure of or delay in notification shall not affect a Party's indemnification obligation unless the failure or delay is materially prejudicial to the indemnifying party.

7.4 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.

7.5 FORCE MAJEURE

7.5.1 As used in this article, a Force Majeure Event shall mean "any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing."

7.5.2 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.

7.6 DEFAULT

7.6.1 No Default shall exist where the 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 60 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 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

7.6.2 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 8. Insurance

- 8.1 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 the 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. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. The insurance shall be obtained from an insurance provider authorized to do business in the State where the interconnection is located. Certification that the insurance is in effect shall be provided upon request of the Transmission Provider. An Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.
- 8.2 The Transmission Provider agrees to maintain general liability insurance or self-insurance consistent with the Transmission Provider's commercial practice. The insurance or self-insurance shall not exclude coverage for the Transmission Provider's liabilities undertaken pursuant to this Agreement.
- 8.3 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 the insurance, whether or not the coverage is sought.

Article 9. Confidentiality

- 9.1 Confidential Information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated

"Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.

9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose the publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold the information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.

9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.

9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

Article 10. Disputes

10.1 The Parties agree to attempt to resolve all disputes arising out of this Agreement according to the provisions of this article.

10.2 In the event of a dispute, either Party shall provide the other Party with a written Notice of Dispute. The Notice shall describe in detail the nature of the dispute.

10.3 If the dispute has not been resolved within two (2) Business Days after receipt of the Notice, an Interconnection Customer may ask the Commission to review the dispute by making a complaint pursuant to the Commission's rules of procedure.

10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-half of any costs paid to neutral third-parties.

10.6 If the Interconnection Customer elects to seek dispute resolution, or if the attempted dispute resolution fails, then either Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

Article 11. Taxes

11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with Internal

Revenue Service requirements.

- 11.2 Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect the Transmission Provider's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 12. Miscellaneous

12.1 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, 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.

12.2 AMENDMENT

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

12.3 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.

12.4 WAIVER

12.4.1 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.

12.4.2 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 Transmission Provider. Any waiver of this Agreement shall, if requested, be provided in writing.

12.5 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.

12.6 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.

12.7 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.

12.8 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) the 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 the ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 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. All Transmission Providers, market participants, and Interconnection Customers interconnected to electric systems must 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.

12.10 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 twenty-four (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 the events.

12.11 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 the services and each Party shall remain primarily liable to the other Party for the performance of the subcontractor.

12.11.1 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 Transmission Provider 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.

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

Article 13. Notices

13.1 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 carrier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

Jay White
Operations Manager Clark Fork Hydro LLC
PO Box 528
Clark Fork, ID 83811

If to the Transmission Provider:

Avista Corporation
Manager, Transmission Services
1411 E. Mission Avenue
Spokane, WA 99202-1902

13.2 BILLING AND PAYMENT

Billings and payments shall be sent to the addresses set out below:

If to the Interconnection Customer:

Jay White
Operations Manager Clark Fork Hydro LLC
PO Box 528
Clark Fork, ID 83811

If to the Transmission Provider:

All payments to Avista Corporation shall be wire transferred to the account specified on each billing invoice.

13.3 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 or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Judi Allread
1805 Booker Rd
Springfield, KY 40069

U.S. Bank Trust Department
C/O Jennifer Schmidt
1603 N 4th Street
Coeur d'Alene, ID 83814

If to the Transmission Provider:

Avista Corporation
Manager, Transmission Services
1411 E. Mission Avenue
Spokane, WA 99202-1902
Phone: 509-489-0500
Email: transmission.services@avistacorp.com

13.4 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:

Jay White
Phone: 208-266-0381 (home)

Phone: 208-290-8558 (cell)
Email: jayandpamela@yahoo.com

Transmission Provider's Operating Representative:

Avista Corporation
System Operator, Transmission Operations
1411 E. Mission Avenue
Spokane, WA 99202-1902
Phone: (509) 495-8732
Fax: (509) 495-8061

13.5 CHANGES TO THE NOTICE INFORMATION

Either Party may change this information by giving five (5) Business Days written notice prior to the effective date of the change.

[Balance of page intentionally left blank.]

Article 14. Signatures

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

AVISTA CORPORATION

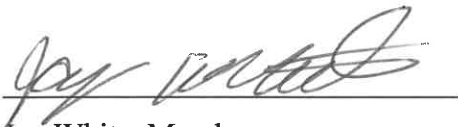
By: 

Jeff Schlect

Senior Manager, Transmission Services

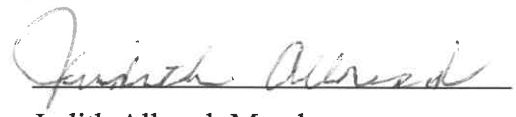
Date: December 14, 2017

CLARK FORK HYDRO, LLC

By: 
Jay White, Member

Date: December 17, 2017

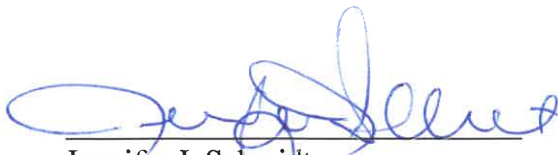
CLARK FORK HYDRO, LLC

By: 
Judith Allread, Member

Date: December 22, 2017

CLARK FORK HYDRO, LLC

By: U.S. Bank, N.A., as Trustee of the
James E. White, Jr. Credit Shelter Trust,
the James E. White, Jr. Exempt Marital Trust
and the James E. White, Jr. Non-Exempt Marital Trust,
Member

By: 
Jennifer J. Schmidt,
Officer|Trust Associate

Date: December 14, 2017

Attachment 1 - Glossary of Terms

Affected System – An electric system other than the Transmission Provider'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 official federal and state holidays.

