[APPENDIX 4]

BOULDER CANYON PROJECT

CONTRACT FOR ELECTRICAL ENERGY

THE UNITED STATES

AND

LOS ANGELES GAS AND ELECTRIC CORPORATION

November 12, 1931

CONTRACT FOR ELECTRICAL ENERGY

Article

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CONTRACT FOR ELECTRICAL ENERGY

(1) This contract, made this 12th day of November, nineteen hundred thirty-one, pursuant to the act of Congress approved June 17, 1902 (32 Stat. 388), and acts amendatory thereof or supplementary thereto, all of which acts are commonly known and referred to as the reclamation law, and particularly pursuant to the act of Congress approved December 21, 1928 (45 Stat. 1057), designated the Boulder Canyon project act, between the United States of America, hereinafter referred to as the United States, acting for this purpose by Ray Lyman Wilbur, Secretary of the Interior, hereinafter styled the Secretary, and Los Angeles Gas & Electric Corporation, a corporation organized and existing under and by virtue of the laws of the State of California, hereinafter styled the Allottee.

Witnesseth:

EXPLANATORY RECITALS

(2) Whereas, for the purpose of controlling the floods, improving navigation, and regulating the flow of the Colorado River, providing for storage and for the delivery of the stored waters for reclamation of public lands and other beneficial uses exclusively within the United States, and for the generation of electrical energy, the Secretary, subject to the terms of the Colorado River compact, is authorized to construct, operate, and maintain a dam and incidental works in the main stream of the Colorado River at Black Canyon or Boulder Canyon, adequate to create a storage reservoir of a capacity of not less than twenty million acre-feet of water; also to construct, equip, operate, and maintain at or near said dam, or cause to be constructed, a complete plant and incidental structures suitable for the fullest economic development of electrical energy from the water discharged from said reservoir; and

(3) Whereas, after full consideration of the advantages of both the Black Canyon and Boulder Canyon Dam sites, the Secretary has determined upon Black Canyon as the site of the aforesaid dam, hereinafter styled the Hoover Dam, and has determined that the revenues provided for by this contract, together with other contracts in accordance with the provisions of the Boulder Canyon project act, are adequate in his judgment to insure payment of all expenses of operation and maintenance of the Hoover Dam and appurtenant works incurred by the United States, and the repayment within fifty (50) years from the date of completion of said works of all amounts advanced to the Colorado River Dam fund under subdivision (*b*) of section 2 of the Boulder Canyon project act, together with interest thereon made reimbursable under said act; and

(4) Whereas, the United States has entered into an agreement of date April 26, 1930, with the City of Los Angeles (hereinafter styled the city), and Southern California Edison Co. (Ltd.) (hereinafter styled the company), severally (both hereinafter referred to as the lessees) for the lease, and the operation and maintenance of a Government-built power plant to be constructed at Hoover Dam, together with the right to generate electrical energy (a copy of which said lease

as amended by supplemental agreements of date May 28, 1930, and September 23, 1931, is attached hereto marked Exhibit A, and by this reference made a part hereof); and whereas in said lease the Secretary has reserved the authority to, and in consideration of the execution thereof is authorized by each of the aforesaid lessees, severally, to contract with the other allottees named in the allocation set forth therein for the furnishing of energy to such allottees at transmission voltage in accordance with the allocation to each allottee, and the Secretary is therein granted by each lessee, severally, the power in accordance with the provisions thereof to enforce as against each lessee the rights to be acquired by such other allottees by contracts to be entered into with the United States; and whereas in said lease the company has agreed to generate energy allocated to the allottee; and

(5) Whereas, the company, the allottee, the Southern Sierra Power Co., and San Diego Consolidated Gas & Electric Co., have mutually agreed upon a division of all energy for which the company is obligated and/or entitled to take under said agreement marked Exhibit A, on the basis of seventy-five per centum (75%) thereof to the company, ten per centum (10%) thereof to the allottee, ten per centum (10%) thereof to the Southern Sierras Power Co., and five per centum (5%) thereof to San Diego Consolidated Gas & Electric Co., and the allottee is desirous of entering into a contract with the United States for the purchase of electrical energy to be generated at the power plant to be leased, as aforesaid, to the company;

(6) Now, therefore, in consideration of the mutual covenants herein contained, the parties hereto agree as follows, to wit:

ALLOCATION OF ELECTRICAL ENERGY

(7) The United States will cause electrical energy to be delivered to the allottee under and in pursuance of and subject to the provisions of the aforesaid lease, attached hereto as Exhibit A, throughout the period during which the company is obligated or entitled to take energy under said lease, in accordance with the following allocation, to wit:

Of firm energy, as defined in article eight (8) hereof;

A. To the State of Nevada, for use in Nevada, not exceeding eighteen per centum (18%) of said total firm energy.

B. To the State of Arizona, for use in Arizona, not exceeding eighteen per centum (18%) of said total firm energy. Should either of the States not take its full eighteen per centum (18%) allocation within a period of twenty (20) years hereof, the other may then contract for the energy not so taken up to four per centum (4%) of the total firm energy, provided that the combined amount used by the two States shall not, at any time, exceed thirty-six per centum (36%) of such total firm energy.

