

**AGREEMENT FOR PAYMENT FOR
BACKUP POWER SUPPLY**

This Agreement for Payment for Backup Power Supply (the "Agreement") is made and entered into by Public Utility District No. 1 of Clallam County, Washington, a Washington municipal corporation ("Clallam"), and Public Utility District No. 1 of Jefferson County, Washington, a Washington municipal corporation ("Jefferson"). Clallam and Jefferson are from time to time referred to in this Agreement individually as "Party" and collectively as "Parties."

RECITALS

WHEREAS, the Parties have a mutual interest in maintaining reliable electric service to their respective customers in Jefferson and Clallam Counties, Washington. To that end, the Parties entered into an Agreement for System Backup Capacity, Interim Operations and Maintenance, and Facilities Transfer, dated April 28, 2014 (the "Agreement for Backup Capacity"), that provides in part the terms and conditions under which each Party will provide backup transmission service to each other; and

WHEREAS, this Agreement supplements the Agreement for Backup Capacity.


THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties covenant and agree as follows:

AGREEMENT

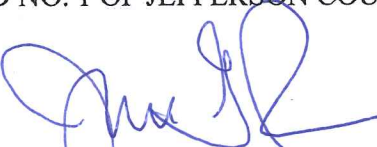
1. Should either Party require power from the other to serve its load, the amount of power transferred shall be calculated by multiplying the average hourly power used during the month for each effected customer by the hours under transfer. The cost to the Party receiving power shall be calculated by multiplying the amount of power transferred by the then-current retail energy rate (no demand) for those customers.
2. Except as set forth herein, the Agreement for Backup Capacity shall provide the terms and conditions under which Clallam and Jefferson will provide backup power to each other.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized officials.

PUD NO. 1 OF CLALLAM COUNTY, WASHINGTON

By:  f.m. Date: 4-11-16
Doug Nass, General Manager

PUD NO. 1 OF JEFFERSON COUNTY, WASHINGTON

By:  Date: 4-12-16
Jim Parker, General Manager

