Appendix 910

POWER CONTRACTS:

SOUTHERN CALIFORNIA EDISON CO., LTD., MAY 29, 1941

(Exhibits 1 and 2 omitted)

Symbol Ilr–1335

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

BOULDER CANYON PROJECT
ARIZONA-CALIFORNIA-NEVADA

THE UNITED STATES OF AMERICA AND SOUTHERN CALIFORNIA EDISON COMPANY LTD.

CONTRACT FOR THE SALE OF ELECTRICAL ENERGY

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 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 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 SOUTHERN CALIFORNIA EDISON COMPANY LTD., a corporation organized and existing under the laws of the State of California (hereinafter referred to as "Edison Company");

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, Edison Company and The City of Los Angeles and its Department of Water and Power (hereinafter collectively referred to as "the City"), which contract was thereafter amended by two certain contracts between the same parties, dated May 28, 1930, and Sepetmber 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 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 Adjustment Act it is provided, among other things, 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, and that the Secretary, in consideration of such termination of the Lease, is authorized to designate the City and Edison Company as the agents of the United States for the operation of the Boulder Power Plant; and

4. Whereas, under date of May 29, 1941, the United States and the City and Edison Company (hereinafter collectively referred to as "Operating Agents") have executed a contract designated "Contract for the Operation of Boulder Power Plant," a copy of which said contract is attached hereto, marked "Exhibit 1"; and

5. Whereas, under date of May 20, 1941, the Secretary approved and promulgated "General Regulations for Generation and Sale of Power in Accordance with the Boulder Canyon Project Adjustment Act," a copy of which is attached hereto, marked "Exhibit 2";

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

REGULATIONS AND AGENCY CONTRACT

7. (a) This contract is subject to all the terms and provisions of Exhibit 2 hereof which is hereby made a part hereof as fully and completely as though set out herein at length, and this contract is subject to such other rules and regulations as hereafter may be promulgated by the Secretary pursuant to law and to Article 27 of Exhibit 2 hereof.

(b) Edison Company hereby consents that the United States shall, and the United States agrees that it shall, cause the energy agreed to be delivered hereunder to be generated and delivered in accordance with the provisions of Exhibit 1; and the parties hereto agree that the rights and obligations of Edison Company under this contract shall be controlled by the provisions of Exhibit 1 to the extent that such provisions are applicable to Edison Company as an allottee or contractor for electrical energy; provided, however, that in the event that such Exhibit 1 shall be terminated as to either or both of the Operating Agents therein named, the United States thereafter shall itself generate and deliver the energy agreed by the United States to be generated and delivered through the agent or agents as to which said Exhibit 1 shall have been terminated.

DELIVERY OF ENERGY

8. (a) The United States agrees to deliver at transmission voltage at Boulder Power Plant, and Edison Company agrees to take and/or pay for, electrical energy in accordance with the provisions of Article 7 hereof, for the period from the effective date of this contract to May 31, 1987, inclusive, in accordance with the allocation of energy contained in Exhibit 2.

(b) Sections G–4 and G–6 and T–4 and T–6, described in Exhibit 2, shall be used solely for the service of Edison Company and the United States, subject to Article 15 of Exhibit 1 and Article 20 of Exhibit 2.

DELIVERY OF WATER FOR GENERATION OF ELECTRICAL ENERGY

9. (a) Subject to—

(i) 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; and

(ii) the further statutory requirement that this contract is made upon the express condition and with the express covenant that the rights of Edison Company, as a contractor for electrical energy, to the use of the waters of the Colorado River, or its tributaries, shall be subject to and controlled by the Colorado River Compact;

the United States will deliver water in the quantity, in the manner, and at the times necessary for the generation of the energy to which Edison Company is entitled under this contract, in accordance with the provisions of Article 20 of Exhibit 1 hereof, entitled "Integration of Operations." If Exhibit 1 should be terminated as to Edison Company prior to the termination of this contract, the United States will itself generate and deliver energy, subject to (i) and (ii) above, in the manner required by this contract, in the quantity to which Edison Company is entitled hereunder, and in accordance with Edison Company's load requirements.

