

INTERLOCAL COOPERATION AGREEMENT
Chelan PUD No. 11-036 Grant PUD No. 430-3170

THIS AGREEMENT is made by and between PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON ("Chelan"), and PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON ("Grant").

Recitals:

Public Utility Districts are authorized pursuant to RCW Chapter 39.34 to enter into Cooperative Agreements.

IT IS MUTUALLY AGREED THAT:

I. PURPOSE and SCOPE

The purpose of this Interlocal Agreement is to set forth the Parties' agreement to conduct a review of the model(s) expected to be used in the analysis of the Columbia River Treaty (Treaty). This work will provide:

- A better understanding of the relative merits of operational models being considered to assess potential impact of changes to the Treaty post-2024.
- An evaluation of the ability of the tool ultimately selected by stakeholders to accurately estimate costs and benefits of changes to the Treaty for mid-Columbia generating stations.
- An assessment of the implications of various proposed changes to the Treaty for mid-Columbia generating stations.

A further description of the study and deliverables is included in Attachment A.

II. PERIOD of PERFORMANCE

The period of performance of this Agreement shall commence upon execution of this Agreement and shall be completed by April 30, 2011, unless terminated sooner as provided herein.

III. PAYMENT

The parties have estimated that the cost of the work herein and Grant agrees to pay Chelan a fee for services under this agreement not to exceed \$20,000. Grant shall reimburse the actual costs invoiced by Chelan for performing the services rendered in Attachment A. Chelan shall provide all back up documentation required by Grant to make reimbursement. The contract price may be modified only in writing and executed by both parties.

IV. BILLING PROCEDURES

Grant shall make reimbursement payments to Chelan for undisputed amounts itemized on a written invoice and based on services performed in accordance with the terms of this Agreement. All invoices shall be delivered monthly to Leah Mauceri, Contract Officer, Public Utility District No. 2 of Grant County, WA, PO Box 878, Ephrata, WA 98823 or Lmaucer@gcpud.org. Payment to Chelan shall be made within 30 days of the date invoice requesting payment is received by Grant.

V. AGREEMENT ALTERATIONS and AMENDMENTS

This Agreement may be amended by mutual agreement of the Parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the Parties.

VI. TERMINATION

Either party may terminate this Agreement upon 15 days prior written notification to the other party. If this Agreement is so terminated, the terminating party shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement rendered prior to the effective date of termination.

VII. INDEMNITY and WAIVER OF CLAIMS

Grant and Chelan agree to hold each other harmless and indemnify one another for any acts committed or caused by one of them or their agents, consultants, employees, or sub-contractors against the other or a third party including, but not limited to, property damage, cost, charge or expense, whether direct or indirect and whether occasioned by injury or loss to persons or property. This indemnity obligation specifically includes liability or alleged liability that may arise from injury or loss suffered by any employee of Grant or Chelan or any subcontractor regardless of any immunity provided by the Washington Industrial Insurance Act, RCW Title 51, or any other applicable law.

The terms of this section, specifically including the waiver of immunity, shall be deemed mutually negotiated to the fullest extent allowed by the laws of Washington.

VIII. GOVERNING LAW/VENUE

This Agreement is made, executed under and is to be construed by the laws of the State of Washington. In the event of a suit, the undersigned agree that a visiting judge shall be assigned to the case so that a resident judge, who is also a customer of either Chelan or Grant, will not hear the case. The substantially prevailing party in any legal action herein shall be entitled to reasonable attorney fees and all reasonable costs, including, but not limited to, expert witness fees and travel and lodging expenses.

IX. EFFECT OF OTHER AGREEMENTS

This Agreement shall not change or affect the responsibilities and obligations of Chelan under its Rocky Reach and Rock Island Habitat Conservation Plans.

X. ALL WRITINGS CONTAINED HEREIN

This Agreement contains all the terms and conditions agreed upon by the Parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the Parties hereto.

XI. CONTRACT MANAGEMENT

The Project Coordinator for each of the Parties shall be responsible for and shall be the contact person for all communications and billings regarding the performance of this Agreement.

The Project Coordinator for Grant is:	The Project Coordinator for Chelan is:
Keith Knitter	Andrew Grassell
30 C Street SW	327 N. Wenatchee Avenue
Ephrata, WA 98823	Wenatchee, WA 98801
Phone: (509) 754-5002	Phone: (509) 661-4626
Fax:	Fax:

XII. RELATIONSHIP OF THE PARTIES

The employees or agents of each party who are engaged in the performance of this Agreement shall continue to be employees or agents of that party and shall not be considered for any purpose to be employees or agents of the other party.

XIII. COMPLIANCE WITH LAWS, RULES, AND REGULATIONS

The Parties shall comply with all applicable federal, state, and local laws and regulations, all of which are deemed to be incorporated into this Agreement as if fully set forth. Chelan shall ensure compliance with RCW 39.80, if applicable, to any services provided under, or related to this Agreement.

