Appendix 601

1930 POWER CONTRACTS: GENERAL REGULATIONS

(April 25, 1930, as amended November 16, 1931)

BOULDER CANYON PROJECT

General Regulations for Lease of Power

I

The United States will, at its own cost, construct in the main stream of the Colorado River, at Black Canyon, a dam, designated as Hoover Dam, creating thereby at the date of completion a storage reservoir having a maximum water surface elevation at about twelve hundred twenty-two (1,222) feet above sea level (United States Geological Survey datum) of a capacity of about twenty-nine million five hundred thousand (29,500,000) acre-feet. The United States will 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 energy allocated to the various allottees, respectively. Title to Hoover Dam, reservoir, plant, and incidental works shall forever remain in the United States.

II

The United States will operate and maintain the dam, reservoir, pressure tunnels, penstocks to but not inclusive of the shut-off valves at the inlets to the turbine casings, and outlet works, and will have full control of all water passing the dam for any and all purposes. The dam and reservoir will be operated and used, first, for river regulation, improvement of navigation, and flood control; second, for irrigation and domestic uses and satisfaction of present perfected rights in pursuance of Article VIII of the Colorado River compact; and, third, for power.

III

The United States will lease to the City of Los Angeles, referred to herein as the city, for fifty (50) years from the date at which energy is ready for delivery to the city, as announced by the Secretary, such power-plant units and corresponding plant facilities and incidental structures as may be necessary to generate the energy allocated to it and energy for those allottees for whom the city is herein designated the generating agency, together with the right to generate such electrical energy.

The United States will lease to Southern California Edison Co. (Ltd.), referred to herein as the company, such power-plant units and corresponding plant facilities and incidental structures as may be necessary to generate the energy allocated to it and energy for those allottees for whom the company is herein 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 is ready for operation and water is available therefor as announced by the Secretary, and ending at a time fifty (50) years from the date at which energy is ready for delivery to the city.

The machinery and equipment under lease to either lessee shall be operated and maintained by such lessee without interference from or control by the other lessee, but subject nevertheless to the supervisory authority of the Secretary or his representative, under the terms of the lease.

Subject to conditions hereinafter stated, the designation of generating agencies shall be as follows:

Generation of energy allocated to and used by the States of Nevada and Arizona shall be effected by the city.

Generation of energy allocated to municipalities shall be effected by the city.

Generation of energy allocated to the district shall be effected by the city.

Generation of energy allocated to the companies shall be effected by Southern California Edison Co. (Ltd.).

The lessees and allottees may make other arrangements for generation, subject to the approval of the Secretary.

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

All generation shall be effected at cost, except as provided in contracts with the United States.

IV

The respective portions of the power plant and appurtenant structures shall be operated and maintained by the city and the company, severally, under the supervision of a director appointed by the Secretary. The city and the company shall each be responsible for the operation and maintenance of that part of the power plant operated by it and shall bear the cost thereof. The United States will pay each lessee in the form of credits upon the account of such lessee for amounts due the United States under its contract, the cost incurred by it in generating energy for other allottees for whom it is the designated generating agency, and will require such other allottees to repay such cost to the United States. Except as to off-peak power the term "cost" as used with reference to generating energy for other allottees, shall include a proper proportionate allowance for amortization of the amounts for which the respective lessees are obligated to the United States on account of use of machinery and equipment and interest on the respective lessees' prepayments thereof; a proper proportionate part of any annuity set up in accordance with regulations of the Secretary, and any additional expenditures made by the respective lessees with the approval of the Secretary for the purpose of meeting the obligation of the lessees to make replacements; and a proper proportionate part of the actual outlay of the lessees for operating such machinery and equipment and keeping the same in repair, including reasonable overhead charges. The extent of the allowance for the several items and the system of accounting therefor shall be prescribed by the Secretary under uniform regulations to be promulgated by him in accordance with the Boulder Canyon project act. The United States will compensate each lessee for the generation by it of any secondary energy not taken by the district or the lessees in accordance with Article V hereof but disposed of by the United States, such compensation to cover the pro rata cost thereof as defined in this article (in proportion to the total kilowatt-hours generated in that month by each lessee), during the time said secondary energy was generated. Such secondary energy will be disposed of by the United States subject only to the prior right thereto of the district and/or the lessees.

