

Line Extension Construction Agreement

This Line Extension Construction Agreement (“Agreement”), effective as of the last date of execution identified below, is entered into by and between Kittitas County Public Utility District No. 1, a Washington municipal corporation, hereinafter referred to as the “District”, having an address of 1400 Vantage Highway, Ellensburg, WA 98926, and William F. Sparks, a Washington Resident, hereinafter referred to as the “Developer”, having an address of 540 W Bowers Rd. The District and the Developer are sometimes referred to herein in the singular as “Party” and in the plural as “Parties”.

WHEREAS, the District is a public utility district organized under the laws of the State of Washington and delivers electric power to customers in Kittitas County, Washington;

WHEREAS, the Developer has submitted a Service Application with a non-refundable application fee requesting that the District extend its electric facilities to provide electric service to the lots of the Development (the “Service Request”);

WHEREAS, the District will need to design, install, and/or construct the electric equipment and facilities necessary to meet the Developer’s Service Request (the “Project”); and

WHEREAS, the Parties wish to enter into this Agreement regarding the responsibilities of the Parties to complete the Project as well as to identify the Developer’s obligation to pay the costs of the Project.

NOW, THEREFORE, in consideration of the mutual covenants herein, the Parties agree as follows:

1. **Term.** This Agreement will become effective when signed by both Parties and shall remain in effect until (i) all work indicated in the Agreement is completed and paid for; (ii) this Agreement terminates by its terms; or (iii) the Parties otherwise agree to terminate this Agreement in writing. All duties and obligations created by this Agreement will be preserved until satisfied.

2. **Engineering Study.** The District, in its sole discretion, may notify the Developer that it is requiring a formal engineering review to determine if the District’s existing electric system has sufficient capacity to safely, reliably, and sustainably accommodate the Developer’s Service Request as well as other loads on the electric system (the “Engineering Study”). The District will determine and notify the Developer whether the Engineering Study will be performed internally by District staff and/or by an external engineering firm. The Developer shall be responsible for paying to the District all of the estimated cost of any such Engineering Study prior to initiation of

the study, which estimated cost shall be subject to true-up in accordance with Section 6 below. The District and the Developer agree to work in good faith to provide any information and/or data necessary to complete the Engineering Study.

3. **Design.** The District will design the electric facilities, including but not limited to any upgrades to the District's existing electric system, that the District determines necessary to meet the Developer's Service Request in accordance with the District's standards and to ensure a safe, reliable, and sustainable electric system (collectively, the "Facilities"). The District reserves the right to use contractors for the design of the Facilities. The Developer shall be responsible and invoiced for all costs incurred by the District in designing the Facilities, including contractor, labor, materials, transportation, internal overheads, and any other charges necessary to design the Facilities. The District, in its discretion, may require payment in advance for design work based upon the District's estimated cost of such work, which estimated cost shall be subject to true up in accordance with Section 6 below.

3.1 In order to facilitate the District's design work, the Developer agrees to cooperate with the District to determine the location of the Facilities to be installed at the Development. Wherever practical, distribution lines will be installed along roads or other accessible routes to allow for efficient operations and maintainability of lines. Notwithstanding, the Developer understands and agrees that, to ensure a safe, reliable, and sustainable electric system, the final determination of the feasibility, design, and location of the Facilities at the Development, including how the Development will be served, shall be made by the District.

4. **Construction Costs.** The Developer shall pay for all the District's actual costs associated with the construction and completion of the Facilities, including the cost of work performed by the District and by the District's contractors and consultants, as well as the costs of all labor, material, equipment, transportation, internal overheads, and any other charges necessary to construct and complete the Facilities. Costs shall be allocated to the Developer under this Agreement in accordance with the District's Line Extension Policy. Upon completion of the project design work under Section 3 above, the District shall provide the Developer with a Work Order that includes cost projection for construction of the Facilities (the "Work Order"). The Developer shall have twenty (20) days from receipt of the Work Order to accept the Work Order and the costs identified therein by sending written acknowledgement to the District. In the event the Developer rejects the Work Order or fails to timely provide written acknowledgment of the Developer's acceptance thereof, this Agreement shall automatically terminate and neither party shall have any further obligation hereunder; provided, the District may invoice the Developer for any unpaid amounts owed under Paragraph 2 or Paragraph 3, which payment obligations shall be preserved following termination until satisfied. At any time, the District may issue Change Order(s) to document and identify the cost of design changes, additional labor, equipment, or materials required to complete the project and not identified in the Work Order or prior Change Order(s).