Commission – The Idaho Utilities and Transportation Commission.

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

Distribution System – The Transmission Provider'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.

Distribution Upgrades – The additions, modifications, and upgrades to the Transmission Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Small Generating Facility. Distribution Upgrades do not include Interconnection Facilities.

Electric System – All electrical wires, equipment, and other facilities owned by the Electrical Company that are used to transmit electricity to customers. Electric System includes the definition of Transmission System and Distribution System.

Electrical Company – Any public service company, as defined by RCW 80.04.010, engaged in the generation, distribution, sale or furnishing of electricity and subject to the jurisdiction of the Commission.

FERC – The Federal Energy Regulatory Commission, or its successor.

Generating Facility – A source of electricity owned by the Interconnection Customer that is located on the Interconnection Customer's side of the Point of Common Coupling, and all ancillary and appurtenant facilities, including Interconnection Facilities, which the Interconnection Customer requests to interconnect to the Electrical Company's Electric System.

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.

Industry Standards – The standards, criteria and requirements of NERC, WECC and the NWPP, as such standards, criteria and requirements may be revised from time to time.

Interconnection – The physical connection of a Generating Facility to the Electric System so that Parallel Operation may occur.

Interconnection Customer – Any entity, including the Transmission Provider, the Transmission Owner or any of the affiliates or subsidiaries of either, that proposes to interconnect its Small Generating Facility with the Transmission Provider's Electric System.

Interconnection Facilities – The Transmission Provider'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 Transmission Provider's Electric System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Transmission Upgrades.

Interconnection Request – The Interconnection Customer's request, in accordance with the Tariff, 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 Transmission Provider's Electric System.

NERC – The North American Electric Reliability Council, or its successor.

NWPP – The Northwest Power Pool, or its successor.

Parallel Operation (or Operate in Parallel) – The synchronous operation of a Generating Facility while interconnected with an Electrical Company's Electric System.

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

Party or Parties – The Transmission Provider, Transmission Owner, Interconnection Customer or any combination of the above.

Point of Common Coupling (or PCC) – The point where the Generating Facility's local electric power system connects to the Electrical Company's Electric System, such as the electric power revenue meter or at the location of the equipment designated to interrupt, separate or disconnect the connection between the Generating Facility and Electrical Company. The Point of Common Coupling is the point of measurement for the application of IEEE 1547, clause 4.

Point of Interconnection – The point where the Interconnection Facilities connect with the Transmission Provider's Electric System. Point of Interconnection includes the definition of Point of Common Coupling.

PURPA Qualifying Facility – A Generating Facility that meets the criteria specified by the Federal Energy Regulatory Commission (FERC) in 18 CFR Part 292 Subpart.

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, but shall not include the Interconnection Customer's Interconnection Facilities.

Tariff – The current tariffs, rates schedules and prices for the Electric Company under the jurisdiction of the Commission.

Transmission Provider – 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 and provides transmission service under the tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider. Transmission Provider includes the definition of Electrical Company.

Transmission System – The facilities owned, controlled or operated by the Transmission Provider or the Transmission Owner that are used to provide transmission service under the tariff.

Transmission Upgrades – The required additions and modifications to the Transmission Provider's Transmission System at or beyond the Point of Interconnection. Upgrades do not include Interconnection Facilities.

Upgrades – The required additions and modifications to the Transmission Provider's Electric System at or beyond the Point of Interconnection. Upgrades may be Transmission Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

WECC – The Western Electricity Coordinating Council, or its successor.

Attachment 2 - Description of the Small Generating Facility, Point of Interconnection, Interconnection Facilities and Metering Equipment

Equipment, including the Small Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer, or the Transmission Provider.

Description of Small Generating Facility (Project) and Premises

The Derr Creek Hydroelectric Project (“Project”) and Premises are specifically described as follows: a hydroelectric generating facility located on Derr Creek in Bonner County, Idaho, which has a present nameplate capacity of 0.250 megawatts. The Point of Interconnection is shown on Attachment 3 as the Interconnection Point.

Description of Point of Interconnection (POI)

The Point of Interconnection is comprised of one physical points as identified below:

- 1) The point where the Interconnection Customer’s 480V URD cables terminate with the Transmission Provider’s 20.8 kV underground distribution line at the 300 kVA transformer (see Attachment 3 – One-line Diagram).

Description of Interconnection Facilities

The Transmission Provider’s Interconnection Facilities are those 20.8 kV distribution feeder facilities (Clark Fork 712) originating at pole 165358 extending southwest parallel with River Rd up to the Point of Interconnection at 480 V on the 300 kVA transformer, including the CTs, PTs, metering and associated communications to measure Project power.

