

AGREEMENT FOR ELECTRICAL AND WATER SERVICES

THIS AGREEMENT is entered into between the State of Washington, Department of Corrections, hereinafter referred to as "DOC," and Public Utility District No. 1 of Clallam County, hereinafter referred to as "District." In connection with the provision of electrical and water services by the District, DOC and the District agree as follows:

1. **MAINTENANCE AND REPAIR:** The District will, at its cost and expense, maintain and repair the equipment identified in exhibit A, so that it is in good operating order, capable of delivering electricity and water to the Center as required by DOC. Such maintenance and repair of the equipment shall be performed in accordance with the provisions of this Section 1, and with the provisions set forth in Exhibit A attached to this agreement. The obligation assumed by District hereunder includes emergency maintenance and repair. Provided, however, the District will have no obligation to effect any maintenance or repair to the equipment if such maintenance or repair is required solely as the result of the negligent act or omission of DOC or its employees. In the event there is a dispute as to whether DOC or its employees have been negligent, District will effect the required maintenance and repair and the issue of negligence will be decided pursuant to the procedures established in paragraph 8 hereof. If DOC or its employees are found by those procedures to have been negligent, DOC will reimburse District for the cost of the maintenance or repairs required because of such negligence.
2. **OWNERSHIP OF EQUIPMENT:** Title to the equipment, identified in exhibit A, will remain in the District; provided, however, should the District fail or refuse to maintain or repair the equipment as provided in paragraph 1 hereof, title to the equipment will revert to and vest in DOC.
3. **OTHER FACILITIES:** DOC will install, maintain, and repair (a) stand-by generator equipment including electric intertie equipment at the District's Sekiu and Hoko pump stations, (b) a reservoir level transducer, and (c) two 400,000 gallon reservoirs and appurtenances.

The District has provided and will maintain:

- (a) Well system capacity for its Hoko pump station to deliver 200 gallons of water per minute to the Center;
- (b) Use of the existing water system mains and reservoirs as part of the overall system delivering water to the Center;
- (c) An electric circuit from its Sekiu substation connecting with DOC's electric system, and
- (d) Two 1000 KVA transformers and necessary connections at the Center to convert from primary to secondary voltage.

The facilities identified in this Section 3 shall be maintained and repaired by DOC and the District in accordance with the provisions of Exhibit A attached hereto.

4. **DOC POLICIES AND PROCEDURES:** Regular business hours at the Center are from 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding state and national holidays. If the District desires to contact the Center during regular business hours, such contact will be initiated with the Center's Plant Manager. Contact outside regular business hours will be

effected by contacting the Center's Central Control for referral to the Duty Officer. The District will contact the Center before entering the Center or the Center grounds. District employees who will be expected to enter the Center, as part of their duties in performing this agreement, will complete a tour of the Center and participate in orientation training.

5. **INDEMNITY:** To the extent permitted by law and the constitution, the District will indemnify, defend, protect, and hold harmless State of Washington, DOC, or any employee thereof from and against any and all claims, demands, actions, costs, and expenses of any nature arising from or related to any negligent or deliberate act or omission of the District, its employees, agents, or contractors while performing under this agreement.

To the extent permitted by law and the constitution, DOC will indemnify, defend, protect, and hold harmless the District or any employee thereof from and against any and all claims, demands, actions, costs, and expenses of any nature arising from or related to any negligent or deliberate act or omission of DOC or its employees, agents, or contractors while performing under this agreement.

6. **LIABILITY:** District shall exercise reasonable diligence consistent with prudent utility practices in the operation and maintenance of its water and electric facilities. District shall not be liable for any loss or damage incurred as a result of interruption in water or electric service for any cause beyond its control.
7. **WAIVERS:** Waiver of any default hereunder shall not be deemed to be a waiver of any subsequent default. Waiver of breach of any provision of this agreement shall not be deemed to be a waiver of any other or subsequent breach and shall not be construed to be a modification of the terms of this agreement, unless stated to be such in writing, signed by the Secretary of DOC, and attached to this original agreement.
8. **DISPUTES:** Should a dispute arise between the parties hereto, with respect to the terms of this agreement or the performance thereof, and it cannot be resolved informally, the parties shall refer the dispute to an independent arbitrator selected by mutual agreement of the District and DOC. The arbitrator so chosen shall establish procedures for an arbitration hearing and shall render a decision resolving the dispute. The arbitrator's decision shall be binding on both parties, unless either party delivers written objection to the decision to the non-objecting party within ten (10) days after receiving the decision by the arbitrator. The arbitrator's fee will be shared equally by the parties, but neither party shall be financially responsible for the costs incurred by the other party in connection with the arbitration. The parties agree that this dispute process shall precede the commencement of any legal action.

Should either party hereto commence any action in a state or federal tribunal with respect to the dispute decided by arbitration hearing, then the party bringing the action shall bear all court costs and reasonable attorney fees if the decision of the arbitrator is substantially upheld. The amount of the attorney fees shall be fixed by the court. If the decision of the arbitrator is not substantially upheld, then each party shall bear its own costs and attorney fees. Any action brought under this agreement must be brought in either Thurston or Clallam County, Washington.