XIV. FILING

The Parties shall, in compliance with RCW 39.34, upon execution of this Agreement, post an electronic copy of the Agreement on Grant and Chelan's Websites at the following addresses:

Grant: <http://www.gcpud.org/pudDocuments/interlocalAgreements.html> and

Chelan: <http://www.chelanpud.org/interlocal-agreements.html>

XV. AUTHORIZED SIGNATURES

Each individual executing this Agreement warrants he is fully authorized to bind his principal to the terms and conditions of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement

PUBLIC UTILITY DISTRICT NO. 2
OF GRANT COUNTY, WA



Kevin Nordt, Director
Power Management

Date: 1/30/11

PUBLIC UTILITY DISTRICT NO. 1
OF CHELAN COUNTY



Gregg Carrington, Managing Director
Energy Resources

Date: 2/7/11

ATTACHMENT A – SCOPE OF WORK

Purpose

Chelan PUD, Grant PUD, and the Washington State Department of Ecology (WDOE) are interested in gaining a better understanding of modeling tools and techniques currently being considered by United States (US) entities responsible for Columbia River Treaty (CRT) negotiations to assess potential impacts of changes to the Treaty on hydrology of the mid-Columbia River. Responsible US entities are Bonneville Power Administration (BPA) and US Army Corps of Engineers - Northwestern Division (USACE-NWD). The goal is to perform a peer review of the model and input data used to complete the Columbia River Treaty 2014/2024 Review Phase 1 Report and Supplemental Report. An opinion of model validity and the ability to predict impacts of changes to the Treaty on the mid-Columbia generating stations will be formed. The purpose of this work is to:

- Better understand the relative merits of operational models being considered to assess potential impact of changes to the Columbia River Treaty (Treaty) post-2024.
- Evaluate the ability of the tool ultimately selected by stakeholders to accurately estimate costs and benefits of changes to the Treaty for mid-Columbia generating stations.
- Assess implications of various proposed changes to the Treaty for mid-Columbia generating stations.

Chelan PUD has selected and contracted with HDR to conduct this work.

Scope of Work

Task 1

- Chelan PUD will request a copy of the HYDSIM model along with the associated input and output data from BPA. The HDR modeling team will review and document 1) inputs to the model, 2) key assumptions used to generate those inputs and 3) water routing methodologies, then 4) evaluate validity of the results for Mid-Columbia generating stations.
- HDR will compare the model output data with real operational experience from the mid-Columbia system operators.
- HDR will also assess impacts of proposed changes to reservoir operations on the mid-Columbia if the system transitions to "Called Upon" flood control operations and perform a gap analysis to determine limits of the HYDSIM model for evaluating effects of potential changes to the Treaty on mid-Columbia generating stations. The gap analysis will focus on those resources, products and services that are most important to the mid-Columbia system operators and the ability of HYDSIM to accurately quantify effects of changes to the Treaty on those resources, products and services.

Task 2: HDR will engage with the BPA and USACE modeling teams to determine which modeling platforms and post processing tools are being considered for potential Phase 2 Studies. A post processor to generate sub-monthly flows based on monthly data from HYDSIM will likely be required in order to accurately model economic impacts of a transition from pre-2024 FCOP to post-2024 Called Upon flood control operations. Two potential tools available to post-process monthly flow data from HYDSIM are BPA's HOSS model and HDR's CHEOPS model. HDR will evaluate relative merits of these tools and any other potential operational modeling and post processing tools identified by BPA and the

USACE for use in potential Phase 2 studies. HDR will focus on the ability of the modeling tools to accurately reflect impacts of proposed treaty modifications on those resources, products and services most important to the mid-Columbia system operators.

Task 3: HDR's team will be available for a potential a one to two day technical session (at BPA's offices in Portland, OR; or at either Chelan PUD or Grant PUD in WA) if such a meeting is warranted. The purpose of this technical session would be to help Chelan PUD, Grant PUD, and WDOE better understand capabilities of the current HYDSIM model and the potential use of BPA's HOSS tool as a post-processor of monthly flow data from HYDSIM.

Task 4: At the conclusion of the scope of work, HDR will prepare a report summarizing its findings and provide recommendations for which model or models will be best suited for future CRT Studies.

Deliverables

Task 1

- Documentation of HYDSIM model inputs, key model assumptions, and water routing methodologies
- Evaluation of validity of results for Mid Columbia generating stations.
- Comparison of model output data with real operational experience
- Impact assessment of proposed changes to Columbia River Treaty.

Task 2: Evaluation of operational tools and methodologies, in relation to potential changes to the CRT and potential effects on Mid Columbia generating station resources, products and services.

Task 3: One or two day technical session, hosted by HDR.

Task 4: Report as identified in Task 4 above.

Schedule

Work will be completed by April 30, 2011.

Budget

The budget for the work described above will not exceed \$60,000. Grant PUD's share is not to exceed \$20,000.