

Appendix 902

**POWER CONTRACTS:
AGENCY CONTRACT, MAY 29, 1941**

With Exhibits A, B, and 2 thereof

Symbol Ilr-1333

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

BOULDER CANYON PROJECT
ARIZONA-CALIFORNIA-NEVADA

CONTRACT FOR THE OPERATION OF BOULDER POWER PLANT

THE UNITED STATES OF AMERICA AND THE CITY OF LOS ANGELES,
AND ITS DEPARTMENT OF WATER AND POWER, AND SOUTHERN
CALIFORNIA EDISON COMPANY, LTD.

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1. THIS CONTRACT, made this 29th day of May 1941, 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 as the Boulder Canyon Project Act, hereinafter referred to as the "Project Act", and to the Act of Congress approved July 19, 1940 (54 Stat. 774), designated as the Boulder Canyon Project Adjustment Act, hereinafter referred to as the

"Adjustment Act", between THE UNITED STATES OF AMERICA, hereinafter referred to as the "United States", acting for this purpose by Harold L. Ickes, Secretary of the Interior, hereinafter referred to as the "Secretary", and severally, THE CITY OF LOS ANGELES, a municipal corporation, and its DEPARTMENT OF WATER AND POWER (said Department acting herein in the name of the City, but as principal in its own behalf as well as in behalf of the City, the term "City" as used herein being deemed to include both The City of Los Angeles and its said Department of Water and Power), and SOUTHERN CALIFORNIA EDISON COMPANY LTD., a private corporation, hereinafter referred to as "Edison Company", both of said corporations being organized and existing under the laws of the State of California;

Witnesseth that:

EXPLANATORY RECITALS

2. Whereas, pursuant to the provisions of the Project Act, the United States entered into a certain contract designated as "Contract for Lease of Power Privilege", dated April 26, 1930, with, severally, the City and Edison Company, which contract was thereafter amended by two certain contracts between the same parties, dated May 28, 1930, and September 23, 1931, and was also modified by a certain contract between the United States and the City, dated July 6, 1938, and consented to by Edison Company, which said Contract for Lease of Power Privilege, dated April 26, 1930, together with said amendatory and modifying contracts, are hereinafter collectively referred to as the "Lease"; and

3. Whereas, by the terms of the Lease, the United States agreed that it would, at its own cost, construct in the main stream of the Colorado River at Black Canyon, a dam, creating thereby at the date of completion, a storage reservoir having a maximum water surface elevation at about 1,222 feet above sea level (U. S. Geological Survey datum) of a capacity of about 29,500,000 acre-feet, and that it would also construct in connection therewith outlet works, pressure tunnels, penstocks, power plant building, and furnish and install generating, transforming, and high-voltage switching equipment for the generation of the electrical energy allocated to the various allottees respectively, as stated in the Lease; and

4. Whereas, under the Lease, the United States leased to the City for fifty (50) years from the date at which electrical energy would be ready for delivery to the City, as announced by the Secretary in accordance with Article 11 of the Lease, such power plant units and corresponding plant facilities and incidental structures at Boulder Dam as might be necessary to generate the electrical energy allocated to the City and electrical energy for those allottees for which the

City was therein designated the generating agency, together with the right to generate such electrical energy; and leased to Edison Company such power plant units and corresponding plant facilities and incidental structures at Boulder Dam as might be necessary to generate the electrical energy allocated to it and electrical energy for those allottees for which Edison Company was therein designated the generating agency, together with the right to generate such electrical energy, for a period beginning with the date at which the first of such power plant units would be ready for operation and water would be available therefor as announced by the Secretary and ending at a time fifty (50) years after the date at which electrical energy would be ready for delivery to the City as provided therein; and

5. Whereas, under the Lease, the generation of electrical energy allocated to The Nevada-California Electric Corporation (successor in interest to The Southern Sierras Power Company) is required to be effected by Edison Company (The Nevada-California Electric Corporation and Edison Company being hereinafter collectively referred to as the "Companies"), and under the "Contract for Lease of Power Privilege," dated April 26, 1930, as amended by the contracts dated May 28, 1930, and September 23, 1931, the generation of electrical energy allocated to Los Angeles Gas and Electric Corporation was also required to be effected by Edison Company; and

6. Whereas, under the Lease, the generation of electrical energy allocated to the States of Nevada and Arizona, the municipalities of Burbank, Glendale and Pasadena (hereinafter referred to as the "Municipalities"), and The Metropolitan Water District of Southern California (hereinafter referred to as the "District") is required to be effected by the City, and under the contract dated July 6, 1938, the generation of electrical energy allocated to Los Angeles Gas and Electric Corporation may be effected by the City, at its option; and

7. Whereas, the United States, pursuant to the provisions of the Project Act and the above recited provisions of the Lease, has constructed a dam (herein referred to as the "dam" or "Boulder Dam") and constructed thereat a power plant and incidental structures (herein, together with additional facilities and incidental structures in the course of construction or contemplated, collectively referred to as the "Boulder Power Plant"); and

8. Whereas, The City and Edison Company, and each of them, has in reliance upon the provisions of the Lease, constructed, at large cost to each of them, facilities incidental to generation, transmission lines from the Boulder Power Plant to metropolitan load centers in California, and other facilities for the purpose of utilizing on their respective systems energy generated by each of them, respectively, at Boulder Power Plant; and

9. Whereas, pursuant to the Lease, the City and Edison Company are in possession of and are operating the portions of the Boulder Power Plant leased to them, respectively; and

10. Whereas, by the terms of the Adjustment Act, it is provided that the Secretary is authorized to negotiate for and enter into a contract for the termination of the existing Lease of the Boulder Power Plant; that, in the event of such termination the operation and maintenance, and the making of replacements, however necessitated, of the Boulder Power Plant, by the United States, directly or through such agent or agents as the Secretary may designate, is authorized; that the powers, duties, and rights of such agent or agents shall be provided by contract, which may include provision that questions relating to the interpretation or performance thereof may be determined, to the extent provided therein, by arbitration or court proceedings; and that the Secretary, in consideration of such termination of such existing Lease, is authorized to agree (a) that the lessees therein named shall be designated as the agents of the United States for the operation of said power plant; (b) that (except by mutual consent or in accordance with such provisions for termination for default as may be specified therein) such agency contract shall not be revocable or terminable; and (c) that suits or proceedings to restrain the termination of any such agency contract, otherwise than as therein provided, or for other appropriate equitable relief or remedies, may be maintained against the Secretary; and said Act further provides that suits or other court proceedings pursuant to the foregoing provisions may be maintained in, and jurisdiction to hear and determine such suits or proceedings, and to grant such relief or remedies is thereby conferred upon, the District Court of the United States for the District of Columbia, with the like right of appeal or review as in other like suits or proceedings in said court; and

11. Whereas, since each of the lessees considers it advantageous to them to continue to operate the portions of the Boulder Power Plant serving them in connection with their other respective sources of supply and systems, each of the lessees is willing to agree to the termination of the Lease in consideration of the benefits to flow from the carrying of the Boulder Canyon Project Adjustment Act into full effect and in consideration of the operation, maintenance, and making of replacements, however necessitated, of the Boulder Power Plant being effected through the City and Edison Company as operating agents during the period ending May 31, 1987, upon the terms and conditions hereinafter set forth; and

12. Whereas, the Secretary is willing that the City and Edison Company be designated as such operating agents upon the terms and conditions hereinafter set forth;

13. Now, therefore, in consideration of the provisions, covenants, and conditions herein contained, the parties hereto agree as follows, to wit:

TERMINATION OF LEASE

14. At the time specified in Article 15 (d) hereof, for the commencement of the operation of the Boulder Power Plant by the United States through the agents hereinafter designated, the Lease shall terminate.

DESIGNATION OF OPERATING AGENTS AND TERM OF OPERATION

15. (a) The City is hereby designated as the agent of the United States for the operation and maintenance, and the making of replacements, however necessitated, of that portion of the Boulder Power Plant which from time to time during the term of such agency may be necessary for the generation of electrical energy to be taken (1) by the City, the States of Arizona and Nevada, the District and the Municipalities, their successors or assigns, (2) by the United States, under any right now existing or hereafter reserved, out of the City's allocation, or (3) by any taker (including the United States, but excluding the Companies, their successors or assigns), which under any right now existing or hereafter created may take any portion of the electrical energy now or hereafter allocated to, but not taken by, the City, the States of Arizona or Nevada, the District or the Municipalities, their successors or assigns; and the City hereby agrees to act as such agent.

(b) Edison Company is hereby designated as the agent of the United States for the operation and maintenance, and the making of replacements, however necessitated, of that portion of the Boulder Power Plant which from time to time during the term of such agency may be necessary for the generation of electrical energy to be taken (1) by the Companies, their successors or assigns, (2) by the United States, under any right now existing or hereafter reserved, out of Edison Company's allocation, or (3) by any taker (including the United States, but excluding the City, the States of Arizona or Nevada, the District or the Municipalities, their successors or assigns), which under any rights now existing or hereafter created may take any portion of the electrical energy now or hereafter allocated to, but not taken by, either of the Companies, their successors or assigns; and Edison Company hereby agrees to act as such agent.

(c) The City and Edison Company, in their respective capacities as such agents, are hereinafter referred to as the "Operating Agents." Each of the designations and acceptances made by the foregoing Articles 15 (a) and (b) is subject, nevertheless, to the provisions of

Article 16 hereof with reference to those facilities which are necessary for use in connection with both of the above-designated portions of the Boulder Power Plant, or in connection with either of said portions and the properties operated by the United States directly, hereinafter referred to as "common facilities," and is subject also to the following provisions:

(i) Should it prove of material economic advantage to the States of Arizona or Nevada, or either of them, to have a portion of their energy generated by Edison Company, generation thereof may be so effected upon written authorization by the Secretary, after notice to all allottees and opportunity to present their views, provided consent thereto in writing, executed by the State affected and the Operating Agents, shall be filed with the Secretary;

(ii) At times when the District may desire to use off-peak energy in addition to energy available from generating equipment operated by the City, it may, by agreement with Edison Company, arrange for generation of energy needed by the District and not obtainable from generating equipment operated by the City, provided that no allottee shall be detrimentally affected thereby;

(iii) The United States shall have the right to have any energy reserved to it out of the allocation of one Operating Agent generated at any time by the other, in which case said other Operating Agent shall be paid appropriate generating charges for such energy actually generated;

(iv) Generation of energy taken by the City as assignee of Los Angeles Gas and Electric Corporation may be effected, at the option of the City, by Edison Company or by the City; and

(v) Whenever any allottee, either temporarily or permanently, needs and is entitled to receive energy over and above that available to it from the Operating Agent designated to generate energy for such allottee, such allottee shall have the right, subject to such conditions as may be agreed upon by such allottee and the Operating Agents and all other allottees affected, or if they cannot agree, as may be determined by the Secretary, after notice and opportunity to said Operating Agents and allottees to present their views, to have all or a part of such additional energy generated by the other Operating Agent.