Description of Metering Equipment

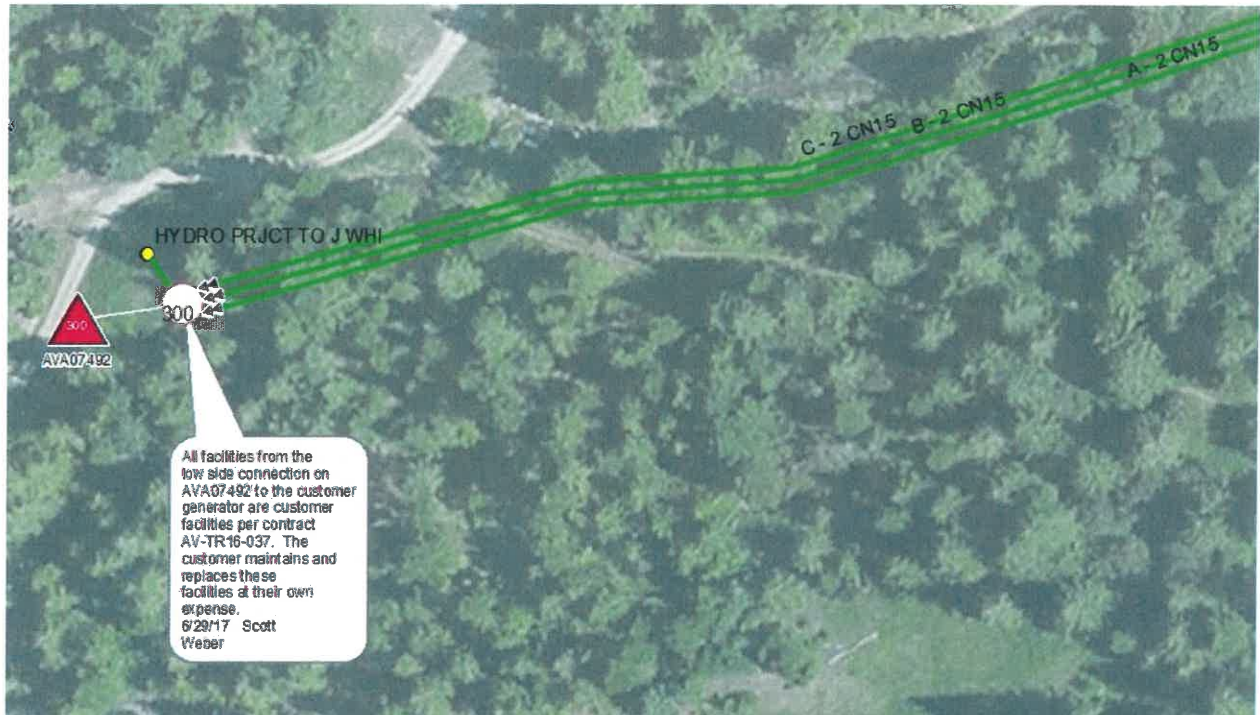
All metering was installed and is owned by the Transmission Provider. Metering maintenance responsibilities are defined in Article 1.6 of this Agreement.

MV90 Meter

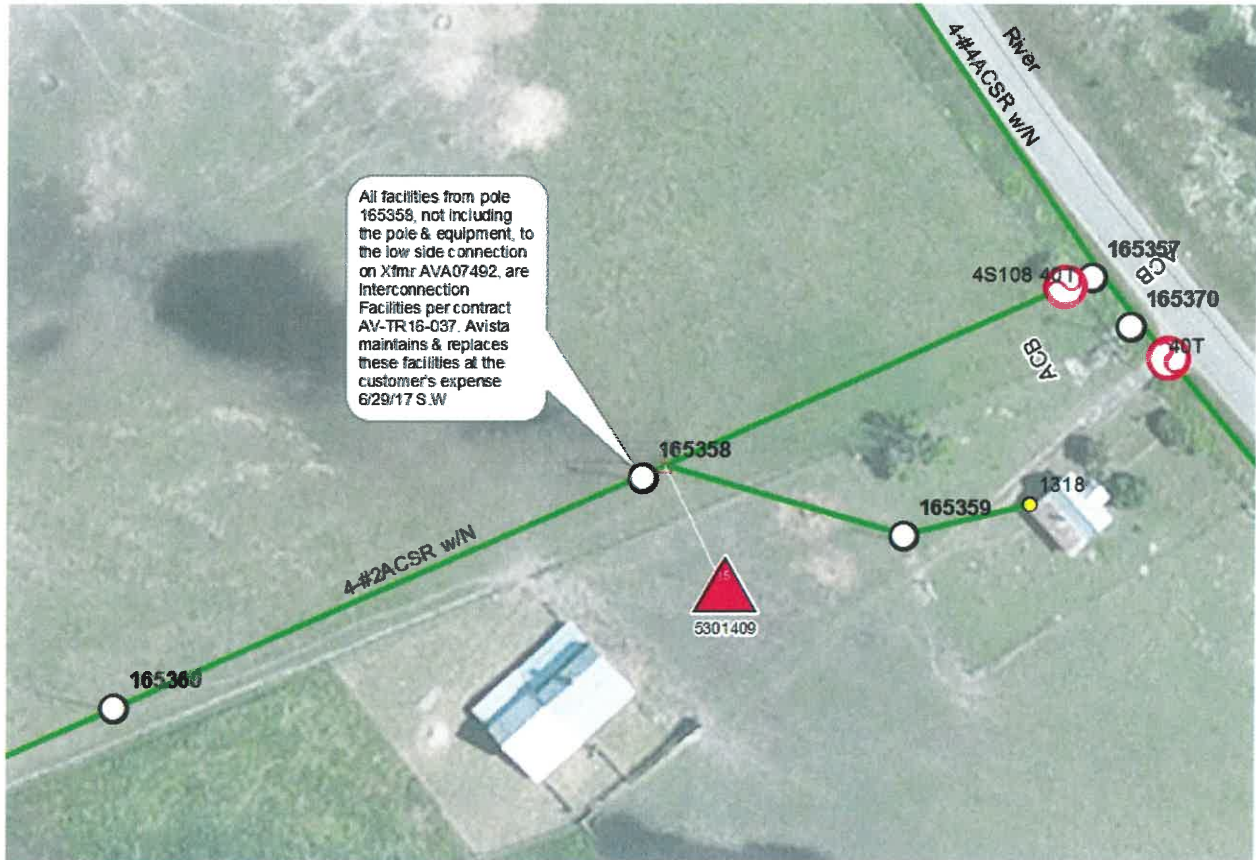
Name:	Clark Fork Hydro
Recorder ID:	RW11006
Meter #:	C12157836
Meter Type:	Sentinel
Meter Form:	9S Level 4
Phone #:	12082660100
Intervals:	15 Minutes
4 Channels:	KWH Delivered KVARH Delivered KWH Received KVARH Received
3 CT's:	08029449 08029402 08029394
CT Ratio	200:5
Billing Multiplier	40