C. To the Metropolitan Water District of Southern California for pumping Colorado River water into and in its aqueduct for the use of such district within the following limits:

(1) Thirty-six per centum (36%) of said total firm energy, plus

(2) All secondary energy developed at the Hoover Dam power plant as provided in article thirteen (13) hereof, plus

(3) So much of the firm energy allocated to the States, the city, the company, and the allottee as may not be used by them. Energy

allocated to the States, but not in use by them, shall be released to the district by the two lessees as hereinafter in this subdivision three (3) provided. Unless otherwise agreed upon by said lessees, such release shall be made on the basis of one-half by the city and one-half by the company and the allottee collectively; provided, however, that in any such case the allottee shall release ten per centum (10%) of all energy required to be released by the company and the allottee collectively.

(*a*) If the district makes a firm contract with the Secretary for the balance of the lease period for part or all of such unused States' energy (subject to the first right of the States thereto), such contract shall be made effective upon two years' written notice to the Secretary and compensation to the lessees, respectively, for main transmission line property rendered idle;

(*b*) If the district does not so make a firm contract for such energy, then energy allocated to the States, but not in use by them, shall be released to the district upon not less than fifteen months' written notice to the Secretary and at such compensation as the district and such lessees, respectively, may agree upon, to cover cost and overhead of replacing energy which otherwise would have been received at the Pacific coast end of the main transmission lines by the lessees, respectively. Such cost shall include interest on and depreciation and operation and maintenance of the plant capacity while required for the generation of such substitute energy; and also appropriate allowance for interest on and maintenance and depreciation of plant capacity rendered idle because of cessation of generation of such substitute energy until such time as such plant capacity would otherwise have been installed by the lessees, respectively, for their own requirements. If the district and the respective lessees fail to agree on such compensation, such energy shall nevertheless be released to the district, and the disagreement shall be determined in accordance with article twenty-one (21) (*a*) hereof. Such determination shall include allowance for items of cost and overhead as specified in this paragraph. Pending such determination, energy so released shall be paid for by the district at the rate for firm energy, but the determination of compensation under article twenty-one (21) (*a*) hereof shall not be controlled by such rate.

During any year beginning June 1 the district shall not use any secondary energy or any unused State energy until it has first used, subsequent to June 1 next preceding, an amount of firm energy equivalent to one-twelfth (1/12) of the amount of firm energy it is obligated to take and/or pay for annually multiplied by the number of months elapsed since June 1 next preceding.

(4) If, due to temporary deficiency in secondary energy regularly used by the district, substitute energy is requested by the district in excess of the energy made available under the foregoing subparagraph (3) (*b*), the city and/or the company and/or the allottee may

release so much energy as may be practicable on the same terms as provided in subsection (3) (*b*) preceding.

D. To the municipalities of Anaheim, Beverly Hills, Burbank, Colton, Fullerton, Glendale, Newport Beach, Pasadena, Riverside, San Bernardino, and Santa Ana (referred to herein as "the municipalities") six per centum (6%) in all, to be allocated between them as they may agree, but if no agreement is submitted to the Secretary on or before November 16, 1931, the Secretary shall determine the allocation of each.

E. To the City of Los Angeles, thirteen per centum (13%).

F. To Southern California Edison Co. (Ltd.), the Southern Sierras Power Co., San Diego Consolidated Gas & Electric Co., and Los Angeles Gas & Electric Corporation, referred to herein as "the companies," nine per centum (9%) in all, whereof ten per centum (10%) of said nine per centum (9%), being nine-tenths of one per centum (0.9 of 1%) of all firm energy, shall be taken and/or paid for by the allottee.

It is further agreed that—

(I) So much of the energy allocated to the States (thirty-six per centum (36%) of the firm energy) and not in use by them, or failing their use, by the district for the above purposes, shall be taken and/or paid for one-half by the city, and one-half by the company and the allottee collectively, of which said latter one-half ten per centum (10%) shall be taken and/or paid for by the allottee. In addition, all firm energy allocated to the city (thirteen per centum (13%)) shall be taken and paid for by the city.

(II) All of the energy allocated to the municipalities may be contracted for in compliance with regulations of the Secretary, by any one or more of them, as they may agree, on or before November 16, 1931. So much of the energy allocated to the municipalities as is not so contracted for, or if contracted for, not used by them directly or under contract for municipal purposes and/or distribution to their inhabitants, shall be taken and paid for by the city.

(III) So much of the energy allocated to the Southern Sierras Power Co., the San Diego Consolidated Gas & Electric Co., and the Los Angeles Gas & Electric Corporation as is not firmly contracted for by them, severally, in compliance with regulations of the Secretary on or before November 16, 1931, shall be taken and/or paid for by the company.