(d) The term of each such agency shall commence at midnight, Pacific Standard Time, on the last day of the calendar month in which the Adjustment Act shall have become fully effective, pursuant to its terms, and shall continue in effect until and including May 31, 1987, and shall not be subject to prior termination except by consent of all the parties hereto or in accordance with the provisions for termination for default specified in Article 24 hereof.

SPECIFICATIONS OF PROPERTIES TO BE OPERATED, MAINTAINED, AND
REPLACED BY THE OPERATING AGENTS

16. (a) In accordance with the designations made in Article 15 hereof, the City shall operate and maintain, and make all replacements, however necessitated, of the generating equipment and incidental structures and properties specified and referred to in the list of properties hereto appended, entitled "Specifications of Properties of the United States to be Operated, Maintained, and Replaced by the City," and marked Exhibit "A," and Edison Company shall operate and maintain, and make all replacements, however necessitated, of, the generating equipment and incidental structures and properties specified and referred to in the list of properties hereto appended, entitled "Specification of Properties of the United States to be Operated, Maintained, and Replaced by Edison Company" and marked Exhibit "B." By mutual consent of the City and Edison Company and the Secretary, said lists of properties may be amended, from time to time, by the transfer of items or units of property from one of said lists to the other, or by modifying the provisions thereof with respect to the use or control, as between the Operating Agents, of common facilities. Said lists may also be amended, from time to time, by direction of the Secretary, after notice to the Operating Agents, and all other allottees, and opportunity to present their views, in order to insure the availability of generating units for service to the allottees for whom the Operating Agents, respectively, are required hereunder to generate energy. By mutual consent of the Secretary and the Operating Agents, either of said lists of properties may also be amended, from time to time, after notice to all other allottees and opportunity to present their views, by adding thereto, or eliminating therefrom, units or items of properties; provided, however, that if, in the case of any new unit or item of property not theretofore included in either of said lists, such mutual consent shall not be given, said item shall be added to the one of said lists designated by the Secretary. The obligation of the Operating Agents with respect to operation, maintenance, and replacements shall not commence as to any structures, equipment, or facilities comprising a portion of Boulder Power Plant which may be in the course of construction or installation by the United States at the time of the taking effect of this contract, or which may thereafter be constructed or installed by the United States, unless otherwise agreed between the Operating Agent affected and the Director of Power of the Project appointed by the Secretary (hereinafter referred to as "Director"), until such structures, equipment, or facilities shall have been fully constructed and installed, and the Operating Agent affected shall have been notified in writing by the Director that they are ready for use or operation.

(b) Any common facility operated by the United States directly shall be available for use by either Operating Agent, subject to proper adjustment of costs and such other terms and conditions as the Director may provide.

(c) If either Operating Agent in good faith as a part of its duties hereunder shall operate, maintain, or replace any unit or item of property of the United States not specified in Exhibit "A" or Exhibit "B," as the case may be, as a unit or item to be operated, maintained, or replaced by that Operating Agent, such Operating Agent shall receive compensation in an amount equal to the aggregate of all costs reasonably incurred by it in such operation, maintenance, and replacement, as from the time the operation of such unit or item of property commenced, as determined by the Director in the same manner provided in Article 23.

(d) Changes in either of the lists made pursuant to this Article 16 may be effectuated by any appropriate writing signed on behalf of the parties concerned, as follows: in the case of the United States, by the Secretary; in the case of the City, by the Chief Electrical Engineer and General Manager of the Bureau of Power and Light, Department of Water and Power; and in the case of Edison Company, by its Chief Engineer.

(e) Nothing in this contract shall preclude the performance by any party to this agreement, at the request of any other party hereto, of work or duties which by or under the terms of this contract are to be done or performed by the party making such request; provided, however, that such work or duties of one Operating Agent shall not be done or performed by the other without the consent of the Director.

DUTIES, POWERS, AND RIGHTS OF OPERATING AGENT

17. (a) Each Operating Agent shall have charge, subject to the supervision of the Director, as more particularly provided elsewhere herein, of the operation, maintenance, and the making of replacements, however necessitated, of that portion of the Boulder Power Plant for which, by the provisions hereof, it is designated the Operating Agent. Each Operating Agent may furnish and install such new units or items of property as may, in the judgment of the Operating Agent, be reasonably necessary, at a cost of not to exceed \$1,000 in any one case, subject to all the provisions hereof applicable to operation, maintenance and replacements.

(b) The Operating Agents shall severally provide and furnish all labor, services, supplies, materials, machinery and equipment and the use of equipment, facilities or other property, and do and perform each and every act (except as hereinafter in this Article, or elsewhere herein, provided), which may be required for operation, maintenance

or replacements, however necessitated, for which they, respectively, are responsible.

(c) By mutual agreement of the Operating Agent or Agents affected and the Secretary or the Director, the United States may, in any instance, purchase and deliver to such Agent or Agents any supplies, material, machinery or equipment required for such operation, maintenance or replacements, and in purchasing any such machinery or equipment, the Secretary may, with the consent of the Operating Agent affected, require the installation thereof by the manufacturer or contractor furnishing the same.

(d) Upon requisition filed with the Director by either Operating Agent, the United States may furnish and deliver to such Operating Agent any supplies, material, machinery or equipment required for such operation, maintenance or replacements, which it may have on hand, and which, as determined by the Director, are available for such furnishing and delivery.

(e) Upon requisition filed with the Director by either Operating Agent, the United States may also furnish the temporary use of any equipment, facilities or other property required for such operation, maintenance or replacements, which it may have on hand, and which, as determined by the Director, are available for such use.

(f) Upon requisition filed with the Director by either Operating Agent, the United States will perform, with its own forces, work required in connection with operation, maintenance or replacements for which such Operating Agent is responsible, if it has available, as determined by the Director, the labor and facilities necessary therefor.

(g) All materials, supplies, machinery and equipment purchased pursuant to the provisions of this Article, whether by the United States or by an Operating Agent, shall be in accordance with specifications prepared by the Operating Agent and, except in the case of expendable materials or supplies purchased by such Operating Agent, approved by the Director. In the case of all purchases by the United States, the Operating Agent concerned shall cooperate with the United States in the consideration of all proposals received and may make recommendations as to the letting of the contract.

(h) Costs incurred by the United States for any supplies, materials, machinery or equipment furnished, or work performed, by it under the provisions of this Article 17, and charges for the use, under said Article, of equipment, facilities or other properties (which charges shall be determined by the Director on the basis of current charges or rates used by the United States in its own operations), shall, as requested by the Operating Agent concerned, be billed to such Operating Agent or charged directly by the United States to appropriate accounts. If billed, such costs shall be included as costs incurred by such Operating Agent in any subsequent statement submitted in

accordance with the provisions of Article 23 (e) hereof. Settlement of any such costs so billed may be effected by such Operating Agent either by (1) payment to the United States or (2) credit allowance in any statement of costs incurred as subsequently submitted by such Operating Agent.

(i) The title to all supplies, material, machinery or equipment so purchased or furnished and delivered by the United States, or the temporary use of which is furnished by the United States, shall remain in the United States and shall not pass to the Operating Agent upon such delivery. The title to all supplies, material, machinery and equipment provided and furnished pursuant to Article 17 (b) hereof, shall pass to the United States when compensation based on the cost thereof shall have been made as in this contract provided; provided, however, that when the use of equipment, facilities or other property shall be provided and furnished by an Operating Agent, the title thereto shall remain in such Operating Agent and shall not pass to the United States.

(j) Except in case of emergency, no substantial change in any of said works, including substantial changes involved in making replacements, shall be made by either Operating Agent without first having had and obtained the written consent of the Director who shall determine whether any change is substantial.

(k) (i) If at any time any machinery, equipment or other property under the control of either Operating Agent shall be, as determined by the Director, in such defective, dangerous or improper condition as to endanger life or property, and such Operating Agent shall be notified thereof by the Director, such Operating Agent shall promptly correct such defective, dangerous or improper condition by adequate repairs or replacements, and in case of its neglect so to do, the United States may, at its option, in addition to any other remedy available to it, make such repairs or replacements as it may deem necessary to remove such condition.

(ii) If either Operating Agent shall so improperly operate any machinery, equipment or other property under its control as to endanger life or property, as determined by the Director, such Operating Agent shall, upon direction from the Director, promptly change its method of operation so as to avoid or remove the danger, and in case of its neglect, as determined by the Director, so to do, the Director may, at his option, in addition to any other remedy available to the United States, take charge of the operation of so much of the machinery, equipment or other property under the control of said Operating Agent as may be necessary for the avoidance or removal of the danger, and may continue in charge thereof until he shall have received from such Operating Agent adequate assurances that such improper operation will not recur, or until, on appeal, his directions shall have been

reversed by the Secretary. Upon the giving of such assurances or upon such reversal by the Secretary, the Director shall surrender the charge of the operation of such machinery, equipment or other property, and the Operating Agent or Agents shall be reinstated therein.

(iii) All cost incurred by the United States under this Article 17 (k) shall be determined and billed or charged in the same manner as provided by Article 17 (h).

(l) It shall be the duty of each Operating Agent to keep informed, as far as practicable, of the requirements for electrical energy of each allottee and of each contractor, and to that end the Secretary shall require of all allottees and of all contractors advance notice to the Director and to the Operating Agent or Agents affected of their requirements, or of their additional or decreased requirements, including estimates of kilowatt-hours, maximum demands, anticipated annual load curves by months, and all other information necessary to enable the Operating Agents to prepare for participation in programming integration of operations under Article 20 hereof and to make the recommendations hereinafter required. Each Operating Agent shall inform the Director of the receipt from the allottees and the contractors served by it of any such notices and shall, from time to time, as far as is practicable, on the basis of such notices, and its knowledge of the load requirements of such allottees and of such contractors, make recommendations to the Director respecting the design, capacity, and time of installation of additional generating machinery and equipment to the end that additional machinery and equipment may be made available by the United States in accordance with its obligations. It shall be the duty of each Operating Agent to cooperate with the United States in the preparation of designs for additional machinery and equipment required by it, and in the preparation of plans and specifications therefor. Each Operating Agent and allottee affected thereby shall have the opportunity to present its views to the Secretary or his representatives, upon the design and capacity of additional machinery and equipment to be provided and installed by the United States, before proposals for the furnishing of the same are invited, and to consider all proposals received and to make recommendations as to the letting of contracts before the same are let, but the determination of the Secretary (or his representatives authorized to make award of such contracts) on these matters shall be final.