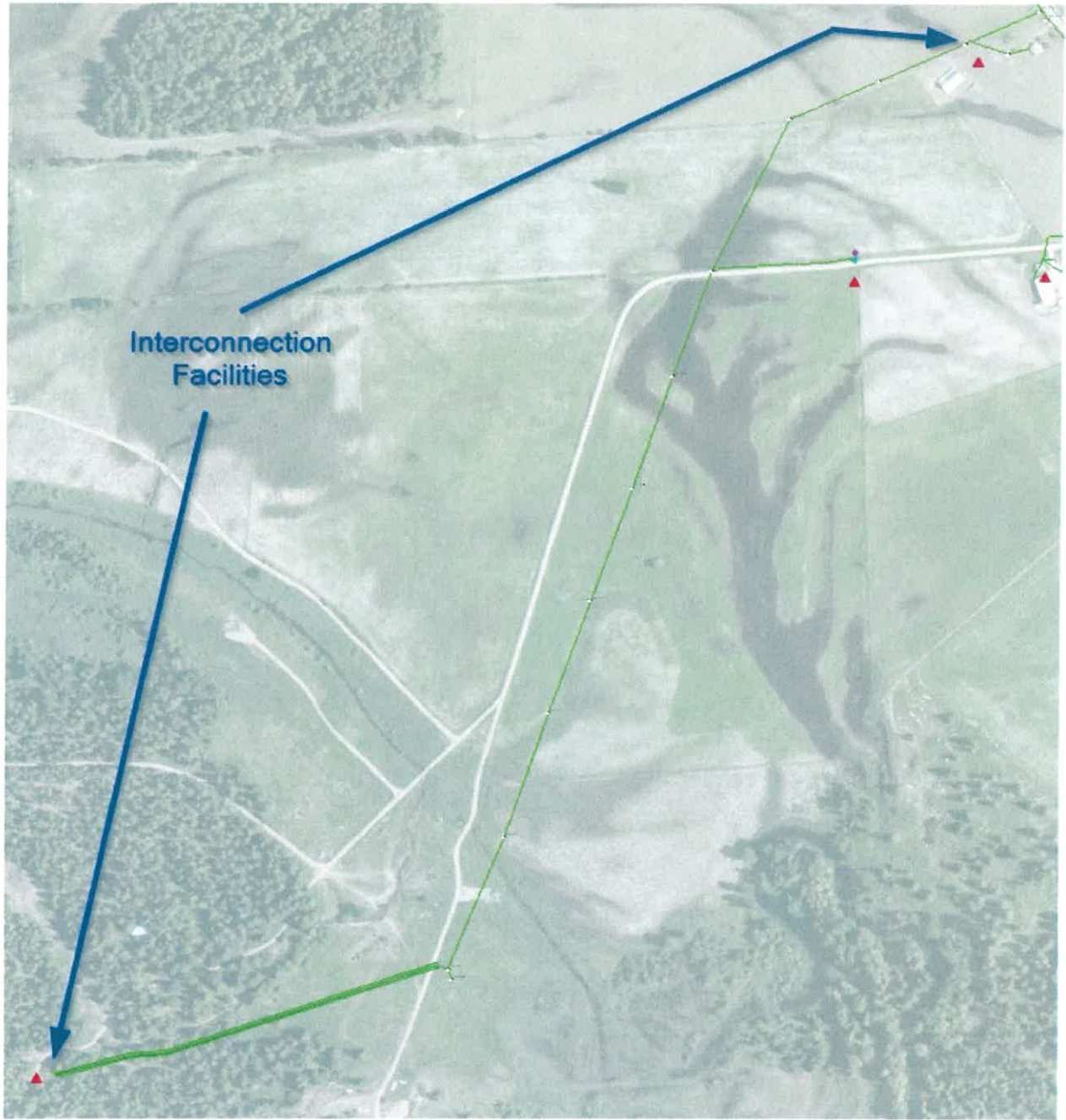
Point of Interconnection Images

POI at transformer



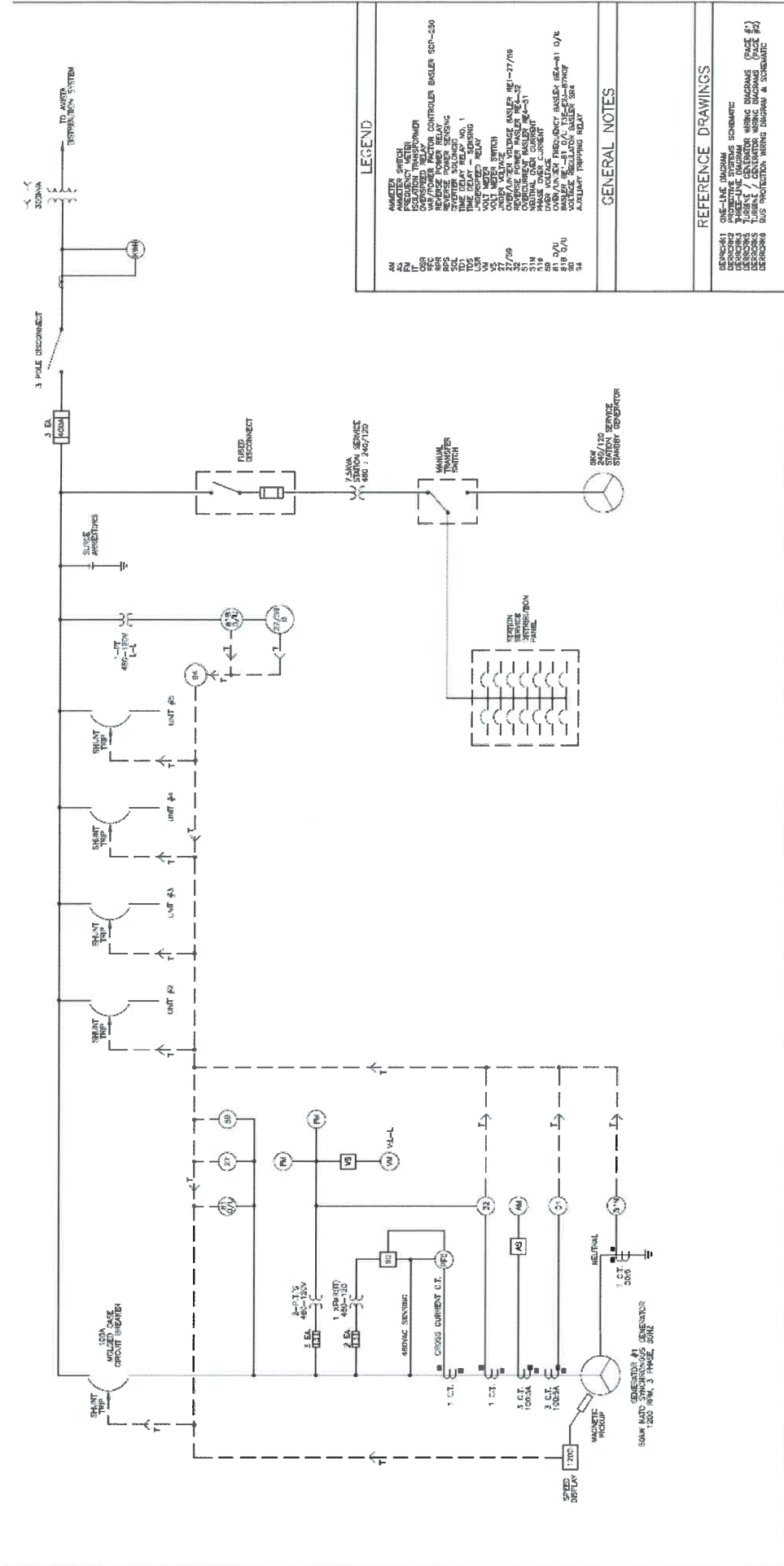
Interconnection Facilities Images





Interconnection
Facilities

Attachment 3 - One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities and Metering Equipment



AM	AMMETER
AP	AIR PUMP
IT	ISOLATING TRANSFORMER
SC	SEPARATOR CONTROL
SP-550	REVERSE POWER RELAY
SR	START RELAY
SR-1	STARTER SOLING
TDS	TURBINE DRIVE SYSTEM
TR	TRIP RELAY
TR-1	TURBINE RELAY
US	VOLTMETER SWITCH
VSS	VOLTMETER SWITCH
27/79	REVERSE POWER RELAY
27/80	REVERSE POWER RELAY
31H	NEUTRAL OVEN CONTACT
31	NEUTRAL OVEN CONTACT