(b) The United States reserves the right temporarily to discontinue or reduce the delivery of water for the generation of electrical energy at any time for the purpose of maintenance, repairs and/or replacements, or installation of equipment, at the Project, and for investigations and inspections necessary thereto; provided, however, that the United States shall, except in case of emergency, give to Edison Company reasonable notice in advance of such temporary discontinuance or reduction, and that the United States shall make such inspections and perform such maintenance and repair work, after consultation with Edison Company, at such times and in such manner, consistent with any program of integrated operations established under the provisions of Article 20 of Exhibit 1 hereof, as to cause the least inconvenience to Edison Company, and that the United States shall prosecute such work with diligence, and, without unnecessary delay, resume delivery of water so discontinued or reduced.

(c) Should the delivery of water, for any reason or cause, other than any act or omission of Edison Company, be discontinued or reduced below the amount required for the generation of firm energy in accordance with the provisions of this contract, the total number of hours of such discontinuance or reduction in any year shall be determined by taking the sum of the number of hours during which the delivery of water is totally discontinued, plus the product of the number of hours during which the delivery of water is partially reduced and the percentage of said partial reduction below the actual quantity of water required for generation of firm energy. Total or partial reductions in the delivery of water which do not reduce the power output below the amount required at the time for generation of firm energy under any program of integrated operations established under Article 20 of Exhibit 1 hereof, or, if Exhibit 1 be terminated as to Edison Company, below the amount required at the time for Edison Company's load requirements, will not be considered in determining the total hours of discontinuance in any year. The minimum annual payment specified in Article 13 hereof shall be reduced by the ratio that the total number of hours of such discontinuance bears to eight thousand seven hundred sixty (8,760).

(d) In no event shall any liability accrue against the United States, its officers, agents and/or employees, for any damage, direct or indirect, arising on account of drought, hostile diversion, Act of God, or the public enemy, or other similar cause; nevertheless interruptions in delivery of water occasioned by such causes shall be governed as provided in this Article 9. In the event of shortage of electrical energy at Boulder Power Plant due to shortage of water, the available electrical energy shall be prorated among all allottees concerned, on the basis of their respective obligations to take and/or pay for firm energy in the year of operation in which the shortage occurs.

MEASUREMENT OF ENERGY

10. All electrical energy shall be measured at generator voltage. Suitable correction shall be made in the amounts of energy as measured at generator voltage to cover station losses, including (a) step-up transformer losses, (b) a proper proportion of energy used for operation of station auxiliaries and (c) a proper proportion of energy used by the United States for the construction and operation and maintenance of Boulder Dam and appurtenant works, exclusive of Boulder City, as provided in Article 4 (a) of Exhibit 2. The testing of meters and calibration of testing equipment shall be in accordance with Article 19 of Exhibit 1. If said exhibit should be terminated the same provisions shall apply as nearly as may be. The electrical energy delivered hereunder during any period in which the meters furnished to measure such electrical energy fail to register shall, for billing purposes, be estimated from the best information available.

ENERGY RATES AND GENERATING CHARGES

11. The rates and charges to be paid by Edison Company for electrical energy under this contract shall be in accordance with those specified in Exhibit 2. The right of Edison Company to take energy at the rate for secondary energy shall not be impaired by reason of the fact that another allottee has not discharged its obligation to pay for energy at the firm rate.

BILLING AND PAYMENTS

12. (a) Edison Company shall pay monthly for electrical energy and for the generation thereof in accordance with the energy rates and generating charges specified in Exhibit 2. When energy taken in any month is not in excess of one-twelfth (1/12) of the minimum annual obligation to take and/or pay for firm energy, the energy bill for such month shall be computed at the rate for firm energy in effect when such energy was taken on the basis of the actual amount of energy used during such month. All energy used during any month in excess of one-twelfth (1/12) of such minimum annual obligation for firm energy shall be paid for at the rate for secondary energy in effect when such energy was taken; provided, however, that the secondary rate shall not apply to any energy taken during any month unless and until an amount of energy equivalent to one-twelfth (1/12) of such minimum annual obligation for firm energy has been taken for all months, beginning with the month of June immediately preceding; provided, however, that the bill for energy for the month of May of each year shall not be less than the difference between the minimum annual energy payment, as provided in Article 13, hereof, and the sum