(m) The Operating Agents shall have reasonable access to, and use of, all facilities under the control of the United States necessary or convenient for the ingress, egress, and transportation of men and materials in the performance of their duties hereunder.

(n) In the event the Secretary notifies an Operating Agent that any employee of said Operating Agent employed at the Project, and

engaged in operation, maintenance, or the making of replacements hereunder is unsatisfactory, and states in said notice the cause of dissatisfaction, said Operating Agent shall promptly remove such cause of dissatisfaction, to the satisfaction of the Secretary, by removal of such employee from the Project, or otherwise.

(o) All of the obligations, responsibilities, rights, and duties of the Operating Agents under this contract shall be several and not joint.

POWERS AND DUTIES OF THE DIRECTOR

18. The Director shall have power to—

(i) Exercise general supervision over operation and maintenance and the making of replacements by the Operating Agents;

(ii) Enforce rules and regulations promulgated by the Secretary relating to the Project; and

(iii) Give to the Operating Agents, or either of them, such directions as may be reasonably necessary for such enforcement and in the supervision of operation, maintenance, and the making of replacements by the Operating Agents;

provided that direction and supervision of the Operating Agents with regard to integration of operations shall be in accordance with the provisions of Article 20 hereof.

METERING EQUIPMENT AND RECORDS OF WATER DELIVERED AND ELECTRICAL ENERGY GENERATED

19. (a) Metering equipment installed for the purpose of measuring water and energy shall be maintained, and replacements thereof made, by the respective Operating Agents. Meters shall be tested by the United States at any reasonable time on request of either the United States or of either Operating Agent, or, in the case of electrical meters, on request of any allottee whose energy is measured by any such meter, and, in any event, electrical meters shall be tested at least once each year. Electrical metering equipment shall be tested by means of suitable testing equipment which shall be furnished by the United States and which shall be calibrated by the National Bureau of Standards as often as requested by any party hereto, or by any allottee, and, in any event, at least once every five (5) years. All meters shall be kept sealed and the seals shall be broken, and all tests of metering equipment shall be conducted, only in the presence of representatives of both the United States and the Operating Agents, respectively, and after any allottee concerned is given notice and opportunity to be present.

(b) Each Operating Agent shall make full and complete written monthly reports as directed by the Secretary, on forms to be supplied by the United States, of all water delivered to the turbines operated

by it and of all electrical energy generated by it at the Project, and the disposition thereof. Each such report shall be made and delivered to the Director and a copy thereof delivered to the other Operating Agent on or before the fourth day of the month immediately succeeding the month covered thereby.

INTEGRATION OF OPERATIONS

20. (a) The United States, subject to the statutory requirement referred to in Article 20 (b) (i) hereof and pursuant to agreement with the District, will interchange energy from its hydroelectric plants on the Colorado River below Boulder Dam with energy allocated to the District and generated at Boulder Power Plant insofar as such interchange can be effected without interfering with service to the District and without impairing or extending the rights or obligations, respectively, of other allottees. The United States will so interchange energy insofar as practicable, as a means of effecting integration of operations as between Boulder Power Plant and other projects on the Colorado River owned and operated by the United States at which power is or may be developed, as the primary step in any program of integration of operations agreed upon; decided or determined pursuant to Article 20 (b) hereof.

(b) (i) Subject to the statutory requirement that Boulder Dam and the reservoir created thereby shall be used: First, for river regulation, improvement of navigation and flood control; second, for irrigation and domestic uses and satisfaction of perfected rights mentioned in Section 6 of the Project Act; and third, for power, the operation of Boulder Power Plant shall be reasonably integrated with the operation of other projects on the Colorado River owned and operated by the United States at which power is or may be developed and with the operations by the Operating Agents of their respective systems, including their other sources of electrical energy; provided that the time and rate of delivery of energy to allottees and contractors other than the City and Edison Company (while they are Operating Agents under this contract) shall not be affected by any program of integrated operation agreed to, decided on or determined under this Article 20. Such reasonable integration of operation shall be with the view of effecting economical and efficient use of generating machinery and equipment and economical and efficient use of water at Boulder Dam and such other projects and at the Operating Agents' other sources of electrical energy. It is understood and agreed that within the limits of use of water for power purposes at Boulder Power Plant fixed in a program of integration of operations agreed upon, decided or determined under Article 20 (b) hereof, and during the effective period of such program, the manner of integration between Boulder

Power Plant and the other sources of power on the respective systems of the Operating Agents shall rest with the respective Operating Agents, it being the intention of the parties that the programs of integration, although agreed upon, decided on or determined for the purposes and with the views set forth above, shall directly control only the manner in which the Operating Agents shall or may operate Boulder Power Plant and shall not affect the manner in which the Operating Agents operate their respective systems, including their other sources of electrical energy, except as such operations by the Operating Agents of their respective systems may be consequentially affected by such direct control of Boulder Power Plant operations. In accordance with Article 17 (o) hereof, the obligations, responsibilities, rights, and duties of the Operating Agents under this Article 20 (b) shall be several and not joint; and in the event this contract is terminated as to one of the Operating Agents, the provisions of this Article 20 (b) shall remain applicable to the other. No limitation imposed by such program of integration shall reduce the amount of electrical energy which either the City or Edison Company is entitled to take in any year of operation, but any such limitation shall apply solely to the time within any year of operation at which such energy may be taken by the City or Edison Company, respectively, while an Operating Agent under this contract.

(ii) At least once each calendar year the Secretary or his duly authorized representative and a duly authorized representative of each Operating Agent shall meet at the Project, upon the request of any one of the three, for the purpose of programming integration of operations under Article 20 (b) hereof. As hereinafter used in this Article 20 the word "Secretary" is understood to mean the Secretary of the Interior or his duly authorized representative. Notice of and opportunity to present views at such meeting shall be given to each of the other allottees by the Secretary. Any program agreed to by all three representatives at such meeting shall be effective and controlling for 12 months from the date of the agreement or for any lesser period that may be fixed in the agreement, except that any such agreement may be modified by mutual consent of the Secretary and the representatives of the Operating Agents. At any time in any such meeting, or in the event of failure to agree, any one of the three may require that the matter of programming integration of operations be submitted to arbitrators, in accordance with Article 20 (b) (iv) hereof, for decision. Each decision of such arbitrators shall be effective and controlling for 12 months from the date of the decision or for such shorter period as may be fixed in the decision, except that it may be modified by mutual consent of the Secretary and the Operating Agents.

(iii) During any period when there is not in effect an agreement or a decision, under Article 20 (b) (ii) hereof, controlling integration of operations, the program of integration of operations shall be as determined and announced to the allottees from time to time by the Secretary, and each such program as determined by the Secretary shall be conclusive and controlling on the parties hereto unless and until modified by an agreement or decision made pursuant to Article 20 (b) (ii) hereof.

(iv) Any demand for arbitration under Article 20 (b) (ii) hereof shall be made by written notice to the parties to this contract. Any such notice to the United States shall be given to the Secretary. Upon receipt of each such notice one arbitrator shall be named by the Secretary, and he shall be present at the Project and available for performance of his duties as arbitrator within five days after receipt by the Secretary of the notice hereinabove provided for; one arbitrator shall be named by the Operating Agents; and a third arbitrator shall be selected by the other two arbitrators thus named. The Secretary and the Operating Agents, respectively, may name alternate arbitrators. In the event the two arbitrators named fail to select such third arbitrator within fifteen days from the date of the notice hereinabove provided for, such third arbitrator shall be selected by the Chief Justice of the Supreme Court of the United States. The arbitrators shall give to all allottees notice and opportunity to present views. The decision of any two arbitrators shall be a valid decision.

(v) If either Operating Agent shall fail, as determined by the Director, to comply with a program of integration of operations agreed to or decided on under Article 20 (b) (ii) hereof, or determined by the Secretary under Article 20 (b) (iii) hereof, for a period of three days after receipt of written request by the Director for compliance, the Director may, at his option, in addition to any other remedy available to the United States, take charge of the operation of so much of the machinery, equipment, or other property at Boulder Power Plant under the control of said Operating Agent as the Director deems necessary to effect compliance with such program of integration of operations and may continue in charge thereof until he shall have received from such Operating Agent assurances determined by the Director to be adequate that such program will be complied with, or until his action under this subdivision (v) shall have been reversed or modified upon an appeal pursuant to Article 27 (a) hereof. Upon the giving of such assurances or upon such reversal by the Secretary, the Director shall surrender the charge of the operation of such machinery, equipment, or other property, and the Operating Agent or Agents shall be reinstated therein.

INSPECTION AND ACCESS

21. (a) The Secretary, or his duly authorized representatives, shall at all times have the right of ingress to and egress from all works operated by the Operating Agents, under this contract, for the purposes of supervision and inspection thereof, and for the purposes of operation and maintenance of works operated directly by the United States, and for all other proper purposes.

(b) The Secretary, or his duly authorized representatives, shall also have free access at all reasonable times to the books, records, and accounts of the Operating Agents relating to the operation, maintenance, and replacements of machinery and equipment hereunder or to the generation and delivery of electrical energy hereunder, with the right at any time during office hours to make copies of or from the same. Each of the allottees of electrical energy generated at the Boulder Power Plant, through their duly authorized representatives, shall have the like right of access and the right to make copies, limited, however, to matters affecting the allottee exercising such right.

GENERATION IN ACCORDANCE WITH CONTRACTS

22. (a) Each Operating Agent severally, in accordance with the designations made in Article 15 hereof, shall generate, and shall deliver at transmission voltage, electrical energy in compliance with any program of integration of operations agreed to, decided on, or determined pursuant to Article 20 hereof and in accordance with the requirements of contracts heretofore or hereafter made by the United States for the delivery of electrical energy from Boulder Dam; provided that the United States shall have provided generating, transforming, and other equipment and water adequate therefor.

(b) In the event of dispute as to the electrical energy to which any contractor is entitled, the Director shall instruct the Operating Agent affected as to the electrical energy to be delivered to such contractor, and such Operating Agent shall, subject to the provisions of Article 27 hereof, comply with such direction.