31A	NEUTRAL OVEN CONTACT
31B	NEUTRAL OVEN CONTACT
31C	NEUTRAL OVEN CONTACT
31D	NEUTRAL OVEN CONTACT
31E	NEUTRAL OVEN CONTACT
31F	NEUTRAL OVEN CONTACT
31G	NEUTRAL OVEN CONTACT
31H	NEUTRAL OVEN CONTACT
31I	NEUTRAL OVEN CONTACT
31J	NEUTRAL OVEN CONTACT
31K	NEUTRAL OVEN CONTACT
31L	NEUTRAL OVEN CONTACT
31M	NEUTRAL OVEN CONTACT
31N	NEUTRAL OVEN CONTACT
31O	NEUTRAL OVEN CONTACT
31P	NEUTRAL OVEN CONTACT
31Q	NEUTRAL OVEN CONTACT
31R	NEUTRAL OVEN CONTACT
31S	NEUTRAL OVEN CONTACT
31T	NEUTRAL OVEN CONTACT
31U	NEUTRAL OVEN CONTACT
31V	NEUTRAL OVEN CONTACT
31W	NEUTRAL OVEN CONTACT
31X	NEUTRAL OVEN CONTACT
31Y	NEUTRAL OVEN CONTACT
31Z	NEUTRAL OVEN CONTACT

