

SNAP PRODUCER AGREEMENT

SNAP Account No. _____

This Agreement, effective the _____ day of _____, 20____

by and between:

PUBLIC UTILITY DISTRICT NO 1 OF OKANOGAN COUNTY,
IN WASHINGTON STATE, herein referred to as "District",

and

herein referred to as "Producer"

RECITALS:

The District is a municipal corporation organized and existing pursuant to Washington law.

The Washington State Net Metering Law (80.60 RCW) generally requires electric utility companies to allow customers with "Net Metering Systems" with generating capacity of 100 kilowatts or less to connect to the utility's distribution system. The net metering system must be a fuel cell or a solar, wind, hydropower, or biomass from animal waste resource, and the excess power generated must be net metered, which is a measurement of the difference between the electricity supplied by the electric utility and the electricity generated by a customer-generator that is fed back to the electric utility.

The District desires to encourage the installation of alternative energy resources within its service territory. Therefore, the District has established a program that links District customers who want to develop renewable energy resources with those who want to financially support renewable energy. This program is called SNAP (Sustainable, Natural Alternative Power). Under this program there will be customers that "purchase" the resources (Purchasers) and customers that produce the resources (Producers). There may also be customers or other persons or entities (Partners) that make donations to support the installation of equipment for qualified SNAP generation projects.

It is the intent of the SNAP program to encourage the development of small renewable energy resources within the District's service territory. Systems with production capacities greater than 25 kilowatts but less than or equal to 100 kilowatts could adversely impact this goal by collecting a disproportionate share of SNAP contributions. Therefore, systems with nameplate generating capacity greater than 25 kilowatts but less than or equal to 100 kilowatts will have the kilowatt-hours of production proportionately reduced utilizing the formula provided for in Section 2, SNAP Metering, of this document.

The Producer has notified the District that it plans to become a SNAP Producer (herein referred to as Producer) in the District's service territory at a location described in the Producer's completed Application for Interconnecting a Generating Facility no Larger than 100 kW. and Net Energy Metering Interconnection Agreement.

The District and Producer have agreed upon the terms and conditions applicable to the interconnection of the Producer's generation to the District's system.

The District has established a procedure for distributing voluntary contributions from Purchasers to Producers based on the AC kilowatt- hours (kWh) produced by SNAP generation.

NOW THEREFORE, in consideration of the mutual promises contained herein, the District and Producer agree as follows:

1. SNAP Generation and Net Metering.

This SNAP Producer Agreement shall be executed in conjunction with the District's Application for Interconnecting a Generating Facility no Larger than 100 kW. and Net Energy Metering Interconnection Agreement. All provisions, appendixes and exhibits of which remain in force and together with this agreement constitute the entire understanding and agreement between the parties regarding the subject matter hereof, supersede entirely all prior understandings, agreements or representations regarding the subject matter hereof, whether written or oral, and may not be altered or amended except by an instrument in writing signed by the parties.

2. SNAP Metering.

SNAP generation shall be measured with a utility approved metering device installed to accurately measure AC electric kilowatt production. Before the initial SNAP meter reading the Producer and District shall agree on the maximum annual kilowatt-hour (kWh) production anticipated for the Producer's generating equipment. Additionally, the District and Producer shall also agree to the prorated reduction of systems with nameplate generating capacities greater than 25 kilowatt but less than or equal to 100 kilowatts. The formula for determining the prorated production of said systems shall be:

$$\text{Prorated kilowatt-hours} = \frac{25 \text{ kilowatts}}{\text{System Nameplate Generating Capacity}} \times \text{Actual kilowatt-hours}$$

The District shall approve the type and location of SNAP meters. All costs associated with the purchase and installation of SNAP meters shall be paid by the Producer.

3. Operation and Maintenance of Generation Equipment.

Producer shall at all times install, operate and maintain SNAP generation equipment in compliance with this SNAP Producer Agreement, and the District's Interconnection of Electric Generators no larger than 100 kilowatts, copy of which Producer acknowledges receipt.

4. SNAP Purchaser Payments to Producers.

The District shall collect voluntary contributions from District's retail customers who desire to "purchase" SNAP energy produced by Producers in the District's service territory. These voluntary payments shall be divided among all SNAP Producers in proportion to each Producer's total annual amount of SNAP energy produced within the District's Service Territory, but not to exceed \$1.00/kWh. These customer contribution payments shall be made to the Producers according to the provisions in the Payments by the Utility Section of this agreement. The District does not guarantee the amount of funds available to pay or the amount to be paid to the Producers. The amount paid to individual Producers will be based on their prorated contribution to the total level of SNAP generation.

5. Payments by the Utility.

The District shall be responsible for reading SNAP meters to determine the amount of energy actually produced and eligible for SNAP payments from Purchasers' contributions.

