[APPENDIX 33]

TENTATIVE ALLOCATION OF POWER, OCTOBER 21, 1929

October 21, 1929.

MEMORANDUM FOR THE PRESS

The Secretary of the Interior announced to-day his decision in regard to the allocation of Boulder Dam power. He appointed November 12 as the date for a formal hearing in case of any protest.

The power to be developed at the Boulder Dam subject to certain deductions is to be contracted for as follows:

To the Metropolitan Water District of Southern California, 50 per cent, or so much thereof as may be needed and used for the pumping of Colorado River water.

To the City of Los Angeles, 25 per cent; and

To the Southern California Edison and associated companies, 25 per cent.

These allotmets are to be subject to certain deductions which may arise through the exercise of preference rights, i. e.—

(*a*) not exceeding 18 per cent of the total power developed for the State of Nevada for use in Nevada;

(*b*) not exceeding 18 per cent of the total power for the State of Arizona, for use in Arizona, as above; and should either of the States not exercise its preference rights the other may absorb them up to 4 per cent;

(*c*) not exceeding 4 per cent for municipalities which have heretofore filed applications.

All such preference rights in whole or in part are to be exercised by the execution of valid contracts with the respective States and municipalities satisfactory to the Secretary and the exercise of such preference rights is to reduce proportionately the above allotments to the district, the city, and the company.

Any State desiring to withdraw power within the limitations abovestated must serve on the Secretary of the Interior written notice within not less than 12 months of the amount of power desired, and for the purchase of which valid contracts satisfactory to the Secretary must be executed.

Power contracted for but not required within a State shall be allocated to the city and the company on a 50-50 basis, with the reservation that it can again be called for within a reasonable time for use within the State. All power provided a State shall be at actual cost.

Should the 50 per cent allocated to the Metropolitan Water District be not required for pumping, this shall become available to the City of Los Angeles, 66⅔ per cent; to the Southern California Edison and associated companies, 33⅓ per cent.

Any municipalities desiring power within the limitation prescribed must execute the necessary contract therefor within 12 months from the date the contracts are made with the district and the city.

Any firm power available at the Boulder Canyon Dam for the payment of which other contractors do not become and remain liable, aisde from that allocated to the Metropolitan District, shall be taken and paid for by the City of Los Angeles and the Edison Co., on a 50-50 basis.

The contract for the available power is to be made with the City of Los Angeles, and the Metropolitan Water District, with various subcontracts assuring the above, and providing for a board of control made up of two members nominated by the City of Los Angeles and the Metropolitan Water District, two by the Southern California Edison and associated companies, and one by the Secretary of the Interior, to act with the City of Los Angeles in the operation of the plant.

The Federal Government will install the dam, tunnels, power house, and penstocks. The machinery for the generation and distribution of power is to be provided and installed by the lessee. The costs of installation and operation are to be borne by those contracting for the power in proportion to the amounts received. When the dam and power house are actually in operation the lessees may have the right to ask for a review of the actual cost of units of power and be entitled to deductions which will still permit the charge made to return to the Government all advances and interest in accordance with the Boulder Dam act; and provided further, that if such review indicates that a higher rate should be paid for power to meet the obligation to the Federal Government such an advance in rate will be put into effect.

There will be a clause inserted in all of the contracts which will insure the distribution of all power developed at the Boulder Dam at such a price as in the opinion of the Federal Power Commission is fair to all consumers. Should certain municipalities operating their own power plants desired to make separate agreements with the City of Los Angeles and the Metropolitan Water District they shall be supplied with power at cost price.

The charge for storing water for the Metropolitan Water District will be 25 cents per acre-foot.