(c) Each Operating Agent shall, upon receipt of written notice from the Director that any contractor is not entitled to further delivery of electrical energy under the terms of its contract or contracts, immediately discontinue the generation for or delivery of electrical energy to such contractor until receipt of further notice from the Director; provided, however, that if such contractor and another contractor are served through the same switches, or other facilities, located at the Boulder Power Plant, so that it is not practicable to disconnect at the Boulder Power Plant service to the contractor not entitled to electrical energy, without interrupting the service to such other contractor, the Operating Agent shall not make such disconnection, but,

so far as may be consistent with its obligations under law or contract, shall use all means under its control (whether in its capacity as Operating Agent or otherwise) to accomplish discontinuance of delivery of electrical energy from Boulder Power Plant to the contractor not entitled thereto.

COMPENSATION FOR OPERATION

23. (a) Each Operating Agent shall receive as compensation for the performance of its duties hereunder an amount equal to the aggregate of all costs properly and reasonably incurred by it in such performance. The reasonableness or propriety of such costs shall be determined by the Director. Such costs shall include, without limiting the generality of the foregoing, the following:

(i) The cost of all direct labor (including supervision and engineering at the Power Plant), materials, supplies, machinery, equipment, and other property or services provided or furnished by the Operating Agent;

(ii) The cost of the use of automotive or other mobile equipment owned or controlled by the Operating Agent, determined on the basis of current charges or rates used by the Operating Agent in its own operations;

(iii) The cost of the use of other property owned or controlled by the Operating Agent, determined on the basis of current charges or rates used by the Operating Agent in its own operations;

(iv) The cost of shop, laboratory, store, and other services provided by the Operating Agent through facilities used in the operation of its own system, determined on the basis of current rates used by the Operating Agent in its own operations;

(v) The cost of supervision and engineering (excluding supervision and engineering at the Power Plant), determined on the basis of current rates used by the Operating Agent in its own operations;

(vi) The cost of the use of housing facilities and of the use of other equipment furnished, owned, or controlled by the Operating Agent, determined on the basis of (a) interest on investment, taxes, and insurance, and (b) accrued depreciation, rentals paid or earned, and all other costs applicable to such use;

(vii) The cost of insurance (other than insurance specified in (vi) above-mentioned);

(viii) The cost of taxes (other than taxes specified in (vi) above-mentioned) or charges of any kind whatsoever levied or imposed upon the Operating Agent by Federal, State, or other Governmental authority, and arising out of, or properly allocable to, the performance of its duties as such Operating Agent;

(ix) The cost arising from claims and liabilities for injuries to or death of employees or others, or damages to property, not covered by insurance;

(x) The cost of administrative and general expenses, hereby determined to be—

15 percent of the aggregate of all charges mentioned in items (i) to (v), inclusive, and in sub-item (b) of item (vi) of this Article 23 (a) (except in the case of labor, materials, equipment, or services provided by the United States by agreement or upon requisition of the Operating Agent, or work performed by third parties under contract);

5 percent of the aggregate of all charges mentioned in sub-item (a) of item (vi) and in items (vii) to (ix), inclusive, of this Article 23 (a); and

5 percent of the cost of labor, materials, equipment, or services provided by the United States by agreement or upon requisition of the Operating Agent, or work performed by third parties under contract;

(xi) The amortization, as determined by the Secretary, of the cost of training operators during the period prior to June 1, 1937, in the case of the City, and during the period prior to June 1, 1940, in the case of Edison Company.

(b) The amount included in such costs for property furnished by the Operating Agent out of stock on hand or otherwise without current out-of-pocket outlay therefor shall be the average cost of similar property on hand as shown on the books of the Operating Agent.

(c) The amount included in such cost for labor or property provided, furnished, or used in part in connection with the duties of the Operating Agent as such and in part in connection with other activities of the City or Edison Company, as the case may be, shall be the proper proportion of the costs of such labor and of the costs incurred in connection with the providing, furnishing, or using of such property.

(d) It is the intent of this contract that neither Operating Agent shall make any profit or suffer any loss by reason of the performance of its duties hereunder.

(e) On or before the twenty-fifth day of each calendar month each Operating Agent shall submit to the Director a statement covering all costs incurred by it in the performance of its duties hereunder which have been recorded by it on books of account during the preceding calendar month, showing, or accompanied by a report showing, in detail, all items of such costs; provided, however, that any such costs not readily ascertainable at the date such statement is submitted may be included therein on the basis of reasonable estimates, subject to adjustment to actual cost as soon as practicable thereafter, or may, together with any delayed items of cost, be included in a subsequent statement. Simultaneously with the submission of each such statement to the Director a copy thereof shall be mailed or delivered by the Operating Agent to each allottee and each contractor which shall

have filed with the Secretary a request for such copies and shall have furnished to the Operating Agent a copy of such request at an address specified in such request. Each such allottee and each such contractor shall have the right at any time on or before the 25th day of the calendar month next succeeding that in which such statement is submitted to submit objections to any item of such statement, and the right at any time within 30 days after the determination of the Director as to the reasonableness or propriety of such item to appeal to the Secretary from such determination, with opportunity to present its views. Neither the making of such objection nor the taking of such appeal shall delay the credit provided for in Article 23 (f) hereof, but if any such objection shall be sustained by the Director or by the Secretary upon appeal subsequent adjustment shall be made as provided by said Article 23 (f). Any determination of the Director or of the Secretary as to the reasonableness or propriety of any item of such statement shall be binding upon the other Operating Agent and all allottees and contractors to the same extent as it may be binding upon the Operating Agent submitting such statement.

(f) The total amount of any such statement as submitted, less credit allowances as provided in Article 17 (h), shall be credited upon the next bill submitted by the United States to such Operating Agent in its capacity as a contractor for energy; provided, however, that such crediting shall not preclude subsequent adjustment if through error or the final disallowance of any part thereof the same shall have been found to be incorrect in any particular.

(g) If the amount of any such statement shall be in excess of the amount so billed by the United States, then the amount of such excess shall be deemed to be an advance payment of amounts thereafter to become due to the United States from such Operating Agent in its capacity as a contractor for electrical energy, and such Operating Agent in its capacity as such contractor, shall be credited with interest on the excess amount, or the remaining balance thereof, at the rate of 3 percent per annum from the first day of the calendar month following the submission of such statement until offset, by the accrual of amounts due from such Operating Agent in its capacity as a contractor for electrical energy, or paid as next herein provided.

(h) If all such advance payments have not been so offset at the close of any year of operation, then the United States shall pay the excess, with interest as above provided, to said Operating Agent on the first day of July next following or as soon thereafter as funds are available therefor; provided, that if at any time during such year of operation it shall appear to the Director that the aggregate of such advance payments theretofore made will probably exceed the aggregate of the amounts to become due from such Operating Agent to the United States during the remainder of such year of operation, as

payments for energy in its capacity as contractor for electrical energy, the United States may make immediate payment to such Operating Agent of such excess, with interest as above provided.

(i) Accounts of costs incurred by the Operating Agents hereunder shall be kept in accordance with the system of accounting prescribed in rules and regulations duly promulgated by the Secretary.

(j) On or before March 1 of each year, each Operating Agent shall submit to the Secretary an estimate of costs which it expects, during the following year of operation, to incur in the operation and maintenance of its portion of the Boulder Power Plant, and in the making of replacements thereof; provided that such estimate for the year of operation commencing June 1, 1941, shall be submitted as soon as practicable after the commencement of the term of the agency as provided in Article 15 (d).

(k) Either Operating Agent may, in its discretion, apply to the Director for the advance approval of any item or items of expenditure or of obligation proposed to be made or incurred by such Operating Agent in the performance of its duties. Credit shall not be denied to either Operating Agent for any item which shall have been approved by the Director, after notice to any allottee affected and opportunity to such allottee to present its views upon such application of the Operating Agent, pursuant to this Article 23 (k) or by the Secretary on appeal pursuant to Article 27 (a) hereof.

REMEDIES FOR BREACH OF CONTRACT

24. (a) In addition to any other right or remedy which the United States may have, the Secretary may enter, take possession of, operate and maintain, and make replacements of so much of the Boulder Power Plant operated by an Operating Agent, as the Secretary deems necessary, if he makes a preliminary determination:

(i) that such Operating Agent has committed a breach of this contract which deprives another allottee or contractor or the United States of electrical energy which it is the duty of such Agent to deliver under Article 22 hereof, and that such Agent has continued so to breach the contract for three (3) days after receipt of written notice from the Secretary to such Agent requesting discontinuance of the breach;

(ii) that such Operating Agent has committed any other material breach of this contract, and that such breach has continued for thirty (30) days after receipt of written notice from the Secretary to such Agent requesting discontinuance of such breach.

The Secretary shall remain in possession and continue to operate and maintain such portion of the Boulder Power Plant until the

Operating Agent involved is reinstated under Article 24 (c) hereof or as the result of arbitration or court proceedings.

(b) In addition to any other right or remedy which the United States may have the Secretary may terminate this contract by an order of termination which shall fix the date of termination not earlier than four (4) years from the date of said order, if after notice and hearing accorded by the Secretary to the Operating Agent involved, and upon the basis of the record made at such hearing, the Secretary determines—

(i) that such Operating Agent has committed a breach of this contract which deprives another allottee or contractor or the United States of electrical energy which it is the duty of such Agent to deliver under Article 22 hereof, and that such Agent has continued so to breach the contract for three (3) days after receipt of written notice from the Secretary to such Agent requesting discontinuance of the breach;

(ii) that such Operating Agent has committed a breach of this contract by reason of such Agent's failure to comply with a program of integration of operations agreed to, decided on or determined pursuant to Article 20 (b) hereof, and that such Agent has continued so to breach the contract for three (3) days after receipt of written notice from the Secretary to such Agent requesting discontinuance of such breach; or

(iii) that such Operating Agent has committed any other material breach of this contract, and that such breach has continued for thirty (30) days after receipt of written notice from the Secretary to such Agent requesting discontinuance of such breach.