(IV) If any allottee is permitted by the United States to divert water from the reservoir, at a time when the reservoir is not spilling, in consequence of which the amount of energy which would have been utilized is diminished, such diminution shall be debited to the allocation of firm energy herein made to such allottee; and charge for the energy equivalent of such diversion shall be made, and the amount of energy which the allottee shall otherwise be obligated to take and/or pay for hereunder shall be correspondingly reduced.

The reservoir shall be considered as spilling whenever water is being discharged in excess of the amount used for the generation of power, whether such waste occurs over the spillway or otherwise.

(V) Each of the States of Arizona and Nevada may, from time to time within the period of the aforesaid lease, contract for energy for use within such State in any amount until the total allocated, respectively, to each is in use as provided above; and may terminate such contract, or contracts, without prejudice to the right to again contract for such energy. All such contracts shall be executed with the Secretary. A contract requiring one thousand (1,000) horsepower (of maximum demand) or less may become effective or be terminated on six months' written notice of requirement or termination given the director by the State; provided, that the notice given shall be two years if in the twelve months preceding said notice of demand, the total increment to such State has exceeded five thousand (5,000) horsepower of maximum demand, or if in the twelve months preceding said notice of termination the decrement to such State has exceeded five thousand (5,000) horsepower of maximum demand. In all cases the director shall immediately transmit such notice to each lessee. Whenever the amount in use is in excess of five thousand (5,000) horsepower of maximum demand, the lessees, and the allottee, respectively, shall be compensated for property rendered idle by use of such excess in such amount as the Secretary shall determine to be equitable. Firm energy not contracted for by the States shall be available for use by the district as herein elsewhere provided, and if not in use by the States and/or the district, shall be taken and paid for, one-half by the city, and one-half by the company and the allottee, of which latter one-half the allottee shall take and/or pay for ten per centum (10%). No right which may be available to a State under section five (5) (*c*) of the Boulder Canyon project act to execute a firm contract for electrical energy for use within the State shall be impaired by any provision of this contract.

Of secondary energy.

It is further agreed that the district shall have the right to purchase and use all secondary energy as provided in article eight (8) and article thirteen (13) hereof for the purposes stated in the first paragraph of subdivision (C) of this article. The city shall have the right to purchase and use one-half of all secondary energy not used by the district. The company and the allottee shall also have the right to purchase and use one-half of all secondary energy not used by the district, of which said one-half the allottee shall have the right to purchase and use ten per centum (10%). Any such energy not used by one lessee shall be available, for the time being, to the other lessee; provided, however, that of any such energy available to the company, the allottee shall be entitled to purchase and use ten per centum (10%). If secondary energy is not taken by the district, the city, the company, and/or the allottee, then and in such event the United States reserves the right to take, use, and dispose of such energy, from time to time, as it sees fit, giving credit therefor as provided in article twelve (12) of Exhibit A hereof.

Of firm energy allocated to but not used by the district.

It is further agreed that in the event the district shall fail for any reason to use all or any of the firm energy herein allotted to it for the only purpose for which said firm energy is allotted to it, that is, for pumping water into and in its aqueduct, then the Secretary shall dispose of such unused energy until required by the district for said purpose, crediting on the district's obligation the proceeds of such disposition as received; provided, however, that no disposition of such firm energy shall be made by the Secretary without first giving to a successor to the district which may undertake to build or maintain a Colorado River aqueduct the opportunity to take said firm energy for the same purpose and under the same terms as those to which the district was obligated; and provided further, that in the event no such successor takes said firm energy as provided above, then no disposition of such firm energy shall be made by the Secretary without first giving to the city, the company, and the allottee the right to contract for such energy on equal terms and conditions to be prescribed by the Secretary. In such case, the city shall have the right to contract for one-half of such energy, together with such portion of the remainder as the company and the allottee shall not elect to take, and the company and the allottee shall have the right to contract for one-half of such energy, together with such portion of the remainder as the city shall not elect to take; provided, that of the amount of such energy which the company and the allottee jointly shall be entitled to take hereunder, the allottee shall have the right to contract for ten per centum (10%).

Of firm energy not hereinbefore disposed of.

It is further agreed that the United States reserves the right, in case the dam which it erects provides a maximum water surface elevation in excess of one thousand two hundred twenty-two (1,222) feet above sea level (United States Geological Survey datum), and thereby increases the quantity of firm energy above the quantity of four billion two hundred forty million (4,240,000,000) kilowatt-hours allocated above, to dispose of such increase, but not to exceed ninety million (90,000,000) kilowatt-hours per year (June 1 to May 31, inclusive), to any municipality or municipalities by firm contract executed with the Secretary on or before November 16, 1931. Such disposition shall be without prejudice to any provision of this contract or of the allocation above referred to. So much of such additional energy as is not so contracted for shall be taken and paid for by the city. Generation of such additional energy shall in any event be effected by the city.