5. **Construction of Facilities.** Following the Developer's acceptance written of the Work Order, the District will construct the Facilities in accordance with the District's Line Extension Policy, which shall include construction of new structures or modification of existing structures as necessary to support the Developer's Service Request. All construction shall conform

to the District's standards and to ensure a safe, reliable, and sustainable electric system as determined by the District. The District shall have no obligation to schedule, commence, or continue construction, and shall not procure any materials or services for construction, until the following conditions have been met:

- 5.1 The Developer delivers to the District advance payment of 100 percent of the total construction costs identified in the Work Order and any and all subsequent Change Order(s), which costs shall be subject to true-up in accordance with Section 6. Down-payments or installment payments are allowed, but the District will not procure any materials or schedule any construction until all costs identified in the Work Order and Change Order(s), if any, are received.
- 5.2 The Developer delivers to the District payment of any unpaid amounts due under Sections 2 and 3 of this Agreement.
- 5.3 The Developer delivers to the District advance payment of any applicable customer deposit required under the District's Customer Service Policy.
- 5.4 The Developer delivers to the District a fully executed and notarized utility easement from the Developer to the District located at the site of the Development for the area(s) on said site where the Facilities to be owned and maintained by the District will be located. Said easement shall be for a minimum of 20 feet centered on the power lines, for a location approved by the District, in a form approved by the District, in its sole discretion, and recorded with the County Auditor's Office where the subject land is located.
- 5.5 The Developer performs such work, provides such information and documents (including such proofs of right of way, ownership, and approvals by the appropriate regulatory bodies as required by the District), and otherwise meets the customer responsibilities under the District's Line Extension Policy to the satisfaction of the District, which responsibilities are incorporated herein by this reference in accordance with Section 8 below.
- 5.6 Pays or otherwise provides assurance of payment in a manner satisfactory to the District of any and all expenses, costs, or liabilities relating to any permits, licenses, or other similar legal instruments or authorizations required to construct the Facilities and/or otherwise meet the Developer's Service Request.

- 5.7 The Developer satisfies any other reasonable conditions or requirements subsequently made by the District in order to facilitate construction of the Facilities.

Only after all of the above conditions are met will the District procure the necessary materials and schedule construction for the Facilities; provided, the District can in its sole discretion waive, in whole or in part, the Developer's prior compliance with any of the above conditions upon written notification to the Developer. The Developer understands and agrees that the District will not order or purchase materials with extended lead times until the Developer meets all of the above conditions, which may delay construction of the Facilities. In the event the Developer does not or is unable to complete the above conditions within three (3) months of Developer's approval of the Work Order, the District reserves the right to issue a Change Order to update costs and to require the Developer to approve and pay the same prior to scheduling construction and/or procuring any materials.

The District and the Developer will cooperate and manage the construction and installation of the Facilities in a manner that, to the extent reasonably possible, (i) maximizes the efficiency in which the District schedules and performs the work to construct and install the Facilities and (ii) minimizes the likelihood of any delays to the Developer's schedule. The Developer hereby grants the District, its employees and contractors, access to and from the site of the Development to the extent necessary to complete any and all of the work contemplated under this Agreement.

6. **True-Up and Invoicing.** Wherever this Agreement or the District, at its discretion, requires advance payment by the Developer of estimated expenses prior to undertaking any activity or purchasing any item or service under this Agreement and the actual cost of the activity exceeds the advance payment of estimated expenses (for any reason, whether foreseeable or unforeseeable, and regardless of fault), the Developer agrees to pay the District for the difference in cost. The District will issue a "work order" accounting to track the work completed under this Agreement. In the event the District identifies additional costs in accordance with this Section, it will issue an

itemized invoice to the Developer for payment of such additional costs. All invoices under this Agreement shall be paid within thirty (30) days of the date of the invoice. If the District does not receive payment for any invoice under this Agreement before or as of the date it becomes due, the Developer, upon receipt of fifteen (15) calendar days written notice, shall pay interest on the amount due to the District at the rate of 1.0% per month or the maximum rate allowed by law, whichever is less.

7. **Ownership and Maintenance of Facilities.** The District shall own and maintain the Facilities up to and including the revenue grade meter(s) supplied by the District or such other ownership point of demarcation agreed to by the District in writing. All existing and future facilities beyond the metering point will be constructed, owned, and maintained by the Developer or the Developer's successors and assigns. Any materials provided by the Developer, as required by the District, for the construction of the Facilities are to be considered a contribution-in-aid to construction and shall become the property of the District.

8. **The District Policies.** The terms and conditions of the District's Line Extension Policy in effect as of the date of this Agreement shall apply to the work and transactions contemplated under this Agreement, which terms are incorporated herein by this reference. The Developer agrees to meet and comply with the requirements under said policy. In the event of a conflict between the terms and conditions contained in the policy with the terms and conditions of this Agreement, the terms and conditions of this Agreement shall control. Electric service received over the Facilities once energized shall be subject to the applicable District policies, including but not limited to the Customer Service Policy, as they may be amended from time to time by the District in its sole discretion.