of the amounts charged for firm energy during the preceding eleven months, but in no event shall the sum of the amounts charged for energy for any year of operation exceed the product of the minimum quantity of firm energy which Edison Company is obligated to take and/or pay for in such year of operation and the firm energy rate; plus the product of the quantity of energy taken by Edison Company in such year of operation in excess of its firm energy obligation and the secondary energy rate. In computing the energy bill for each month, a credit will be allowed for generating charges for energy generated by Edison Company (as Operating Agent) for the United States out of the energy reserved for it, exclusive of the energy classed as station losses as provided in Article 4 (a) of Exhibit 2, and energy charges at the firm energy rate for one-half of such energy furnished to the United States. The United States will submit bills to Edison Company by the tenth of each month immediately following the month during which the energy was generated, and payments shall be due on the first day of the month immediately succeeding. If such charges (less proper and applicable credits) are not paid when due an interest charge of one per centum (1%) of the amount unpaid shall be added thereto, and thereafter an additional interset charge of one per centum (1%) of the principal sum unpaid shall be added on the first day of each succeeding calendar month until the amount due, including such interest, is paid in full, but nothing contained in this article shall be construed as in any manner abridging, limiting, or depriving the United States of any means of enforcing any remedy either at law or in equity for the breach of any of the provisions hereof which it would otherwise have.

(b) In accordance with the provisions of Section 4 (b) of the Adjustment Act, in the event payments to the States of Arizona and Nevada, or either of them, under Section 2 (c) of the Adjustment Act, shall be reduced by reason of the collection of taxes mentioned in said section, adjustments shall be made, from time to time, with each allottee which shall have paid any such taxes, by credits or otherwise, for that proportion of the amount of such reductions which the amount of the payments of such taxes by such allottee bears to the total amount of such taxes collected.

MINIMUM ANNUAL PAYMENTS

13. (a) The minimum quantity of firm energy which Edison Company shall take and/or pay for at firm energy rates in each year of operation under the terms of this contract shall be 21.1510 per centum of all firm energy as defined in Article 3 of Exhibit 2; except as reduced by one-half of the amount of firm energy furnished to the United States out of energy reserved to it as provided in Article 4 (a) of Exhibit 2 and by 40% of the amounts of firm energy contracted

for or taken (whichever is the greater) by others as provided in Article 4 (b) of Exhibit 2. The minimum annual energy payment shall be reduced in case of interruptions or curtailment of delivery of water as provided in Article 9 hereof; provided, however, that if Edison Company has used during such year of operation less water than that available to it under any program of integration of operations agreed upon, decided on or determined under Article 20 of Exhibit 1, such nonuse of available water shall be considered as an offset insofar as possible against any reduction in the minimum annual payment due to interruptions or curtailment of delivery of water. If it becomes necessary to determine the number of kilowatt-hours of energy involved by reason of such nonuse of available water, such kilowatt-hours shall be computed on the basis of water being converted into electrical energy at the average over-all efficiency attained by the entire Boulder Power Plant during such year of operation.

(b) *Absorption period:* In order to afford a reasonable time for Edison Company to absorb the energy contracted for, in determining the minimum annual payments for energy charges for firm energy for the two years of operation ending May 31, 1942, and May 31, 1943, the number of kilowatt-hours of firm energy which Edison Company is obligated to take and/or pay for in each of said years of operation shall be reduced to the following amounts:

Year of operation ending May 31, 1942, 635,898,893 kw-hrs.

Year of operation ending May 31, 1943, 770,588,038 kw-hrs.

Provided, That said amounts shall be reduced by one-half of the amount of firm energy furnished to the United States out of energy reserved to it as provided in Article 4 (a) of Exhibit 2 and by 28% and 34%, respectively, of the amounts of firm energy contracted for or taken (whichever is the greater) by others in each of said years of operation as provided in Article 4 (b) of Exhibit 2; provided, further, that the minimum annual payment for each of said years of operation shall be adjusted because of interruptions or curtailment of the delivery of water as provided in Article 13 (a) hereof. If the quantity of energy taken in either of said years of operation is in excess of the above-stated amounts, as so reduced, for such year of operation, such excess shall be paid for at the rate for secondary energy.

CONTINGENT ON FINAL EFFECTIVENESS OF ADJUSTMENT ACT

14. This contract shall not become effective unless and until the 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 as of midnight, Pacific Standard Time, on the last day of the calendar month in which the Adjustment Act shall have become fully effective.

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.