The director, among other powers, shall have authority to enforce rules and regulations promulgated by the Secretary in accordance with the Boulder Canyon project act, respecting operation and maintenance of the power plant and appurtenant works and structures.

Prior to the promulgation of any additional regulations, or the change or modification of regulations, the Secretary shall give any lessee and any allottee affected thereby, an opportunity to be heard.

V

The following allocation of energy is made (the percentages stated being percentages of the total firm energy available) subject, however, to the conditions hereinafter stated:

Of firm energy

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

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

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

C. To the Metropolitan Water District of Southern California (hereinafter referred to as the district) so much energy as may be needed and used for pumping Colorado River water into and in its aqueduct for the use of such district within the following limits:

(1) Not exceeding thirty-six per centum (36%) of said total firm energy, plus

(2) All secondary energy developed at the Boulder Dam power plant as provided in these regulations; plus

(3) So much of the firm energy allocated to the States, the city and the company as may not be in use by them. Energy allocated to the States but not in use by them shall be released to the district by the two lessees equally (unless they agree upon a different ratio) as follows:

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

(b) If the district does not so make a firm contract for such energy, then energy allocated to the States but not in use by them shall be released to the district upon not less than fifteen (15) months' written notice to the Secretary and at such compensation as the district and such lessees, respectively, may agree upon, to cover cost and overhead of replacing energy which otherwise would have been received at the Pacific coast end of the main transmission lines by the lessees, respectively. Such cost shall include interest on and depreciation and operation and maintenance of the plant capacity while required for the generation of such substitute energy; and also appropriate allowance for interest on and maintenance and depreciation of plant capacity rendered idle because of cessation of generation of such substitute energy until such time as such plant capacity would otherwise have been installed by the lessees, respectively, for their own requirements. If the district and the respective lessees fail to agree on such compensation, such energy shall nevertheless be released to the district, and the disagreement shall be determined by arbitration or as may be provided in the respective contracts of the parties with the Secretary. Such determination shall include allowance for items of cost, and overhead as specified in this paragraph. Pending such determination, energy so released shall be paid for by the district at the rate for firm energy but the determination of compensation shall not be controlled by such rate.

During any year beginning June 1, the district shall not use any secondary energy nor any unused State energy, until it has first used subsequent to June 1, next preceding, an amount of firm energy equivalent to one-twelfth of the amount of firm energy it is obligated to take and/or pay for annually multiplied by the number of months elapsed since June 1, next preceding.

(4) If, due to temporary deficiency in secondary energy regularly used by the district, substitute energy is requested by the district in excess of the energy made available under the foregoing subparagraph (3) (b) the city and/or the company may release so much energy as may be practicable on the same terms as provided in subsection (3) (b) preceding.

D. To the municipalities of—

	Percent
Pasadena	1. 6183
Glendale	1. 8867
Burbank	. 5896
Total	4. 0946

NOTE.—Amendments of March 10, 1931, and July 1, 1931, extended the date for submission of an allocation to July 15 and November 16, 1931, respectively. An agreement having been submitted to the Secretary whereby only the above municipalities elected to contract, in the amounts above stated, and the other municipalities named in regulations of April 25, 1930, i. e., Anaheim, Beverly Hills, Colton, Fullerton, Newport Beach, Riverside, San Bernardino, and Santa Ana, withdrew, the allocation under subsection D is amended as above, effective November 16, 1931.

E. To the City of Los Angeles, 14.9054% (being 13% as provided in regulations of April 25, 1930, plus 1.9054%, which is the balance of

6% allocated the municipalities by regulations of said date and not applied for by them pursuant to subsection D as amended).

NOTE.—Amended as above, effective November 16, 1931. (See note under subsection D.)