9. **Electric Service.** Upon energization of the Facilities, Developer and/or Developer's successors and assigns shall take and pay for electric service from the District at the applicable rate schedule(s) as they may be amended from time to time at the sole discretion of the District. No payment made by Developer under this Agreement shall be construed as a credit or offset against future electric bills.

10. **Binding.** This Agreement shall inure to and bind the successors, assigns and representatives of the Parties; provided, however, that this Agreement may not be assigned by the Developer without the prior written consent of the District.

11. **Agreement.** Any modification of this Agreement or additional obligation assumed by either Party in connection with this Agreement shall be binding only if evidenced in writing and signed by each Party. This Agreement constitutes the entire agreement between the Parties, and any prior understanding or representation of any kind by or between the Parties made preceding the date of this Agreement shall not be binding on either Party except to the extent incorporated in this Agreement.

12. **Notices.** All notices, requests, demands and other communications given by a party to the other party in connection with this Agreement will be in writing and will be deemed to have been duly given (a) on the date of successful transmission of the entire notice in the case of e-mail transmission; (b) when delivered personally or delivered by a recognized courier service that

provides a receipt of delivery; or (c) three (3) days after being deposited as certified or registered mail, postage prepaid, into the United States mail, to the following addresses or email addresses:

If to the District:

Kittitas County PUD #1

1400 Vantage Hwy

Ellensburg, WA 98926

Attn: Matt Boast

Email: matt.boast@kittitaspud.com

If to the Developer:

William F. Sparks

PO Box 490

Cle Elum, WA 98922

Attn:

Email: wssparks@gmail.com

or to such other address of a Party as such Party may designate in writing in accordance with this Section.

13. **Legal Fees.** In the event any legal action is taken by either party against the other party to enforce any of the terms and conditions of this Agreement, it is agreed that the unsuccessful party to such action shall pay to the prevailing party therein all court costs, reasonable attorneys' fees and expenses incurred by the prevailing party.

14. **Headings.** The headings used in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Agreement nor the intent of any provision thereof.

15. **Law; Venue.** The laws of the State of Washington shall govern this Agreement. Further, the place of performance and transaction of business shall be deemed to be in the County of Kittitas, State of Washington, and in the event of litigation, exclusive venue and place of jurisdiction shall be the State of Washington, and more specifically, the Superior Court of Kittitas County, Washington.

16. **Counterparts.** This Agreement may be executed in duplicate originals, each of which shall be deemed to be an original instrument. All such counterparts and duplicate originals together shall constitute but one Agreement.

17. **Supply Chain Disclosure, Disclaimer, and Developer's Acknowledgement.** The District hereby notifies the Developer that the global supply chain is under immense pressure due to residual impacts from the coronavirus pandemic, labor shortages, and other local, national, and international factors that are decreasing supply and/or increasing demand. This is causing shortages and delivery delays for the supplies and materials the District and other electric utilities use daily and are needed for the District to complete the Project. The District has been notified by multiple vendors that some contracts for deliveries of conduit, transformers, and other materials and equipment (e.g., poles, meters, conductors, etc.) are significantly delayed due to the factors

identified above. In some instances, vendors are citing delays of up to 100 weeks or more. **These delays of needed materials and equipment will affect the start date for new District construction projects, including the start date for the Project.** Accordingly, the District does not and cannot guaranty the delivery or installation date of any materials and/or equipment for the Project, and hereby expressly disclaims any warranty or representation, whether intentional, inadvertent, oral, or in writing, regarding such matters made by any party. The supply chain disruptions have also created extreme price volatility for the materials and equipment needed for the Project. Such price volatility may result in changes to the price identified in cost projection for construction of the Facilities identified in the Work Order provided pursuant to Section 4. In addition, delays to the start or completion date of the Project due to supply chain disruptions may result in increased labor costs above the amount identified in the Work Order. The Developer shall be responsible for all such additional costs and the District may issue Change Order and required the Developer to pay the additional amount(s) before completing the project, as the case may be. This is in addition to any other right of the District to require issue a Change Order and to seek additional payment under this Agreement, including such rights under Sections 4 and 6.

Developer's Acknowledgment:

By signing below, the Developer hereby acknowledges that it has read the above disclosure and disclaimer and understands that supply chain disruptions will impact the start date and completion date of the District's construction work for the Project, and that the District has no control over such delays or disruptions. The Developer hereby releases and waives any claims it may have or come to have, whether known or unknown, arising from delays to its project due to supply chain issues impacting the District, the District's ability to complete its construction work for the Project, and/or other items disclosed above. The Developer further acknowledges and agrees that it shall be fully responsible to the District for paying the cost of the labor, materials and equipment incurred by the District for the Project (including any post-order price changes) and that the District may issue a Change Order as discussed above before starting or completing, as the case may be, the Project.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed effective the day and year first above written.