FIRM AND SECONDARY ENERGY DEFINED

(8) The amount of firm energy for the first year of operation (June 1 to May 31, inclusive), following the date of the completion of the dam as announced by the Secretary, shall be defined as being four billion two hundred forty million (4,240,000,000) kilowatt-hours at transmission voltage. For every subsequent year the amount defined as firm energy shall be decreased by eight million seven hundred sixty thousand (8,760,000) kilowatt-hours from that of the previous year.

Nevertheless, if it be determined by the Secretary that the rate of decrease of kilowatt-hours per year as above stated is not in accord with actual conditions, the Secretary reserves the right to fix a lesser rate for any year (June 1 to May 31, inclusive) in advance.

If, by reason of international obligations arising through treaty or otherwise subsequent to the effective date of this contract, or by reason of interference with the progress of construction and/or operation of the dam as provided for and contemplated by this contract, or by reason of other contingencies not now foreseen, the amount of firm energy available through the release of water from the Boulder Canyon Reservoir shall in fact be less than the amount of firm energy as above defined, then in any such event the obligation of the allottee to take electrical energy shall be reduced in an amount corresponding to such change. If for any reason the United States shall be wholly unable to fulfill its obligations hereunder in respect of the delivery of water, then the allottee may terminate this contract.

If the dam erected by the United States provides a maximum water surface elevation in excess of 1,222 feet above sea level (United States Geological Survey datum), the United States reserves the right to dispose of additional firm energy thereby made available, not to exceed ninety million (90,000,000) kilowatt-hours per year, subject to pro rata of the eight million seven hundred sixty thousand (8,760,000) kilowatt-hours annual diminution above provided for.

The term "secondary energy" wherever used herein shall mean all electrical energy generated in one year (June 1 to May 31, inclusive), in excess of the amount of firm energy as hereinabove defined, available in such year.

GENERATING AGENCIES

(9) In accordance with designation heretofore made by the Secretary, generation of energy allocated to the allottee shall be effected by the company as agreed in Exhibit A annexed.

Disputes and disagreements between the allottee and the company generating energy for it, with respect to such generation, and/or the cost thereof, shall be determined by the Secretary unless otherwise specifically provided in this contract.

DELIVERY OF ELECTRICAL ENERGY

(10) (*a*) Energy shall be ready for delivery to the city and to the municipalities including those contracting under the last paragraph of article seven (7) hereof when the Secretary announces that one billion two hundred fifty million (1,250,000,000) kilowatt-hours of energy per year is ready for delivery.

(*b*) Energy shall be ready for delivery to the district when the Secretary announces that two billion (2,000,000,000) kilowatt-hours of energy per year is available, which date, however, shall not be sooner than one (1) year after energy is ready for delivery to the city, provided, however, that the time when energy is ready for delivery to the district may be advanced subject to the approval of the Secretary, should the district so request, and that in such case the city shall be compensated by the district for interest and depreciation on and maintenance and operation of its main transmission line in case the total energy available to the city is reduced below one billion two hundred fifty million (1,250,000,000) kilowatt-hours per annum, in the proportion that such kilowatt-hours available to the city is less than one billion two hundred fifty million (1,250,000,000).

(*c*) Energy shall be ready for delivery to the company and to the allottee when the Secretary announces that water capable of generating four billion two hundred forty million (4,240,000,000) kilowatt-hours of energy per year is available, which date, however, shall not be sooner than three (3) years after commencement of delivery of energy to the city and which shall not be until the water surface in Boulder Canyon Reservoir on August 1 immediately preceding has reached an elevation of eleven hundred fifty (1,150) feet above sea level (United States Geological Survey datum); provided, however, that the Secretary may require the company and the allottee to assume their obligations to take and/or pay for Boulder Canyon energy in accordance with the provisions of this contract on the first day of the calendar month next following the date when the company's system maximum demand in kilowatts is equal to or greater than it was at any time during the twelve-month period immediately preceding the date when the city commences to obtain energy from Boulder Canyon power plant. "Maximum demand," as used in the sentence next preceeding, shall be defined as the average of the five largest half-hourly peaks during any single month, after deducting therefrom the amount of kilowatts the company may be temporarily carrying for any purpose other than supplying its own normal load.

(*d*) Upon written notification from the Secretary that generation equipment is ready for operation by it and water is available for generating energy therefrom, each lessee will be required to assume the operation and maintenance of its respective portion of the power plant, and thereafter the allottee shall not look to the United States for compensation for injury and/or damages of any kind which may in any manner arise out of the operation and maintenance of the portion of such plant leased to the company.