F. To—

	Percent
Southern California Edison Co. (Ltd.)	7. 2
Southern Sierras Power Co	. 9
Los Angeles Gas & Electric Corporation	. 9

NOTE.—Amended as above, effective November 16, 1931, to accord with allocation agreement submitted pursuant to subsection F as promulgated in regulations of April 25, 1930, time having been extended to July 15, 1931, by amendment of March 10, 1931, and to November 16, 1931, by amendment of July 1, 1931.

The foregoing allocations are subject to the following conditions:

(I) So much of the energy allocated to the States (thirty-six per centum (36%) of firm energy) and not in use by them, or failing their use by the district for the above purposes, shall be taken and paid for one-half by the city and one-half by the following allottees in the ratio stated below:

	Percent
Southern California Edison Co. (Ltd.)	80
Los Angeles Gas & Electric Corporation	10
Southern Sierras Power Co	10

NOTE.—Amended as above, effective November 16, 1931, to accord with an allocation agreement submitted in accordance with subsection F as promulgated in regulations of April 25, 1930, time having been extended to July 15, 1931, by amendment of March 10, 1931, and to November 16, 1931, by amendment of July 1, 1931.

(II) So much of the energy allocated to the municipalities by regulations of April 25, 1930 (6%) as has been relinquished by them (1.9054%), and so much of the energy contracted for by them (4.0946%), as is not used by them directly or under contract for municipal purposes and/or distribution to their inhabitants, shall be taken and paid for by the city (without, however, impairing the obligation of said municipalities to the United States to take and pay for energy contracted for by them, respectively).

NOTE.—Amended as above, effective November 16, 1931, to accord with an allocation agreement and elections thereunder submitted in accordance with subsection D. (See note under subsection D.)

(III) So much of the energy allocated to the Southern Sierras Power Co., the San Diego Consolidated Gas & Electric Co., and the Los Angeles Gas & Electric Corporation by regulations of April 25, 1930, as has not been or is not contracted for by them shall be taken and paid for by the Southern California Edison Co. (Ltd.).

NOTE.—Amended as above, effective November 16, 1931.

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

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

(V) Each of the States of Arizona and Nevada may, from time to time within the period of the aforesaid lease, contract for energy for use within such State in any amount until the total allocated, respectively, to each is in use as provided above; and may terminate such contract, or contracts, without prejudice to the right to again contract for such energy. All such contracts shall be executed with the Secretary. A contract requiring one thousand (1,000) horsepower (of maximum demand) or less may become effective or be terminated on six months' written notice of requirement or termination given the director by the State; provided, that the notice given shall be two years if in the twelve months preceding said notice of demand the total increment to such State has exceeded five thousand (5,000) horsepower of maximum demand or if in the twelve months preceding said notice of termination the decrement to such State has exceeded five thousand (5,000) horsepower of maximum demand. In all cases the director shall immediately transmit such notice to each lessee. Whenever the amount in use is in excess of five thousand (5,000) horsepower of maximum demand, the lessees and other allottees respectively shall be compensated for property rendered idle by use of such excess in such amount as the Secretary shall determine to be equitable.

Firm energy not contracted for by the States shall be available for use by the district as herein elsewhere provided, and if not in use by the States and/or the district, shall be taken and paid for one-half by the city and one-half as follows: By the Southern California Edison Co. (Ltd.), 80 percent of said one-half; by the Southern Sierras Power Co., 10 percent of said one-half; and by the Los Angeles Gas & Electric Corporation, 10 percent of said one-half.

NOTE.—Amended as above, effective November 16, 1931, to accord with an allocation agreement submitted pursuant to subsection F; see note thereunder. Also, regulations of April 25, 1939, provided for contingencies in event a State should make a firm contract under section 5c of the Boulder Canyon project act in lieu of accepting the allocation therein made. As the time for execution of such a firm contract under section 5c of that act has expired by the limitation stated in the act the balance of this paragraph as originally promulgated is revoked, effective November 16, 1931.

