INTERLOCAL AGREEMENT FOR UNDERWATER REMOTE OPERATED VEHICLE SERVICES

(Chelan # 14-085)
(Grant # 430-3966)

This Interlocal Agreement is made and entered into by and between PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY ("Chelan") and PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY ("Grant"), collectively referred to as the "parties."

Recitals

Chelan and Grant are public utility districts organized and existing under the laws of the State of Washington.

Chelan owns a remote operated vehicle ("ROV") that is available for underwater use to inspect and photograph conditions of hydroelectric projects, and crew trained to operate the ROV ("ROV Services").

Grant owns and operates two hydroelectric projects and has determined that there is occasionally a need for the use of the ROV Services at its projects.

When available, Chelan is willing to provide to Grant the ROV Services, including the ROV and the trained personnel to operate the ROV at Grant's project(s).

Now, therefore, in consideration of the mutual promises contained herein, the parties agree as follows:

1. **Description of ROV and Ownership.** The ROV is a custom-built Phantom underwater vehicle. The ROV shall at all times be and remain the sole and exclusive property of Chelan.

2. **ROV Services.** Grant may contact Chelan to determine the availability of the ROV Services. Chelan will, in its sole discretion, determine if the ROV and crew are available to Grant to perform the ROV Services at the times requested and shall so inform Grant.

3. **Deliverables and Rates.** Chelan shall operate the ROV and provide to Grant the video taken during the ROV operation. The video shall be Grant's property and may be used by Grant in any manner it deems appropriate. Chelan reserves the right to retain a copy of the video for its own use unless the video is determined to be CElI or CIP material.
Grant agrees to pay for the Services based on the rates shown on the attached Rate Schedule (Attachment A), which is, by this reference, incorporated herein.

If the parties have arranged for the ROV Services at Grant's project(s) and Chelan arrives to provide the ROV Services, if Grant decides not to have Chelan provide the ROV Services, Grant shall pay a minimum charge consisting of the hours of travel time actually incurred by Chelan plus two hours calculated at the on-site rate.

Chelan reserves the right to revise these rates annually by amendment to this Agreement.

4. **Invoicing and Payment.** Chelan shall provide an invoice to Grant for the ROV Services, itemizing the travel hours, on-site hours, overtime hours, if any, and total charge. Grant agrees to pay Chelan's invoice within thirty (30) days after receipt of a correct invoice.

   Invoices shall be sent to:
   Kevin Marshall
   Hydro Administration
   Public Utility District No. 2 of Grant County
   14352 Highway 243 S
   Beverly, WA  99321

5. **Transport of ROV.** Chelan shall be responsible for transporting the ROV to and from Grant's designated project(s). The costs of transport are stated in the Rate Schedule.

6. **Water Conditions.** Chelan, in its sole discretion, will determine if the ROV can be safely operated. Grant understands that the ROV is limited in its ability to navigate certain water currents and flow velocity. As part of the scheduling for the ROV Services, Grant shall advise Chelan of the water conditions (currents and flows) for Chelan to determine if the ROV can be safely operated. If Chelan determines that the ROV can be safely operated under the reported water conditions and travels to Grant to provide the ROV services, and if the water conditions are different from those reported to Chelan and do not meet the parameters necessary for operation of the ROV, the operation shall be immediately aborted. Grant shall remain liable for Chelan's costs incurred at the rates stated in the Rate Schedule.

7. **Chelan's Employees.** Chelan's employees shall at all times be deemed to be employed by and under the direction of Chelan. Chelan shall be responsible for compliance with the applicable collective bargaining agreement and all laws with
8. **No Warranties or Representations.** Chelan makes no warranties, either express or implied, as to any matter whatsoever, including, without limitation, the condition of the ROV, the accuracy or clarity of the photographs or video, the visual depiction of conditions, or the suitability of the ROV for Grant's purposes. Grant agrees it is not relying upon Chelan's interpretation or analysis of any results associated with the ROV's use.