CHARGES TO BE PAID THE UNITED STATES

(11) In consideration of this contract, the allottee agrees (1) to pay the United States for the use of falling water for generation of energy for the allottee as follows:

(*a*) One and sixty-three hundredths mills ($0.00163) per kilowatt-hour (delivered at transmission voltage) for all firm energy allocated to it;

(*b*) One-half mill ($0.0005) per kilowatt-hour (delivered at transmission voltage) for secondary energy;

(2) To pay the United States, for credit to the company, on account of the use of the leased equipment as herein elsewhere provided; and

(3) To pay the United States, for credit to the company, on account of maintenance of said equipment in first-class operating condition, including repairs to and replacements of machinery; provided, however, that, if the expenditures for replacements shall exceed at any time the sum accumulated by the company as a depreciation reserve in accordance with rules and regulations prescribed by the Secretary, pursuant to the Boulder Canyon project act, less all amounts previously withdrawn for replacements, then the rates aforesaid shall be readjusted as hereinafter provided so as to reimburse the company for such excess expenditures within the term of this contract.

At the end of fifteen (15) years from the date of execution of said Exhibit A (April 26, 1930) and every ten (10) years thereafter, the above rates of payment for energy shall be readjusted upon demand of either party hereto, either upward or downward as to price, as the Secretary may find to be justified by competitive conditions at distributing points or competitive centers.

The rate for falling water for generation of firm energy, which shall be uniform for both lessees and the allottee, provided for by any such readjustment shall be arrived at by deducting from the price of electrical energy justified by competitive conditions at distributing points or competitive centers—(1) all fixed and operating costs of transmission to such points; (2) all fixed and operating costs of such portion of the power-plant machinery as is to be operated and maintained by the several lessees, including the cost of repairs and replacements, together with such readjustment as to replacements as is provided for in paragraph 3 in this article; it being understood that such readjusted rates shall under no circumstances exceed the value of said energy, based upon competitive conditions at distributing points or competitive centers.

The charges agreed to be paid by the allottee to the United States, for credit to the company as generating agency, in this article, shall be such proportion of the cost incurred by such generating agency as the generating agency and the allottee may agree, or failing such agreement, as the Secretary may determine.

The term "cost," as used with reference to generating energy, shall include a proper proportionate allowance for amortization for the cost of machinery and equipment as provided in paragraph (*a*) of article 9 of Exhibit A hereof, and interest on the prepayments thereof made by the company, a proper proportionate part of any annuity set-up in accordance with regulations of the Secretary provided for in subdivision 3 of article sixteen (16) of Exhibit A hereof, and any additional expenditures made by the company with the approval of the Secretary, for the purpose of meeting the obligation of the company to make replacements; and a proper proportionate part of the actual outlay of the company for operating such machinery and equipment and keeping the same in repair, including reasonable overhead charges. The extent of the allowance for the several items in the event of disagreement between the company and the allottee, and the system of accounting therefor, shall be prescribed by the Secretary under uniform regulations as required by section 6 of the Boulder Canyon project act.

MONTHLY PAYMENTS AND PENALTIES

(12) The allottee shall pay monthly for energy in accordance with the rates established or provided for herein, and for the generation thereof as provided in article eleven (11).

When energy taken in any month is not in excess of one-twelfth ($\frac{1}{12}$) of the minimum annual obligation, bill for such month shall be computed at the rate for firm energy in effect when such energy was taken on the basis of the actual amount of energy used during such month. All energy used during any month in excess of one-twelfth ($\frac{1}{12}$) of the minimum annual obligation shall be paid for at the rate for secondary energy in effect when such energy was taken; provided, however, that the secondary rate shall not apply to any energy taken during any month unless and until an amount of energy equivalent to one-twelfth ($\frac{1}{12}$) of the minimum annual obligation has been taken for all months beginning with the month of June immediately preceding; provided, however, that the bill for the month of May shall not be less than the difference between the minimum annual payment, as provided in article thirteen (13) hereof, and the sum of the amounts charged for firm energy during the preceding eleven months. The United States will submit bills to the allottee by the fifth of each month immediately following the month during which the energy is generated, and payments shall be due on the first day of the month immediately succeeding. If such charges are not paid when due, a penalty of one per centum (1%) of the amount unpaid shall be added thereto, and thereafter an additional penalty of one per centum (1%) of the amount unpaid shall be added on the first day of each calendar month thereafter during such delinquency.

The monthly charge for generation of such energy to be credited to the generating agency shall be in such amount as may be determined in accordance with article eleven (11) hereof.