Of secondary energy

The district shall have the right to purchase and use all secondary energy as provided in these regulations for the purposes stated in the first paragraph of subdivision C of this article. The city shall have the right to purchase and use one-half, and the allottees named in subsection F shall have the right to purchase and use a total of one-half (in the proportions in which they share the obligations assumed under subsection "v" as to unused State allocations) of such secondary energy as is not used by the district. Any such energy not used by one lessee shall be available, for the time being, to the other. To the extent that secondary energy is not taken as aforesaid, then and in such event the United States reserves the right to take, use, and dispose of such energy, from time to time, as it sees fit, giving credit therefor as provided in these regulations.

NOTE.—Modified as above, effective November 16, 1931, an allocation agreement having been submitted by the allottees named in subsection F whereby the obligation of the Southern California Edison Co. (Ltd.), under subsection "v" and its conditional rights to secondary energy under this paragraph, were both shared in the same ratio as the allocation of firm energy among them under subsection F. (See note under subsections F and "v".)

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

In the event the district shall fail for any reason to use all or any of the firm energy herein allotted to it for the only purpose for which said firm energy is allotted to it, that is, for pumping water into and in its aqueduct, then no disposition shall be made of such firm energy by the Secretary without first giving to a successor to the district which may undertake to build or maintain a Colorado River Aqueduct the opportunity to take said firm energy for the same purpose and under the same terms as those to which the district was obligated.

In the event no such successor takes said firm energy as provided above, then no disposition of such firm energy shall be made by the Secretary without first giving to each lessee the opportunity to contract on equal terms and conditions, to be prescribed by the Secretary, for one-half of such energy, together with such portion of the remainder as the other lessee shall not elect to take.

Of firm energy not disposed of in the foregoing allocations

In case the dam which the United States erects provides a maximum water surface elevation in excess of one thousand two hundred twenty-two (1,222) feet above sea level (United States Geological Survey datum), and thereby increases the quantity of firm energy above the quantity of four billion two hundred forty million (4,240,000,000) kilowatt-hours allocated above, said additional firm energy shall be generated, taken, and paid for by the city on the same terms and conditions as other firm energy under its contract, but without prejudice to the foregoing allocations or to the contractual rights of other allottees.

NOTE.—Regulations promulgated April 25, 1930, reserved to the Secretary the right to contract with any municipality for this additional energy on or before April 15, 1931, and provided that energy not so contracted for should be taken and paid for by the city. This time was extended to July 15, 1931, by amendment of March 10, 1931, and to November 16, 1931, by amendment of July 1, 1931. No such contract having been applied for, this subsection is amended as above, effective November 16, 1931.

VI

Contractors hereunder shall agree as follows:

(1) To pay the United States for the use of falling water for the generation of energy for their own use, respectively, by the equipment leased hereunder, as follows:

(a) One and sixty-three hundredths mills ($0.00163) per kilowatt-hour (delivered at transmission voltage), for firm energy;

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

(2) The lessees of the power plant shall compensate the United States for the use of leased equipment as herein elsewhere provided;

(3) The lessees shall also maintain said equipment in first-class operating condition, including repairs to and replacements of machinery;

(4) Allottees other than the lessees shall pay the United States, for credit to the lessees, on account of use of the leased equipment;

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

All energy shall be measured at generator voltage and suitable metering equipment shall be provided and installed by the United States for this purpose. Suitable correction shall be made in the amounts of energy as measured at generator voltage to cover step-up transformer losses and energy required for operation of station auxiliaries in determining the amounts of energy delivered at transmission voltage as provided in these regulations.

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

The rate for falling water for generation of firm energy, which shall be uniform for all lessees, provided for by any such readjustment shall be arrived at by deducting from the price of electrical energy justified by competitive conditions at distributing points or competitive centers—(1) all fixed and operating costs as provided for herein of transmission to such points; (2) all fixed and operating costs of such portion of the power-plant machinery as is to be operated and maintained by the several lessees, including the costs of repairs and replacements, as provided for in paragraph five (5) above; it being understood that such readjusted rates shall under no circumstances exceed the value of said energy, based upon competitive conditions at distributing points or competitive centers.

If the lessees or either of them shall not obtain a renewal of said lease at the expiration of the contract period, equitable adjustment for major replacements of machinery made between the date of the last readjustment of rates and the end of the contract period shall be made at the expiration of the lease.

