INTERLOCAL COLLECTION AGREEMENT

BETWEEN

PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
AND
U.S.D.A. FOREST SERVICE, OKANOGAN-WENATCHEE NATIONAL FOREST

FOR

DEVELOPMENT OF LAKE CHELAN SITE-SPECIFIC EROSION CONTROL PLANS
FOR ARTICLE 401(a) FUTURE WORK
AND IMPLEMENTATION OF EROSION CONTROL MEASURES AT
SITES 26 (LUCERNE CAMPGROUND)
AND 27 (LUCERNE GUARD STATION)
AND PLANING FOR EROSION SITES 1, 2, 14, 15, 16, 17 AT GRAHAM
HARBOR/CREEK AND SITE 41 AT MOORE POINT

THIS AGREEMENT is made by and between Public Utility District No. 1 of Chelan County (Chelan PUD) and the USDA Forest Service, Okanogan-Wenatchee National Forest (Forest Service), and sometimes collectively referred to as the "Parties," under the provisions of the Granger-Thye Act of April 24, 1950 (for the Forest Service), and the RCW Chapter 39.34 (for Chelan PUD).


The Lake Chelan Settlement Agreement dated October 8, 2003, for the Lake Chelan Hydroelectric Project No. 637 (Settlement Agreement) is incorporated herein by reference. This Agreement has been executed pursuant to, and is to be used in conjunction with, the Settlement Agreement. In the event of a conflict between this Agreement and the Settlement Agreement, the provisions of the Settlement Agreement shall control.

Recitals

A. Chelan PUD is a municipal corporation incorporated under the laws of the State of Washington. The USDA Forest Service is incorporated under the federal laws of United States of America.
B. The Federal Energy Regulatory Commission (FERC) issued the Order on Offer of Settlement and Issuing New License (New License Order) and the Order on Rehearing on November 6, 2006, and April 19, 2007, respectively, for the Lake Chelan Hydroelectric Project No. 637. The Settlement Agreement and its Attachments are incorporated as Appendix A of the New License Order.

License Article 401 (1(a)1) and (1(a)3) and Settlement Agreement Article 1(a)(1) and 1(a)3 of Appendix A, require Chelan PUD to implement erosion control, monitoring and maintenance measures on National Forest System lands. License Article 401 (1(a)2) and Settlement Agreement Article 1(a)(2) of Appendix A require Chelan PUD to prepare a site-specific erosion control plan for habitat and ground-disturbing activities on National Forest System lands necessary to implement the erosion control implementation plan.

On November 7, 2007, Chelan PUD filed for FERC’s approval the Erosion Control Implementation and Erosion Monitoring and Maintenance Plan (Erosion Control Plan) and the Site-Specific Erosion Control Plan (Site-Specific Plan) for these sites on November 18, 2009. FERC issued the Order approving these site specific plans on March 30, 2010.

C. The Parties have determined that it is in their mutual best interests and to their mutual benefit to cooperatively implement erosion control, monitoring and maintenance measures required in the New License Order and Settlement Agreement. Specific benefits likely will include: cost effectiveness resulting from the USDA Forest Service’s Contracting Officer’s Representative (COR) addressing potential project delays immediately with no redundant administration; increased product quality as a result of the COR ability to address additional Forest Service concerns of which non-federal COR’s may not be aware. Ultimately, the Forest Service is responsible for any land management action on National Forest System lands.

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 PUD and the USDA Forest Service will cooperatively implement erosion control and monitoring measures described in section B. All of the work performed under this Agreement will be conducted on National Forest System lands.

2. Scope. The specific objectives of this Agreement for implementing erosion control and monitoring measures in 2012-2013 are as follows:

   a. Implement Treatment of Sites 26 and 27: For the Forest Service to act as the administering agent to conduct erosion control treatment work at Erosion Sites 26 and 27, as described in the Site-Specific Plan. This work
will include preparing and administering erosion control treatment contracts, conducting any necessary construction oversight, obtaining necessary permits and cultural clearances for work to be conducted, and developing as-builts and reports of work conducted at each site.

b. Field Planning, site design, and contract preparation for upcoming Erosion Sites 1,2,14,15,16,17 (Graham Harbor/Creek) and Site 41 at Moore Point.