DURATION OF CONTRACT

15. This contract shall remain in effect to and including May 31, 1987, unless sooner terminated as elsewhere herein provided. Edison Company, if this contract has not been terminated prior to said date, shall be entitled to a renewal hereof upon such terms and conditions as may be authorized or required under the then existing laws and regulations, unless the property of Edison Company dependent for its usefulness on a continuation of this contract be purchased or acquired, and Edison Company be compensated for damages to its property, used and useful in the transmission and distribution of such electrical energy and not taken, resulting from the termination of the supply.

NO ENERGY TO BE DELIVERED WITHOUT PAYMENT

16. Unless an extension of time for payment has been first obtained from the Secretary, in writing, no energy shall be generated for, or delivered to, Edison Company if it shall be in arrears for more than twelve (12) months in the payment of any charge due to the United States hereunder.

CONTRACT MAY BE TERMINATED IN CASE OF DEFAULT IN PAYMENT

17. If Edison Company shall be in arrears for more than twelve (12) months in the payment of any charge, including interest, due to the United States hereunder, and shall not have obtained an extension of time from the Secretary for the payment thereof, or, if such extension be obtained, has not made such payment within the time as extended, then the Secretary shall have the right forthwith upon written notice to Edison Company to terminate this contract and dispose of the energy herein allocated to Edison Company as he may see fit; provided, that such disposition shall be subject to the condition that Edison Company shall have the right at any time within four (4) years from date of the first of the defaults for which the contract is terminated, to become reinstated hereunder by payment to the United States of all arrearages including interest, if any, together with any and all loss incurred by the United States by reason of such termination. Nothing contained in this contract shall relieve Edison Company from the obligation to make the United States whole, for the period of this contract, for all loss and/or damage occasioned by the failure of Edison Company to take and/or pay for energy as provided in this contract.

ACCESS TO BOOKS AND RECORDS

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

USE OF PUBLIC AND RESERVED LANDS OF THE UNITED STATES

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

MODIFICATIONS

20. Any modification, extension or waiver by the Secretary, subsequent to May 31, 1941, of any of the terms, provisions or requirements of any regulation or contract, promulgated or executed subsequent to May 19, 1941, for the benefit of any one or more of the allottees shall not be denied to Edison Company.

DISPUTES AND DISAGREEMENTS

21. Disputes or disagreements between the United States and Edison Company as to the interpretation or performance of the provisions of this contract shall be determined either by arbitration or court proceedings; provided that in any such arbitration or court proceedings neither the reasonableness nor propriety of a program of integration of operations agreed upon, decided on or determined pursuant to Article 20 of Exhibit 1 nor such limitations as may be imposed by any such program upon the taking of energy by Edison Company under this contract shall be questioned. If in any such arbitration or court proceedings or otherwise any sum or amount paid by Edison Company on the demand or bill of the United States under this contract shall be held not to have been due or owing, payment shall not be deemed to have been voluntary, and such sum or amount shall be refunded. Whenever a controversy arises out of this contract, and the disputants agree to submit the matter to arbitration the Secretary shall name one arbitrator and Edison Company shall name one arbitrator, and the two arbitrators thus chosen shall select a third arbi-

trator, but in the event of their failure to name such third arbitrator within five 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.

PRIORITY OF CLAIMS OF THE UNITED STATES

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

TITLE TO REMAIN IN UNITED STATES

23. The title to Boulder Dam and reservoir, Boulder Power Plant, and incidental works, including generating machinery and equipment, shall forever remain in the United States.

EFFECT OF WAIVER OF BREACH OF CONTRACT

24. 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.

TRANSFER OF INTEREST IN CONTRACT

25. No voluntary transfer of this contract, or of the rights of Edison Company hereunder, shall be made without the written approval of the Secretary; and any successor or assign of the rights of Edison Company, 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 contractor 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.

NOTICES

26. (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 Edison Company shall be delivered, or mailed postage prepaid, to the Chief Engineer, Southern California Edison Company Ltd., Los Angeles, California.

(c) 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.

CONTRACT CONTINGENT UPON APPROPRIATIONS

27. 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.

OFFICIALS NOT TO BENEFIT

28. 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.

SOUTHERN CALIFORNIA EDISON COMPANY LTD.,
[SEAL]
By (S) HARRY J. BAUER, *President.*

Attest:
(S) CLIFTON PETERS,
Secretary.