VII

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

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

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

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

VIII

The contractors shall pay monthly for all energy in accordance with the rates established or provided for herein. When energy taken in any month is not in excess of one-twelfth (1/12) of the minimum annual obligation, bill for such month shall be computed at the rate for firm energy in effect when such energy was taken on the basis of the actual amount of energy used during such month. All energy used during any month in excess of one-twelfth (1/12) of the minimum annual obligation shall be paid for at the rate for secondary energy in effect when such energy was taken; provided, however, that the secondary rate shall not apply to any energy taken during any month unless and until an amount of energy equivalent to one-twelfth (1/12) of the minimum annual obligation has been taken for all months beginning with the month of June immediately preceding; provided, however, that the bill for the month of May shall not be less than the difference between the minimum annual payment and the sum of the amounts charged for firm energy during the preceding eleven (11) months. The United States will submit bills to all contractors by the fifth of each month immediately following the month during which the energy is generated, and payments shall be due on the first day of the month immediately succeeding. If such charges (less, in bills to lessees, credit allowances due lessees for generation for other allottees) are not paid when due, a penalty of one per centum (1%) of the amount unpaid shall be added thereto, and thereafter an additional penalty of one per centum (1%) of the amount unpaid shall be added on the first day of each calendar month thereafter during such delinquency.

IX

The total payments made by each contractor for firm energy available in any year (June 1 to May 31, inclusive), whether any energy is generated or not, exclusive of its payments for use of machinery, shall be not less than the number of kilowatt-hours of firm energy available to said contractor and which said contractor is obligated to take and/or pay for during said year, multiplied by one and sixty-three hundredths mills ($0.00163), or multiplied by the adjusted rate of payment for firm energy in case the said rate is adjusted as provided in Article VI hereof, less credits on account of charges to other allottees, as provided for and referred to in Article IV hereof. For a fractional year at the beginning or end of the contract period, the minimum annual payment for firm energy shall be proportionately adjusted in the ratio that the number of days water is available for generation of energy in such fractional year bears to three hundred sixty-five (365). Provided, however, that in order to afford a reasonable time for the respective lessees to absorb the energy contracted for, the minimum annual payments by each for the first three (3) years after energy is ready for delivery to such lessees, respectively, as announced by the Secretary, shall be as follows, in percentages of the ultimate annual obligation, to take and/or pay for firm energy:

	Percent
First year	55
Second year	70
Third year	85
Fourth year and all subsequent years	100

During said absorption period, if the quantity of energy taken in any one year (June 1 to May 31, inclusive) is in excess of the above percentages of the ultimate obligation during such year to take and/or pay for firm energy, such excess shall be paid for at the rate for secondary energy. Provided further, that the minimum annual payment shall be reduced in case of interruptions or curtailment of delivery of water as provided in Paragraph X hereof.

X

The United States will deliver water continuously to each lessee in the quantity, in the manner, and at the times necessary for the generation of the energy which each of said lessees has the right and/or obligation to generate under its contract in accordance with the load requirements of each of said lessees and of allottees for which the respective lessees are generating agencies, excepting only that such delivery shall be regulated so as not to interfere with the necessary use of said Boulder Canyon Dam and Reservoir for river regulation, improvement of navigation, flood control, irrigation, or domestic uses, and the satisfaction of present perfected rights in or to the waters of the Colorado River or its tributaries, in pursuance of Article VIII of the Colorado River compact. The United States reserves the right temporarily to discontinue or reduce the delivery of water for the generation of energy at any time for the purposes of maintenance, repairs and/or replacements, or installation of equipment, and for investigations and inspections necessary thereto; provided, however, that the United States shall, except in case of emergency, give to the lessees reasonable notice in advance of such temporary discontinuance or reduction, and that the United States shall make such inspections and perform such maintenance and repair work after consultation with the lessees at such times and in such manner as will cause the least inconvenience to the lessees and the allottees, and shall prosecute such work with diligence, and, without unnecessary delay, will resume delivery of water so discontinued or reduced. Should the delivery of water be discontinued or reduced below the amount required, severally, for the normal generation of firm energy for the payment of which the contractor obligates itself, the total number of hours of such discontinuance or reduction in any year shall be determined by taking the sum of the number of hours during which the delivery of water is totally discontinued, and the product of the number of hours during which the delivery of water is partially reduced, and the percentage of said partial reduction below the actual quantity of water required for the normal generation of firm energy. Total or partial reductions in delivery of water which do not reduce the power output below the amount required at the time for the normal generation of firm energy will not be considered in determining the total hours of discontinuance in any year. The minimum annual payment shall be reduced by the ratio that the total number of hours of such discontinuance bears to eight thousand seven hundred sixty (8,760). In no event shall any liability accrue against the United States, its officers, agents, and/or employees, for any damage, direct or indirect, arising on account of drought, hostile diversion, act of God, or of the public enemy, or other similar cause.