If the total of the SNAP metered electricity produced is greater than the agreed to maximum of anticipated kilowatt-hour (kWh) production for the Producer's equipment for the period of time being metered, the Producer must provide the District with documentation to substantiate the feasibility of the additional kWh production before any applicable SNAP payments will be made. If the additional kilowatt production cannot be substantiated to the District's satisfaction, it will be assumed that the additional kilowatts were generated from some other source, and no SNAP payments will be made for the additional kilowatts. Under such circumstances, the District may elect to terminate this SNAP Producer Agreement in accordance with the Default section of this agreement.

The District shall provide the Producer within thirty (30) working days after the SNAP meter is read a statement showing the total amount of SNAP kilowatt-hours generated since the last reading.

The District shall send the amount of the SNAP payment due to the Producer within sixty (60) working days after the SNAP reading is collected.

6. Meter Reading Fee.

The District may charge an annual fee to cover the cost of reading SNAP meters. Any such fee shall be established in writing prior to the execution of this agreement.

7. Payments by Producer.

Any payments due by Producer to the District shall be paid within thirty (30) calendar days after an invoice is sent to Producer. The District may offset amounts not paid against sums due to the Producer. Failure to pay any such sums by the due date may be considered to be a default.

8. Term.

This Agreement shall be effective from the date set forth above and continue in full force and effect until terminated by either party pursuant to other provisions of this Agreement, or April 1, 2015, whichever is earlier. The District may elect to extend this agreement beyond April 1, 2015. Notice of any such extension shall be provided to the Producer in writing. Either party may terminate this Agreement upon providing the other party with a written notice thirty (30) days prior to the effective date of such termination.

9. Default.

In the event of a breach of this Agreement by either Party, the non-breaching Party may deliver a notice of default to the breaching Party. The notice of default shall specify the nature of the breach that is the basis for the notice and give the breaching Party at least ten (10) days to cure said default, stating that failure to cure said breach will entitle the non-breaching Party to terminate this Agreement. Bankruptcy, insolvency, reorganization or liquidation by either Party shall constitute a breach of this Agreement.

10. No Right to Use District's System for Direct Sales to Third Parties.

The Parties recognize that this Agreement does not confer a right upon Producer to transmit or distribute power to any third party using the District's electric system.

11. Taxes.

Any and all taxes due and owing as a result of the operation of Producer's facilities and payments due from District to Producer shall be the sole responsibility of the Producer.

12. Interpretation; Attorneys' Fees and Venue.

This Agreement shall be interpreted under the laws of the State of Washington. In the event it is necessary for either party to utilize the services of an attorney to enforce any of the terms of this Agreement, such enforcing party shall be entitled to compensation for its reasonable attorney's fees and costs. In the event of litigation regarding any of the terms of this Agreement, the substantially prevailing party shall be entitled, in addition to other relief, to such reasonable attorney's fees and costs as determined by the court. Venue for any such actions shall be exclusively in Okanogan County in Washington State.

13. Amendment, Modification, or Waiver.

Any amendments or modifications to this Agreement shall be in writing and subject to mutual agreement by the Parties. The failure of any Party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by any Party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, shall be deemed to be construed as further or continuing waiver of any such breach or a waiver of the breach of any other term or covenant unless such waiver is in writing.

14. Notices.

All notices and other communications required or permitted hereunder shall be deemed given when received and, unless otherwise provided herein, shall be in writing, shall be sent by nationally recognized overnight courier services or sent by regular mail deposited in the United States mail, postage prepaid, addressed to the Parties at the addresses set below, and shall be deemed received upon the sooner of (i) the date actually received, or (ii) the third business day following mailing.

PUBLIC UTILITY DISTRICT NO. 1 OF OKANOGAN COUNTY

Attn: _____

P. O. Box 912

Okanogan, WA 98840

Phone: 509-422-3310

PRODUCER:

Attn: _____

Address: _____

Phone: _____

15. Several Obligations; No Partnership or Agency Status.

Except where specifically stated in this Agreement to be otherwise, the duties, obligations, and liabilities of the Parties are intended to be several and not joint or collective. Neither party shall have the right to bind or obligate the other in any way or manner unless otherwise provided for herein. Nothing contained in this Agreement shall be construed to create an association, trust, partnership, franchise, or joint venture or impose a trust or partnership duty, obligation or liability,

or an agency relationship on or with regards to either Party. Each Party shall be liable individually and severally for its own obligations under this Agreement. Neither party shall be considered to be the agent or representative of the other party. No agency relationship is created by this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representative on the date first above written.

PUBLIC UTILITY DISTRICT NO.1 OF
OKANOGAN COUNTY

PRODUCER

Signature

Signature

Print Name

Print Name

Title

Title

Date

Date