

**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 critical 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 to the extent available and will not have negative impacts on District operations.
- 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. A prior interlocal agreement signed July 20, 2006, was intended to support Cashmere to develop long term third party support in addition to emergency work. Cashmere has now developed support for line extensions, construction and engineering. However, it has not developed support for critical maintenance and emergency work.
- H. 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.
- I. 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.

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 maintenance, 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. 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.
- D. 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.
- E. 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.
- F. 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 relocation of poles and lines, upgrading of facilities, and other capital work necessitated by Emergency or Critical Maintenance Work.
- 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.** Shall be effective the date upon which the Agreement has been signed by both Parties and will continue until either party provides a 30-day written notice to terminate this Agreement.

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 particular, this Agreement supersedes and replaces that 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 executed by the Parties effective July 20, 2006.

IN WITNESS WHEREOF, the Parties have executed this Agreement the _____ day of _____, 2006.

CITY OF CASHMERE

PUBLIC UTILITY DISTRICT NO. 1
OF CHELAN COUNTY

By: George Valison
George Valison
Mayor
Dated signed: 10/30/2006

By: Richard Riazzi
Richard Riazzi
General Manager
Date signed: 11/8/06

EXHIBIT A



(Effective through July 31st, 2007)

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	\$51.63	\$86.25
	Line Foreman	\$49.20	\$82.19
	Journeyman Lineman	\$43.76	\$73.10
	Apprentice Lineman (6)	\$38.71	\$64.67
	Equipment Operator	\$37.90	\$63.32
	Head Groundman	\$33.66	\$56.23
	Groundman	\$30.25	\$50.54
	Meter Shop Foreman	\$49.20	\$82.19
	Journeyman Meterman	\$43.76	\$73.10
	PS Wireman Foreman	\$49.20	\$82.19
	PS Journeyman Wireman	\$43.76	\$73.10
	PS Wireman Apprentice (6)	\$38.71	\$64.67
	On-Call Flagger	^	\$38.67
		A-Level	\$190.39
	B-Level	\$231.49	
	C-Level	\$277.80	
	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

^On-Call Flaggers are paid a per diem rate.

A-Level: When called to work on an eight-hour crew, Flaggers will receive A-Level Pay.

B-Level: When called to work on a ten-hour crew, Flaggers will receive B-Level Pay.

C-Level: When called to work on a ten-hour crew in a week in which they have already worked on an eight-hour crew, the Flaggers will receive C-Level Pay.