GENERAL NOTES

1. ALL DIMENSIONS ARE IN INCHES UNLESS OTHERWISE SPECIFIED.

2. ALL MATERIALS SHALL BE OF THE BEST AVAILABLE QUALITY.

3. ALL WORK SHALL BE IN ACCORDANCE WITH THE NATIONAL ELECTRICAL CODE (NEC) AND THE NATIONAL FIRE PROTECTION ASSOCIATION (NFPA) STANDARDS.

4. ALL WIRING SHALL BE PERFORMED BY A LICENSED ELECTRICIAN.

5. ALL CONNECTIONS SHALL BE MADE IN ACCORDANCE WITH THE MANUFACTURER'S INSTRUCTIONS.

6. ALL EQUIPMENT SHALL BE PROTECTED AGAINST OVERHEATING AND SHORT CIRCUITS.

7. ALL EQUIPMENT SHALL BE PROTECTED AGAINST OVERCURRENTS AND OVERVOLTAGES.

8. ALL EQUIPMENT SHALL BE PROTECTED AGAINST UNDERVOLTAGES AND UNBALANCED PHASES.

9. ALL EQUIPMENT SHALL BE PROTECTED AGAINST PHASING ERRORS.

10. ALL EQUIPMENT SHALL BE PROTECTED AGAINST GROUNDING ERRORS.

GEN-1	GEN-1
GEN-2	GEN-2
GEN-3	GEN-3
GEN-4	GEN-4
GEN-5	GEN-5
GEN-6	GEN-6
GEN-7	GEN-7
GEN-8	GEN-8
GEN-9	GEN-9
GEN-10	GEN-10
GEN-11	GEN-11
GEN-12	GEN-12
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GEN-30	GEN-30
GEN-31	GEN-31
GEN-32	GEN-32
GEN-33	GEN-33
GEN-34	GEN-34

DESIGNED	D. BAYLEY	DATE	1-2-80
CHECKED	D. BAYLEY	DATE	1-2-80
APPROVED	J. WHITE	DATE	2-1-80
SCALE	R.F.S.	SCALE	1:1

JIM WHITE, DERR CREEK HYDRO
ONE-LINE DIAGRAM
480 VAC GENERATORS, CONTROL, & SWITCHGEAR

FILE NO.: **ADDENDUM 407**

DATE			
DATE	BY	BY	BY
12/24	DL	DL	JPN

B S C ENGINEERS SYSTEMS

DAVE R. LUCHE, P.E.

1001 S.W. 2122
 P.O. Box 3111
 Southfield, MI 48076
 TEL: (313) 325-2122
 FAX: (313) 325-4311

Attachment 4 - Additional Operating Requirements for the Transmission Provider's Electric System and Affected Systems Needed to Support the Interconnection Customer's Needs

The Transmission Provider shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the Transmission Provider's Electric System.

Generation Interconnection Guidelines and Standards

1. Interconnection Requirements

- 1.1. All Small Generating Facilities shall be constructed and operated in accordance with Industry Standards and Good Utility Practice.
- 1.2. The Small Generating Facility shall not cause abnormal voltage magnitudes, frequencies, excessive interruptions, or excessive harmonics. This shall include not injecting communications signals associated with operation of the Small Generating Facility into Transmission Provider's Electric System.
- 1.3. When the Small Generating Facility is connected to Transmission Provider's Electric System the Small Generating Facility shall follow Transmission Provider's local system frequency which is a nominal 60 hertz.
- 1.4. Any voltage flicker caused from the operation of the Small Generating Facility shall not exceed the limits defined by the latest revision of IEEE 519 or IEEE 1547, whichever is applicable.
- 1.5. For salient pole generators with a capacity of 5,000 kVA or larger or for any size cylindrical rotor synchronous generator, the harmonics shall not exceed the limits as outlined for telephone influence factor (TIF) in the latest revision of ANSI standards C50.12, C50.13, or C50.14, whichever is applicable. For all generators, voltage distortion limits and current harmonic limits shall be as specified in the latest revision of IEEE 519 or IEEE 1547, whichever is applicable.
- 1.6. When the Small Generating Facility is operating in parallel with the Transmission Provider Electric System, the Small Generating Facility shall operate at a power factor within the range of 0.95 leading to 0.95 lagging.
- 1.7. Each Party and the Small Generating Facility shall be responsible for protection of its facilities from any system voltage or frequency excursions consistent with Industry Standards and Good Utility Practice.

