

Appendix 1204

**RELATED PROJECTS: PARKER DAM
"POWER PLANT" CONTRACT, APRIL 7, 1939**

UNITED STATES DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

PARKER DAM PROJECT

ARIZONA-CALIFORNIA

**SUPPLEMENTAL CONTRACT FOR CONSTRUCTION OF POWER PLANT AT
PARKER DAM**

1. THIS SUPPLEMENTAL CONTRACT, made this 7th day of April, nineteen hundred thirty-nine, 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 August 30, 1935 (49 Stat. 1028, 1039), entitled "An Act authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes," and authority vested in the Secretary thereunder by the President; and the Metropolitan Water District Act of the Legislature of the State of California (Stats. 1927, Ch. 429, as amended), between THE UNITED STATES OF AMERICA, hereinafter referred to as the United States, acting for this purpose by Harry Slattery, Under Secretary of the Interior, hereinafter styled the Secretary, and THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation organized and existing under and by virtue of the laws of the State of California, hereinafter referred to as the District;

Witnesseth:

EXPLANATORY RECITALS

2. Whereas the United States and the District, under date of February 10, 1933, entered into a contract (symbol and number Ilr-712) for the cooperative construction of Parker Dam, providing, among other things, that each party shall have the right, under the conditions therein stated, to one-half the power privileges created by the construction of said dam; and

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3. Whereas the United States and the District under date of September 29, 1936, entered into a supplemental contract (symbol and number Ilr-712) for the construction of forebay and power plant substructure at Parker Dam; and

4. Whereas, in order to utilize the power privilege at Parker Dam and thereby make low cost electric energy available for irrigation pumping on the Gila project and on the Colorado River Indian Reservation and to provide additional power and electric energy to meet the requirements of the Salt River Project, the United States desires to build the power plant at Parker Dam; and

5. Whereas contracts have been negotiated between the United States and the Salt River Valley Water Users' Association and the Central Arizona Light and Power Company, for electric power and energy from a power plant at Parker Dam, hereinafter referred to as Parker power plant, which will assure revenues sufficient to make the Parker power plant a self-liquidating project; and

6. Whereas it is mutually desired to make certain amendments and additions to the said contract dated February 10, 1933, as amended, to remove the restriction as to use and disposition by the United States of power and electric energy from Parker power plant;

7. Now, therefore, in consideration of the mutual covenants herein contained, the parties hereto agree as follows, to wit:

MODIFICATION OF CONTRACTS OF FEBRUARY 10, 1933, AND SEPTEMBER 29, 1936

8. [Article 8 cancels subdivisions (a), (b), and (c) of Article 11 and all of Article 12, of the Contract of September 29, 1936; and also amends subdivisions (b) and (c) of Paragraph II and subdivision (a) of Paragraph III of Article 15 of the Contract of February 10, 1933. The changes so made are noted in the texts of the said contracts heretofore set out and are not repeated here.]

CONSTRUCTION OF PARKER POWER PLANT

9. The United States will, and the District agrees that it may, complete the construction of a hydroelectric power plant at Parker Dam, including forebay, four penstocks and headgates, and incidental structures, including power plant building adequate for an ultimate installation of four main generating units, and the United States will and the District agrees that it may install initially three generating units therein in positions designated as Units Nos. 1 to 3, inclusive, on Drawing 231-D-274, attached to and made part of the aforesaid contract of September 29, 1936, together with all necessary auxiliary equipment and apparatus such as step-up transformers, switchboards and control equipment, crane, machine shop, and other essential mis-

cellaneous equipment. It is further agreed that the installation of the generating units shall be in such order, that generating Unit No. 3 shall be ready for actual operation at a date (at least) not later than the date when either generating Unit No. 1 or No. 2 is so ready for operation. Each turbine shall have a capacity of not less than five thousand (5,000) cubic feet per second and each generator shall have a capacity of not less than thirty thousand (30,000) kilovolt-amperes.