3. **Duration and Termination of Agreement.** This Agreement shall be effective upon execution by all Parties and continue until **December 31, 2013** or when the erosion control treatment work described herein has been completed, whichever occurs first.

Either party, in writing, may unilaterally terminate the Agreement in whole, or in part, without cause by providing **180 days** prior written notice of termination to the other Party, at any time before the date of expiration. No party shall incur any new obligations for the terminated portion of the Agreement after the effective date and shall cancel as many obligations as possible. Full credit shall be allowed for each Party’s expenses and all non-cancelable obligations properly incurred up to the effective date of termination. All obligations outstanding as of the date of the termination shall be fulfilled.

4. **Financial Plan.** The specific financial arrangement agreed-upon to support implementing erosion control and monitoring measures is shown in the attached Financial Plan (Exhibit A). Chelan PUD will make available up to **$490,576.00** toward agreed-upon erosion control work, as defined in provision 2 (Scope) above, and as shown in the attached Task Estimation Sheet (Exhibit B). Should weather preclude site treatment work described in provision 2 from being completed at Sites 1,2,14,15,16,17,26 & 27, & 41 in 2012-2013, then the work and related reimbursement may be completed in 2013-2014, with prior written approval of both Parties (e-mail is acceptable). The Forest Service anticipates work on site 26 and 27 to be accomplished by spring 2013 and planning, design, and contract prep work on sites 1,2,14, 15, 16, 17, 41 to be completed by the summer of 2013.

If the agreed-upon funding amount is not exceeded as specified in Exhibits A and B, does not interfere with FERC-approved schedules, and the Chelan PUD is informed of the revised expenditures, the funds will be made available for expenditure in subsequent years until those funds are fully spent or until the Agreement expires, whichever occurs first.

5. **Documentation and Certification of Work Completed.** As a condition of payment for any work performed under the Section 19 of the Settlement Agreement, on a calendar quarterly basis the Forest Service shall provide Chelan PUD with an Invoice/Variance form (Exhibit C) for each measure that was anticipated to have costs charged against it no later than 30 days after each calendar quarter (April
30, July 30, October 30, January 30). The Invoice/Variance form will be used to summarize work completed in the quarter, plans for the subsequent quarter, any variances from the plan, and all requested reimbursements. Each form must be signed by the Forest Service to certify the amount and cost of the work completed, and that such work was performed in a manner consistent with the Settlement Agreement. The Forest Service must support requested reimbursements with copies of related invoices, contract and payroll charges. Chelan PUD reserves the right to verify the certification by on-site inspection of all work and validation of the charges. The Chelan PUD Project Manager and/or Licensing & Compliance Manager, and/or their representative, shall accomplish this inspection and/or validation. In a given federal fiscal year (October 1st to September 30th), payments for satisfactory performance of work shall not exceed the annual budgeted amount, unless the Parties mutually agree via modification to this Collection Agreement that increases funding from the PUD, executed prior to the commencement of any additional work.

6. **Invoices (Reimbursement)**. Payments shall be made in accordance with Section 19 of the Settlement Agreement and made on a reimbursable basis for actual costs incurred by the Forest Service.

The Forest Service will bill Chelan PUD quarterly for funds sufficient to cover the actual costs incurred during the specific payment period. Provided that an invoice is not disputed by Chelan PUD, the collection due date of 30 days begins after the delivery of the required supporting documentation and validation by the Forest Service project manager (per Debt Collection Act of 1982, as amended). Since billings for this Collection Agreement require special supporting documentation, a grace period will be in effect in which the payment will not be considered late, nor applicable late charges applied, until 30 days after the required documentation is submitted to Chelan PUD by the local Forest Service Project Contact.

