INTERAGENCY AGREEMENT

between

PUBLIC UTILITY DISTRICT No. 1 of CHelan COUNTY (Agreement No. 06-001)

AND

WASHINGTON DEPARTMENT of FISH and WILDLIFE (Agreement No. 06-1456)

THIS AGREEMENT is made and entered into by and between Public Utility District No. 1 of Chelan County (District) and the Washington Department of Fish and Wildlife (WDFW), together referred to as the Parties.

Both Parties acknowledge that the District is responsible, per their Federal Energy Regulatory Commission (FERC) licenses for the hydroelectric projects of Rock Island (FERC License No.: 943), Rocky Reach (FERC Licenses No.: 2145), and Chelan Falls (FERC License No.: 637) to fund hatchery operations and hatchery monitoring and evaluation. The activities under this Agreement support the implementation of such licenses and shall not conflict with the licenses.

THEREFORE, IT IS MUTUALLY AGREED THAT:

STATEMENT OF WORK

WDFW shall, on a reimbursable basis, (1) operate hatchery facilities, and (2) provide monitoring and evaluation services, subject to the provisions and details specified in Attachment "A" (General Specifications) and "B" (Task Authorizations) attached hereto and incorporated herein.

PERIOD OF PERFORMANCE

Subject to its other provisions, the period of performance of this Agreement shall commence on the date of last signature of this Agreement, and be completed on May 31, 2011, unless terminated sooner as provided herein.

PAYMENT

Compensation for the work provided in accordance with this Agreement will be paid by the District to WDFW monthly, based on the work undertaken pursuant to the Task Authorizations. The Parties, during development of Task Authorizations, will determine each task authorization budget allocation. Payment for satisfactory performance of such work shall not exceed this amount authorized in the task authorization, unless the Parties mutually agree to a higher amount prior to the commencement of any work which will cause the maximum payment to be exceeded. Compensation for services shall be based on the rates and terms set forth in Attachments “A” and "B".
BILLING PROCEDURE

WDFW shall submit invoices and expenditure detail reports on a monthly basis to the District. Payment will be made by warrant or account transfer by the District within 30 days of receipt of the invoice. Final invoices for each calendar year (January through December) shall be delivered to the District no later than March 31 of the following year. WDFW shall make every reasonable effort to comply with this schedule, and the District may dispute any previous year’s expenses not reasonably invoiced by March 31.

Upon expiration of this Agreement, any claim for payment not already made shall be submitted within 30 days after the expiration date or the end of the fiscal year, whichever is earlier.

RECORDS MAINTENANCE

WDFW shall maintain books, records, documents and other evidence which sufficiently and properly reflect all direct and indirect costs expended by either party in the performance of the services described herein. These records shall be subject to inspection, review or audit by the District. All books, records, documents, and other material relevant to this Agreement will be retained in accordance with Washington State law. The District in requesting access to records, shall provide reasonable notice.

Records and other documents, in any medium, furnished by one Party to this Agreement to the other Party, will become the property of both Parties, unless otherwise agreed.

INDEPENDENT CAPACITY

The employees or agents of each Party who are engaged in the performance of this Agreement shall continue to be employees or agents of that Party and shall not be considered for any purpose to be employees or agents of the other Party. The conduct and control of the work and safety measures required of either Party shall be the responsibility of that Party.

AGREEMENT ALTERATIONS AND AMENDMENTS

This agreement may be amended by mutual agreement of the Parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the Parties.

TERMINATION

The Parties may terminate this Agreement by mutual agreement. The Parties or a Party may terminate this Agreement in whole or in part. A Party may terminate this Agreement as follows:

1. regarding WDFW’s commitments to operate one or more of the District’s hatchery facilities, a Party shall give not less than one year written notice of termination;
2. for all other commitments, unless otherwise agreed, a Party shall give not less than thirty days written notice of termination;
3. if either Party is no longer listed as a permit holder of the permits necessary to perform the work defined in a Task Authorization(s).

