INTERLOCAL AGREEMENT
BETWEEN
PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, AND
PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON
FOR
APPLICATION OF PROBABILISTIC SEISMIC HAZARD ANALYSES
TECHNICAL COORDINATION

THIS AGREEMENT is made by and between Public Utility District No. 1 of Chelan County ("Chelan") and Public Utility District No. 2 of Grant County, Washington ("Grant"), sometimes collectively referred to as the "Parties."

Recitals

A. Chelan and Grant are Public Utility Districts incorporated under the laws of the State of Washington.

B. Chelan and Grant are working with the Federal Energy Regulatory Commission ("FERC") to develop and pursue a process for applying results of a Probabilistic Seismic Hazard Analysis (PSHA) to their respective hydroelectric projects (Projects) in a risk-informed manner.

C. The Parties currently have separate contracts with independent contractors for analyzing the seismic performance of their Projects using the results of the PSHA.

D. The Parties have determined that it is in their mutual best interests and to their mutual benefit to cooperatively participate in development of the process for applying the PSHA results.

E. The Parties enter into this Interlocal Agreement ("Agreement") under the authority of RCW Chapter 39.34.

NOW, THEREFORE, in consideration of the premises and promises, terms and conditions set forth below, it is hereby agreed as follows:

1. Purpose. The purpose of this Agreement is to set forth the terms and conditions under which Chelan and Grant will cooperatively participate in development of the process for applying the PSHA results to their Projects.

2. Technical Coordinator. Chelan will hire a consultant as a Technical Coordinator to provide overall technical guidance of and assistance with application of the PSHA results to the Projects. This includes organizing and executing the project and supporting the Parties’ technical interface with the FERC. In particular the Technical Coordinator will manage development of the PSHA application project scope and schedule; work with other consultants retained by the Parties to effectively achieve the desired results; report progress and issues to the Parties’ Administrators as needed; provide technical
coordination with other related industry efforts as directed by the Parties' Administrators; arrange and participate in PSHA application project meetings; and work with the Parties to prepare a final report.

3. Cost. The cost for these Technical Coordinator’s services will not exceed $189,000.00 throughout the term of the Agreement without mutual written agreement of the Parties. Chelan will be responsible for payment of the Technical Coordinator’s correct invoices. Grant will be responsible for reimbursing Chelan as follows: Grant will reimburse Chelan for 50% of the total invoiced amount, except in the case of tasks which are mutually agreed in writing in advance of performance of such tasks, to be specific to one Party or the other. Charges for tasks agreed to be specific to only Chelan will not be reimbursed by Grant, and all charges for tasks agreed to be specific to Grant will be reimbursed by Grant. Chelan shall provide Grant with a copy the Technical Coordinator's agreement and rate schedule to verify invoice amounts.

4. Duration and Termination of Agreement. This Agreement shall be effective upon execution by all Parties and continue for a three (3) year period from the effective date. A Party may unilaterally terminate this Agreement without cause by providing thirty (30) days prior written notice of termination to the other Parties. However, the obligations to pay for the Technical Coordinator’s services shall continue after termination until those tasks begun before the notice of termination and not yet finished have been invoiced along with any specific tasks being performed for either party.

5. Invoices. Chelan will invoice Grant for reimbursement of the charges for the Technical Coordinator, as set forth in Section 3. Grant shall pay undisputed charges within 30 days upon receipt of the invoice from Chelan. Grant shall pay no interest on disputed charges until 30 days after the disputed charges are resolved. Interest at the rate of twelve percent (12%) per annum will be charged if the invoices are not paid when due.

6. No Liability. Nothing in this Agreement or the provision of services or materials pursuant thereto shall create or impose liability on Chelan or Grant for the acts of the other or for facilities or damage to facilities of the other as a result of advice of or work by the Technical Coordinator.

Chelan and Grant each agree to be responsible and assume liability for their own wrongful and/or negligent acts or omissions, or those of their officers, agents or employees to the fullest extent required by law, and further agree to save, indemnify, defend and hold the other party harmless from any such liability.

7. Administrators. This Agreement shall be jointly administered by a representative of Chelan and Grant. Absent written notice by one party to the other, the Administrators shall be: Gene Yow (Chelan) and David Mishalanie (Grant).

Each Administrator represents that it is familiar with, and shall be governed by and comply with, all applicable Federal, State and local statutes, laws, ordinances, and regulations including amendments and changes as they occur. All written instruments,
agreements, specifications and other writing of whatsoever nature which relate to or are a part of this Agreement shall be construed, for all purposes, solely and exclusively in accordance and pursuant to the laws of the State of Washington. The rights and obligations of Grant and Chelan shall be governed by the laws of the State of Washington.

8. **Attorneys’ Fees and Venue.** In the event it is necessary for either Party to utilize the services of an attorney to enforce any of the terms of this Agreement, such enforcing Party shall be entitled to compensation for its reasonable attorneys’ fees and costs. In the event of litigation regarding any of the terms of this Agreement, the substantially prevailing Party shall be entitled, in addition to other relief, to such reasonable attorneys’ fees and costs as determined by the court. The venue of any legal action shall be in the Superior Court of the county in which a defendant(s) is headquartered.

9. **Notices.** Any notices shall be effective if personally served upon the other Party or if mailed by registered or certified mail, return receipt requested, to the following addresses, or such other address as a Party may designate in writing and shall be deemed given on the date of mailing:

   Public Utility District No. 1 of Chelan County  
   Attn: Gene Yow, Principal Civil Engineer  
   P. O. Box 1231  
   327 N. Wenatchee Avenue  
   Wenatchee, WA 98807  
   gene.yow@chelanpud.org

   Public Utility District No. 2 of Grant County, Washington  
   Attn: David Mishalanie, Dam Safety/EAP Supervisor  
   15655 Wanapum Village Lane SW  
   Beverly, WA 99321  
   dmishal@gcpud.org

10. **Governing Law.** This Agreement shall be governed exclusively by the laws of the State of Washington.

11. **Entire Agreement.** This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements or understandings between the Parties with respect thereto.

11. **Filing.** Administrators shall, in compliance with RCW 39.34, upon execution of this Agreement, file copies of the Agreement with their respective county auditors or, alternatively, post an electronic copy of the Agreement on the Parties’ websites at the following addresses: Chelan: www.chelanpud.org; Grant: www.gcpud.org.
Grant County PUD Interlocal Agreement No. 430-3220
Chelan County PUD Interlocal Agreement No. 11-123

Adopted: 9/23/11

Public Utility District No. 1 of Chelan County

By: John Janney, General Manager
    Wayne Wright, Mgr. Director

Adopted: 9/19/11

Public Utility District No. 2 of Grant County, Washington

By: Dawn Woodward
    Dawn Woodward, Hydro Director