



September 28, 2017

Deep Creek Energy, LLC
Brian Gogarty
806 B Gillette Road
Colville, WA 99114

Re: Amendment No. 2 to the Power Purchase Agreement - Deep Creek Energy, LLC and Avista Corporation

Dear Mr. Gogarty:

Deep Creek Energy, LLC ("Seller") and Avista Corporation ("Avista"), referred to herein individually as a "Party" and collectively as the "Parties," entered into that certain Power Purchase Agreement dated April 5, 2013, ("Power Purchase Agreement") under which Avista purchases energy from the Deep Creek hydroelectric project. The project is located in the South $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 3, Township 39N, Range 40EWM on Deep Creek near Northport, Stevens County, Washington on the Colville River five miles upstream of the Columbia River, near the City of Kettle Falls, Washington. The project has a total nameplate capacity of 411 kilowatts.

Amendment No 1 to the original term of the Power Purchase Agreement will expire by its terms on December 31, 2017. Seller and Avista have agreed to amend the Power Purchase Agreement to extend the term through December 31, 2022.

The Parties hereby agree to amend the Power Purchase Agreement as follows:

1. Section 4.1 of the Power Purchase Agreement is amended to change the expiration date of the Term to December 31, 2022 so that Section 4.1 of the Power Purchase Agreement reads in its entirety as follows:

4.1 The effective date of this agreement shall be April 5, 2013 and will continue, unless otherwise terminated as provided herein, through December 31, 2022:

provided however, that this Agreement shall terminate upon Commission rejection of this Agreement.

2. Section 12.1.1 is deleted in its entirety and replaced with,

12.1.1 General Liability. Seller shall carry and maintain comprehensive general liability insurance, which may include umbrella insurance, with a combined 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 Owner's financial ability to cover claims and will not be greater than prevailing practices for similar operations in the State of Washington.

3. Exhibit 2 (Power Purchase Rate) is amended and replaced in its entirety with the Amended Exhibit 2 attached hereto as Attachment A to reflect the contract rates for January 2018 through December 2022. Except as expressly provided herein, all other terms and conditions of the Power Purchase Agreement remain in full force and effect.

The Parties agree that this Amendment No. 2 to the Power Purchase Agreement will be construed in accordance with Section 210 of PURPA and other applicable laws and regulations. This Amendment No. 2 to the Power Purchase Agreement shall become effective on January 1, 2018. All capitalized terms used in this Amendment No. 2 and not otherwise defined herein shall have the respective meanings given to such terms in the Power Purchase Agreement. Upon the effective date of this Amendment No. 2, this Amendment No. 2 shall be incorporated in the Power Purchase Agreement and all references to the Power Purchase Agreement shall be deemed to be references to the Power Purchase Agreement as amended, including as the Power Purchase Agreement is amended by this Amendment No. 2.

If the terms set forth herein for the Amendment No. 2 to the Power Purchase Agreement are acceptable, please execute below and return an original executed copy of this letter to me. Please call Steve Silkworth at (509) 495-8093 if you have any questions.

Sincerely,



Jason Thackston
Sr Vice President, Energy Resources

ACCEPTED AND AGREED TO:

DEEP CREEK ENERGY, LLC

Name: Bryan J. Argent
Date: 9-27-17

Amended Exhibit 2

Power Purchase Rate

Deep Creek Washington PURPA Rates

Sep-17 Revised 10/3/17

<u>Period</u>	<u>Rate</u> <u>\$/MWh</u>	<u>Seasonal</u> <u>Weighting</u>	<u>Contract Rate</u> <u>\$/MWh</u>
Jan 2018 - Feb 2018	\$ 45.35	1.08	\$ 48.98
March 2018- June 2018	\$ 45.35	0.84	\$ 38.09
July 2018 - Dec 2018	\$ 45.35	1.08	\$ 48.98
Jan 2019 - Feb 2019	\$ 46.03	1.08	\$ 49.71
March 2019 - June 2019	\$ 46.03	0.84	\$ 38.67
July 2019 - Dec 2019	\$ 46.03	1.08	\$ 49.71
Jan 2020 - Feb 2020	\$ 46.72	1.08	\$ 50.46
March 2020 - June 2020	\$ 46.72	0.84	\$ 39.24
July 2020 - Dec 2020	\$ 46.72	1.08	\$ 50.46
Jan 2021 - Feb 2021	\$ 47.42	1.08	\$ 51.21
March 2021 - June 2021	\$ 47.42	0.84	\$ 39.83
July 2021 - Dec 2021	\$ 47.42	1.08	\$ 51.21
Jan 2022 - Feb 2022	\$ 48.13	1.08	\$ 51.98
March 2022 - June 2022	\$ 48.13	0.84	\$ 40.43
July 2022 - Dec 2022	\$ 48.13	1.08	\$ 51.98