Possession taken by the Director pursuant to Article 17 (k) or Article 20 (b) (v) shall be deemed to be possession by the Secretary if continued for thirty (30) days, and in that event, or in the event possession taken by the Secretary pursuant to Article 24 (a) is continued for thirty (30) days, it shall be the duty of the Secretary thereupon to give notice of a hearing for termination proceedings under this Article 24 (b) and to hold and complete such hearing and, if he shall determine to enter an order of termination, then also to enter such order, within sixty (60) days after the expiration of said thirty (30) days' possession, unless the Operating Agent or Agents affected shall have requested or consented to an extension of such time. If possession has not theretofore been taken, the Secretary may, at any time after the entry of an order of termination, enter, take possession of, operate and maintain and make replacements of so much of the Boulder Power Plant operated by the Operating Agent or Agents affected as he deems necessary; and the Secretary

shall remain in possession and continue to operate and maintain such portion of the Boulder Power Plant until the Operating Agent involved is reinstated under Article 24 (c) hereof or as the result of arbitration or court proceedings. Any hearing held pursuant to Article 24 (b) shall be before the Secretary or his duly authorized representative; testimony given at such hearing shall be under oath administered by any officer of the Department of the Interior authorized to administer oaths; a complete record of such hearing shall be made (including a record of any evidence offered but not received); and a copy of such record shall be furnished to each Operating Agent.

(c) At any time after entry by the Secretary under Article 24 (a) or (b), or after possession taken by the Director becomes the possession by the Secretary under Article 24 (b) hereof, or after entry of an order of termination of this contract and prior to the date of termination fixed therein, the Operating Agent involved shall be reinstated and shall have restored to it all rights which it had under this contract prior to the time of such entry, possession, or order, upon removing, in a manner determined by the Secretary to be adequate, all causes which resulted in such entry, taking possession or order of termination, or upon giving assurances determined by the Secretary to be adequate that such causes will be removed, and upon paying to the United States any and all costs incurred by it by reason of such entry, possession, or order of termination which the Secretary shall determine to be in excess of the cost which would have been incurred in the operation and maintenance of the power plant if there had not been such entry, possession or order of termination. Upon the date of termination fixed in the order of termination, unless the said causes have been removed and such Agent reinstated, this contract shall terminate and be of no further force and effect as to such Agent. Upon any such termination as herein provided, all property of the United States in the possession of such Agent shall be returned to the United States in as good condition as when received, damage not occasioned by the fault of such Agent and reasonable wear excepted.

(d) In consideration of the termination of the Lease, and as a consideration for the execution of this contract by the Operating Agents, it is hereby agreed that (except by mutual consent or in accordance with the provisions for termination for default contained in this contract) this contract shall not be revocable or terminable, and that suits for injunction or for other appropriate equitable relief or remedies against termination of this contract in a manner other than that provided in this contract may be maintained against the Secretary under Section 9 of the Adjustment Act.

RULES AND REGULATIONS

25. This contract shall be subject to rules and regulations promulgated by the Secretary pursuant to the Adjustment Act; provided, however, that no right of either Operating Agent, or of any allottee, shall be impaired, or obligation of either Operating Agent, or of any allottee, extended, by any such rule or regulation hereafter promulgated, and that opportunity to present their views shall be afforded both Operating Agents, and all other allottees, by the Secretary prior to the promulgation thereof, or any change or modification thereof: *Provided, further, however,* That nothing in this article contained shall be deemed in any way to limit or affect the terms, conditions and other provisions contained in other articles of this contract.

TRANSFER OF INTEREST IN CONTRACT

26. No voluntary transfer of this contract, or of the rights of the Operating Agents, or of either of them, hereunder, shall be made without the written approval of the Secretary; and any successor or assign of the rights of either Operating Agent, whether by voluntary transfer, judicial sale, trustee's sale, or otherwise, shall be subject to all the conditions of the Project Act as modified by the Adjustment Act, and of the Adjustment 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 Operating Agent hereunder: *Provided,* That the execution of a mortgage or trust deed, or judicial or trustee's sale made thereunder, shall not be deemed a voluntary transfer within the meaning of this article.

DISPUTES AND DISAGREEMENTS

27. (a) All instructions, directions, and determinations of the Director, or of the Secretary's duly authorized representative under Article 20 (b) (iii) hereof, including those which call for the exercise of discretion, shall be subject to appeal to the Secretary, with opportunity for the appealing party to present its views, and shall be complied with by the Operating Agent affected unless and until reversed or modified by the Secretary upon such appeal. Such appeal shall be taken within thirty (30) days after any such instruction, direction, or determination is given or made, and unless such appeal is so taken, such instructions, directions, and determinations shall be final and binding as to the Operating Agents, provided that failure to take such appeal shall not affect either Operating Agent's right to proceed under Article 20 (b) (ii) hereof.

(b) All instructions, directions, and determinations of the Secretary in accordance with the terms of this contract (whether on appeal from the Director or otherwise) shall be complied with by the Operating Agent affected.

(c) A determination by the Secretary under the provisions of Article 24 (b) hereof on the basis of which an order of termination has been entered by the Secretary pursuant to said Article 24 (b) may be the subject of arbitration proceedings pursuant to Article 27 (d) hereof, or court proceedings for injunctive or declaratory relief against such termination may be maintained against the Secretary in the District Court of the United States for the District of Columbia, with the like right of appeal or review as in other like suits or proceedings in said court. Each of the parties hereto hereby agrees that in any such arbitration or court proceedings the record of the hearing held pursuant to the provisions of Article 24 (b) shall constitute the entire evidence to be submitted in such arbitration or court proceedings; but this agreement shall not preclude independent proof of jurisdictional facts, or the admission of evidence as to relevant facts offered but improperly rejected at said hearing. In any such court proceedings, such relief against such termination as the court determines to be appropriate shall be granted, if the Operating Agent sustains the burden of establishing, on the basis of the evidence submitted in such proceedings in accordance with this Article 27 (c), that such termination is unjustified. In any such arbitration or court proceeding the reasonableness or propriety of any program of integration of operations agreed to by the parties, decided on by arbitrators, or determined by the Secretary or his duly authorized representative, pursuant to Article 20 (b) hereof shall not be questioned. Except as in this Article 27 (c) provided, every instruction, direction, or determination of the Secretary (whether on appeal from the Director or otherwise) involving or relating to the interpretation or performance of this contract, or of any amendment or supplement hereto, shall be final and binding as to the Operating Agents and shall not be subject to arbitration proceedings pursuant to Article 27 (d) hereof or to court proceedings. Nothing in this Article 27 shall limit court proceedings against the Secretary, pursuant to the last sentence of Article 24 (d) hereof, for relief against termination of this contract in a manner other than that provided in this contract.

(d) Whenever the parties agree to submit a matter to arbitration, the Operating Agents, or if the matter in dispute affects the right of only one Operating Agent, then such Operating Agent, shall name one arbitrator and the Secretary shall name one arbitrator, and the two arbitrators thus chosen shall meet as soon as practicable thereafter and shall select a third arbitrator, but in the event of their failure to name such third arbitrator within five (5) days after their first

meeting, such third arbitrator shall be named by the Chief Justice of the Supreme Court of the United States. The decision of any two of such arbitrators shall be a valid award of the arbitrators, and shall be final and binding as to the parties hereto.

(e) Every instruction, direction, and determination of the Director or Secretary (whether on appeal from the Director or otherwise) made pursuant to, or relating to the interpretation or performance of, the provisions of this contract or of any amendment hereof or supplement hereto, shall be final and binding as to all allottees and contractors to the same extent as it may be binding upon the Operating Agents; provided, that with respect to any such instruction, direction, or determination which affects the rights of any allottee or contractor under contracts between such allottee or contractor and the United States relating to the Project, such allottee or contractor shall have the right, to the same extent as the Operating Agents, to appeal to the Secretary and to present its views.

Nothing in this Article 27 or elsewhere in this contract contained shall limit or otherwise affect any right that any contractor (including the parties to this contract) has under any other contract heretofore or hereafter executed to the determination of any controversy by arbitration or court proceedings, except that programs of integration of operations shall be agreed upon, decided on, or determined pursuant to Article 20 (b) hereof and other applicable provisions of this contract and not otherwise.

So long as it is an Operating Agent under this contract, the City or Edison Company, as an allottee or as an Operating Agent, shall not question the reasonableness or propriety of a program of integration of operations agreed upon, decided on, or determined pursuant to Article 20 (b) hereof, and shall not question such limitations as may be imposed by such a program upon the taking of energy by the City or Edison Company as an allottee or contractor for electrical energy; but otherwise no requirement under this contract of compliance with instructions, directions, or determinations of the Director or Secretary by such Operating Agent, nor anything in this contract contained, shall preclude either the City or Edison Company, in their respective capacities as allottees or contractors for electrical energy, from making any objection, claim, or assertion of right through arbitration or court proceedings which any other allottee might make under similar conditions, it being the intention of the parties that this contract shall define the rights, powers, and duties of the Operating Agents, as such, without in any manner, excepting by the provisions of Article 20 hereof, affecting their rights, powers, and duties as allottees or contractors for electrical energy.

(f) Neither of the Operating Agents shall be liable in damages, or otherwise, to the other Operating Agent or to any other allottee or

contractor for any damage suffered by reason of any act or thing which under the terms of this contract such Operating Agent is required by the Secretary or the Director to do or perform.

CONTINGENT UPON APPROPRIATIONS

28. This contract is subject to appropriations being made by Congress from time to time of money sufficient to make all payments and to provide for the doing and performance of all things on the part of the United States to be done and performed under the terms hereof, and to there being sufficient moneys available in the Colorado River Dam Fund for such purposes. 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 for such purposes. Anything herein to the contrary notwithstanding, neither of the Operating Agents shall be required to do any act or thing which would result in incurring any costs hereunder if sufficient appropriations have not been made for the payment of compensation based thereon as herein provided; provided, however, that nothing contained in this article shall preclude the Operating Agents, or either of them, from carrying on any work of operation, maintenance or replacements hereunder, in whole or in part, out of funds provided by them, or either of them, or by other allottees, or any of them, in order to prevent interruption of service because of failure of appropriations, subject to the payment of the cost thereof as compensation, if and when authorized by the Congress, unless previously offset by credits, as elsewhere herein provided.

CONTINGENT ON EXECUTION OF ENERGY CONTRACTS AND ON FINAL
EFFECTIVENESS OF ADJUSTMENT ACT

29. This contract shall not become effective unless and until contracts for electrical energy conforming to the provisions of the Adjustment Act shall have been made and entered into between the United States and each of the Operating Agents in their capacities as allottees of such energy, and unless and until the Secretary shall have made the findings required by Section 10 of the Adjustment Act, and the said Adjustment Act shall have taken effect for all purposes pursuant to the provisions of Section 10 thereof, but thereupon this contract shall be fully effective and binding upon the parties hereto; provided, however, that the term of each agency created hereby and operation hereunder shall not begin until the time specified in Article 15 (d) hereof. If the Adjustment Act shall not have taken effect for all purposes prior to June 1, 1941, this contract shall be null, void and of no force or effect.