MINIMUM ANNUAL PAYMENTS

(13) The minimum quantity of firm energy which the allottee shall take and/or pay for each year (June 1 to May 31, inclusive), under the terms of this contract, and after the same is ready for delivery to the company, as provided in subdivision (*c*) of article ten (10) hereof, shall be two and seven-tenths per centum (2.7%) of all firm energy as defined in article eight (8) hereof, available in said year, except as reduced by ten per centum (10%) of one-half of amounts of firm energy allocated to the States of Arizona and Nevada, and contracted for by those States, or others, as provided in article fourteen (14) of said contract marked Exhibit A. The total payments made by the allottee for firm energy available in any year (June 1 to May 31, inclusive), whether any energy is taken by it or not, exclusive of its payments for credit to the generating agency, shall be not less than the number of kilowatt-hours of firm energy which the allottee is obligated to take and/or pay for during said year, multiplied by one and sixty-three hundredths mills ($0.00163), or multiplied by the adjusted rate of payment for firm energy in case the said rate is adjusted as provided in article eleven (11) hereof. For a fractional year at the beginning or end of the contract period, the minimum annual payment for firm energy shall be proportionately adjusted in the ratio that the number of days water is available for generation of energy in such fractional year bears to three hundred sixty-five (365); provided, that the minimum annual payment shall be reduced in case of interruptions or curtailment of delivery of water as provided in article sixteen (16) hereof.

The minimum annual payments made by the allottee for generation of such energy, to be credited to the generating agency, shall be determined in accordance with article eleven (11) hereof.

NO ENERGY TO BE DELIVERED WITHOUT PAYMENT

(14) Unless the written consent of the Secretary be first obtained, no electrical energy shall be generated for, or delivered to, the allottee if it shall be in arrears for more than twelve (12) months in the payment of any charge and/or penalty due or to become due the United States hereunder, whether for its own use or for credit to the generating agency.

CONTRACT MAY BE TERMINATED IN CASE OF BREACH

(15) If the allottee shall be in arrears for more than twelve (12) months in the payment of any charge and/or penalty due or to become due to the United States hereunder, and shall not have obtained an extension of time for payment thereof, or, if such extension be

obtained, has not made such payment within the time as extended, then the Secretary reserves the right forthwith upon written notice to the allottee to terminate this contract and dispose of the energy herein allocated as he may see fit; provided, he shall first give opportunity to the company to contract on terms and conditions to be prescribed by the Secretary, for such energy; and provided further, that such disposition shall be subject to the condition that the allottee shall have the right at any time within ten (10) years from the date of the first of the defaults or breaches for which the contract is terminated to become reinstated hereunder by payment to the United States of all arrearages and penalties, if any, together with any and all loss incurred by the United States by reason of such termination, and compensation to the contractor or contractors for equipment rendered idle by such reinstatement. In case of disagreement or dispute as to any of the items so to be paid the same shall be determined as provided in article twenty-one (21) hereof. Nothing contained in this contract shall relieve the allottee from the obligation to make the United States whole, for the period of this contract, for all loss and/or damage occasioned by the failure of the allottee to take and/or pay for energy as provided in this contract. The waiver of a breach of any of the provisions of this contract shall not be deemed to be a waiver of any other provisions thereof, or of a subsequent breach of such provision.

INTERRUPTIONS IN DELIVERY OF WATER

(16) The United States will deliver water continuously to each lessee in the quantity, in the manner, and at the times necessary for the generation of the energy which each of said lessees has the right and/or obligation to generate under this contract in accordance with the load requirements of each of said lessees, and of allottees for which the respective lessees are generating agencies, excepting only that such delivery shall be regulated so as not to interfere with the necessary use of said Hoover Dam and Boulder Canyon Reservoir for river regulation, improvement of navigation, flood control, irrigation, or domestic uses, and the satisfaction of present perfected rights in or to the waters of the Colorado River or its tributaries, in pursuance of Article VIII of the Colorado River compact, and this contract is made upon the express condition, and with the express covenant, that the rights of the allottee to the waters of the Colorado River or its tributaries are subject to, and controlled by, the Colorado River compact. The United States reserves the right temporarily to discontinue or reduce the delivery of water for the generation of energy at any time for the purpose of maintenance, repairs and/or replacements, or installation of equipment, and for investigations and inspections necessary thereto; provided, however, that the United States shall, except in case of emergency, give to the lessees reasonable notice in advance of such temporary discontinuance or reduction, and that the United States shall make such inspections and perform such maintenance and repair work after consultation with the lessees at such times and in such manner as will cause the least inconvenience to the lessees, and shall prosecute such work with diligence, and, without unnecessary delay, will resume delivery of water so discontinued or reduced. Should the delivery of water be discontinued or reduced below the amount required for the normal generation of firm

energy for the payment of which said allottee has hereby obligated itself, the total number of hours of such discontinuance or reduction in any year shall be determined by taking the sum of the number of hours during which the delivery of water is totally discontinued and the product of the number of hours during which the delivery of water is partially reduced and the percentage of said partial reduction below the actual quantity of water required by the lessees, severally, for the normal generation of firm energy. Total or partial reductions in the delivery of water which do not reduce the power output below the amount required at the time by such lessee for the normal generation of firm energy will not be considered in determining the total hours of discontinuance in any year. The minimum annual payment specified in article thirteen (13) hereof shall be reduced by the ratio that the total number of hours of such discontinuance bears to eight thousand seven hundred sixty (8,760). In no event shall any liability accrue against the United States, its officers, agents, and/or employees for any damage, direct or indirect, arising on account of drought, hostile diversion, act of God or of the public enemy, or other similar cause; nevertheless, interruptions in delivery of water occasioned by such causes shall be governed as hereinabove provided in this article.