All reimbursement billings shall be completed within the same calendar year (January through December) as Forest Service expenditures. Final invoices for each calendar year shall be delivered to Chelan PUD no later than January 30 of the following year.

Indirect costs will be assessed on all force account expenditures (e.g., internal expenses necessary to accomplish work such as Forest Service salary, vehicles, supplies, etc.) at the current Forest Service national overhead rate (8% **current rate for 2012**). Indirect costs will be assessed on pass-through expenditures (e.g., contracts, procurements) at the current Forest Service reduced national overhead rate (3% **current rate for 2012**). Chelan PUD funding received in each subsequent funding modification will be assessed at the Forest Service national indirect rates current for that calendar year and notice of these rates shall be provided to Chelan PUD prior to billing. All overhead costs and fees are included in the not to exceed dollar amounts stated above.
The Forest Service will establish a unique job code for each activity that requires independent tracking of reimbursable expenses (for each PUD Estimation Sheet). Each summarized quarterly billing submitted to Chelan PUD will separately identify amounts due for all active reimbursable job codes by an accompanying Transaction Register identifying job code related expenses for the summary billing.

An original signed invoice/variance form along with the supporting billings and documentation shall be sent to the PUD Administrative Contact identified in provision 9.

Payments shall be sent to the "remit to" address on the Bills for Collection.

If payment is not received to the satisfaction of the Forest Service by the date specified on the Form FS-6500-89, Bill for Collection, and pursuant to the above provision, the Forest Service shall exercise its rights regarding the collection of debts owed the United States.

7. **Liability.** The United States, acting by and through the Forest Service, Okanogan-Wenatchee National Forest, hereby agrees to bear any and all costs and liabilities of any kind related to the exercise of its rights under this Collection Agreement to the extent it may legally do so under the Federal Tort Claims Act, 28 U.S.C. Sect. 2671 et seq., or any other act wherein Congress has specifically waived the sovereign immunity of the United States.

The United States shall not be liable to Chelan PUD for any costs, damages, claims, liabilities, and judgments that arise in connection with the performance of work by the U.S. Forest Service or its contractors under this agreement, including but not limited to damage to any property owned by Chelan PUD or any third party.

8. **Dispute Resolution.** Disputes arising out of the interpretation or implementation of this Agreement, including but not limited to disagreements regarding documentation or related matters, shall be resolved using the dispute resolution process provided for in Section 16 of the Settlement Agreement (incorporated here by reference).

9. **Principal Contacts.** Individuals listed below are authorized to act in their respective areas for matters related to this Agreement.
### Chelan PUD Program Contact
Gene Yow, Chelan PUD  
327 N. Wenatchee Avenue  
Wenatchee, WA 98801  
Telephone: 509-661-4305  
FAX: 509-661-8117  
Email: gene.yow@chelanpud.org

### Chelan PUD Administrative Contact
Rosana Sokolowski  
327 N. Wenatchee Avenue  
Wenatchee, WA 98801  
Telephone: 509-661-4175  
FAX: 509-661-8203  
Email: rosana.sokolowski@chelanpud.org

### U.S. Forest Service Program Contact
Paul Willard  
428 West Woodin Avenue  
Chelan, WA 98816  
Telephone: 509-682-4960  
FAX: 509-682-9004  
Email: mlenz01@fs.fed.us

### U.S. Forest Service Administrative Contact
Deborah Flowers  
215 Melody Lane  
Wenatchee, WA 98801  
Telephone: 682-667-0121  
FAX: 509-664-9281  
Email: deborahflowers@fs.fed.us

10. **Notices.** Any communication affecting the operations covered by this Agreement by the Forest Service or Chelan PUD will be sufficient only if in writing and delivered in person, mailed, or transmitted electronically by e-mail or fax, as follows:

### U.S. Forest Service Project Contact
Kari Grover-Wier  
District Ranger  
428 West Woodin Avenue  
Chelan, WA 98816  
Telephone: 509-682-4920  
FAX: 509-682-9004  
Email: kgroverwier@fs.fed.us

### Chelan PUD Project Contact
Michelle Smith  
License & Compliance Manager  
327 N. Wenatchee Ave.  
Wenatchee, WA 98801  
Telephone: 509-661-4180  
FAX: 509-661-8203  
Email: michelle.smith@chelanpud.org

Notices are effective when delivered in accordance with this provision, or on the effective date of the notice, whichever is later.