Approved as to Form May 26, 1941:
(S) E. C. LARKIN,
Asst. General Counsel.

Appendix 911

POWER CONTRACTS: CALIFORNIA ELECTRIC POWER CO. (Formerly the Nevada-California Electric Corporation), May 29, 1941

(Exhibits 1 and 2 omitted)

Symbol Ilr-1341

UNITED STATES DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

BOULDER CANYON PROJECT

ARIZONA-CALIFORNIA-NEVADA

THE UNITED STATES OF AMERICA AND THE NEVADA-CALIFORNIA ELECTRIC CORPORATION [1]

CONTRACT FOR THE SALE OF ELECTRICAL ENERGY

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 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 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 THE NEVADA-CALIFORNIA ELECTRIC CORPORATION, a corporation organized and existing under the laws of the State of Delaware (hereinafter referred to as the "Corporation");

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

[1] Now California Electric Power Company.

for Lease of Power Privilege," dated April 26, 1930, with severally, The City of Los Angeles and its Department of Water and Power (hereinafter collectively referred to as the "City") and Southern California Edison Company Ltd. (hereinafter referred to as "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 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, under date of November 5th, 1931, the United States and The Southern Sierras Power Company entered into a certain contract for electrical energy, which said contract has been assigned to the Corporation; and is hereinafter referred to as the "Original Contract"; and

4. Whereas by the terms of the Adjustment Act it is provided, among other things, 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, and that the Secretary, in consideration of such termination of the Lease, is authorized to desginate the City and Edison Company as the agents of the United States for the operation of the Boulder Power Plant; and

5. Whereas, under date of May 29, 1941, the United States and the City and Edison Company (hereinafter collectively referred to as "Operating Agents") have executed a contract designated "Contract for the Operation of Boulder Power Plant," a copy of which said contract is attached hereto, marked "Exhibit 1"; and

6. Whereas, under date of May 20, 1941, the Secretary approved and promulgated "General Regulations for Generation and Sale of Power in Accordance with the Boulder Canyon Project Adjustment Act," a copy of which is attached hereto, marked "Exhibit 2";

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

REGULATIONS AND AGENCY CONTRACT

8. (a) This contract is subject to all the terms and provisions of Exhibit 2 hereof which is hereby made a part hereof as fully and completely as though set out herein at length, and this contract is subject to such other rules and regulations as hereafter may be promulgated by the Secretary pursuant to law and to Article 27 of Exhibit 2 hereof.

(b) The Corporation hereby consents that the United States shall, and the United States agrees that it shall, cause the energy agreed to be delivered hereunder to be generated and delivered in accordance with the provisions of Exhibit 1; and the parties hereto agree that the rights and obligations of the Corporation under this contract shall be controlled by the provisions of Exhibit 1 to the extent that such provisions are applicable to the Corporation as an allottee or contractor for electrical energy; provided, however, that in the event that such Exhibit 1 shall be terminated as to either or both of the Operating Agents therein named, the United States thereafter shall itself generate and deliver the energy agreed by the United States to be generated and delivered through the agent or agents as to which said Exhibit 1 shall have been terminated.

DELIVERY OF ENERGY

9. The United States agrees to deliver at transmission voltage at Boulder Power Plant, and the Corporation agrees to take and/or pay for, electrical energy in accordance with the provisions of Article 8 hereof, for the period from the effective date of this contract to May 31, 1987, inclusive, in accordance with the allocation of energy contained in Exhibit 2.

DELIVERY OF WATER FOR GENERATION OF ELECTRICAL ENERGY

10. (a) Subject to—

(i) 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; and

(ii) the further statutory requirement that this contract is made upon the express condition and with the express covenant that the rights of the Corporation as a contractor for electrical energy, to the use of the waters of the Colorado River, or its tributaries, shall be subject to and controlled by the Colorado River Compact;

the United States will deliver to the Corporation energy in the manner required by this contract, in the quantity to which to [sic] the Corporation is entitled hereunder, and in accordance with the Corporation's load requirements.

(b) The United States reserves the right temporarily to discontinue or reduce the delivery of water for the generation of electrical energy at any time for the purpose of maintenance, repairs and/or replacements, or installation of equipment, at the Project, and for investigations and inspections necessary thereto; provided, however, that the United States shall, except in case of emergency, give to the Corporation reasonable notice in advance of such temporary discontinuance or reduction, and that the United States shall make such inspections and perform such maintenance and repair work, after consultation with the Corporation, at such times and in such manner as to cause the least inconvenience to the Corporation and that the United States shall prosecute such work with diligence, and, without unnecessary delay, resume delivery of water so discontinued or reduced.