Task authorizations to this Agreement may be individually terminated but task authorization termination shall not terminate this Agreement only the specific referenced task authorization.

If this Agreement is so terminated, the Parties shall be liable only for performance rendered, or costs incurred prior to the effective date of termination.

DISPUTES

If a dispute arises out of or relates to this Agreement, the Parties agree to first use their reasonable best efforts to cooperatively resolve such dispute. The District and the WDFW shall use their reasonable best efforts to resolve disputes arising in the normal course of business at the lowest organizational level between each Party’s staff with appropriate authority to resolve such disputes. When a dispute arises between the District and the WDFW, which cannot be resolved in the normal course of business, each Party shall notify the other of the dispute, with a Notice specifying the disputed issues.

The District and WDFW coordinators shall use their reasonable best efforts to resolve the dispute within five (5) business days of submission by either Party to the other of such dispute notice. If the District and WDFW coordinators are unable to resolve the dispute within such five (5) business day period, they shall immediately escalate the matter to the WDFW’s senior official(s) with appropriate authority to resolve the dispute and the District’s Assistant General Manager in charge of Fish and Wildlife, or designee who shall have ten business days to resolve the dispute. If these representatives are unable to resolve the dispute within such period, either Party may pursue its available legal and equitable remedies.

WDFW and District agree that the existence of a dispute notwithstanding, they will continue without delay to carry out all their respective responsibilities under this Agreement that are not affected by the dispute.

If the subject of the dispute is the amount due and payable by District hereunder, WDFW shall continue providing the work pending resolution of the dispute provided District pays WDFW the amount District, in good faith, believes is due and payable, and places in escrow the difference between such amount and the amount WDFW, in good faith, believes is due and payable.

INDEMNIFICATION

Each Party to this Agreement shall be responsible for its own acts and/or omissions and those of its officers, employees, subcontractors and agents. Except as provided in the preceding sentence, no Party to this Agreement shall be responsible for the acts and/or omissions of entities or individuals not a party to this agreement.

This indemnity obligation specifically includes liability or alleged liability that may arise from injury or loss suffered by any employee of either Party or any subcontractor regardless of any
immunity provided by the Washington Industrial Insurance Act, RCW Title 51, or any other applicable law. THE TERMS OF THIS SECTION, SPECIFICALLY INCLUDING THE PRECEDING WAIVER OF IMMUNITY, SHALL BE DEEMED MUTUALLY NEGOTIATED TO THE FULLEST EXTENT ALLOWED BY THE LAWS OF WASHINGTON.

APPLICABLE LAWS AND POLICIES

Both Parties are forms of government under the laws of the State of Washington, and as such, except as provided in this Agreement, each Party shall be subject to its applicable laws, authorities, and policies. In the event authorities or policies conflict, the Parties agree to meet to discuss how to resolve the differences.

GOVERNANCE

This contract is entered into pursuant to and under the authority granted by the laws of the state of Washington and any applicable federal laws. The provisions of this agreement shall be construed to conform to those laws.

In the event of an inconsistency in the terms of this Agreement, or between its terms and any applicable statute or rule, the inconsistency shall be resolved by giving precedence in the following order:

a. applicable state and federal law and the District’s federal licenses;

b. the Hatchery Facilities Guidelines, the Monitoring and Evaluation Plan, and other work prescribed by the Committees created under the District’s federal licenses; and

c. the Task Authorizations

FORCE MAJUERE

No Party shall be liable to the other Party for breach of this Agreement as a result of a failure to perform or for delay in performance of any provision of this Agreement if such performance is delayed or prevented by Force Majeure. Force Majeure shall be defined as an event not foreseeable by or within control of the Party. The Party whose performance is affected by Force Majeure shall notify the other Party in writing within 24 hours, or as soon thereafter as practicable, after becoming aware of any event that such affected Party contends constitutes Force Majeure. Such notice will identify the event causing the delay or anticipated delay, estimate the anticipated length of delay, state the measures taken or to be taken to minimize the delay, and estimate the timetable for implementation of the measures. The affected Party shall make all reasonable efforts to promptly resume performance of this Agreement and, when able, to resume performance of its obligations and give the other Party written notice to that effect. Upon receipt of notice of a Force Majeure event, any Party may request that the Parties engage in discussion in an effort to modify this Agreement in a mutually satisfactory manner.
WAIVER
A failure by either Party to exercise its rights under this Agreement shall not preclude that Party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this Agreement unless stated to be such in a writing signed by an authorized representative of the Party and attached to the original Agreement.

