

## WATER RIGHTS USAGE CONTRACT

This Contract entered into as of the 10<sup>th</sup> day of June, 2012, by and between PUBLIC UTILITY DISTRICT NO. 1 OF ASOTIN COUNTY, a Washington Municipal Corporation (hereinafter referred to as "PUD"), and CITY OF ASOTIN, a Washington Municipal Corporation (hereinafter referred to as "City").

WHEREAS the parties hereto have entered into several other Contracts, the first being (maintenance and operation) dated the 31<sup>st</sup> day of August, 2005; the second being Water Right Sales Contract dated the 12<sup>th</sup> day of April, 2011, dealing with the intertie and the use of water from the intertie by the City of Asotin.

WITNESSETH:

The parties hereto do mutually agree as follows:

**1. Scope of Contract:**

Subject to the terms and conditions hereinafter set forth, the PUD agrees to allow the use of its water rights for water production by the City from its two source wells, for resale by the City, and the City agrees to use PUD water rights for water production for all lawful use for rural, domestic, commercial and industrial purposes. The PUD agrees to provide to the City, water rights for water production, to be used over and upon that real property set forth in Exhibit "A." attached hereto and incorporated herein by reference.

**2. Rates and charges:**

A. As a standby or availability charge, the City shall pay the PUD the sum of \$1,750.00 per year as follows:

\$1,750.00 paid on or before June 30th of each year while this agreement is in effect.

B. For all water rights furnished for water production under this Contract, the City agrees to pay the PUD \$0.44 per unit (1 unit = 748 gallons) or \$192.00 per acre feet of water right (1 acre foot = 325,850 gallons) used beyond its certificated water rights of 417 acre feet. The parties to this contract mutually agree that during the period of this contract, the PUD may review its' rate structure, and make changes in its rates and charges, which changes shall apply to water right received for water production by the City under this Contract.

C. For actual PUD water used via the intertie, the rates shall be pursuant to that Water Sales Contract above referenced.

**3. Use of PUD Water Rights:**

- A. It is understood by the City that certificated water rights used beyond the City's certificated water rights belong to the PUD and are intended primarily for use by customers served by the PUD. In the event that the PUD grows to the point of needing to utilize all certificated water rights for its purposes, the City will need to secure additional water rights for their use.
- B. The parties agree that the District shall retain ownership of their vested water rights. This Contract shall not give the City the right to or interest into the certificated water rights, as set forth in this Contract, for a longer term. Further, this Contract shall not give the District any interest, and/or ownership right pertaining to the City's water system.

**4. Resolution of Disputes:**

The parties elect to submit any disputes to binding arbitration or other alternative dispute resolution measures agreeable to both parties. Disputes between the parties not submitted by mutual agreement to such an alternative process shall be resolved by application to the Superior Court of the State of Washington, with venue in Garfield County. This Contract shall be enforced and interpreted in accordance with the laws of the United States and the State of Washington. The prevailing party in any dispute, which proceeds to judgment in Superior Court, shall be entitled to reasonable attorney fees and costs.

**5. Term:**

This Contract shall be effective for a period of five (5) years from the date of execution by authorized representatives of both parties hereto and shall continue through until terminated by mutual agreement or upon one year written notice by either party.

This Contract may be amended at any time upon mutual written agreement of the parties, approved by their respective governing board or council. Notice shall be given by certified mail to the official mailing address of each party.

**6. Exhibit:**

Exhibit A referred to in the Contract is attached hereto and incorporated herein as though fully set forth at each reference.

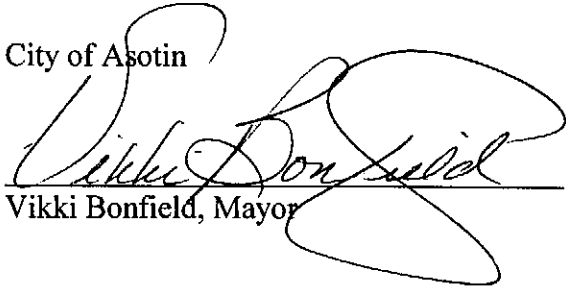
IN WITNESS WHEREOF, the parties have caused this Contract to be executed this 6<sup>th</sup> day of June, 2012.

PUD No. 1 of Asotin County



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Tim Simpson, General Manager

City of Asotin



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Vikki Bonfield, Mayor