

**INTERLOCAL AGREEMENT BETWEEN CITY OF CASHMERE AND PUBLIC  
UTILITY DISTRICT NO. 1 OF CHELAN COUNTY FOR EMERGENCY AND  
CRITICAL MAINTENANCE WORK AND OTHER LIMITED WORK ON CITY OF  
CASHMERE'S ELECTRIC SYSTEM**

THIS INTERLOCAL AGREEMENT (“Agreement”) is entered into between the City of Cashmere, a code city in the State of Washington, hereinafter referred to as “Cashmere,” and PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, a Washington public utility district, hereinafter referred to as “District,” both of which are sometimes collectively referred to as the “Parties.”

**Recitals**

- A. Pursuant to Title 35A RCW, Cashmere owns and operates a retail electric distribution system (“System”) located in Cashmere, Washington.
- B. Cashmere does not have adequate staff to meet its System emergency repair and maintenance needs.
- C. The District is authorized to operate an electric distribution system pursuant to Title 54 RCW and employs crews qualified to perform work on electric distribution facilities.
- D. From time to time, Cashmere has a need for equipment and labor assistance to help out with emergency repairs and maintenance to failed or damaged System infrastructure or to support critical functions of the System to ensure safe operation for employees and the general public.
- E. The District is willing to temporarily provide qualified electrical workers (“Crew”) and equipment to meet Cashmere’s emergency and critical operational needs on an as-needed basis and to the extent available and not needed for District work.
- F. Cashmere also has a need to obtain replacement equipment for repairs and daily operations and the District is willing to assist in obtaining the equipment, but the actual purchase, including transformers, will be the responsibility of Cashmere.
- G. Cashmere also has a need for technical assistance with two pending line extension requests. Those line extensions are referred to as the Cashmere Middle School and the Valison subdivision. The District is willing to provide advice and assistance to Cashmere in securing contractors and consultants (engineering firms) to provide appropriate deliverables for those line extensions.
- H. Cashmere has a need for advisory and support for securing long term arrangements with third parties to provide future support for their System independent of the District.

- I. Cashmere is willing to pay for all expenses incurred by the District for all work and services performed as tracked by the District with a District Customer Job Order (CJO) plus taxes, overhead and administration fees.
- J. The Parties desire to enter into this Agreement pursuant to RCW 39.34, the Interlocal Cooperation Act, to assist Cashmere with continued operation of its System during the term of this Agreement (90 days).

NOW, THEREFORE, in light of the foregoing Recitals, which are incorporated herein as part of the agreement of the Parties, and the mutual terms, conditions, and covenants set forth below, the Parties agree as follows:

**1. District Obligations.**

- A. Emergency and Critical Maintenance Work. Work to be performed by the District under this Agreement includes "Emergency Maintenance Work." Emergency Maintenance Work is specifically understood to include locating electrical faults, repairing electrical faults, restoring electricity for power outages, and particular emergency responses necessary to address public safety concerns including, but not limited to, transformer oil spills, broken poles, tree caused outages, and similar or related Emergency Maintenance Work.

Work to be performed by the District at the request of Cashmere under this Agreement also includes "Critical Maintenance Work." Critical Maintenance Work is understood to include operations and repairs that are essential to the safe and continuous operation of the System. Specifically, this work includes critical disconnections and re-connections, high voltage breaker and switch operation, critical transformer removal and installation.

The District will not perform disconnects for delinquent payments during the term of this Agreement.

It is further understood and agreed that Emergency Maintenance Work and Critical Maintenance Work as provided by the District under this Agreement does not include routine maintainance, new customer service line extensions, new service connections, relocation of facilities, improvements or modifications to facilities and conversion of overhead to underground.

The District will take reasonable efforts to assist Cashmere with Emergency and Critical Maintenance Work; provided, however, that the operational needs of the District will take precedence over any work requested by Cashmere. The District makes no warranty or commitment that Crews and/or equipment will be available when requested by Cashmere. All work by the District pursuant to this Agreement is subject to District priorities and the availability of Crews and equipment as determined available in the sole discretion of the District.

As to any Emergency Maintenance Work or Critical Maintenance Work provided by the District, the billing for the same shall be based on a two hour minimum utilizing the rates set forth in Exhibit A, as may be amended by the District with notice to Cashmere. The District will determine the appropriate Crew(s) and equipment necessary to safely perform the work.

- B. Transformers and Related Equipment/Technical Assistance. The District will assist Cashmere in determining what transformers and related equipment are necessary to complete Emergency Maintenance Work and Critical Maintenance Work. The District agrees to provide certain equipment to complete the work, but only to the extent that such equipment is readily available to the District in its warehouse; provided, however, that the District will not provide transformers and 4600V rated equipment and related fusing. In the event of a transformer failure, the District will provide technical assistance to Cashmere, so that Cashmere may acquire the necessary replacement transformer and equipment. The District will not purchase any transformers or other equipment on Cashmere's behalf. Costs associated with any equipment provided or the District's providing technical assistance to Cashmere will be reimbursed by Cashmere based upon the costs incurred by the District and billed pursuant to the provisions of this Agreement.
  
