INTERLOCAL AGREEMENT FOR INCOME ELIGIBLE WEATHERIZATION SERVICES BETWEEN PUBLIC UTILITY DISTRICT #1 OF CHelan COUNTY AND CHelan-DOUGLAS COMMUNITY ACTION COUNCIL

This agreement made between PUBLIC UTILITY DISTRICT NO. 1 OF CHelan COUNTY, WASHINGTON, a Public Utility District, hereinafter referred to as the “District” and the CHelan-DOUGLAS COMMUNITY ACTION COUNCIL, a non-profit Washington corporation, hereinafter referred to as the “Council”.

RECITAL

A. The parties agree that the purpose of this Agreement is to provide funding, administrative and operational support for a program, to be funded in part by the State of Washington as provided in Chapter 70.164 RCW, which provides weatherization for eligible low-income residences in all areas of Chelan County that are heated with electricity.

B. The Parties recognize and agree that weatherization of the residences of low-income households will conserve energy resources in Chelan County consistent with the legislative finding of RCW 70.164.010. The Commissioners of the District (“Commissioners”) find that low-income customers of the District have difficulty affording the cost of electrically heating their residences. Weatherization of residences will lower energy consumption making space heating more affordable for persons in low-income households. Weatherization will also reduce the District’s administrative costs resulting from low-income customers not being able to pay their electric bills.

C. The Council has requested that the District provide funding to be used by the Council for the weatherization of eligible low-income residences as provided in Chapter 70.164 RCW.

TERMS AND CONDITIONS

1. DISTRICT CONTRIBUTION. The District agrees to provide funding to the Council in an amount to be determined each year, in the sole discretion of the District Commissioners, upon receipt of a request for funds by the Council and as part of the District’s annual budget process, provided, however, that any amount must be matched with an equal additional amount from the State of Washington pursuant to Chapter 70.164 RCW. Nothing herein shall be construed as a guarantee of funding by the District.

2. DISTRICT ASSISTANCE IN IDENTIFYING ELIGIBLE HOUSEHOLDS. The District may, in its sole discretion, provide assistance to the Council in identifying eligible households in Chelan County, preparing conservation energy analyses, and in performing inspections of the completed work.

3. INSPECTION OF WORK BY DISTRICT. The Council shall require that each owner or his authorized agent execute an application for weatherization which irrevocably consents to allow District personnel to inspect the completed work at any time within one year of date of completion of the weatherization, provided
that reasonable notice is given to said owner or his authorized agent by the District prior to inspection.

4. **COUNCIL REPORTING REQUIREMENTS.** The Council shall provide the District a monthly expenditure report that identifies the homes completed for each month and the cumulative completions to date resulting from the District’s current funding contribution, the detailed amount of funds expended for each project, including non-District funds used in the completion of the weatherization work, and the balance of current contribution funds available and/or on deposit. The Council shall also provide the District a copy of the current Energy “Matchmakers” Sponsor Agreement between the Council and the State of Washington’s Department of Community Development. In addition, the Council shall provide the District a copy of all state or independent auditor’s reports of the Council’s administration of the Weatherization program immediately upon receipt.

5. **ELIGIBILITY AND MEASURE DETERMINATION.** The Council shall be solely responsible for determining what residences and/or households qualify for weatherization work pursuant to Chapter 70.164 RCW. The Council shall also be solely responsible for determining what specific weatherization work will be done on each residence and/or household.

6. **ELECTRICAL ONLY.** The parties agree that no District funds shall be spent on weatherization of non-electrically heated residences. The Council further agrees to exert its best efforts to ensure that the matching funds received from the State of Washington shall be used solely for weatherization work of electrically heated homes.

7. **INDEMNIFICATION.** The Council will defend, protect, indemnify, save and hold harmless the District from and against any and all claims, costs, damages, expenses or liabilities, including reasonable attorneys fees and costs, arising from the indemnification provision of the current Energy “Matchmakers” Sponsor Agreement between the Council and the State of Washington’s Department of Community Development, such that any claim against the District by the State of Washington or the Community Action Council based on the indemnification paragraph in the Sponsor Agreement will be considered a claim for which the Council will be responsible for indemnifying the District. The Council also agrees to defend, protect, indemnify, save and hold harmless the District from and against any and all claims, costs, damages, expenses or liabilities, including reasonable attorney fees and costs, for any and all injuries to persons or property as a result of, or in any way related to, the acts or omissions of the Council or any subcontractors or any employees or agents of, either in the performance of any work done pursuant to this agreement or any of the obligations herein.

8. **INTEREST BEARING ACCOUNT.** The Council shall keep the funds from the District on deposit in an interest-bearing trust account until final inspection and approval by the Council of the completed weatherization work done for each residence. All earned interest paid into this trust account shall be used solely for the weatherization of low-income residences as provided herein.
9. **INSURANCE.** The Council and all contractors hired by the Council to perform work on District funded conservation projects shall, at their own expense, carry and maintain throughout the term of this Agreement Commercial General Liability insurance in an amount of not less than $1,000,000 per occurrence/$2,000,000 aggregate. All policies shall be occurrence policies. The Council shall be solely responsible for ensuring contractors obtain and maintain insurance coverage in compliance with this Agreement. The District shall be named as an additional insured under all insurance policies required by this Agreement. Within ten (10) days after the execution of this agreement, the Council shall file with the District’s Risk Management Department a certificate of insurance from its insurance company(ies) certifying the coverage required of the Council herein.

10. **TERM.** This Agreement shall be effective upon execution by both the District and the Council and shall remain in effect until such time as it is terminated by either party as provided herein. The Council may terminate the Agreement by providing three (3) months written notice to the District. Upon termination of this Agreement, the District will no longer offer funding pursuant to Chapter 70.164 RCW. However, termination of this Agreement shall not eliminate the Council’s obligation to meet the terms of this Agreement for any funds furnished by the District but not yet used for weatherization of eligible low-income residences. The District may terminate this Agreement at any time by providing the Council with written notice three (3) months in advance of such termination.