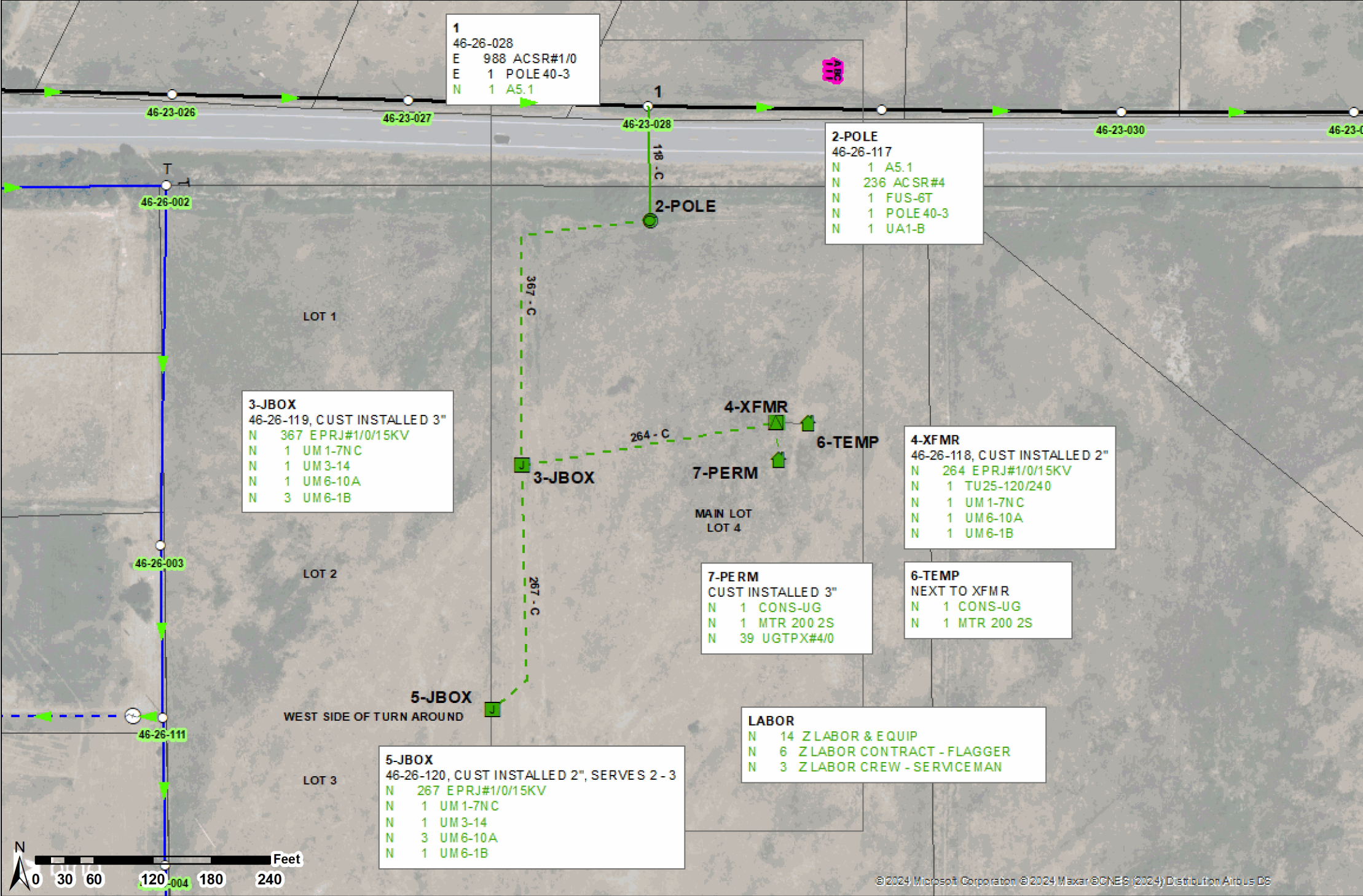
KITTITAS COUNTY PUBLIC
UTILITY DISTRICT NO. 1:

By: Matt Boast
Title: General Manager
Date: _____

DEVELOPER: _____
_____ :

WF Sparks
By: William F. Sparks
Title: Owner
Date: 05/03/2024

EXHIBIT 1
COPY OF
WORK ORDER DESIGN



Meter:

Transformer:

Field Notes:

Project Tracker Notes:
NEW HOUSE TEMP AND PERM.
ALSO SERVING 3 LOT DEVELOPMENT ON THE WEST SIDE OF PROPERTY

Dept.	Initials	Date
Crew:		
Warehouse:		
Inspected:		