- C. Cashmere Middle School and Valison Line Extension Support. Cashmere has two line extension and new service projects requesting connection to the System. The District will provide support and advice to Cashmere such that Cashmere can retain the appropriate services from third party consultants (engineering firms) and contractors to complete the engineering and construction work for the connection of these two projects to the System. All costs associated with the District providing this assistance will be billed to the City as provided in this Agreement.
  
- D. Long Term Support Development Assistance. The District will support Cashmere in developing a long term support plan for their continued full operation of the System. It is intended that this long term plan will be in place prior to the expiration of this agreement. Specific assistance may include assistance with defining operational and planning needs to be provided for the continued operation of the system and assistance in developing contracts and agreements for third parties to provide these services to Cashmere. All costs associated with the District providing this assistance will be billed to Cashmere as provided in this Agreement.
  
- E. Customer Job Order (CJO). The District will create a CJO to track all expenses incurred by the District for any assistance requested by Cashmere. For services other than Emergency Maintenance Work, the District will estimate the costs associated with the work and provide that estimate to Cashmere prior to work commencing. The estimate is not binding on the District, however, and all actual costs will be invoiced and paid.

- F. Invoice. The District shall provide an itemized invoice to Cashmere for services rendered based on actual expenditures incurred on the CJO, plus taxes and overhead and administration fees as set forth herein.
- G. Overhead and Administration Fees. An overhead and administration charge of ten percent (10%) will be added to the total invoiced amount and billed to Cashmere as a part of each invoice.
- H. Approval and Authorization of Work. The request by Cashmere for Emergency Maintenance Work or Critical Maintenance Work may initially be approved by oral agreement by the District's Transmission and Distribution System Director (or his/her designee). All oral agreements will be followed with written confirmation or written notice to proceed with the work. The lack of a written confirmation will not effect Cashmere's obligation to pay the costs of the work.

**2. Cashmere Obligations.**

- A. Overtime. Cashmere acknowledges that the District's Crew is also providing service to District facilities and therefore, depending on the needs of the System and the District's facilities, overtime may be incurred. Cashmere agrees to reimburse the District for all overtime incurred for work performed under this Agreement as well as all other costs for services, crews, equipment, taxes, and overhead/administration fees.
- B. Reimbursement. Cashmere shall reimburse the District within 30 days of receipt of each invoice. Cashmere agrees to pay actual costs incurred on the CJO plus taxes and overhead and administration fees as set forth in this Agreement. Any estimates regarding the costs of the requested work, provided by the District are not binding and Cashmere is responsible for all costs of the work regardless of the accuracy of any estimate that may have been provided by the District prior to the start of work. Interest will accrue on past due invoices at the rate of twelve percent (12%) per annum.
- C. Insurance. Cashmere shall provide liability insurance coverage for the duration of this Agreement for its officers, agents and employees' activities in an amount not less than \$2 million (\$2,000,000). Cashmere may provide such insurance by maintaining its membership in the Washington Cities Insurance Authority, an insurance pool. Cashmere shall provide proof of such insurance to the District within thirty (30) days of the execution of this Agreement and the District will be named as an additional insured as respects this Agreement.
- D. Indemnification. Cashmere shall indemnify and hold harmless the District and any and all of the District's officers, principals, agents and employees from any liability, loss, damage, cost, charge or expense, whether direct or indirect, and whether occasioned by injury or loss to persons or property to which the District or said other indemnitees may be put or subject by reason of any act, action,

neglect, omission or default under this Agreement or otherwise on the part of Cashmere or any of its officers or employees. Cashmere shall fully indemnify and hold the District harmless from any claims by Cashmere's customers as a result of any outage for which work or services have been requested and provided. As provided in RCW 4.24.115, the Parties specifically agree that all immunity provided to the indemnitor pursuant to the Industrial Insurance Act, Title 51 RCW, is waived for the purposes of the indemnification provision. This provision has been mutually and specifically negotiated between the Parties.

- E. Cashmere's Customers. Cashmere shall be responsible for all contact with and notice to its customers with regard to any outages or other issues caused by or necessitated by any work performed by the District pursuant to this Agreement.
- F. Capital and Maintenance Activities. Cashmere shall be responsible for all capital improvements including non-critical activities such as relocation of poles and lines, upgrading of facilities, line extensions, new customer connections (not specifically included in this agreement), system planning and system engineering.
- G. Information about System. Cashmere shall supply to the District all information requested by the District about Cashmere's electrical system immediately upon such request by the District.