9. **Project Operations.** Prior to deployment of the ROV, Chelan and Grant's representatives will meet and develop a written plan for powerhouse operations designed to minimize the risk of injury to personnel, and damage to or loss of the ROV. Such plan may involve modification of unit loading, dewatering of a unit, adjustment of loads, shutting down adjacent units, closing valves, installation of gates and similar actions. As part of the finalized plan, Grant will provide Chelan's crew foreman with Grant's designated contact name and phone number, to be available for the duration of the ROV services in the event of operational changes, etc. Grant, subject to any Uncontrollable Forces, as identified in Section 13, shall ensure that its employees operate the project in accordance with the written plan. It is understood that Grant's failure to do so may result in damage to or loss of the ROV in which case Grant shall be responsible for the same as provided in Section 11. Grant is solely responsible for operation of its project and the operating criteria. Nothing herein is intended to create any obligations or liability of Chelan for the operation of Grant's facilities.

10. **Retrieval of ROV.** The ROV may become stuck or lodged underwater due to circumstances and conditions associated with the operation of the ROV, the facility or the river. Both parties recognize and accept the risk of such an occurrence. The parties further agree that in the event the ROV must be physically retrieved:

   a. At its sole cost, Chelan shall arrange for divers to make any necessary dives and ROV retrieval maneuvers.

   b. Grant shall cooperate by operating its facility to facilitate such retrieval. This may involve modification of unit loading, dewatering of a unit adjustment of loads, shutting down adjacent units, closing valves, installation of gates and similar actions.

11. **Damages to ROV.** If Chelan's employees cause damage to or loss of the ROV, Chelan shall bear the costs for the repair or replacement of the ROV. If Grant causes damage to or loss of the ROV, by its actions or inactions (even though Grant will not be operating the ROV), including loss or damages resulting from: (1) its failure to comply with the project operational requirements referred to in Sections 6, 9 and 10; or (2) the negligence, omissions or willful acts of its employees, Grant shall bear the costs.
for the repair or replacement of the ROV. Chelan shall determine, in its sole discretion, whether the ROV is repairable or not. If the ROV should not economically be repaired, Chelan shall determine, in its sole discretion, the replacement cost for the ROV. Grant shall be responsible for the full cost of a like-kind replacement and not the depreciated value of the replaced ROV.

12. **Waiver of Claims/Indemnity.** Grant waives any claims, and agrees to indemnify, defend and hold Chelan harmless from and against any claims, which may arise from or be related to Grant's operation of its project per the requirements of Sections 6, 9 and 10. Grant's waiver of claims includes any claims for any damages or losses, including, but not limited to, loss of revenue, loss of power generation, loss of capacity and other claims. For purposes of fulfilling this indemnity obligation, Grant hereby waives any and all immunity rights or protections of the Workers Compensation Act.

13. **Uncontrollable Forces.** If the ROV is damaged or destroyed due to Uncontrollable Forces, Chelan shall be responsible for replacing or repairing the ROV. The term "Uncontrollable Forces" as used herein means operational requirements beyond the control of Grant due to an Act of God or releases of water by upriver hydroelectric projects that require immediate operational changes which by exercise of reasonable diligence Grant could not have been expected to anticipate or avoid. Uncontrollable Forces do not include economic loss or hardship or changes in the prices of energy.

14. **Duration and Termination.** The Agreement shall be effective upon the last date of signature, and remain in effect until terminated. Either party may terminate the Agreement for convenience with 30 days advance notice to the other party.

15. **Notices:** Any notices to be given hereunder by either party may be made in writing either by personal delivery or if by mail, postage prepaid with return receipt requested, the parties shown below:

<table>
<thead>
<tr>
<th>Chelan</th>
<th>Grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steve Gurnard</td>
<td>Kevin Marshall</td>
</tr>
<tr>
<td>327 N Wenatchee Ave.</td>
<td>14352 Highway 243 S</td>
</tr>
<tr>
<td>Wenatchee, WA 98801</td>
<td>Beverly, WA 99321</td>
</tr>
<tr>
<td>(509) 661-4037</td>
<td>(509) 754-0500, ext. 3195</td>
</tr>
</tbody>
</table>

16. **Filing.** Chelan shall file the executed Agreement on Chelan's Internet site pursuant to RCW 39.34.040.