MEASUREMENT OF ENERGY

(17) All energy shall be measured at generator voltage and suitable metering equipment shall be provided and installed by the United States for this purpose. Suitable correction shall be made in the amounts of energy as measured at generator voltage to cover step-up transformer losses and energy required for operation of station auxiliaries, in determining the amounts of energy delivered at transmission voltage as provided in this contract. The said meter equipment shall be maintained by and at the expense of the respective lessees. Meters shall be tested at any reasonable time upon the request of either the United States or a lessee, and in any event they shall be tested at least once each year. If the test discloses that the error of any meter exceeds one per centum (1%), such meter shall be adjusted so that the error does not exceed one-half of one per centum (½%). Meter equipment shall be tested by means of suitable testing equipment which will be provided by the United States, and which shall be calibrated by the United States Bureau of Standards as often as requested by any party hereto. Meters shall be kept sealed, and the seals shall be broken only in the presence of representatives of both the United States and the lessees, respectively, and likewise all tests of meter equipment shall be conducted only when representatives of both the United States and the respective lessees are present. In the event that energy furnished to the allottee at Hoover Dam is transmitted over lines of another contractor, the meters at Hoover Dam will record only the total amounts of energy delivered to the operators of main transmission lines and it will not be possible to determine from these meters the division of the energy between the various allottees and the operator. The allottee or the operator of said lines shall provide suitable meter equipment, satisfactory to the Secretary, at the point where the energy is delivered by the operator of said lines to the allottee, for determining the amounts of energy

delivered to the allottee at said point, and to these amounts there shall be added proper corrections to cover transformer and line losses in determining the amounts of energy furnished to the allottee at Hoover Dam. The Secretary's determination of said amounts shall be conclusive.

INSPECTION BY THE UNITED STATES

(18) The Secretary or his representatives shall have free access at all reasonable times to the books and records of the allottee relating to the disposal of electrical energy, with the right at any time during office hours to make copies of and from the same.

TRANSMISSION

(19) The company having, in article twenty-five (25) of Exhibit A hereof, undertaken that it shall transmit over its main transmission lines, constructed for carrying Boulder Canyon power, such power allocated to the allottee as it may desire to have transmitted over such lines, the allottee agrees to compensate the company therefor as may be mutually agreed upon between the company and the allottee. In the event that an operator of main transmission lines other than the company transmits the energy allocated to the allottee pursuant to Exhibit A, article twenty-five (25) (*c*), the obligation of the allottee under this paragraph shall apply for the benefit of such other operator as though it had been named herein instead of the company. In any event, disputes and disagreements between the allottee and the operator of main transmission lines shall be determined in accordance with article twenty-one (21) (*a*) hereof. Nothing herein contained, however, shall relieve the allottee of the obligation to pay the United States for energy allocated to the allottee whether transmitted or not.

DURATION OF CONTRACT

(20) This contract shall remain in effect until the expiration of a period of fifty (50) years from the date at which energy is ready for delivery to the city, as announced by the Secretary. The holder of any contract for electrical energy, including the allottee, not in default thereunder, shall be entitled to a renewal thereof upon such terms and conditions as may be authorized or required under the then existing laws and regulations, unless the property of such holder dependent for its usefulness on a continuation of the contract be purchased or acquired and such contractor be compensated for damages to its property, used and useful in the transmission and distribution of such electrical energy and not taken, resulting from the termination of the supply.

DISPUTES AND DISAGREEMENTS

(21) (*a*) Disputes or disagreements arising under this contract between the allottee and any lessee or other allottee shall be arbitrated by three arbitrators, except where otherwise provided in this contract. The allottee shall name one arbitrator, and the other disputant shall name one. These two shall name the third. If either disputant has notified the other that arbitration is demanded and that it has named an arbitrator, and if thereafter the other disputant fails to name an arbitrator for fifteen days, the Secretary, if requested

by either disputant, shall name such arbitrator, who shall proceed as though named by the disputant. The two arbitrators so named shall meet within five days after appointment of the second, and name the third. If they fail to do so, the Secretary will, on request by either disputant or arbitrator, name the third. A decision by any two of the three arbitrators shall be binding on the disputants and enforceable by court proceedings or by the Secretary in his discretion. Arbitration as herein provided, or the failure of the arbitrators to render a decision within six months of appointment of the third arbitrator, shall be a condition precedent to suit by either disputant against the other upon the matter in dispute.