**3. Organization/Administration.**

- A. The District Transmission and Distribution Director or designee shall be the Administrator of this Agreement for the District insofar as it relates to the coordination and implementation of the emergency electrical services.
- B. The Cashmere Mayor or designee shall be the Administrator of this Agreement for Cashmere insofar as it relates to agreed upon services.

**4. No Warranty or Guarantees by the District.** The District makes no warranties or guarantees that Crews and/or equipment will be available to complete work requested by Cashmere. The District makes no warranties or guarantees as to the timeliness of the District's ability to respond to a request, the level of service in response to a request or the ability to restore service to Cashmere's customers within any particular time frame. Further, the District makes no warranties or guarantees as fitness for a particular purpose or other warranty as to any work or services performed by the District. Cashmere specifically agrees to this provision and the waiver of all warranties and guarantees.

**5. Term and Effective Date of Agreement.** The effective date of this Agreement shall be the date upon which the Agreement has been signed by both Parties and will extend ninety (90) days from the last signature date. The intent of both Parties is that Cashmere will develop and implement sufficient third party agreements and/or secure internal staff within the ninety (90) day timeframe to ensure Cashmere's continued operation of the electrical system without the continued support of the District.

6. **Attorneys' Fees and Costs.** 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.

7. **Independent Contractor.** The District is an independent contractor with respect to all activities associated with this Agreement. Nothing in this Agreement shall be considered to create the relationship of employer and employee between the Parties. The District and its employees shall not be entitled to any benefits afforded Cashmere employees. The District shall be solely responsible for withholding federal income tax and associated employment-related taxes from the wages paid to its employees. Further, Cashmere and its employees shall not be entitled to any benefits afforded District employees. Cashmere shall be solely responsible for withholding federal income tax and associated employment-related taxes from the wages paid to its employees.

8. **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:

City of Cashmere  
c/o George Valison, Mayor  
101 Woodring  
Cashmere, WA 98815

Chelan County Public Utility District No. 1  
c/o Transmission and Distribution Director  
Post Office Box 1231  
Wenatchee, WA 98807-1231

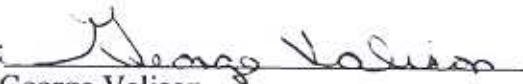
9. **Remedies.** In the event of default of any provision of this Agreement, the non-defaulting Party shall have all rights and remedies existing at law including the right to recover monies paid and wrongfully expended, and to seek other damages allowed by law.

10. **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.

IN WITNESS WHEREOF, the Parties have executed this Agreement the 20<sup>th</sup> day of July, 2006.

CITY OF CASHMERE

PUBLIC UTILITY DISTRICT NO. 1  
OF CHELAN COUNTY

By:   
George Valison  
Mayor  
Dated signed: July 13, 2006

By:   
Richard Riazzi  
General Manager  
Date signed: July 20, 2006

**EXHIBIT A**



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**(Note: The rates below are effective at least through July 31, 2006. A revised rate schedule will be provided when a new collective bargaining agreement is implemented by Chelan County PUD.)**

**PUD No. 1 of Chelan County**

<i>Crew Wages</i>	<i>Personnel</i>	<i>Rate Per Hour Straight Time</i>	<i>Rate Per Hour Overtime</i>
<i>Labor Classifications</i>	General Foreman	\$49.80	\$83.18
	Line Foreman	\$47.45	\$79.26
	Journeyman Lineman	\$42.20	\$70.50
	Apprentice Lineman (6)	\$37.33	\$62.37
	Equipment Operator	\$36.56	\$61.06
	Head Groundman	\$32.47	\$54.23
	Groundman	\$29.18	\$48.75
	Meter Shop Foreman	\$47.45	\$79.26
	Journeyman Meterman	\$42.20	\$70.50
	PS Wireman Foreman	\$47.45	\$79.26
	PS Journeyman Wireman	\$42.20	\$70.50
	PS Wireman Apprentice (6)	\$37.33	\$62.37
	On-Call Flagger	\$22.33	\$37.29
	Professional Services	*	*

\*Professional Service staff (salary grade) will be paid at hourly rate plus overheads and benefits.

<i>Equipment</i>	<i>Vehicle Classification</i>	<i>Rate Per Hour</i>
	Line Truck	\$13.50
	Bucket/Ladder Truck	\$13.50
	Serviceman (No bucket)	\$13.50
	Backhoe	\$20.00
	Digger Derrick	\$23.00
	Pickups (under 8600 gvw)	\$2.50
	Pickups & Vans (over 8600 gvw)	\$4.00
	Dump Truck	\$10.00
	Crane	\$23.00

**Overtime Rates: Two times regular rate set forth above.**