

**AMENDMENT NO. 1 TO
WHOLESALE WATER AGREEMENT**

THIS AMENDMENT NO. 1 TO WHOLESALE WATER AGREEMENT (the "First Amendment") is made and entered into this 18th day of November, 2019, by and between Public Utility District No.1 of Snohomish County, a municipal corporation of the State of Washington, (the "District"), and the City of Granite Falls, herein referred to as "the City," and collectively herein referred to as the "Parties."

WHEREAS, the District and the City executed an agreement entitled "Wholesale Water Agreement" (the "2009 Agreement") on November 17, 2009, to provide for the sale of water to the City; and

WHEREAS, under the terms of the 2009 Agreement, the District also provides water to Direct Service Customers which are defined as City retail customers who are billed for water service by the City but who are served with water via a water service directly connected to a District main; and

WHEREAS, the 2009 Agreement states that "After ten (10) years from the Effective Date of this Agreement, any remaining Direct Service Customers shall become District retail customers and the City will no longer bill those customers. Direct Service Customers may be transferred to the City water mains at any time prior to the ten (10) year cut off date referred to above, at no cost to the District, and upon such transfer shall become City customers"; and

WHEREAS, the City has been unable to transfer all of the Direct Service Customers to a new City owned water main within the ten-year window set forth in the 2009 Agreement; and

WHEREAS, the District would prefer to maintain a clear demarcation between its water service area and the City's water service area, and the Parties have been in discussions about amending the 2009 Agreement to allow the City to retain said Direct Service Customers while still making the District whole from a financial standpoint; and

WHEREAS, the District and the City upon execution of this Amendment No. 1 anticipate immediately entering into good-faith negotiations prior to the expiration of this amendment to address the issue of Direct Service Customers;

NOW THEREFORE, for and in consideration of the mutual benefits conferred on both parties, the parties agree as follows:

Section 1. Subsection d) of Section 2 – Direct Service Customers, of the 2009 Agreement is amended to read as follows:

- d) The District shall read all Direct Service Customer meters and bill the City at the established wholesale rate for each service on a bimonthly basis. The City shall be responsible for payment

of the total amount due, regardless of its ability to collect payment from its retail customers. If the District notices a higher than normal meter reading, the City will be notified per the normal District process; however, no credit for leak adjustments will be allowed for the Direct Service Customers. The City shall be responsible for billing the Direct Service Customers at its retail rate, and shall be responsible for customer inquiries and complaints, and notification of water quality events or issues.

After March 31, 2020, any remaining Direct Service Customers shall become District retail customers and the City will no longer bill those customers. Direct Service Customers may be transferred to City water mains at any time prior to March 31, 2020, at no cost to the District and upon such transfer become City customers. All new Direct Service Customers shall be subject to the appropriate DSC and customer service related charges as defined in the District's Policies Manual.

Section 2. All other terms and conditions of the 2009 Agreement shall remain in full force and effect except as expressly modified by this First Amendment.

Section 3. In the event any provisions of this Amendment No. 1 conflict with the 2009 Agreement the provisions of this Amendment No. 1 shall control.

Section 4. This Amendment may be executed in two or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 1 as of the day and year first written above.

PUBLIC UTILITY DISTRICT NO. 1
OF SNOHOMISH COUNTY

By: 

John Haarlow
CEO/General Manager

CITY OF GRANITE FALLS

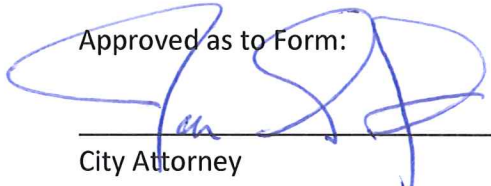
By: 

Name: BRENT KIRIK
Title: CITY MANAGER

Approved as to Form:


Assistant General Counsel

Approved as to Form:


City Attorney