MODIFICATIONS

30. Any modification, extension, or waiver by the Secretary of any of the terms, provisions, or requirements of this contract, for the benefit of either of the Operating Agents, shall not be denied to the other.

AGREEMENT SUBJECT TO COLORADO RIVER COMPACT

31. This contract is made upon the express condition and the express covenant that all rights hereunder shall be subject to and controlled by the Colorado River Compact, approved by Section 13 (a) of the Project Act, and the parties hereto shall observe and be subject to and controlled by said Colorado River Compact in the construction, management and operation of all works provided for herein, and the storage, diversion, delivery, and use of water hereunder.

NOTICES

32. (a) Any notice, demand or request required or authorized by this contract to be given or made to or upon the United States shall be delivered, or mailed postage prepaid, to the Director of Power, United States Bureau of Reclamation, Boulder City, Nevada, except where, by the terms hereof, the same is to be given or made to or upon the Secretary, in which event it shall be delivered, or mailed postage prepaid, to the Secretary, at Washington, D. C.

(b) Any notice, demand or request required or authorized by this contract to be given or made to or upon the City shall be delivered, or mailed postage prepaid, to the Chief Electrical Engineer of the Bureau of Power and Light, Department of Water and Power, Los Angeles, California.

(c) Any notice, demand or request required or authorized by this contract to be given or made to or upon Edison Company shall be delivered, or mailed postage prepaid, to the Chief Engineer, Southern California Edison Company Ltd., Los Angeles, California.

(d) Any notice, demand or request required or authorized by this contract to be given or made to or upon any allottee or contractor, other than the Operating Agents, shall be delivered, or mailed postage prepaid, to such person and at such address as may be designated in a request for notices which shall have been filed by any such allottee or contractor with the Secretary and a copy of which shall have been furnished to the Operating Agents, and, notwithstanding anything elsewhere in this contract contained, any such allottee or contractor shall be entitled to such notices only if he shall have so filed such request and furnished such copy. If any such allottee or contractor shall fail so to file such request or to furnish such copy, the United

States or either Operating Agent, at its election, may give or make any notice, demand or request required or authorized by this contract to be given or made to or upon such allottee or contractor by delivering the same to any established office of such allottee or contractor, or to any responsible officer of such allottee or contractor, or mailing the same, postage prepaid, to the address of such allottee or contractor last known to the party giving or making such notice, demand or request.

(e) The designation of any person specified in this article or in any such request for notice, or the address of any such person, may be changed at any time by notice given in the same manner as provided in this article for other notices.

PRIORITY OF CLAIMS OF THE UNITED STATES

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

USE OF PUBLIC AND RESERVED LANDS OF THE UNITED STATES

34. The use by the Operating Agents is authorized of such public and reserved lands of the United States as may be designated, from time to time, by the Secretary for camp sites, residences for employees, warehouses, and other uses incident to the operation and maintenance of Boulder Power Plant and the making of replacements thereof.

TITLE TO REMAIN IN UNITED STATES

35. The title to Boulder Dam and reservoir, Boulder Power Plant, and incidental works, shall forever remain in the United States.

DEFINITIONS

36. The terms defined in Section 12 of the Adjustment Act, wherever used herein, shall be understood to have the respective meanings stated in said Adjustment Act, unless otherwise clearly indicated by the context.

EFFECT OF WAIVER OF BREACH OF CONTRACT

37. The waiver of a breach of any of the provisions of this contract shall not be deemed to be a waiver of any provision hereof, or of any other or subsequent breach of any provision hereof.

MEMBER OF CONGRESS CLAUSE

38. 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 herefrom, but this restriction shall not

be construed to extend to this contract if made with a corporation or company for its general benefit.

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

THE UNITED STATES OF AMERICA,
By (S) HAROLD L. ICKES,
Secretary of the Interior.

THE CITY OF LOS ANGELES,
acting by and through its
Board of Water and
Power Commissioners,
[SEAL]

By (S) JAMES B. AGNEW, *President.*

Attest:
(S) JOSEPH L. WILLIAMS,
Secretary.

DEPARTMENT OF WATER
AND POWER OF THE CITY
OF LOS ANGELES, by the
Board of Water and
Power Commissioners,
[SEAL]

By (S) JAMES B. AGNEW, *President.*

Attest:
(S) JOSEPH L. WILLIAMS,
Secretary.

SOUTHERN CALIFORNIA EDISON
COMPANY, LTD.,
[SEAL]

By (S) HARRY J. BAUER, *President.*

Attest:
(S) CLIFTON PETERS,
Secretary.

Approved as to form and legality this 23rd day of May 1941:

RAY L. CHESEBRO,
City Attorney.

By (S) S. B. ROBINSON,
*Chief Assistant City Attorney for
Water and Power.*

Approved as to form, 5/26/41:

G. C. LARKIN,
Asst. General Counsel.

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

BOULDER CANYON PROJECT

ARIZONA—CALIFORNIA—NEVADA

EXHIBIT A TO AGENCY CONTRACT

SPECIFICATIONS OF PROPERTIES OF THE UNITED STATES TO BE OPERATED, MAINTAINED, AND REPLACED BY THE CITY OF LOS ANGELES

OUTLINE

Definitions.

- Part I.—Properties to be Operated by the City:
- A. Generating Machinery, Equipment, and Facilities in the Nevada Wing.
 - B. Generating Machinery, Equipment and Facilities in the Arizona Wing.
 - C. Machinery, Equipment, and Facilities in the Central Section.
 - D. Substations, Switchyards, and Transmission Lines.
 - E. Spare Parts.

Part II.—Common Facilities—Properties to be Operated by the City Which Are Also Necessary for Use in Connection With the Properties to be Operated by the Company:

- A. Machinery, Equipment, and Facilities in the Central Section.

Part III.—General.

EXHIBIT A

SPECIFICATIONS OF PROPERTIES OF THE UNITED STATES
TO BE OPERATED, MAINTAINED, AND REPLACED BY
THE CITY

DEFINITIONS

Wherever the following words occur in this exhibit, they shall have the meanings here given:

(a) The word "Company" means Southern California Edison Company, Ltd.

(b) The word "City" means The City of Los Angeles and its Department of Water and Power.

(c) The word "Operate" means operate, maintain, and make replacements.

(d) The words "Central Section" mean (in general) all that portion of the power plant building founded in the main upon the dam and located between the two powerhouse elevators.

(e) The words "Nevada Wing" mean that portion of the power plant building, exclusive of the central section, located in Nevada.

(f) The words "Arizona Wing" mean that portion of the power plant building, exclusive of the central section, located in Arizona.

(g) The word "joint-use," applied to machinery, equipment, circuits or other facilities, means that the use of such machinery, equipment, circuits or other facilities is required jointly by the Company and the City, or the Company and the United States, or the City and the United States, or the Company, the City, and the United States.

PART I.—PROPERTIES TO BE OPERATED BY THE CITY

A. GENERATING MACHINERY, EQUIPMENT, AND FACILITIES IN THE NEVADA WING

1. Generating Units N1, N2, N3, N4, N5 and N6, complete with all incidental and appurtenant equipment and facilities, including among others, the following principal items:

Main turbine shut-off valves and all appurtenances, including by-pass valves, pipe and fittings;

Inlet pipes from main turbine shut-off valves to main turbine scroll cases;

Main turbines, governors, pressure-regulating valves, and all machinery in connection therewith;

Draft tubes complete, including discharge tubes from pressure-regulating valves, and draft-tube drainage facilities;

Main generators and exciters, including the generator water-cooling systems, housings, stairways, platforms, railings, gratings, and appurtenances installed in connection therewith and all aluminum railings, battens, curbs, and head molds on the generator housings;

Generator-voltage switchgear, including oil circuit breakers, and disconnecting switches;

Generator-voltage lightning arresters and capacitors;

Current and potential transformers, reactors and housings used on main circuits; all generator-voltage conductors, insulators, and supports therefor, including bare and enclosed buses, bus supports, bare and insulated cable, cable clamps, potheads, and fittings;

Neutral oil circuit breakers, reactors, housings and all other equipment and cable in neutral leads of main generators;

Main control equipment, including unit auxiliaries control boards, generator control and excitation cubicles, annunciator systems, including visual and audible signals but excluding the code call and telephone systems, control circuits, cable and fittings;

Battery distribution boards for main control equipment, oil circuit breakers and unit auxiliaries, including the d. c. emergency lighting system supply and control switches.

Lubricating oil, governor oil, and insulating oil systems directly associated with the above-mentioned machinery, including indicators, thermometers, gages, filters, tanks, pumps, piping, valves, fittings and accessories; including the Nevada oil storage facilities, tanks and oil house located in the Nevada Adit at El. 799.66 together with all related pipe, valves, pumps, purifiers, filters, and fire-protection facilities.

All drainage equipment, including appurtenant valves and piping, directly attached to and serving machinery and equipment operated by the City.

2. All power boards and miscellaneous power panels for unit auxiliaries serving generating Units N1, N2, N3, N4, N5, and N6 and appurtenant equipment.

3. All tools accessory to generating Units N1, N2, N3, N4, N5, and N6 and appurtenant equipment.

4. All power and control cables and circuits directly serving generating Units N1, N2, N3, N4, N5, and N6 and appurtenant equipment.

5. All chemical and other fire-extinguishing equipment installed directly for the protection of equipment associated with generating Units N1, N2, N3, N4, N5, and N6, and equipment operated by the City.

6. All compressed air, and water facilities, directly attached to and serving the machinery and equipment operated by the City.

7. All grounding cables used for the grounding of equipment and appurtenances operated by the City, to the point where the grounding cable connects to the permanent grounding system and enters into the building concrete.