17. **Governing Law and Venue.** This Agreement is governed by the laws of the state of Washington. Jurisdiction for any action hereunder shall be in the Chelan County Superior Court.
18. **Attorney Fees.** In the event of any lawsuit or claim arising from or due to the interpretation or enforcement of this Agreement, the prevailing party shall be entitled to recover reasonable attorney fees and costs.

19. **Waiver of Breach.** The waiver by a party of the breach of any provision of this Agreement by the other party must be in writing and shall not operate or be construed as a waiver of any subsequent breach by the other party.

20. **Entire Agreement.** All understandings and agreements, written or oral, are merged into this Agreement which alone fully expresses the parties' agreement. This Agreement is being entered into after full investigation and neither party is relying upon statements or representations not contained in this Agreement. This Agreement may only be amended in writing signed by both parties.

Each party signing confirms he/she is authorized to execute this Agreement.

PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY

By: ____________________________
Steve Gurnard
Director Central Maintenance Division
Date: 12/6/14

PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY

By: ____________________________
Dawn Woodward
Director of Hydro Operations
Date: December 3, 2014
ATTACHMENT A
RATE SCHEDULE FOR ROV SERVICES

(Chelan # 14-085)
(Grant #430-3966)

<table>
<thead>
<tr>
<th>Travel</th>
<th>Hourly Rate</th>
<th>ROV and Transport</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Includes round-trip travel between Chelan's Rocky Reach facility and Grant's inspection site)</td>
<td></td>
<td>$135</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>On-Site</th>
<th>Hourly Rate</th>
<th>$340</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Includes set up and take down of ROV equipment, standby time, and in-water inspection time)</td>
<td></td>
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</tbody>
</table>

Crew rates are actual loaded union labor and benefits rates per the Chelan PUD union contract. If crew time, including travel, results in overtime, the overtime rates per the contract along with benefit loading shall apply. The required crew size shall be determined by Chelan, in its sole discretion.

If additional equipment is required to perform the inspection (e.g., generators, cranes, etc.), Chelan shall arrange to obtain that equipment. Grant shall be billed the actual cost incurred by Chelan in obtaining said equipment, plus 15% administrative fee.

Rate Schedule effective 2014; rates subject to change annually.
AGREEMENT FOR USE OF UNDERWATER REMOTE OPERATED VEHICLE AND CREW

This Agreement is made and entered into by and between PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY ("Chelan") and PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY ("Grant").

Recitals

Chelan and Grant are public utility districts organized and existing under the laws of the State of Washington.

Chelan owns a remote operated vehicle ("ROV") that is available for underwater use to inspect and photograph conditions of hydroelectric projects.

Grant owns and operates two hydroelectric projects and has determined that there is a need for the use of the ROV at its projects.

Chelan is willing to provide to Grant use of the ROV and will supply the trained personnel to operate the ROV at Grant's facilities when available.

Now, therefore, in consideration of the mutual promises contained herein, the parties agree as follows:

1. **Description of ROV and Ownership.** The ROV is a custom-built Phantom underwater vehicle. The ROV shall at all times be and remain the sole and exclusive property of Chelan.

2. **Use of ROV.** Grant may contact Chelan to determine the availability of the ROV and a crew to operate the same. Chelan will, in its sole discretion, determine if the ROV and crew are available to Grant at the times requested and shall so inform Grant.

3. **Deliverable and Rates.** Chelan agrees to provide Grant with a video taken during the use of the ROV. The video shall be Grant's property and may be used by Grant in any manner it deems appropriate.

   Grant agrees to pay the rates shown on the attached Rate Schedule (Attachment A), which is incorporated herein.

   If the parties have arranged for the use of the ROV at Grant's facilities and Grant decides not to have the same deployed even though Chelan has determined that the water
conditions are satisfactory for operation, Grant will pay a minimum charge consisting of the hours of time actually spent by Chelan’s crew (including travel time) plus two hours calculated at the on-site rate.

Chelan reserves the right to revise these rates from time to time. Chelan shall advise Grant of the applicable rate when Grant makes a request for the use of the ROV and the rate shall remain in effect for that use period.