SEVERABILITY
If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this agreement, and to this end the provisions of this Agreement are declared to be severable.

ALL WRITINGS CONTAINED HEREIN
This Agreement contains all the terms and conditions agreed upon by the Parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the parties hereto.

CONTRACT MANAGEMENT
The program coordinator for each of the Parties shall be responsible for and shall be the contact person for all communications and billings regarding the performance of this Agreement.

The Program Coordinator for WDFW is: Joseph Miller, Washington Department of Fish and Wildlife, 1550 Alder St., Ephrata, Washington, 98823.

The Program Coordinator for the District is Shaun Seaman; Chelan County PUD No. 1, Post Office Box 1231, Wenatchee, Washington, 98807

IN WITNESS WHEREOF, the parties have executed this Agreement.

Washington Department of Fish and Wildlife
By: [Signature]
Title: [Title]
Date: 8/30/16

Public Utility District No. 1 of Chelan County
By: [Signature]
Title: General Manager
Date: 9/12/16
WAIVER
A failure by either Party to exercise its rights under this Agreement shall not preclude that Party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this Agreement unless stated to be such in a writing signed by an authorized representative of the Party and attached to the original Agreement.

SEVERABILITY
If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this agreement, and to this end the provisions of this Agreement are declared to be severable.

ALL WRITINGS CONTAINED HEREBIN
This Agreement contains all the terms and conditions agreed upon by the Parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the parties hereto.

CONTRACT MANAGEMENT
The program coordinator for each of the Parties shall be responsible for and shall be the contact person for all communications and billings regarding the performance of this Agreement.

The Program Coordinator for WDFW is Joseph Miller, Washington Department of Fish and Wildlife, 1200 15th Ave. SE, P.O. Box 44320, Olympia, Washington, 98504

The Program Coordinator for the District is Shawn Seaman, Chelan County PUD No. 1, Post Office Box 1231, Wenatchee, Washington, 98807

IN WITNESS WHEREOF, the parties have executed this Agreement.

Washington Department of Fish and Wildlife

By: __________________________
Title: __________________________
Date: ______________/____________/____________

Public Utility District No. 1 of Chelan County

By: __________________________
Title: __________________________
Date: ______________/____________/____________

5
ATTACHMENT “A”

GENERAL SPECIFICATIONS AND TERMS

WORKPLACE POLICIES

i. **Drug Free Workplace.** The Parties agree to comply with the Drug Free Workplace Act of 1988 and their respective policies regarding a drug free workplace. Each Party shall immediately remove its employee from the work place when that Party determines that the employee is not fit for duty.

ii. **Firearms and Other Weapons.** Except as provided herein, carrying or possession of firearms or other weapons is prohibited at all times in District buildings or on District property, including District parking lots and in vehicles. Except as provided herein, the carrying or possession of firearms or other weapons is prohibited on any other District location while performing duties for the District under this Agreement.

Notwithstanding the above, the policy shall not apply to WDFW’s officially commissioned law enforcement officers, while they are in the scope of their duties.

Unless otherwise provided, any other exception to the District’s firearm policy requires the Parties agreement and designation in the appropriate Task Authorization or other Agreement.

Each party shall immediately remove its employee from the work place when that Party determines that the employee has violated this provision.