B. GENERATING MACHINERY, EQUIPMENT AND FACILITIES IN THE ARIZONA WING

1. Generating Units A1 and A2, when installed, complete with all incidental and appurtenant equipment and facilities, including among others, the following principal items:

Main turbine shut-off valves and all appurtenances, including by-pass valves, pipe and fittings;

Inlet pipes from main turbine shut-off valves to main turbine scroll cases;

Main turbines, governors, pressure regulating valves, and all machinery in connection therewith;

Draft tubes complete including discharge tubes from pressure regulating valves, and draft tube drainage facilities;

Main generators and exciters, including the generator water-cooling systems, housings, stairways, platforms, railings, gratings, and appurtenances installed in connection therewith, and all aluminum railings, battens, curbs, and head molds on the generator housings;

Generator-voltage switchgear, including oil circuit breakers, and disconnecting switches;

Generator-voltage lightning arresters and capacitors;

Current and potential transformers, reactors, and housing used on main circuit; all generator-voltage conductors, insulators,

and supports therefor, including bare and enclosed buses, bus supports, bare and insulated cable, cable clamps, potheads, and fittings;

Neutral oil circuit breakers, reactors, housings, and all other equipment and cable in neutral leads of main generators;

Main control equipment, including unit auxiliary control boards, generator control and excitation cubicles, annunciator systems, including visual and audible signals, but excluding the code call and telephone systems, control circuits, cable and fittings;

Battery distribution boards for main control equipment, oil circuit breakers and unit auxiliaries including the d. c. emergency lighting system supply and control switches, serving Units A1 and A2.

Lubricating oil, governor oil and insulating oil systems directly associated with the above-mentioned machinery, including indicators, thermometers, gages, filters, tanks, pumps, piping, valves, fittings and accessories;

All drainage equipment, including appurtenant valves and piping directly attached to and serving the machinery and equipment operated by the City.

2. All power boards and miscellaneous power panels for unit auxiliaries serving generating Units A1 and A2 and appurtenant equipment.

3. All tools accessory to generating Units A1 and A2, and appurtenant equipment.

4. All power and control cables and circuits directly serving generating Units A1 and A2 and appurtenant equipment.

5. All chemical and other fire extinguishing equipment installed directly for the protection of equipment associated with generating Units A1 and A2 and operated by the City.

6. All compressed air and water facilities serving the foregoing generating Units A1 and A2.

7. All grounding cables used for the grounding of equipment and appurtenances operated by the City to the point where the grounding cable connects to the permanent grounding system and enters into the building concrete.

C. MACHINERY, EQUIPMENT, AND FACILITIES IN THE CENTRAL SECTION

1. 8th Floor—Elevations 743.00 and 750 to 748.6

The main control equipment, including the main control bench boards complete with control switches and instruments, appertaining to the operation or control of, or accessory to, generating Units N1, N2, N3, N4, N5, and N6, A1 and A2, or to any of them;

The auxiliary control boards serving any of the aforesaid generating units;

All control cables and circuits and their appurtenances serving any of the aforesaid generating units;

The "master clock" time and frequency control circuits and equipment complete serving any of the aforesaid generating units.

The carrier-current and other telephone terminal equipment located in the telephone room on the Nevada side of the Central Section and connected with the City's privately owned communication system.

The carrier-current telephone circuit extending from the above-mentioned telephone room to the switchyard operated by the City.

2. 7th Floor—Elevation 730.25

The terminal board facilities and control cables, circuits, and their appurtenances, appertaining to the operation and control of or accessory to generating Units N1, N2, N3, N4, N5, N6, A1, and A2.

The "UL" board exclusive of panels 14 and 15.

3. 6th Floor—Elevation 717.67

All cables, circuits, and their appurtenances located on the 6th floor and serving generating Units N1, N2, N3, N4, N5, N6, A1, and A2, or any of them.

4. Other Floors

All control cables, circuits, and their appurtenances wherever located in the Central Section serving generating Units N1, N2, N3, N4, N5, N6, A1, and A2.

The 16.5 kv main transfer bus, and power cable circuits complete with supports extending across the power house Central Section.

All chemical and other fire extinguishing equipment installed in the Central Section for the protection of any of the machinery, equipment and associated facilities to be operated by the City.

Any and all other machinery, equipment and facilities not hereinabove specifically mentioned, located in the Central Section and installed for use in connection with the operation of the machinery and equipment herein designated for operation by the City, excepting common facilities mentioned in Part II of Exhibit "B."

D. SUBSTATIONS, SWITCHYARDS, AND TRANSMISSION LINES

1. The substations and switchyards at and near Boulder Dam which serve the city and the allottees and contractors (except for the maintenance and the making of replacements of the 33 kv Portal Substation supplying Boulder City) for whom the City is the designated generating agent, complete with all machinery, equipment and appurtenances, including the following principal items:

All relay and oil houses including relay boards, battery and battery chargers, oil piping to oil circuit breakers, and all other appurtenant equipment installed therein and thereon;

The switchyards and the substations, complete with transmission and diverter tower structures, foundations and footings, bare and insulated conductors and cables, insulators, cable clamps, potheads and fittings;

Oil circuit breakers, disconnecting switches, conductors and insulators and supports therefor;

All conduits, cables, fittings and related appurtenances within the fenced areas of such substations and switchyards and fences around the same;

All power supply circuit breakers, switches, control circuits, cables and appurtenant equipment between the power plant building and the switchyards serving the City and the allottees and contractors for whom the City generates energy, including the joint use power supply cables between the power plant building and the City relay house at the switchyard which services the City;

Fills, surfacing and retaining walls within the fenced areas of the switchyards operated by the City;

Switchyard underground grounding system networks located both in Nevada and Arizona serving equipment and facilities operated by the City to the point of attachment to the permanent grounding system at the power plant building;

The overhead ground wire system known as the lightning diverter system, complete with conductors and fittings, steel towers, foundations and footings.

2. The main transformers, transmission lines and power circuits between Generating Units N1, N2, N3, N4, N5, N6, A1, and A2, and between Banks "X" and "Y" and the above-included switchyards and substations, complete with all appurtenant equipment and facilities, including, among others, the following items:

Main power transformers, complete, including the water-cooling systems, gas apparatus, thermometers, indicators, gages, fittings, and accessories;

Fire protection system piping, buses and insulators;

High voltage equipment on power house roof consisting of disconnecting switches, lightning arresters, buses and cables, insulators, roof tower footings and appurtenant electrical circuits.

E. SPARE PARTS

Spare parts, wherever located at the project, designated for the machinery, equipment, and apparatus specified in this Exhibit A to be operated by the City.

PART II.—COMMON FACILITIES—PROPERTIES TO BE OPERATED BY
THE CITY WHICH ARE ALSO NECESSARY FOR USE IN CONNECTION
WITH THE PROPERTIES TO BE OPERATED BY THE COMPANY

A. MACHINERY, EQUIPMENT, AND FACILITIES IN THE CENTRAL SECTION
OF THE POWER HOUSE

1. Station service generating Unit "NO", and station service generator Unit "AO" until such time as said Unit "AO" shall have been connected to permit its use as an independent source of light and power for the Arizona wing of the power house and the related Arizona project works with control located in the Company's control room as provided in Exhibit "B", complete with all incidental and appurtenant equipment and facilities, including among others, the following principal items:

The turbines, the shut-off valves immediately upstream from the needle valves of each of the station service generating units (not including, however, the station service penstock header nor the laterals immediately upstream from said shut-off valves); generators; exciters; lubricating oil system; control bench board and control apparatus complete with control circuits; and the cables connecting said generators to the 2,300-volt switchgear.

2. The 2,300-volt "M" switchgear complete with controls and control cables and buses to the potheads of all outgoing feeders.

3. Power board "K" complete with power and control circuits and equipment therefor, and transformer banks serving said board complete, together with power cables serving such transformer banks from the 2,300-volt "M" switchgear.

4. The station service auxiliary transformer bank and all related equipment and facilities including power cables connecting same to the 2,300-volt "M" switchgear and the City's main 16,500-volt Nevada Wing transfer bus.

5. The 125- and 250-volt station storage batteries, including storage battery control boards and battery charging sets.

6. The clock supply power equipment complete with the "WF" board, except circuits serving machinery operated by the Company.

PART III.—GENERAL

For purposes of clarification there follows a description of properties in the power plant and immediate vicinity which are reserved for operation directly by the United States.

1. All of the power plant building.

2. Power plant lighting system from point where 2,300 volt feeder cables leave the 2,300-volt "M" switchgear and including transformers, low voltage circuits, controls, lighting fixtures, etc., including the

d. c. emergency lighting system from point of attachment to emergency throw-over switches.

3. Power plant heating and ventilating facilities except the generator cooling systems.

4. Power plant sanitary facilities.

5. Power plant compressed air system together with piping to the point of attachment to facilities operated by the City or the Company, including motors and load-side cables, appurtenant circuit breakers, current transformers and control circuits.

6. Power plant domestic and fire protection water systems including showers, and lavatory and toilet facilities.

7. All fire protection facilities except those directly attached to, or exclusively provided for, the protection of generating equipment and appurtenances, station power transformer vaults, high voltage transformers and oil storage and handling systems.

8. All elevators and appurtenant equipment.

9. All cranes and hoists including electrical circuits and control in connection therewith.

10. Electrical testing and standardization laboratories, including the high-potential test sets for generator and cable testing and equipment for generator testing.

11. Photographic dark room.

12. Machine shop and pipe shop including all machine tools, transfer cars, tool rooms, etc.

13. The control circuit tunnel between the City switchyard and the power house including cable trays and supports, hoist house complete with hoisting facilities.

14. All lighting, test, communication and code call circuits, exclusive of carrier current circuits.

15. All draft tube bulkhead gates.

16. Bulkhead gate gantry cranes, main transformer transfer car and gasoline tractor.

17. Automatic and manual telephone equipment exclusive of carrier current equipment.

18. All construction materials, equipment, and facilities.

19. The station service penstock header and valves and station service unit laterals to, but exclusive of, the shut-off valves immediately upstream from the needle valves of each of the station service generating units.

20. All dam and penstock lighting and power circuits from, but exclusive of, the 2,300-volt "M" switchgear.

21. Station service boards "E" and "F" on the second floor (Elevation 643) of the Central Section, transformer banks serving said boards complete, together with power cables serving such transformer banks from the 2,300-volt "M" switchgear.

22. The permanent grounding system, consisting of the grounding mats and connections under the forebay, dam, tailrace and power plant building, the imbedded network throughout the power plant building up to the point of emergence from the building concrete.

23. Roads, fills, and surfacing in the vicinity of the switch-yard areas but exclusive of those located within the fenced areas surrounding equipment operated by the City or the Company, and exclusive of access roads to transmission or diverter towers operated by the City or the Company.

24. All other machinery, equipment and facilities not designated in Exhibit A as property to be operated by the City or in Exhibit B as property to be operated by the Company.