4. **Invoice and Payment.** Chelan shall provide an invoice to Grant itemizing the hours, applicable rates, overtime incurred, if any, and total charges. Grant agrees to pay said invoice within twenty (20) days after receipt of invoice. Send Invoices to:

   Charles H. Moser, Contracting
   Hydro Administration
   Public Utility District No. 2 of Grant County
   15655 Wanapum Village Lane SW
   Beverly, WA 99321
   (509) 754-5065

5. **Transport of ROV.** Chelan shall be responsible for transporting the ROV to and from Grant’s designated facility. The costs of transport shall be included in the hourly rate.

6. **Water Conditions.** Grant understands that the ROV is limited in its ability to navigate certain water currents and flow velocity. Chelan, in its sole discretion, will determine if the ROV can be safely operated. If the water conditions do not meet the parameters necessary for operation of the ROV, the operation shall be immediately aborted. Grant will remain liable for the hourly costs incurred.

7. **Chelan’s Employees.** Chelan’s employees shall at all times be deemed to be employed by and under the direction of Chelan. Chelan shall be responsible for compliance with the applicable collective bargaining agreement and all laws with respect to the employees, including, but not limited to, workers compensation and wage and hour laws.

8. **No Warranties or Representations.** Chelan makes no warranties, either express or implied, as to any matter whatsoever, including, without limitation, the condition of the ROV, the accuracy or clarity of the photographs or video, the visual depiction of conditions, or the suitability of the ROV for Grant’s purposes. Grant agrees it is not relying upon Chelan’s interpretation or analysis of any results associated with the ROV’s use.

9. **Project Operations.** Prior to deployment of the ROV, Chelan and Grant’s representatives will meet and develop a written plan for powerhouse operations designed to minimize the risk of damage to or loss of the ROV. Such plan may involve modification of unit loading, dewatering of a unit, adjustment of loads, shutting down adjacent units, closing valves, installation of gates and similar actions. Grant, subject to any Uncontrollable Force.
as defined in Section 13, shall ensure that its employees operate the project in accordance with the written plan. It is understood that Grant's failure to do so may result in damage to or loss of the ROV in which case Grant shall be responsible for the same as provided in Section 11. Grant is solely responsible for the operation of its project and the operating criteria. Nothing herein is intended to create any obligations or liability of Chelan for the operation of Grant's facilities.

10. Retrieval of ROV. The ROV may become stuck or lodged underwater due to circumstances and conditions associated with the operation of the ROV, the facility or the river. Both parties recognize and accept the risk of such an occurrence. The parties further agree that in the event the ROV must be physically retrieved:

a. Chelan shall arrange for and pay all costs associated with divers to make any necessary dives and retrieval maneuvers.

b. Grant shall cooperate by operating its facility to facilitate such retrieval. This may involve modification of unit loading, dewatering of a unit adjustment of loads, shutting down adjacent units, closing valves, installation of gates and similar actions.

11. Damages to ROV. If Chelan's employees cause damage to or loss of the ROV, Chelan shall bear the costs for the repair or replacement of the ROV. If Grant causes damage to or loss of the ROV, including loss or damages resulting from: (1) its failure to comply with the project operational requirements referred to in Sections 9 and 10; or, (2) the negligence, omissions or willful acts of its employees, Grant shall bear the costs for the repair or replacement of the ROV.

12. Waiver of Claims/Indemnity. Grant waives any claims, and agrees to indemnify, defend and hold Chelan harmless from and against any claims, which may arise from or be related to Grant's operation of its project per the requirements of Sections 9 and 10. Grant's waiver of claims includes any claims for any damages or losses, including, but not limited to loss of revenue, loss of power generation, loss of capacity and other claims. For purposes of fulfilling this indemnity obligation, Grant hereby waives any and all immunity rights or protections to the Workers Compensation Act.

13. Uncontrollable Forces. If the ROV is damaged or destroyed due to Uncontrollable Forces, Chelan PUD shall be responsible for replacing or repairing the ROV. The term "Uncontrollable Forces" as used herein means operational requirements beyond the control of Grant due to an Act of God or releases of water by upriver hydroelectric projects that require immediate operational changes which by exercise of reasonable diligence Grant could not have been expected to anticipate or avoid. Uncontrollable Forces do not include economic loss or hardship or changes in the prices of energy.