The United States shall have the right, which it may exercise at any time prior to installation thereof by the District, to install generating Unit No. 4 in Parker power plant and shall have the right to use said generating Units Nos. 3 and 4 subject to the provisions hereof. At any time when the United States has the use of generating Units Nos. 3 and 4, or either of them, it shall also have the right to use in each of said generating units a proportionate part of the water available for power purposes at Parker Dam on the basis of the total number of generating units then in operation.

PREPARATION OF DESIGNS

10. Designs and specifications for all work under this contract will be prepared by the United States with the cooperation of and subject to the approval of the District. The power plant shall be designed to develop in the most practical and efficient manner the power requirements of both parties with full consideration of the rights of both parties to utilize one-half the power available as provided in the contract of February 10, 1933, amended as aforesaid.

OPERATION OF POWER PLANT

10. (a) [NOTE.—As amended by Supplemental Contract of July 10, 1942.]

The power plant will be operated and maintained by the United States so as to produce power and energy for both the United States and the District at the lowest practicable cost, insofar as the available water and installed generating equipment will permit.

During the period that the United States retains exclusive use and benefit of all units installed in the power plant, operation and maintenance costs of Parker Dam and Power Plant, including replacements of machinery, shall be paid by the United States.

After the exclusive use and benefit of either or both Units No. 3 and No. 4 shall have been transferred to the District, the cost of operation and maintenance of the power plant, including replacements of machinery, shall be allocated to the United States and the District in proportion to the number of units operated for the exclusive use and benefit of each party. The District's share of such cost of oper-

ation and maintenance shall be paid monthly through credits provided in Article 12 hereof, or if such credits shall be insufficient, the balance shall be paid monthly by the District to the United States within sixty (60) days after submission of bills therefor. The costs of operation and maintenance of the dam during such last-mentioned period will be controlled by Article 17 of the contract dated February 10, 1933, except that the District's share of such costs shall be paid monthly by the District to the United States within sixty (60) days after the submission of bills therefor.

ALLOCATION OF COST OF PARKER POWER PLANT AND INCIDENTAL
WORKS

11. For the purposes of this contract the cost of the Parker power plant and incidental works, except the cost of works constructed under the said contracts of February 10, 1933 and September 29, 1936, shall be divided into four (4) principal groups, as follows:

- Group (a)* shall include the complete power plant building, trash-rack structure, forebay, four penstocks including head-gates and all common station machinery and equipment such as power house crane, sump pumps, air compressors, machine shop equipment and tools.
- Group (b)* shall include generating units numbers 1, 2, and 3, including turbines and governors, generators and exciters, step-up transformers, switchboards and control equipment and all auxiliary machinery and equipment and spare parts directly associated with generating units Nos. 1, 2, and 3.
- Group (c)* shall include the high-voltage switching station serving the Parker-Gila and Parker-Phoenix transmission lines, the Parker-Gila and Parker-Phoenix transmission lines and the Terminal Substation at Phoenix.
- Group (d)* shall include the high-voltage switching station and facilities provided for inter-connection between the Parker power plant and the power transmission system of the District.

The cost of the Parker power plant and incidental works, including the initial installation of generating Units Nos. 1 to 3, inclusive, shall be allocated as between the United States and the District as follows:

- To the United States:* One-half ($\frac{1}{2}$) of the cost of Group (a);
Two-thirds ($\frac{2}{3}$) of the cost of Group (b);
All of the cost of Group (c).
- To the District:* One-half ($\frac{1}{2}$) of the cost of Group (a);
One-third ($\frac{1}{3}$) of the cost of Group (b);
All of the cost of Group (d).

In the event the United States installs generating Unit No. 4, the cost thereof, including the cost of all auxiliary machinery and equipment and spare parts directly associated therewith, shall be allocated to the District.

