

**WASHINGTON AFFILIATED INTEREST FILING**

**ATTACHMENT A**

**THIRD AMENDMENT TO WATER LEASE AGREEMENT**

**THIRD AMENDMENT TO  
THE AGREEMENT DATED NOVEMBER 1974  
BETWEEN FERRON CANAL AND RESERVOIR COMPANY AND PACIFICORP**

This third Amendment (“Amendment”) to the Agreement dated November 1974 between Ferron Canal and Reservoir Company and PacifiCorp (“Agreement”) is entered into as of the date of the last signature below, between Ferron Canal and Reservoir Company and PacifiCorp (successor to Utah Power and Light Co.), each sometimes referred to herein as “Party” or collectively as “Parties.”

**RECITALS**

PacifiCorp entered into the Agreement for the purpose of securing a water supply to the Hunter Power Plant and pays Ferron Canal and Reservoir Company an agreed upon amount to deliver up to 7,000 acre-feet of water (“Contract Water Amount”) pursuant to Paragraph 5 of the Agreement. The Parties agree that the Agreement has generally worked well for both Parties and that there are benefits to maintaining the existing agreement;

The Agreement’s term is ambiguous, but likely terminates by its own terms on November 1, 2018 under Paragraph 5. By this Amendment, the Parties intend to (1) extend the term of the Agreement and (2) amend it to allow PacifiCorp to terminate the Agreement or modify it to reduce the Contract Water Amount in the event of major operational changes at the Hunter plant.

**AMENDMENT**

In consideration of the mutual promises and covenants contained herein, together with the benefits to be derived herefrom, the Parties agree as follows: The fourth sentence of Paragraph 5 of the Agreement which reads: “The annual payment provided for in this paragraph shall be adjusted each year in accord with the wholesale price index for all commodities (1967=100) prepared by the Bureau of Labor Statistics, but in no event shall the payment provided for herein be less than \$105,000 per year[.]” shall be amended to read as follows: “The annual payment provided for in this paragraph shall be adjusted each year in accord with the wholesale price index for all commodities (1967=100) prepared by the Bureau of Labor Statistics, but in no event shall the payment provided for herein be less than \$350,000 per year.”

There shall be added to the Agreement the following Paragraphs:

**11. Term.** This Agreement and all amendments thereto, shall remain in full force and effect through November 1, 2058 unless PacifiCorp submits a written notice, pursuant to the terms of Paragraph 12, to Ferron Canal and Reservoir Company to either reduce the Contract Water Amount or terminate this Agreement.

**12.1 Reductions to Water Supply.** Only after the end of the initial ten year extension provided by this Amendment and to accommodate for any major operational changes at the Hunter Power Plant, PacifiCorp, in its sole discretion, may decrease the Contract Water Amount it requires

under the Agreement. To make such adjustment, PacifiCorp shall provide Ferron Canal and Reservoir Company with written notice at least two (2) years in advance of any such adjustment becoming effective. The notice will state the amount of water PacifiCorp requests to be reduced from the Contract Water Amount. Payment for the changed Contract Water Amount shall be adjusted to account for the reduced water supply according to the same formula set forth in Paragraph 5 of the Agreement.

**12.2 Termination of Agreement due to Operational Changes.** Only after the end of the initial ten year extension provided by this Amendment and to accommodate for any major operational changes at the Hunter Power Plant, PacifiCorp, in its sole discretion, may terminate this Agreement in its entirety by providing written notice to Ferron Canal and Reservoir Company within two (2) years from the date of termination.

**13.** PacifiCorp may only use the water provided pursuant to this agreement for the purposes provided for herein, and in no event is PacifiCorp permitted to sublease, subcontract, otherwise offer for sale or use any water provided to it under this Agreement to a third party.

Each Party hereby represents and warrants to the other Party that it has the right, power and authority to execute, deliver and perform this Agreement.

All other terms and conditions in the Agreement, including any amendments thereto shall remain in full force and effect. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused their properly authorized representatives to execute and seal this Fourth Amendment on the dates set forth below.

PacifiCorp, an Oregon corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

PacifiCorp Acknowledgement

STATE OF \_\_\_\_\_)

)ss:

COUNTY OF \_\_\_\_\_)

On the \_\_\_\_ day of \_\_\_\_\_, 200\_ before me personally appeared \_\_\_\_\_, and acknowledged under oath that he is the \_\_\_\_\_ of \_\_\_\_\_, the \_\_\_\_\_ named in the attached instrument, and as such was authorized to execute this instrument on behalf of the \_\_\_\_\_.

\_\_\_\_\_  
Notary Public: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

Ferron Canal and Reservoir Company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

STATE OF \_\_\_\_\_)

)ss:

COUNTY OF \_\_\_\_\_)

On the \_\_\_\_ day of \_\_\_\_\_, 200\_ before me personally appeared \_\_\_\_\_, and acknowledged under oath that he is the \_\_\_\_\_ of \_\_\_\_\_, the \_\_\_\_\_ named in the attached instrument, and as such was authorized to execute this instrument on behalf of the \_\_\_\_\_.

\_\_\_\_\_  
Notary Public: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_