14. Attorney Fees. In the event of any lawsuit or claim arising from or due to the interpretation or enforcement of this Agreement, the prevailing party shall be entitled to recover reasonable attorney fees and costs.
15. **Entire Agreement.** All understandings and agreements, written or oral, are merged into this Agreement which alone fully expresses the parties' agreement. This Agreement is being entered into after full investigation and neither party is relying upon statements or representations not contained in this Agreement.

PUBLIC UTILITY DISTRICT NO. 1
OF CHELAN COUNTY

By: 
Title: CEO, GENERAL MANAGER
Date: 7/7/00

PUBLIC UTILITY DISTRICT NO. 2
OF GRANT COUNTY

By: 
Title: BOARD DIRECTOR
Date: 6-23-2000
RATE SCHEDULE FOR USE OF CHELAN'S CUSTOM-BUILT PHANTOM ROV UNIT

ATTACHMENT A TO AGREEMENT FOR USE OF UNDERWATER REMOVE OPERATED VEHICLE AND CREW

Date of Rate Schedule: May 12, 2000

<table>
<thead>
<tr>
<th></th>
<th>ROV and 2-person crew</th>
<th>ROV and 3-person crew</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Travel</strong> hourly rate</td>
<td>$175 per hour</td>
<td>$225 per hour</td>
</tr>
<tr>
<td>(includes round-trip travel between Chelan’s Rocky Reach facility and customer’s inspection site)</td>
<td></td>
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<tr>
<td><strong>On-site</strong> hourly rate</td>
<td>$325 per hour</td>
<td>$375 per hour</td>
</tr>
<tr>
<td>(includes set up and takedown of ROV equipment, standby time, and in-water inspection time)</td>
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</table>

The hourly rates shall be in effect as follows: Monday through Friday, excluding holidays, and between the hours of 6:00 a.m. to 6:00 p.m.

If the customer requires use of the ROV outside of the hours/days listed above, then customer agrees to pay an additional $50.00 per hour for the time spent by Chelan’s crew outside of the hours/days listed.

If additional equipment is required to perform the inspection (e.g., generators, cranes, etc.), Chelan shall arrange to obtain that equipment. The customer shall be billed the cost incurred by Chelan in obtaining said equipment, plus 15% administrative fee.

The decision as to whether the work requires a 2-person or 3-person crew shall be made by Chelan, in its sole discretion. Chelan shall advise the customer of the applicable rate prior to any work being performed.

Rate schedule effective May 2000; rates subject to change.
AMENDMENT NO. 1
SA 14-085

AGREEMENT FOR USE OF UNDERWATER REMOTE OPERATED VEHICLE AND CREW


2. **AGREEMENT NUMBER:** This Agreement, from here forward, shall bear Chelan’s reference number of SA 14-085.

3. **DELIVERABLE AND RATES:** An amended rate schedule is attached as Attachment A, which is incorporated herein, effective January 1, 2014.

4. **INVOICES AND PAYMENTS:** Invoices shall be sent to:
   
   Randy Nash
   Hydro Administration
   Public Utility District No. 2 of Grant County
   15655 Wanapum Village Lane SW
   Beverly, WA 99321
   509-754-0500 ext. 3144

5. **TERMS:** All other Terms and Conditions of the Agreement shall remain in full force and effect.

PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY WASHINGTON

By

Dawn Woodward, Director of Hydro

Date: 3/20/2012

PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON

By

Kirk Hudson
Managing Director
Generation and Transmission

Date: 3/20/14
RATE SCHEDULE FOR USE OF CHELAN'S CUSTOM-BUILT PHANTOM ROV UNIT

ATTACHMENT A TO AGREEMENT FOR USE OF UNDERWATER REMOTE OPERATED VEHICLE AND CREW

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Crew rates are actual loaded union labor and benefits rates per the Chelan PUD union contract. If crew time, including travel, results in overtime, the overtime rates per the contract along with benefit loading shall apply. The required crew size shall be determined by Chelan, in its sole discretion. Chelan shall advise the customer of the applicable rate prior to any work being performed.

If additional equipment is required to perform the inspection (e.g., generators, cranes, etc.), Chelan shall arrange to obtain that equipment. The customer shall be billed the cost incurred by Chelan in obtaining said equipment, plus 15% administrative fee.

Rate Schedule effective 2014; rates subject to change.