11. **Freedom of Information Act (FOIA).** Any information furnished to the Forest Service or to Chelan PUD under this Collection Agreement is subject to the Freedom of Information Act (5 U.S.C. 552). Any information furnished to Chelan PUD under this Collection Agreement is subject to the Public Disclosure Act (R.C.W. 42.56).

12. **Modification.** Modifications within the scope of this Collection Agreement may be made by mutual consent of the two Parties, by issuance of a written modification executed prior to any changes being performed. No modification or amendment of the provisions of this Collection Agreement shall be effective unless in writing.
and signed by both Chelan PUD and the Forest Supervisor of the Okanogan-Wenatchee National Forest. Requests for modification should be made, in writing and signed by both Parties, at least 30 days prior to implementation of the requested change.

13. Property Improvements. Improvements as described in provision 2 that are placed on National Forest System Lands, shall thereupon become property of the United States, and shall be subject to the same regulations and administration of the Forest Service as other National Forest improvements of a similar nature. No part of this Collection Agreement shall entitle the Chelan PUD to any share or interest in the improvements other than the right to use and enjoy the same under the existing regulations of the Forest Service.

14. Purchase of Assets. Items purchased by the Forest Service that are not completely expended on or utilized for erosion control and monitoring measures described in the FERC-approved plans identified in section B shall not be purchased using Chelan PUD funds (i.e., equipment, property, vehicles, tools, or other capital items).

15. Legal Authority. Both Parties have the legal authority to enter into this Collection Agreement, and the institutional, managerial and financial capability (including funds from the Chelan PUD sufficient to make funds available) to ensure proper planning, management, and completion of the project.

16. Participation in Similar Activities. This Collection Agreement in no way restricts the Forest Service or the Chelan PUD from participating in similar activities with other public or private agencies, organizations, and individuals.

17. Endorsement. Any payments or actions by the Forest Service made under this Collection Agreement do not by direct reference or implication convey the Forest Service's endorsement of the Chelan PUD's products or activities, except as expressly agreed in the Settlement Agreement.

18. Debarment and Suspension. The Chelan PUD shall immediately inform the Forest Service if they or any of their principals are presently excluded, debarred, or suspended from entering into covered transactions with the Federal Government according to the terms of 2 CFR Part 180. Additionally, should the Chelan PUD receive a transmittal letter or other official Federal notice of debarment or suspension, then they shall notify the Forest Service without undue delay. This applies whether the exclusion, debarment, or suspension is voluntary or involuntary.

19. Governing Law. Nothing in this Agreement shall be construed as limiting or expanding the statutory or regulatory responsibility of either party in performing functions granted to them by law. This Agreement shall be governed by the laws of the State of Washington.
20. **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.

21. **Filing.** Chelan PUD shall, in compliance with RCW 39.34, upon execution of this Agreement, post an electronic copy of the Agreement on their Web site at the following address: www.chelanpud.org.

22. **Authorized Representatives.** Both Parties certify that the individuals listed in this document as their representatives are authorized to act in their respective areas for matters related to this Collection Agreement.

The two Parties have executed this agreement as of the last date written below.

**Adopted:** 8/2/2012  
**Date**  
**Public Utility District No. 1 of Chelan County**

**By:** John Janney  
**General Manager**  
**By:** Gregg Carruth  
**Acting Gen.**

**Adopted:** 8/2/2012  
**Date**  
**U.S.D.A. Forest Service**  
**Okanogan-Wenatchee National Forest**

**By:** Rebecca Lockett Heath  
**Forest Supervisor**

The authority and format of this instrument (12-CO-11061700-012) have been reviewed and approved for signature.