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
BOULDER CANYON PROJECT
ARIZONA-CALIFORNIA-NEVADA

EXHIBIT B TO AGENCY CONTRACT

SPECIFICATIONS OF PROPERTIES OF THE UNITED STATES TO BE OPERATED, MAINTAINED, AND REPLACED BY THE SOUTHERN CALIFORNIA EDISON COMPANY, LTD.

OUTLINE

Definitions.

Part I—Properties to be operated by the Company:
A. Generating Machinery, Equipment, and Facilities in the Arizona Wing.
B. Machinery, Equipment, and Facilities in the Central Section.
C. Substations, Switchyards, and Transmission Lines.
D. Spare Parts.

Part II—Common Facilities—Properties to be Operated by the Company Which Are Also Necessary for use in Connection With the Properties to be Operated by the City:
A. Machinery, Equipment, and Facilities in the Central Section.

Part III—General.

EXHIBIT B

SPECIFICATIONS OF PROPERTIES OF THE UNITED STATES
TO BE OPERATED, MAINTAINED, AND REPLACED BY
THE COMPANY

DEFINITIONS

Wherever the following words occur in this exhibit, they shall have the meanings here given:

(a) The word "Company" means Southern California Edison Company Ltd.

(b) The word "City" means The City of Los Angeles and its Department of Water and Power.

(c) The word "Operate" means operate, maintain, and make replacements.

(d) The words "Central Section" mean (in general) all that portion of the power plant building founded in the main upon the dam, and located between the two powerhouse elevators.

(e) The words "Nevada Wing" mean that portion of the power plant building exclusive of the central section located in Nevada.

(f) The words "Arizona Wing" mean that portion of the power plant building exclusive of the central section located in Arizona.

(g) The word "joint-use"; applied to machinery, equipment, circuits, or other facilities, means that the use of such machinery, equipment, circuits, or other facilities is required jointly by the Company and the City, or the Company and the United States, or the City and the United States, or the Company, the City, and the United States.

PART I.—PROPERTIES TO BE OPERATED BY THE COMPANY

A. GENERATING MACHINERY, EQUIPMENT, AND FACILITIES IN THE ARIZONA WING

1. Generating units A6, A7, and A8, and, when installed, generating unit A5, complete with all incidental and appurtenant equipment and facilities, including among others, the following principal items:

Main turbine shut-off valves and all appurtenances, including by-pass valves, pipe, and fittings;

Inlet pipes from main turbine shut-off valves to main turbine scroll cases;

Main turbines, governors, pressure-regulating valves, and all machinery in connection therewith;

Draft tubes complete, including discharge tubes from pressure-regulating valves and draft-tube drainage facilities;

Main generators and exciters, including the generator water-cooling systems, housings, stairways, platforms, railings, gratings, and appurtenances installed in connection therewith, and all aluminum railings, battens, curbs, and head molds on generator housings;

Generator-voltage switchgear, including oil circuit breakers, and disconnecting switches;

Generator-voltage lightning arresters and capacitors;

Current and potential transformers and housings used on main circuits; all generator-voltage conductors, insulators, and supports therefor, including bare and enclosed buses, bus supports, bare and insulated cable, cable clamps, potheads, and fittings;

Ground detectors and all other equipment and cable in neutral leads of main generators;

Main control equipment including unit auxiliary control boards, terminal boards, generator control and excitation cubicles, annunciator systems, including visual and audible signals but excluding the code call and telephone systems, control circuits, cable and fittings; battery distribution boards for main control equipment, oil circuit breakers and unit auxiliaries, including the d. c. emergency lighting system supply and control switches serving units A-5, A-6, A-7, and A-8.

Lubricating oil, governor oil, and insulating oil systems directly associated with the above-mentioned machinery, including indicators, thermometers, gages, filters, tanks, pumps, piping, valves, fittings and accessories; including the Arizona oil storage facilities, tanks and oil house located in the Arizona Adit at El. 799.62, together with all related pipe, valves, pumps, purifiers, filters and fire protection facilities.

All drainage equipment, including appurtenant valves and piping, directly attached to and serving machinery and equipment operated by the Company.

2. All power boards and miscellaneous power panels for unit auxiliaries serving generating units A5, A6, A7, and A8 and appurtenant equipment.

3. All tools accessory to generating units A5, A6, A7, and A8 and appurtenant equipment.

4. All power and control cables and circuits directly serving generating units A5, A6, A7, and A8 and appurtenant equipment.

5. All chemical and other fire-extinguishing equipment installed directly for the protection of equipment associated with generating units A5, A6, A7, and A8 and equipment operated by the Company.

6. All compressed air, and water facilities, directly attached to and serving the machinery and equipment operated by the Company.

7. All grounding cables used for the grounding of equipment and appurtenances operated by the Company, to the point where the grounding cable connects to the permanent grounding system and enters into the building concrete.

B. MACHINERY, EQUIPMENT, AND FACILITIES IN THE CENTRAL SECTION

1. 8th Floor—Elevations 743.00 and 750 to 748.6

The main control equipment, including the main control bench boards complete with control switches and instruments, appertaining to the operation or control of, or accessory to, generating units A5, A6, A7, and A8, or to any of them;

The auxiliary control boards serving any of the aforesaid generating units;

All control cables and circuits and their appurtenances serving any of the aforesaid generating units;

The "master clock" time control circuits and equipment complete serving any of the aforesaid generating units;

The carrier-current and other telephone terminal equipment located in the telephone room on the Nevada side of the Central Section and connected with the Company's privately owned communication system;

The carrier-current telephone circuit extending from the above-mentioned telephone room to the switchyard operated by the Company.

2. 7th Floor—Elevation 730.25

The terminal board facilities and all control cables, circuits, and their appurtenances, appertaining to the operation and control of or accessory to generating units A5, A6, A7, and A8;

Panels 14 and 15 of the "UL" board;

3. 6th Floor—Elevation 717.67

All cables, circuits, and their appurtenances located on the 6th floor and serving generating units A5, A6, A7, and A8, or any of them.

4. Other Floors

All control cables, circuits, and their appurtenances, wherever located in the Central Section, serving generating units A5, A6, A7, and A8;

All chemical and other fire-extinguishing equipment installed in the Central Section for the protection of any of the machinery, equipment, and associated facilities to be operated by the Company;

Any and all other machinery, equipment, and facilities, not herein above specifically mentioned, located in the Central Section and installed for use in connection with the operation of the machinery and equipment herein designated for operation by the Company, excepting common facilities mentioned in A of Part II of Exhibit "A".

C. SUBSTATIONS, SWITCHYARDS, AND TRANSMISSION LINES

1. The switchyards at and near Boulder Dam which serve the Company and the allottees and contractors, for whom the Company is designated generating agent, complete with all machinery, equipment, and appurtenances, including the following principal items:

All relay and oil houses including relay boards, battery, and battery chargers, oil piping to oil circuit breakers and all other appurtenant equipment installed therein and thereon;

The switchyards complete with transmission tower structures, foundations and footings, bare and insulated conductors and cables, insulators, cable clamps, potheads, and fittings;

Oil circuit breakers, disconnecting switches, conductors and insulators and supports therefor;

All conduits, cables, fittings, and related appurtenances within the fenced areas of such switchyards, and fences around the same;

All power supply and control circuits and cables between the power-plant building and the switchyards serving the Company and the allottees and contractors for whom the Company generates energy, excluding however, the joint-use power supply cables between the power plant building and the City relay house at the switchyard which serves the City;

Fills, surfacing and retaining walls within the fenced areas of the switchyards operated by the Company;

Switchyard underground grounding system networks located both in Nevada and Arizona serving equipment and facilities operated by the Company, to the point of attachment to the permanent grounding system at the power-plant building.

2. The main transformers and transmission lines between generating units A5, A6, A7, and A8 and the above-included switchyards, complete with all appurtenant equipment and facilities, including among others, the following items:

Main power transformers complete, including the forced oil-cooling system, gas apparatus, thermometers, indicators, gages, fittings and accessories;

Pumps and heat exchangers;

Fire protection system piping, buses, and insulators;

Petersen coil;

High-voltage equipment on powerhouse roof consisting of disconnecting switches, lightning arresters, buses and cables, insulators, roof tower footings, and appurtenant electrical circuits;

The transmission tie line between the Company's and the Metropolitan Water District's switchracks.

D. SPARE PARTS

1. Spare parts, wherever located at the project, designated for the machinery, equipment, and apparatus specified in this Exhibit "B" to be operated by the Company.

PART II.—COMMON FACILITIES—PROPERTIES TO BE OPERATED BY THE COMPANY WHICH ARE ALSO NECESSARY FOR USE IN CONNECTION WITH PROPERTIES TO BE OPERATED BY THE CITY

A. MACHINERY, EQUIPMENT, AND FACILITIES IN THE CENTRAL SECTION OF THE POWERHOUSE

1. Station-service generating unit "AO", when that generator shall have been connected to permit its operation and use by the Company as an independent source of light and power for the Arizona wing of

the powerhouse and the related Arizona project works, such generating unit to include the turbines; the shutoff valves immediately upstream from the needle valves (but exclusive of the laterals from the station-service header to such valves and the station-service headers); generator; exciter; lubricating-oil system; control apparatus; and the circuit and switchgear connecting such generator to the Arizona section of the "M" switchgear and buses; that portion of the "M" switchgear and buses which will serve the Arizona side of the powerhouse; the control board serving such facilities; and such separate batteries, charging sets and controls for same, emergency service transformer banks, and other facilities as may be installed for use in connection with the operation of generating unit "AO" and in supplying light and power to the Arizona wing and related Arizona project works.

Such other and additional equipment and facilities as shall hereafter be installed for or in connection with the operation by the Company of Station Service generator "AO."

2. Power control board "L" complete with the power and the control circuits and equipment therefor; the transformer banks serving such board, and the leads from such transformer banks to the load side of the "M" switchgear breakers, excluding however all load-side cables, appurtenant circuit breakers and current transformers serving generating machinery which is to be operated by the City.

3. Clock supply circuits serving the machinery operated by the Company.

PART III.—GENERAL

For purposes of clarification the description of properties in the power plant and immediate vicinity which are reserved for operation directly by the United States as contained in Part III of Exhibit A shall be understood as also applying to this Exhibit B.

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF RECLAMATION

EXHIBIT 2 TO AGENCY CONTRACT

BOULDER CANYON PROJECT

GENERAL REGULATIONS FOR GENERATION AND SALE OF POWER IN ACCORDANCE WITH THE BOULDER CANYON PROJECT ADJUSTMENT ACT

(NOTE.—Printed in full herein as Appendix 901.)