(*b*) Disputes or disagreements between the United States and the allottee as to the interpretation or performance of the provisions of this contract shall be determined either by arbitration or court proceedings, the Secretary of the Interior being authorized to act for the United States in such proceedings. Whenever a controversy arises out of this contract, and the disputants agree to submit the matter to arbitration, the allottee shall name one arbitrator and the Secretary shall name one arbitrator, and the two arbitrators thus chosen shall elect three other arbitrators, but in the event of their failure to name all or any of the three arbitrators within five (5) days after their first meeting, such arbitrators, not so elected, shall be named by the senior judge of the United States Circuit Court of Appeals for the ninth circuit. The decision of any three of such arbitrators shall be a valid and binding award of the arbitrators.

USE OF PUBLIC AND RESERVED LANDS OF THE UNITED STATES

(22) The use is authorized of such public and reserved lands of the United States as may be necessary or convenient for the construction, operation, and maintenance of main transmission lines, to transmit electrical energy generated at Hoover Dam, together with the use of such public and reserved lands of the United States as may be designated by the Secretary, from time to time, for camp sites, residences for employees, warehouses, and other uses incident to the operation and maintenance of the power plant and incidental works.

PRIORITY OF CLAIMS OF THE UNITED STATES

(23) Claims of the United States arising out of this contract shall have priority over all others, secured or unsecured.

TRANSFER OF INTEREST IN CONTRACT

(24) No voluntary transfer of this contract, or of the rights hereunder, shall be made without the written approval of the Secretary; and any successor or assign of the rights of the allottee, whether by voluntary transfer, judicial sale, foreclosure sale, or otherwise, shall be subject to all the provisions of the Boulder Canyon project act and also subject to all the provisions and conditions of this contract to the same extent as though such successor or assign were the original contractor hereunder; provided, that a mortgage or trust deed or judicial sales made thereunder shall not be deemed voluntary transfers within the meaning of this article.

RULES AND REGULATIONS

(25) This contract is subject to such rules and regulations conforming to the Boulder Canyon project act as the Secretary may from time to time promulgate; provided, however, that no right of the allottee hereunder shall be impaired or obligation of the allottee hereunder shall be extended thereby; and provided further, that opportunity for hearing shall be afforded the allottee by the Secretary prior to promulgation thereof.

AGREEMENT SUBJECT TO COLORADO RIVER COMPACT

(26) This contract is made upon the express condition and with the express understanding that all rights hereunder shall be subject to and controlled by the Colorado River compact, being the compact or agreement signed at Santa Fe, N. Mex., November 24, 1922, pursuant to act of Congress approved August 19, 1921, entitled "An act to permit a compact or agreement between the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming, respecting the disposition and apportionment of the waters of the Colorado River, and for other purposes," which compact was approved in section 13 (*a*) of the Boulder Canyon project act.

CONTINGENT UPON APPROPRIATIONS

(27) This contract is subject to appropriations being made by Congress from year to year of moneys sufficient to do the work provided for herein, and to there being sufficient moneys available in the Colorado River Dam fund to permit allotments to be made for the performance of such work. No liability shall accrue against the United States, its officers, agents, or employees, by reason of sufficient moneys not being so appropriated or on account of there not being sufficient moneys in the Colorado River Dam fund to permit of said allotments. This agreement is also subject to the condition that if for any other reason construction of Hoover Dam is not prosecuted to completion with reasonable diligence, then and in such event either party hereto may terminate its obligations hereunder upon one (1) year's written notice to the other party hereto.

TITLE TO REMAIN IN UNITED STATES

(28) As provided by section six (6) of the Boulder Canyon project act, the title to Hoover Dam, reservoir, plant, and incidental works shall forever remain in the United States.

REMEDIES UNDER CONTRACT NOT EXCLUSIVE

(29) Nothing contained in this contract shall be considered as in any manner abridging, limiting, or depriving the United States of any means of enforcing any remedy either at law or in equity for the breach of any of the provisions hereof which it would otherwise have.

MEMBER OF CONGRESS CLAUSE

(30) No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this contract, or to

any benefit that may arise therefrom. Nothing, however, herein contained shall be construed to extend to this contract if made with a corporation for its general benefit.

In witness whereof, the parties hereto have caused this contract to be executed in triplicate the day and year first above written.

Attest:

THE UNITED STATES OF AMERICA,
By RAY LYMAN WILBUR, *Secretary of the Interior.*

LOS ANGELES GAS & ELECTRIC CORPORATION,
By ADDISON B. DAY, *its President.*

Approved as to form:

PAUL OVERTON, *General Counsel.*
F. E. SEAVER, *Secretary.*

Attest:
[SEAL.]

And Southern California Edison Co. (Ltd.), as evidence of its approval of this contract, has caused its corporate name to be subscribed hereto by its officers thereunto duly authorized, as at the day and year first above written.

SOUTHERN CALIFORNIA EDISON CO. (LTD.),
By R. H. BALLARD, *President.*

Attest:
CLIFTON PETERS, *Secretary.*

Approved as to form:
ROY V. REPPY, *General Counsel.*
By G. E. TROWBRIDGE, *Attorney.*
11-16-31.

[SEAL.]

EXHIBIT A

Omitted. Consists of Appendix 2, supra.