BUDGET AND TASK AUTHORIZATIONS

i. **Task Authorizations.** For the purposes of this Agreement, “Task Authorizations” are an extension of this agreement, authorizing and funding specific work elements described therein. Each Task Authorization shall include a budget. Payment for performance of the Task Authorization shall not exceed the Task Authorization budget, unless the Parties mutually agree to a higher or different amount prior to the commencement of any work which will cause the maximum payment to be exceeded.

ii. **Task Authorization Budget Amendments.** Both Parties recognize that the quoted fees and scope of services described in the individual Task Authorizations constitute the best estimate of the fees and tasks required to perform the services as defined. For those projects involving conceptual design or activities, the tasks may not be fully defined. As the project progresses, facts uncovered may reveal a change in direction that may alter the scope or represent unforeseen extraordinary costs. Each Party will promptly inform the other Party in writing of such situations so that changes in this Agreement can be made as required as per the terms of this Agreement.

iii. **Task Authorizations Comprehensive.** The Parties intend that through the Task Authorization development process, agreed Task Authorizations budgets are intended to cover all reasonably
foreseeable costs. Except as otherwise agreed, WDFW shall charge the same
rates/fees/costs/reimbursements as required by State of Washington agency requirements (i.e.,
WDFW charge same as OFM travel/per diem rates). The Parties shall attempt to identify all
likely charges or expected costs, including WDFW’s use of equipment, computers, etc.

iv. Special Charges/Issues.
   a. Overhead. Except as provided in this section or as otherwise agreed, WDFW may
   charge overhead at the rate annually approved by the U.S. Department of Interior (USDOI) and
   may adjust the rate accordingly upon thirty (30) days notice to the District. WDFW shall not
   charge an overhead rate for the purchase of fish food or for the purchase of capital item
   purchases greater than $5,000 The Parties agree that the District has not relinquished any ability
   to request a waiver of or reduction of overhead, which may be applicable to Task Authorizations
   stemming from this Agreement. Nothing in this paragraph precludes a Party from requesting a
   discussion about changes to or a waiver of the overhead rate.

v. Purchase of Material/Equipment.
   Materials or equipment purchased under this Agreement and billed to the District are the
   property of the District and that upon completion of work, all such materials or equipment shall
   be returned to the District prior to the final payment. WDFW will notify the District when it is
   necessary to purchase any equipment that exceeds $500 in value. The District retains the right to
   purchase any equipment in excess of $500. In an emergency situation, WDFW may purchase
   equipment that exceeds $500 in value so long as immediately afterwards, WDFW notifies the
   District in writing of the purchase and describes the emergency situation. WDFW is not required
   to request duplicate authority to purchase items already negotiated in individual task
   authorizations.

During the development of Task Authorizations, WDFW shall provide the District a request for
new vehicles, boats and or equipment that it believes necessary to complete the project. Included
in such list shall be an estimated cost on a per item basis. Such list will be reviewed by the
District and then, if necessary, negotiated with WDFW and a determination will be made as to
which Party will purchase the agreed to items. After the list of new vehicles, boats and or
equipment has been agreed upon by both Parties, the District shall provide the items to WDFW
for WDFW’s use during the work to be completed.

Vehicles and equipment provided to WDFW shall not be of a lesser quality than that used by
District employees. The District will not provide vehicles and equipment to WDFW if such has
evidence of reliability and or safety problems.

ACCOUNTING AND PAYMENT DETAILS

i. Billing Procedure. WDFW shall, on a monthly basis, submit written invoices and an
   expenditure detail report. Each invoice and expenditure report shall be labeled with the identifier
   “Agreement No. 06-001”. WDFW shall submit an original and one copy of the invoice and
   report to the District at the following address: Public Utility District No. 1 of Chelan County;
   Attn: Fish and Wildlife Department; 327 N. Wenatchee Ave.; P.O. Box 1231; Wenatchee, WA
   98807.
ii. **Expenditure Detail Report.** WDFW will provide the District a monthly expenditure detail report as a supplement to written invoices. This expenditure report will be submitted electronically to the District’s appointed program manager or other designee identified in Task Authorizations.