2. EQUIPMENT REQUIREMENTS

- 2.1. Interconnection Customer or the Small Generating Facility shall supply, install, own, operate and maintain all equipment at the Small Generating Facility as appropriate and pursuant to applicable electric codes, Industry Standards and Good Utility Practice.

- 2.2. The Small Generating Facility shall maintain its equipment in good working order and keep adequate maintenance records. The Small Generating Facility and maintenance records shall be subject to inspection by Transmission Provider. Transmission Provider may also witness or review any acceptance tests of Small Generating Facility.

3. PROTECTION REQUIREMENTS

- 3.1. Interconnection Customer or the Small Generating Facility shall furnish, install, operate, and maintain in good order and repair, and without cost to Transmission Provider such relays, instrument transformers, breakers, automatic synchronizers, and other control and protection apparatus as shown by Transmission Provider to be reasonably necessary for the operation of the Small Generating Facility in parallel with Transmission Provider's Electric System. The minimum protection requirements for the Small Generating Facility may change based on system configuration or other special circumstances. At a minimum the protection requirements, based on the size of the Small Generating Facility, shall be as follows.
 - 3.1.1. Small generator connected to a distribution feeder (rated output less than 25 kVA): The Small Generating Facility must provide adequate protection to protect its own facility for faults at the facility or on either Party's electric system. Interconnection Customer or the Small Generating Facility shall provide an appropriate disconnect switch available to Transmission Provider.
 - 3.1.2. Medium generator connected to a distribution feeder (rated output less than one quarter of the distribution feeder load): The Small Generating Facility must meet all requirements of a small generator, plus the Small Generating Facility relaying shall include over/under voltage and over/under frequency (islanding detection) and synchronism check.
 - 3.1.3. Large generator connected to a distribution feeder (rated output greater than or equal to 3 MVA or one quarter of the distribution feeder load): The Small Generating Facility must meet all requirements of a medium generator, plus phase and ground overcurrent relays to detect and clear for faults on the Transmission Provider Electric System.
 - 3.1.4. Generator connected to a transmission line: The Small Generating Facility must provide a level of protection equivalent to the most current standard of similar terminals on the Transmission Provider Electric System. Necessary upgrades to Transmission Provider's remote line terminal relaying to interface with the Small Generating Facility will be at the expense of Interconnection Customer unless provided for in another agreement.
- 3.2. The Small Generating Facility's protection system shall coordinate with Transmission Provider's protection system without adverse affect to the Transmission Provider Electric System or its customers. The Small Generating Facility shall provide Transmission Provider with all proposed relay design and settings for the protection

system related to the Small Generating Facility. Transmission Provider shall approve the Small Generating Facility's protection system prior to the Small Generating Facility being operated in parallel with the Transmission Provider Electric System.

- 3.3. If parallel operation of the Small Generating Facility to Transmission Provider's Electric System requires upgrades to Transmission Provider's protection system, the upgrades shall be at the expense of Interconnection Customer unless provided for in another agreement, including, but not limited to, upgrades to Transmission Provider's reclosing relaying.
- 3.4. The Small Generating Facility's protection system must be operated, tested, and maintained in accordance with Industry Standards and Good Utility Practice and shall be at the expense of Interconnection Customer unless provided for in another agreement.
- 3.5. Each relay responsible for disconnecting the Small Generating Facility from the local power system shall be connected to an appropriately installed GPS time source, with accuracy better than 8 ms or some type of Sequence of Events recorder shall be made available. Transmission Provider may request and Interconnection Customer or the Small Generating Facility shall provide event reports at the Small Generating Facility.
- 3.6. The Small Generating Facility shall provide adequate means or devices that will prevent the Small Generating Facility from being closed into or energizing a de-energized Transmission Provider Electric System or de-energized phase of the Transmission Provider Electric System.
- 3.7. The Small Generating Facility may be manually or automatically started and operated in parallel to Transmission Provider's Electric System any time Transmission Provider's Electric System is in a normal operating condition. A "normal" operating condition exists when Transmission Provider's Electric System through which the Small Generating Facility will be operated in parallel is energized and no local conditions exist on Transmission Provider's Electric System such as abnormal voltages, frequencies, single phasing, etc. that would prevent acceptable synchronization.

4. COMMUNICATIONS

- 4.1. The Small Generating Facility shall maintain satisfactory operating communications with Transmission Provider's dispatcher or representative designated by Transmission Provider. The Small Generating Facility shall provide standard voice line, dedicated voice line and facsimile communications at its Small Generating Facility control room or central dispatch facility through use of either the public telephone system or a voice communications system that does not rely on the public telephone system.
- 4.2. For generation that will require telemetering, prior to the initial synchronization of the Small Generating Facility, a remote terminal unit, or equivalent data collection and transfer equipment acceptable to the Parties, shall be installed by Interconnection Customer or the Small Generating Facility, or by Transmission Provider at Interconnection Customer's expense unless provided for in another agreement, to

gather accumulated and instantaneous data to be telemetered to the location(s) designated by Transmission Provider through use of a dedicated point-to-point data circuit(s) or other equivalent communication medium acceptable to the Parties as indicated in section 4.4 below. The communication protocol for the data circuit(s) shall be specified by Transmission Provider. Instantaneous bi-directional analog real power and reactive power flow information must be telemetered directly to the location(s) specified by Transmission Provider.