(c) Should the delivery of water, for any reason or cause, other than any act or omission of the Corporation be discontinued or reduced below the amount required for the generation of firm energy in accordance with the provisions of this contract, the total number of hours of such discontinuance or reduction in any year shall be determined by taking the sum of the number of hours during which the delivery of water is totally discontinued, plus the product of the number of hours during which the delivery of water is partially reduced and the percentage of said partial reduction below the actual quantity of water required for generation of firm energy. Total or partial reductions in the delivery of water which do not reduce the power output below the amount required at the time for generation of firm energy, or below the amount required at the time for the Corporation's load requirements, will not be considered in determining the total hours of discontinuance in any year. The minimum annual payment specified in Article 14 hereof shall be reduced by the ratio that the total number of hours of such discontinuance bears to eight thousand seven hundred sixty (8,760).

(d) In no event shall any liability accrue against the United States, its officer, agents, and/or employees, for any damage, direct or indirect, arising on account of drought, hostile diversion, Act of God, or the public enemy, or other similar cause; nevertheless interruptions in delivery of water occasioned by such causes shall be governed as provided in this Article 10. In the event of shortage of electrical energy at Boulder Power Plant due to shortage of water, the available electrical energy shall be prorated among all allottees concerned, on the basis of their respective obligations to take and/or pay for firm energy in the year of operation in which the shortage occurs.

MEASUREMENT OF ENERGY

11. All electrical energy shall be measured at generator voltage. Suitable correction shall be made in the amounts of energy as measured at generator voltage to cover step-up transformer losses. The testing of meters and calibration of testing equipment shall be in accordance with Article 19 of Exhibit 1. If said Exhibit should be terminated the same provisions shall apply as nearly as may be. The electrical energy delivered hereunder during any period in which the meters furnished to measure such electrical energy fail to register shall, for billing purposes, be estimated from the best information available.

ENERGY RATES AND GENERATING CHARGES

12. The rates and charges to be paid by the Corporation for electrical energy under this contract shall be in accordance with those specified in Exhibit 2. The right of the Corporation to take energy at the rate for secondary energy shall not be impaired by reason of the fact that another allottee has not discharged its obligation to pay for energy at the firm rate.

BILLING AND PAYMENTS

13. (a) The Corporation shall pay monthly for electrical energy and for the generation thereof in accordance with the energy rates and generating charges specified in Exhibit 2. When energy taken in any month is not in excess of one-twelfth (1/12) of the minimum annual obligation to take and/or pay for firm energy, the energy bill for such month shall be computed at the rate for firm energy in effect when such energy was taken on the basis of the actual amount of energy used during such month. All energy used during any month in excess of one-twelfth (1/12) of such minimum annual obligation for firm energy shall be paid for at the rate for secondary energy in effect when such energy was taken; provided, however, that the secondary rate shall not apply to any energy taken during any month unless and until an amount of energy equivalent to one-twelfth (1/12) of such minimum annual obligation for firm energy has been taken for all months, beginning with the month of June immediately preceding; provided, however, that the bill for energy for the month of May of each year shall not be less than the difference between the minimum annual energy payment, as provided in Article 14 hereof, and the sum of the amounts charged for firm energy during the preceding eleven months, but in no event shall the sum of the amounts charged for energy for any year of operation exceed the product of the minimum quantity of firm energy which the Corporation is obligated to take and/or pay for in such year of operation and the firm energy rate; plus the product of the quantity of energy taken by the Corporation in such year of operation in excess of its firm energy obligation and the secondary energy rate. The United States will submit bills to the Corporation by the tenth of each month immediately following the month during which the energy was generated, and payments shall be due on the first day of the month immediately succeeding. If such charges (less proper and applicable credits) are not paid when due an interest charge of one per centum (1%) of the amount unpaid shall be added thereto, and thereafter an additional interest charge of one per centum (1%) of the principal sum unpaid shall be added on the first day of each succeeding calendar month until the amount due, including such interest, is paid in full, but

nothing contained in this article shall be construed as in any manner abridging, limiting, or depriving the United States of any means of enforcing any remedy either at law or in equity for the breach of any of the provisions hereof which it would otherwise have.