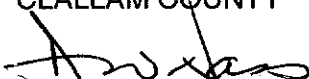
9. **SEVERABILITY:** If any provision of this agreement shall be held invalid, such invalidity shall not affect the other provisions of this agreement, which can be given effect without the invalid provision, and to this end, the provisions of this agreement are declared to be severable.
10. **TERM:** The term of this agreement shall be for a period of twenty years commencing

October 28, 2006, and such term may be extended by the mutual agreement of the parties hereto.

- 11. RATE SCHEDULES:** The DOC will pay the commercial rate in effect at the time services are provided and the District retains the right to alter these rates at any time and without notice. The rates to be paid by DOC for electricity and water are those set forth in the District's current commercial rate schedule, incorporated by reference herein.
- 13. SAVINGS:** In the event funding from state, federal, or other sources is unavailable, withdrawn, reduced, insufficient, or limited in any way, the DOC may terminate this agreement without prior notice, subject to renegotiation under any new funding limitations and conditions. Provided, however, DOC will be responsible for the costs it has incurred under this agreement up to the date of termination.
- 14. ENTIRE AGREEMENT:** This agreement represents the entire agreement of the parties, hereto with respect to the subject matter hereof. No other understanding, oral or otherwise, with respect to the subject hereof shall be deemed to exist or be binding on the parties hereto.

IN WITNESS WHEREOF, the parties hereto have signed this agreement.

PUBLIC UTILITY DISTRICT NO. 1 of
CLALLAM COUNTY



(Signature)

Doug Nass

(Printed Name)

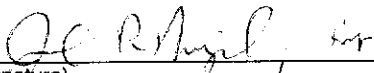
General Manager

(Title)

7-26-07

(Date)

DEPARTMENT OF CORRECTIONS



(Signature)

Gary Banning

(Printed Name)

Contracts Administrator

(Title)

(Date)

APPROVED AS TO FORM:

MK
7/24/07



EXHIBIT A
MAINTENANCE AND REPAIR RESPONSIBILITIES

- A. The District will maintain and repair all equipment installed at the Hoko Pump Station, with the exception of the Trailer-Mounted Standby Diesel Generation System which includes the following:
1. Generator Pad, including the tie-downs (to be constructed by DOC east of the Hoko Pump Station Building by January 1, 2008.
 2. Storage Facility for the Trailer-Mounted 130 KW Diesel Generator (to be designed and constructed by DOC on the Sekiu Pump Station site by January 1, 2008.
 3. Trailer-Mounted 130 KW Diesel Generator (to be stored at the Storage Facility described in item 2 above.) The District will transport (and operate) the Generator to the Hoko Pump Station on an as-needed basis during power outages. The District will provide all Diesel fuel to operate the generator during power outages.
 4. Quick Connect/Disconnect Coupling mounted on east wall of the Hoko Pump Station, wire, and electrical appurtenances installed to and including the generator transfer switchgear.
- B. The District will maintain and repair all equipment installed at the Sekiu Pump Station and the water line up to and including the 4-inch water meter located at the northwest corner of Clallam Bay Correction Center, with the exception of the Standby Diesel Generation System which includes the following:
1. 130 KW Diesel Generator (permanently located at the Sekiu Pump Station).
 2. Diesel Fuel Tank and related equipment.
 3. Wiring from generator to and including the generator transfer switchgear.
- C. The DOC will maintain and repair the two 400,000 gallon reservoirs, reservoir piping, and 8-inch supply pipeline from the reservoir to the 4-inch water meter located at the northwest corner of the Clallam Bay Corrections Center.
- D. The DOC will maintain and repair the reservoir level transducer at the Center and provide a 4 - 20 milliamp reservoir level signal to the control pedestal at Utility Corridor Station 30+50.
- E. The District will maintain the primary underground electrical system from its Sekiu Substation to and including the transformers at the Center.
- F. The DOC will maintain and repair the utility corridor roadway such that a utility line truck will have access at all times.

file

P.U.D. NO. 1 OF CLALLAM COUNTY
Post Office Box 1090
Port Angeles, WA 98362
(360) 565-3212 / FAX (360) 565-3312

Job Title: Agreement for Electrical & Water Services Date: July 30, 2007
Number: Our Agreement Number 070406

To: Department of Corrections
Contracts and Legal Affairs
Attn: Kimberly R. French, Contracts Assistant
Post Office Box 41114
Olympia, WA 98504-1114

We are sending herewith:

Copies	Description
1	Signed Copy of the Above Listed Agreement

- For your review/information.
- For approval.
- Approved as noted.
- Returned for corrections as noted; please resubmit.
- For your file.
- Take appropriate action.

Remarks:

P.U.D. NO. 1 OF CLALLAM COUNTY

By: _____
Bridget Edgington, Engineering Administrative Assistant