AMORTIZATION OF DISTRICT'S PART OF COST OF PARKER POWER PLANT

12. [NOTE.—As amended by Supplemental Contract of July 10, 1942:]

During the period that the United States retains the exclusive use and benefit of either or both of Units No. 3 and No. 4, the United States shall credit to the District Four Hundred Seventy-five Dollars (\$475.00) per day for each unit the exclusive use and benefit of which is retained by the United States. Credits for one unit shall commence as of the date the second unit in the Parker Power Plant is placed in regular operation. Credits for two units shall commence as of the date the fourth unit in Parker Power Plant is placed in regular operation. The said sum shall be applied, (1) to the payment of the costs of operation and maintenance, if any, allocated to the District, and (2) to amortization with interest at the rate of four (4) percent per annum of the District's part of the cost of Parker Power Plant and incidental works, as defined in Article 11 hereof, and thereafter said sums shall be credited on any charges due and owing to the United States from the District, or shall be paid to the District.

TRANSFER OF USE OF GENERATING EQUIPMENT TO DISTRICT

13. [NOTE.—As amended by Supplemental Contract of July 10, 1942:]

The District shall have the right at any time after ten (10) years from the date when electric energy is first delivered from the Parker Power Plant over the Parker-Phoenix transmission line of the United States, and upon twenty-five (25) months' prior written notice to the United States, to have the exclusive use and benefit of generating Unit No. 3 and/or No. 4 transferred to the District; provided, that in the event generating Unit No. 4 has not theretofore been installed by the United States, as a condition precedent to the exercise of this right the District shall first install in Parker Power Plant, at its own expense, said generating Unit No. 4; and, further, provided that the District shall then be using all of its allotment of firm energy at Boulder Dam for pumping water into and in its aqueduct, except such part of its firm energy unused by the District and sold for its benefit at the rate for firm energy. In the event that the District elects to take over the exclusive use and benefit of either or both Units No. 3 and No. 4, before the part of the cost of the Parker Power Plant and incidental works allocated to the District, as provided in Article 11 hereof, has been completely amortized, as provided in Article 12 hereof, the District shall pay to the United States prior to the transfer of said generating equipment to the District, that portion of such costs then remaining unamortized, provided, that (1) expenditures for replacements shall not be included in such costs, and, (2) the District shall

not be liable for any accrued unpaid interest on such cost. The United States may at its option discontinue the use of generating Unit No. 3 and/or No. 4 at any time after amortization of the total cost of Parker Power Plant allocated to and not theretofore paid by the District as herein elsewhere provided and transfer the exclusive use and benefit thereof to the District.

14. The District may, if it so elects, proceed at any time with the installation of its said generating Unit No. 4.

15. The right of the United States to generate energy at Parker Power Plant shall not be delegated or assigned without approval of the District.

EFFECT ON OTHER CONTRACTS

16. In all other respects the provisions of said contracts of dates February 10, 1933, and September 29, 1936, shall remain unaffected by the provisions hereof.

TITLE TO REMAIN IN UNITED STATES

17. Title to Parker power plant and all works, machinery, and equipment installed therein shall be and remain in the United States until otherwise provided by Congress.

CONTRACT CONTINGENT UPON APPROPRIATIONS

18. This contract is subject to appropriations being made by Congress from year to year of moneys sufficient to do the work provided for herein and to there being sufficient moneys available in the Reclamation Fund to permit allotments to be made for the performance of such work. No liability shall accrue against the United States, its officers, agents or employees, by reason of sufficient moneys not being so appropriated nor on account of there not being sufficient moneys in the Reclamation Fund to permit of said allotments.

OFFICIALS NOT TO BENEFIT

19. 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 supplemental contract to be executed the day and year first above written.

THE UNITED STATES OF AMERICA,
By HARRY SLATTERY,
Under Secretary of the Interior.

THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA,
By F. E. WEYMOUTH,
General Manager and Chief Engineer.

Approved as to form:

JAMES H. HOWARD,
General Counsel.

Attest:

A. L. GRAM,
*Executive Secretary of The Metropolitan Water District of
Southern California.*

[SEAL]

[Resolution omitted.]