iii. **Payment Procedure.** The District shall remit payment by warrant or account transfer to WDFW within thirty (30) days of receipt of each invoice.

iv. **Payment Dispute Resolution.** The District and WDFW agree to attempt to resolve any invoice disputes through informal means including emails or telephone calls. If informal discussions do not remedy the District’s concern, the District will notify WDFW, in writing, if it has determined that an invoice is incorrect or unsatisfactory and the District, subsequently, intends to withhold payment. After receiving written notification from the District, WDFW will provide written clarification to the District with in ten (10) days of receipt of notification. Written notification concerning incorrect invoices shall be sent to the appropriate WDFW staff identified in individual task authorizations.

v. **Annual Close out.** WDFW shall deliver to the District final invoices for each calendar year (January through December) no later than March 31 of the following year. WDFW shall make every reasonable effort to comply with this schedule and the District may dispute any previous expenses not reasonably invoiced by March 31.

### DAY TO DAY OPERATIONS

i. **Non-interference with Project Operations.** The Parties agree that some of the hatchery production anticipated by this Agreement is to be produced at facilities near, or in close proximity to the District’s hydroelectric projects or related facilities, and therefore each Party shall conduct its operations cognizant of the operations of all facilities operated by the Parties.

ii. **Management of Employees.** Each Party shall be responsible to supervise their respective employees. Neither party is authorized to discipline, reprimand or otherwise critique the job performance of the employees of the other party. Any concerns about a party’s employee performance shall be directed, in writing, to the appropriate party as outlined below or the alternative representative designated in the task authorization.

<table>
<thead>
<tr>
<th>District</th>
<th>WDFW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attn.: Shaun Seaman</td>
<td>Attn.: Joe Miller</td>
</tr>
<tr>
<td>Fish and Wildlife Director</td>
<td>Region 2 Fish Program Manager</td>
</tr>
<tr>
<td>P. O. Box 1231</td>
<td></td>
</tr>
<tr>
<td>327 N. Wenatchee Avenue</td>
<td>1550 Alder St.</td>
</tr>
<tr>
<td>Wenatchee, WA 98807</td>
<td>Ephrata, WA 98823</td>
</tr>
</tbody>
</table>

iii. **Security.** WDFW agrees to comply with the District’s Security and Badging Program as may be amended. The District has provided the current Program and will provide appropriate updates
to WDFW. The District will issue badges to WDFW employees who are authorized to enter District facilities.

iv. **Hatchery Operations.** Each Party shall identify and keep current the name and contact information for its representative for the discussion of day to day operations and resolution of issues.

v. **WDFW Key Personnel.** WDFW will notify the District when key project managers change (e.g. Hatchery Complex Manager, Senior Fish and Wildlife Biologist, etc). The District may provide, and WDFW shall consider, comments about the hiring process, job duties, or other suggestions. WDFW retains the final decision making authority on hiring of its employees.

vi. **Conflict of Interest.** Each Party shall enforce their respective conflict of interest policies. Facilities, vehicles, boats, and all other WDFW or District equipment shall not be used for personal gain by either Party. If a Party believes the other Party is not aware of a potential conflict of interest situation, or is not complying with the appropriate conflict policy, the first Party shall bring the issue to the attention of the appropriate Party.

**VEHICLE, BOAT, AND EQUIPMENT**

i. **General.** The District may provide WDFW with vehicle(s), boat(s) and or equipment for use to complete a specific task authorization. District owned vehicle(s), boat(s) and or equipment shall be specifically listed in the appropriate task authorization. All District owned vehicles, boats and equipment shall be returned to the District in good working order (subject to normal wear and tear) upon completion of this Agreement or termination.

ii. **District and WDFW Vehicle and Boat Insurance.** The District and WDFW are self insured.

iii. The District will be responsible for costs associated with the repairs to damaged District owned vehicles, boats and equipment, regardless of the cause of such damage.