(b) In accordance with the provisions of Section 4 (b) of the Adjustment Act, in the event payments to the States of Arizona and Nevada, or either of them, under Section 2 (c) of the Adjustment Act, shall be reduced by reason of the collection of taxes mentioned in said Section, adjustments shall be made, from time to time, with each allottee which shall have paid any such taxes, by credits or otherwise, for that proportion of the amount of such reductions which the amount of the payments of such taxes by such allottee bears to the total amount of such taxes collected.

MINIMUM ANNUAL PAYMENTS

14. The minimum quantity of firm energy which the Corporation shall take and/or pay for at firm energy rates in each year of operation under the terms of this contract shall be 2.6439 per centum of all firm energy as defined in Article 3 of Exhibit 2; except as reduced by 5% of the amounts of firm energy contracted for or taken (whichever is the greater) by others as provided in Article 4 (b) of Exhibit 2. The minimum annual energy payment shall be reduced in case of interruptions or curtailment of delivery of water as provided in Article 10 hereof.

CONTINGENT ON FINAL EFFECTIVENESS OF ADJUSTMENT ACT; AND NONWAIVER OF CLAIMS

15. This contract shall not become effective unless and until the 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 as of midnight, Pacific Standard Time, on the last day of the calendar month in which the Adjustment Act shall have become fully effective. The original contract between the parties hereto shall terminate as of such effective date.

It is understood by both parties hereto (1) that the Corporation claims that it was and is entitled to an absorption period for the three years of operation commencing June 1, 1940, and that the United States has denied to the Corporation such an absorption period; and (2) that the Corporation claims that for all energy taken by it under the Supplemental Contract for Lease of Power Privileges between the parties hereto dated July 22, 1937, it was and is obligated to pay only at the rate for secondary energy, which claim is pending in the Department of the Interior for decision. It is understood and agreed by the parties hereto that neither the termination of the original contract between the parties hereto, nor the termination of the contract dated November 12, 1931, between the United States and Los Angeles Gas and Electric Corporation and assigned to the City, nor the termination of the Lease, nor anything contained in this contract or in the "Contract for the Operation of Boulder Power Plant," referred to in Article 5 hereof, or in the General Regulations referred to in Article 6 hereof, shall terminate, modify, or otherwise affect the relative rights and obligations of the parties hereto, with regard to the claims referred to in "(1)" and "(2)" of this paragraph, as they existed on May 19, 1941; and it is further agreed that the rights and obligations of the parties hereto under this contract shall be conformed to said relative rights and obligations as finally determined; provided, that pending determination of each of said claims referred to in "(1)" and "(2)" above, payments by the Corporation to the United States shall be in accordance with the departmental decision on each of said claims, and in accordance with the provisions of this contract, but without prejudice to the rights of the Corporation in said determinations; and provided further, that the Corporation shall be estopped from asserting the claim referred to in "(1)" above, and the denial thereof by the United States shall be final, conclusive, and binding on the Corporation, if court proceedings with respect to it are not commenced on or before May 31, 1942; and provided further, that the Corporation shall be estopped from asserting the claim referred to in "(2)" above, and the departmental decision thereon shall be final, conclusive, and binding on the Corporation, if (in the event said departmental decision be adverse to the Corporation) arbitration or court proceedings with respect to it are not commenced within one year from the date of said departmental decision.

The contract between the United States and Los Angeles Gas and Electric Corporation, dated November 12, 1931, and assigned by said Corporation to the City, shall terminate as of such effective date: *Provided, however,* That neither such termination, nor termination of the original contract between the parties hereto, nor anything contained in this contract shall terminate, modify or otherwise affect the relative rights and obligations of the Corporation and the City, as they existed on May 19, 1941, with regard to generation of energy and generating charges in connection with Sections G–5, T–5 and C. F. The total generating charges, under the Adjustment Act, in connection with said sections shall be apportioned between the Corporation and the City in accordance with the determination of said relative rights. Pending such determination the Corporation and the City shall each pay half of such generating charges, as computed under the Adjustment Act and Exhibit 2, but such payments shall be without prejudice to the rights and obligations of either in said determination.

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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.