11. **ATTORNEY FEES AND VENUE.** If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the substantially prevailing party shall be entitled to reasonable attorney fees, costs and necessary disbursements, in addition to any other relief granted. Venue for any action shall be in Chelan County Superior Court.

12. **ENTIRE AGREEMENT AND APPLICATION OF AGREEMENT.** This Agreement embodies the entire Agreement between the parties. There are no promises, terms, conditions or obligations other than those contained herein.

EXECUTED THIS 5th day of May, 2002

CHELAN-DOUGLAS COMMUNITY ACTION COUNCIL

PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY

By: [Signature]
Robert J. Soule, Executive Director

By: [Signature]
Charles J. Hosken, General Manager
Resolution No. 02-12098

RESOLUTION AUTHORIZING AN AGREEMENT FOR WEATHERIZATION SERVICES FOR INCOME ELIGIBLE ELECTRIC CUSTOMERS WITH THE CHELAN-DOUGLAS COMMUNITY ACTION COUNCIL

FACTUAL BACKGROUND AND REASONS FOR ACTION

The Chelan-Douglas Community Action Council ("Council") has requested that the District provide funding, administrative and operational support for the installation of conservation measures for residential dwellings occupied by income-eligible electric customers. This program shall be funded in part by the State of Washington as provided in Chapter 70.164 RCW, which provides weatherization for eligible low-income residences. This program will include homes in all areas of Chelan County that are heated with electricity.

The Commission recognizes that weatherization of the residences of low-income households will conserve energy resources in Chelan County consistent with the legislative finding of RCW 70.164.010. RCW 70.164 specifically states that a public utility district may be a "sponsor" and that a "sponsor" may use its own moneys, including ratepayer moneys to pay the matching funds. RCW 70.164.040.

The purchase of electricity through payment to individual customers for installation of conservation measures has been recognized by the courts of Washington in Tacoma v. Taxpayers, 108 Wn.2d 679, 743 P.2d 793 (1987) as a valid expenditure of public funds.

The Commission has determined that reducing the amount of electric energy consumed by customers with electric heat will increase the amount of energy available to the District. Conservation has long been recognized as a source of electricity. The Commission agrees with the commonly held view that a kilowatt-hour saved from existing demand is as fully a source of new supply as another kilowatt-hour generated. In both cases, the District makes available to its entire electric customer system a kilowatt-hour that was previously unavailable. This energy would then be available to the District to (1) serve its load and avoid purchasing power, or (2) sell on the wholesale power market and increase revenues beneficial to all ratepayers.

The Commission recognizes that the District must receive sufficient consideration for any expenditure of public funds. It is the Commission's finding that the weatherization conservation program proposed by the Council is specifically intended for the purpose of purchasing electric resources. The Commission has no donative intent in approving this program. In addition, the public as a whole will receive sufficient benefit and consideration from including income eligible customers in conservation services.

The Commissioners find that low-income customers of the District have difficulty affording the cost of electrically heating their residences. Weatherization of residences will lower energy consumption making space heating more affordable for persons in low-income households.
The Commission agrees that weatherization for income-eligible customers with a household income equal or less than 125% of the Federal Poverty Guidelines meets the criteria of “necessary support of the poor and infirm” in Washington State Constitution Article 8, Section 10.

District staff has presented a proposal and recommendation to the commission that the District enter into an Agreement with the Chelan-Douglas Community Action Council to offer weatherization services to income-eligible electric customers. This Agreement includes provisions that:

1. Expands the receipt of weatherization services to income eligible customers with household incomes at or below 125% of Federal Poverty Guidelines;
2. Commits to funding to match funds for the State of Washington’s Energy Matchmaker Program, effectively doubling the weatherization funds available to District customers;
3. Establishes procedures for future cooperation between the District and Chelan-Douglas Community Action Council on behalf of District customers;
4. Limits the use of District funds to weatherization, administrative and operational support for residences occupied by District income-eligible electric customers;
5. Allows verification of completed work by District staff; and
6. Allows termination by either party by providing three (3) months notice.

The Commission agrees to provide funds to the Council in an amount to be determined each year through the District’s annual budget process, provided however, that any amount must be matched with an equal additional amount from the State of Washington pursuant to Chapter 70.164 RCW.

The Commission has received a request for funds from the Council and agrees, as part of the District’s 2002 operating budget, to contribute $65,000 to the Council to be used in 2002 under the terms of this Agreement.

The General Manager concurs with the staff's recommendation to enter into this agreement.

ACTION

IT IS RESOLVED BY THE COMMISSION OF THE PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON, as follows:

Section 1. The Commission determines that it is in the best interests of the District to purchase electric energy from income-eligible electric utility customers through weatherization services.
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Section 2. The General Manager, or his designee, is authorized to implement an agreement with the Chelan-Douglas Community Action Council for weatherization services under the guidelines of the Washington State Energy Matchmaker Program for the purpose of acquiring electric energy resources from eligible District electric customers. All program offerings are contingent on the restrictions set forth above. A copy of the Agreement is on file in the offices of the District.

Section 3. The General Manager, or his designee, is authorized to issue $65,000 to the Council, to be used under the terms of this Agreement for the 2002 calendar year.

Section 4. The General Manager, or his designee, is authorized to execute agreements with the Chelan-Douglas Community Action Council and other appropriate entities in order to fully implement this program.

ADOPTED this 29th day of April 2002.

Attest: 

President

Vice President

Secretary

Assistant Secretary

Past President

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