Each lessee shall make full and complete written monthly reports as directed by the Secretary, on forms to be supplied by the United States, of all electrical energy generated by it and the disposition thereof to allottees. Such reports shall be made and delivered to the director on the third day of the month immediately succeeding the month in which the electrical energy is generated, and the records and data from which such reports are made shall be accessible to the United States on demand of the Secretary.

XI

Any agency receiving a contract for electrical energy equivalent to one hundred thousand (100,000) firm horsepower, or more, may when deemed feasible by the Secretary, from engineering and economic considerations and under general regulations prescribed by him, be required to permit any other agency having contracts for less than the equivalent of twenty-five thousand (25,000) firm horsepower, upon application to the Secretary made within sixty (60) days from the execution of the contract of the agency the use of whose transmission line is applied for, to participate in the benefits and use of any main transmission line constructed or to be constructed by the former for carrying such energy (not exceeding, however, one-fourth (¼) the capacity of such line), upon payment by such other agencies of a reasonable share of the cost of construction, operation, and maintenance thereof.

XII

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

XIII

The Secretary, or his representatives, shall at all times have the right of ingress to and egress from all works of the contractors for power or power privileges, for the purpose of inspection, repairs, and maintenance of works of the United States, and for all other proper purposes. The Secretary or his representatives shall also have free access at all reasonable times to the books and records of contractors for power oı power privileges, relating to the generation, transmission, and disposition of electrical energy with the right at any time during office hours to make copies of or from the same.

XIV

All patents, grants, contracts, concessions, leases, permits, licenses, rights-of-way, or other privileges from the United States or under its authority, necessary or convenient for the use of waters of the Colorado River or its tributaries, or for the generation or transmission of electrical energy generated by means of the waters of said river or its tributaries, whether under the Boulder Dam project act, the Federal water power act, or otherwise, shall be upon the express condition and with the express convenant that the rights of the recipients or holders thereof to waters of the river or its tributaries, for the use of which the same are necessary, convenient, or incidental, and the use of the same shall likewise be subject to and controlled by said Colorado River compact.

XV

All contracts for purchase of energy available at Hoover Dam shall be made directly with the United States.

XVI

No contract for electrical energy or for generation of electrical energy shall be of longer duration than fifty (50) years from the date at which such energy is ready for delivery as announced by the Secretary.

XVII

The holder of any contract for electrical energy not in default thereunder shall be entitled to a renewal thereof upon such terms and conditions as may be authorized or required under the then existing laws and regulation, unless the property of such holder dependent for its usefulness on a continuation of the contract be purchased or acquired and such holder 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.

XVIII

All contracts shall be subject to these, and such other rules and regulations conforming to the Boulder Canyon project act as the Secretary may from time to time promulgate; provided, however, that no right under any contract then existing shall be impaired or obligation thereunder be extended thereby; and provided further, that opportunity for hearing shall be afforded such contractors by the Secretary prior to modification or repeal thereof or promulgation of additional regulations.

RAY LYMAN WILBUR,
Secretary of the Interior.

WASHINGTON, D. C., *April 25, 1930.*

NOTE.—Amended, as noted in the text, March 10, 1931, July 1, 1931, and November 16, 1931.