DURATION OF CONTRACT

16. This contract shall remain in effect to and including May 31, 1987, unless sooner terminated as elsewhere herein provided. The Corporation, if this contract has not been terminated prior to said date, shall be entitled to a renewal hereof upon such terms and conditions as may be authorized or required under the then existing laws and regulations, unless the property of the Corporation dependent for its usefulness on a continuation of this contract be purchased or acquired, and the Corporation be compensated for damages to its property, used and useful in the transmission and distribution of such electrical energy and not taken, resulting from the termination of the supply.

NO ENERGY TO BE DELIVERED WITHOUT PAYMENT

17. Unless an extension of time for payment has been first obtained from the Secretary, in writing, no energy shall be generated for, or delivered to, the Corporation if it shall be in arrears for more than twelve (12) months in the payment of any charge due to the United States hereunder.

CONTRACT MAY BE TERMINATED IN CASE OF DEFAULT IN PAYMENT

18. If the Corporation shall be in arrears for more than twelve (12) months in the payment of any charge, including interest, due to the United States hereunder, and shall not have obtained an extension of time from the Secretary for the payment thereof, or, if such extension be obtained, has not made such payment within the time as extended, then the Secretary shall have the right forthwith upon written notice to the Corporation to terminate this contract and dispose of the energy herein allocated to the Corporation as he may see fit; provided, that such disposition shall be subject to the condition that the Corporation shall have the right at any time within four (4) years from date of the first of the defaults for which the contract is terminated, to become reinstated hereunder by payment to the United States of all arrearages including interest, if any, together with any and all loss incurred by the United States by reason of such termination. Nothing contained in this contract shall relieve the Corporation from the obligation to make the United States whole, for the period of this contract, for all loss and/or damage occasioned by the failure of the Corporation to take and/or pay for energy as provided in this contract.

ACCESS TO BOOKS AND RECORDS

19. The Secretary or his duly authorized representatives shall have free access at all reasonable times to the books and records of the Corporation relating to the transmission and disposal of electrical energy hereunder, with the right at any time during office hours to make copies of or from the same.

USE OF PUBLIC AND RESERVED LANDS OF THE UNITED STATES

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

MODIFICATIONS

21. Any modification, extension or waiver by the Secretary, subsequent to May 31, 1941, of any of the terms, provisions or requirements of any regulation or contract, promulgated or executed subsequent to May 19, 1941, for the benefit of any one or more of the allottees shall not be denied to the Corporation.

DISPUTES AND DISAGREEMENTS

22. Disputes or disagreements between the United States and the Corporation as to the interpretation or performance of the provisions of this contract shall be determined either by arbitration or court proceedings. If in any such arbitration or court proceedings or otherwise any sum or amount paid by the Corporation on the demand or bill of the United States under this contract shall be held not to have been due or owing, payment shall not be deemed to have been voluntary, and such sum or amount shall be refunded. Whenever a controversy arises out of this contract, and the disputants agree to submit the matter to arbitration the Secretary shall name one arbitrator and the Corporation shall name one arbitrator, and the two arbitrators thus chosen shall select a third arbitrator, but in the event of their failure to name such third arbitrator within five 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.

PRIORITY OF CLAIMS OF THE UNITED STATES

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

TITLE TO REMAIN IN UNITED STATES

24. The title to Boulder Dam and reservoir, Boulder Power Plant, and incidental works, including generating machinery and equipment, shall forever remain in the United States.

EFFECT OF WAIVER OF BREACH OF CONTRACT

25. 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.

TRANSFER OF INTEREST IN CONTRACT

26. No voluntary transfer of this contract, or of the rights of the Corporation hereunder, shall be made without the written approval of the Secretary; and any successor or assign of the rights of the Corporation, 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 contractor 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.

NOTICES

27. (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 Corporation shall be delivered, or mailed postage prepaid, to the General Manager of The Nevada-California Electric Corporation, Riverside, California.

(c) 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.

CONTRACT 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 money 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 money not being so appropriated, or on account of there not being sufficient money in the Colorado River Dam fund for such purposes.

OFFICIALS NOT TO BENEFIT

29. 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 NEVADA-CALIFORNIA ELECTRIC CORPORATION,
By (S) LAURENCE C. PHIPPS, JR., *Vice President.*

[SEAL]

Attest:

(S) D. L. KING, *Asst. Secretary.*