iv. **Fueling at District facilities.** Whenever reasonable, WDFW shall refuel District owned vehicles, boats, and other applicable equipment at District facilities. The District shall provide and keep current, all information necessary for WDFW’s use of the District’s refueling facilities.

v. **District Maintenance of District Vehicles, and Boats.** The District or its authorized representative(s) shall perform all maintenance on the District owned vehicles that WDFW utilizes in a timely fashion. As much as practicable, the District shall perform all maintenance on the District owned boats that WDFW utilizes. WDFW shall be responsible for notifying the District’s Program Coordinator of needed unscheduled maintenance or repairs.

vi. **Non-District Owned Vehicles.** Whenever WDFW uses WDFW owned vehicles, boats, or other applicable equipment for tasks under this Agreement, WDFW shall charge the District the state-approved mileage rates for the vehicles classification, or bill the District at the same rates that WDFW accounts for those charges for its purposes. In the case that WDFW rents or leases
non-District owned vehicles, boats, or applicable equipment, it shall bill the District the rental or lease rate paid by WDFW.

**EQUIPMENT INVENTORY**

WDFW and the District shall cooperatively investigate the benefit of an undertaking an inventory of District owned equipment for individual task authorizations. The intent is to complete the investigation by December 31, 2006, and the investigation should include development of a timeline to complete agreed future actions, if any.

**DISCLOSURE OF INFORMATION**

For any reports, information or data that are intended to be reviewed and provided to a third party and that have been developed, in the course of operating the District funded hatcheries or created as a product of District funded hatchery or monitoring and evaluation programs, WDFW shall supply such documents in draft form to the District for review and comment before finalization or distribution unless a.) reports and data that have been previously submitted for review and approved by the District; b.) otherwise specified in the task authorization; c.) unless required by a federal or state law, or federal permit, or d.) unless protected from disclosure by state or federal law. WDFW will provide the District with a reasonable period of time to review and approve submitted reports and data. The District will review submitted reports and data in a reasonable period of time.

**NOTICES**

Any notices shall be effective as personally served upon the other party or if mailed by registered or certified mail, return receipt requested, to the following addresses:

<table>
<thead>
<tr>
<th>District</th>
<th>WDFW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attn.: Shaun Seaman</td>
<td>Attn.: Jeff Keonings</td>
</tr>
<tr>
<td>Fish and Wildlife Director</td>
<td>Fish and Wildlife Director</td>
</tr>
<tr>
<td>P. O. Box 1231</td>
<td></td>
</tr>
<tr>
<td>327 N. Wenatchee Avenue</td>
<td>600 Capital Way North</td>
</tr>
<tr>
<td>Wenatchee, WA 98807</td>
<td>Olympia, WA 98201-1091</td>
</tr>
</tbody>
</table>

**QUALIFIED PERSONNEL**

All services required by WDFW hereunder will be performed by WDFW or under WDFW’s supervision and all personnel engaged in the work shall be qualified and shall be authorized or permitted under federal or state law to perform such services.

**QUALITY ASSURANCE/QUALITY CONTROL AND SAFETY PROGRAMS**

As part of the work plan(s) appropriate to the task authorization(s), the Parties shall develop and WDFW shall implement and maintain a Quality Assurance/Quality Control (QA/QC) plan in accordance with the District’s and WDFW’s requirements and standard procedures that are
pertinent to the services WDFW provides to the District (e.g. general operation of the hatchery facilities, ESA permit requirements, WDFW response to fish health situation(s), field monitoring protocols, etc.)

As part of its overall project management plan, WDFW shall implement and maintain a Safety Program for its own employees that complies with all applicable laws. WDFW employee performance and compliance with safety programs will be evaluated by appropriate WDFW personnel. WDFW will not inhibit District efforts to conduct safety inspections or audits of the District's facilities or equipment. If a District safety audit will affect hatchery operations, the District shall provide WDFW with reasonable notice prior to conducting such an audit. Safety concerns identified by either party will be transmitted to the other party to affect a remedy through the most expedient means.