- 4.3. For generation that will require telemetering, Interconnection Customer or the Small Generating Facility shall provide the dedicated data circuit(s) or other equivalent communication medium acceptable to the Parties necessary to provide the Small Generating Facility's data to Transmission Provider. The data circuit(s) shall extend from the Small Generating Facility to the location(s) specified by Transmission Provider. Any required maintenance of such communications equipment shall be the responsibility of Interconnection Customer unless provided for in another agreement. Operational communications shall be activated and maintained under, but not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily load data.
- 4.4. Unless provided for in another agreement, Interconnection Customer shall have Transmission Provider listed on record with any third-party communication provider so that Transmission Provider has the ability to call in trouble tickets. Each Party shall promptly advise the other Party if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by the other Party. The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible unless provided for in another agreement.

5. MISCELLANEOUS REQUIREMENTS

- 5.1. Transmission Provider reserves the right to open the main disconnecting device and/or cease parallel generation with reasonable notice provided to Interconnection Customer or the Small Generating Facility (when notice is practicable) for any of the following reasons:
 - 5.1.1. System emergency.
 - 5.1.2. Small Generating Facility's generating equipment interferes with other projects or the operation of the Transmission Provider Electric System.
 - 5.1.3. Any quality of service reduction.
- 5.2. Unless provided for in another agreement, Interconnection Customer shall supply Transmission Provider with the following data and machine parameters for the Small Generating Facility as needed:
 - 5.2.1. Rated kVA output.

- 5.2.2. Rated voltage.
 - 5.2.3. Rated power factor.
 - 5.2.4. Type of generator (induction motor, DC motor, synchronous generator, etc.).
 - 5.2.5. Proposed protective equipment (breakers, fuses, instrument transformers, relay types and settings, etc.).
 - 5.2.6. Generator's contribution to faults (saturation, subtransient, transient and synchronous resistances and reactances and the associated time constraints, sequence impedance (positive, negative, zero), system resistance and reactance from Transmission Provider Electric System to the Small Generating Facility).
 - 5.2.7. Inertia constants.
 - 5.2.8. Governor and exciter control system parameters.
- 5.3. Unless provided for in another agreement, Interconnection Customer shall supply Transmission Provider with the following generator transformer nameplate data for the Small Generating Facility:
- 5.3.1. Rated kVA, including base and any forced oil / forced air ratings.
 - 5.3.2. Voltage rating, available tap settings, and proposed tap setting.
 - 5.3.3. Test Impedance, including X/R ratio or measured load loss Watts.
- 5.4. Interconnection Customer shall require the installation and operation of a power system stabilizer at the Small Generating Facility if required pursuant to Industry Standards.

Attachment 5 - Transmission Provider's Description of its Upgrades

The Transmission Provider shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Transmission Provider shall functionalize Upgrades costs and annual expenses as either transmission or distribution related.

Distribution Upgrades and Ownership

No Distribution Upgrades were identified and required for the interconnection of the Small Generating Facility.

Transmission Upgrades and Ownership

No Transmission Upgrades were identified and required for the interconnection of the Small Generating Facility.

Attachment 6

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Exhibit D

Description Of The Facility

Description of Small Generating Facility (Project) and Premises

The Derr Creek Hydroelectric Project ("Project") and Premises are specifically described as follows: a hydroelectric generating facility located on Derr Creek in Bonner County, Idaho, which has a present nameplate capacity of 0.250 megawatts. The Point of Interconnection is shown on Attachment 3 as the Interconnection Point.

Description of Point of Interconnection (POI)

The Point of Interconnection is comprised of one physical points as identified below:

- 1) The point where the Interconnection Customer's 480V URD cables terminate with the Transmission Provider's 20.8 kV underground distribution line at the 300 kVA transformer (see Attachment 3 – One-line Diagram).

Description of Interconnection Facilities

The Transmission Provider's Interconnection Facilities are those 20.8 kV distribution feeder facilities (Clark Fork 712) originating at pole 165358 extending southwest parallel with River Rd up to the Point of Interconnection at 480 V on the 300 kVA transformer, including the CTs, PTs, metering and associated communications to measure Project power.

Exhibit E

Purchase Prices

The pricing applicable to the Facility will be consistent with the avoided cost rates that are in effect at the time that the parties enter into a Power Purchase Agreement.

Clark Fork Hydro - Derr Creek IPUC Pricing - June 1, 2017

		\$/MWh Season 1	\$/MWh Season 2
1	2018	63.20	49.16
2	2019	66.81	51.96
3	2020	68.89	53.58
4	2021	70.22	54.62
5	2022	70.22	54.62
6	2023	71.47	55.59
7	2024	73.73	57.35
8	2025	77.75	60.47
9	2026	80.96	62.97
10	2027	82.85	64.44
11	2028	84.61	65.81
12	2029	86.63	67.38
13	2030	87.86	68.34
14	2031	89.10	69.30
15	2032	90.80	70.62
16	2033	92.18	71.70
17	2034	93.99	73.10
18	2035	96.02	74.68
19	2036	98.09	76.29
20	2037	100.37	78.06

Season 1 108.00% (Applied to July - February)

Season 2 84.00% (Applied to March - June)