**Deborah Flowers**  
**USFS Grants & Agreements Specialist**  
**Date:** 8/11/2012

**Exhibits:**

- **A** – Financial Plan for 2012-2013 Erosion Control Work on Lake Chelan
- **B** – Chelan PUD TOTAL ESTIMATION SHEET for USFS Erosion Control Work
- **C** - Quarterly Invoice Form (Variance Form)
Financial Plan
for
Collection Agreement 12-CO-11061700-012
For
Chelan PUD Erosion Control Work for 2012-2013
Erosion Sites 26 and 27 at Lucerne & Sites 1,2,14,15,16,17 At Graham Harbor/Creek and Site 41 at Moore Point

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<tr>
<th>Personnel</th>
<th>Costing Information</th>
<th>Estimated Total Costs 2012-13</th>
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</thead>
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<tr>
<td>Project Coordination</td>
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<td>$3400.00</td>
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<tr>
<td>Paul Willard</td>
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<td></td>
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<tr>
<td>Contract Preparation, Admin, &amp; Implementation for Sites 26 and 27 at Lucerne</td>
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<td>Lori McAllister – COR</td>
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<td>Lindsey Smith - Archaeologist</td>
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<td>Planting Crew</td>
<td>3 person crew = $700.00/day x 3 days</td>
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<td>Personnel Contingency</td>
<td>Additional Salary for Project Coordination or Implementation</td>
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<td>Planning, Contract Prep, Admin for upcoming Sites 1,2,14,15,16,17,41</td>
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<td>Paul Willard</td>
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<td>Forest Service Personnel Costs + Overhead Assessment</td>
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<td>EROSION CONTROL CONTRACT</td>
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<td>Site 26 Cost estimate</td>
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<td>Site 27 Cost estimate</td>
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<td>Contingency Contract Cost</td>
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<td>Sub Total</td>
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<td>Sub Total = Sub Total Personnel + Sub Total Implementation</td>
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<td>Total $490,043 + $533.00 (to balance)</td>
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<td>$490,576 (Total $ allocated by PUD)</td>
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## Exhibit B

Task Detail Estimation Sheet

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<th>2013</th>
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Total: $468,876.00

Sheet will be updated after agreement is signed. However, total cost will be constrained by the total.

Please report all dollar amounts in the year provided in the box above this line. Do not include taxes or contingencies.
Plan and Site Specific: Site 41 (Moore - cultural)

<table>
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Please report all dollar amounts in the year provided in the box above this line. Do not include taxes or contingencies.
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<td>12,000.00</td>
</tr>
</tbody>
</table>

Grand Total: $490,575
EXHIBIT C

Quarterly Invoice / Variance Form
Lake Chelan Implementation Projects

Date: ______________

License Article and Measure Description: LC01 – USFS Erosion
CCPUD GL #: LC01 Erosion: Activity # 193431; Project #GNOM0079
Agency Name: U.S. Department of Agriculture, Forest Service
Agency Project #: 12-CO-11061700-012
Submitted by: Paul Willard
Phone: 509-682-4960

Report for: □ 1st □ 2nd □ 3rd □ 4th Quarter of Calendar Year: ________

Description of Project Work/Progress for this Quarter (include Task Number):

Reimbursement Total Requested for the Quarter: $0.00

□ No expenditures/request for reimbursement this quarter.
□ Administrative charges only.

Project Work Plans and Estimated Expenditures for the next quarter (include Task Number):

Variances from Plan (if any, describe when work will be conducted, by Task Number):

The costs and scope of work described herein are true, accurate, and in compliance with the Lake Chelan Settlement Agreement:

Agency Signatory ______________________

Reviewed and Approved By:

CCPUD Signatory ______________________