

[APPENDIX 2]

BOULDER CANYON PROJECT
CONTRACT FOR LEASE OF POWER PRIVILEGE

UNITED STATES
AND
THE CITY OF LOS ANGELES
AND
SOUTHERN CALIFORNIA EDISON CO. (LTD.)

April 26, 1930

Amended May 28, 1930, and September 23, 1931

[NOTE.—The contract as it appears here is a consolidation
of the original and various supplementary contracts, which
are referred to in footnotes.]

115

CONTRACT FOR LEASE OF POWER PRIVILEGE

Article

1. Contract for lease of power privilege.
- 2-5. Explanatory recitals.
6. Construction by United States.
7. Operation and maintenance of dam.
8. Installation of machinery.
9. Compensation for use of machinery.
10. Lease of power plant.
11. Assumption of operation of power plant.
12. Operation and maintenance of power plant.
13. Keeping leased property in repair.
14. Allocation of energy.
15. Firm and secondary energy defined.
16. Schedule of rates.
17. Minimum annual payment.
18. Monthly payments and penalties.
19. No energy to be delivered without payment.
20. Contract may be terminated in case of breach.
21. Interruptions in delivery of water.
22. Measurement of energy.
23. Record of electrical energy generated.
24. Inspection by the United States.
25. Transmission.
26. Duration of contract.
27. Title to remain in United States.
28. Electrical energy reserved for United States.
29. Use of public and reserved lands of the United States.
30. Priority of claims of the United States.
31. Other contracts.
32. Transfer of interest in contract.
33. Rules and regulations.
34. Agreement subject to Colorado River compact.
35. Disputes and disagreements.
36. Contingent upon appropriations.
37. Modifications.
38. Member of Congress clause.

CONTRACT FOR LEASE OF POWER PRIVILEGE¹

(1) This contract, made this 26th day of April, nineteen hundred thirty, pursuant to the act of Congress approved June 17, 1902 (32

¹ Consolidating contracts of April 26, 1930, May 28, 1930, Sept. 23, 1931. The full texts of these supplementary contracts follow:

SUPPLEMENTAL CONTRACT FOR LEASE OF POWER PRIVILEGE

MAY 28, 1930

(1) This supplemental contract, made this 28th day of May, nineteen hundred thirty, 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, between the United States of America, hereinafter referred to as the United States, acting for this purpose by Ray Lyman Wilbur, Secretary of the Interior, hereinafter styled the Secretary, and, severally, the City of Los Angeles, a municipal corporation, and its department of water and power (said department acting herein in the name of the city, but as principal in its own behalf as well as in behalf of the city; the term city as used in this contract being deemed to be both the City of Los Angeles and its department of water and power), and Southern California Edison Co. (Ltd.), a private corporation, hereinafter styled the company, both of said corporations being organized and existing under the laws of the State of California, and hereinafter styled the lessees.

Witnesseth:

EXPLANATORY RECITALS

(2) Whereas, under date of April 26, 1930, the parties hereto entered into a contract whereby, among other things, the United States agreed under the terms and conditions therein set forth to construct a dam as therein described in the main stream of the Colorado River at Black Canyon, and agreed also to construct in connection therewith outlet works, pressure tunnels, power plant building, and to furnish and install generating, transforming and high voltage switching equipment for the generation of the electrical energy allocated to the various allottees, respectively, as stated in article fourteen (14) thereof; and

(3) Whereas, the aforesaid contract provides also, among other things, for the lease to the city and to the company of power plant units and corresponding plant facilities necessary to generate the energy allocated to them and energy for those allottees therein named for whom the lessees are designated the generating agency, together with the right to generate such electrical energy; and

(4) Whereas, it was the intention that the department of water and power of the City of Los Angeles, as well as the City of Los Angeles should be firmly bound as principals to said contract of April 26, 1930; and

(5) Whereas, said contract of April 26, 1930, does not by its terms become effective until after the first act of Congress appropriating funds for commencement of construction of Boulder Canyon Dam has become law; and

(6) Whereas, such appropriation has not yet been made and it is desired that the aforesaid contract be clarified by amendment of articles one (1), fourteen (14), and seventeen (17), so as to avoid any uncertainty as to the intent thereof;

(7) Now, therefore, in consideration of the mutual covenants contained herein and in said contract of April 26, 1930, and in consideration of the United States proceeding with the construction of Boulder Canyon Dam and appurtenant works, the parties hereto mutually covenant and agree as follows, to wit:

(8) Article one (1) of the aforesaid contract of April 26, 1930, is hereby amended so as to read as follows, to wit:

1. This contract, made this 26th day of April, nineteen hundred thirty, 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

Stat. 388), and acts amendatory thereof or supplementary thereto, all of which acts are commonly known and referred to as the reclama-

project act, between the United States of America, hereinafter referred to as the United States, acting for this purpose by Ray Lyman Wilbur, Secretary of the Interior, hereinafter styled the Secretary, and, severally, the City of Los Angeles, a municipal corporation, and its department of water and power (said department acting herein in the name of the city, but as principal in its own behalf as well as in behalf of the city; the term city as used in this contract being deemed to be both the City of Los Angeles and its department of water and power), and Southern California Edison Co. (Ltd.), a private corporation, hereinafter styled the company, both of said corporations being organized and existing under the laws of the State of California, and hereinafter styled the lessees.

ALLOCATION OF ENERGY

(9) Article fourteen (14) of the aforesaid contract of April 26, 1930, is hereby amended so as to read as follows, to wit:

Allocation of energy

14. The Secretary reserves and as against the lessees may exercise the power in accordance with the provisions of this contract to contract with the other allottees named in this article for the furnishing of energy to such allottees at transmission voltage in accordance with the allocation to each such allottee and the Secretary is authorized by each lessee to enforce as against it the rights acquired by such other allottees under such contracts. Each lessee severally, in accordance with the agency designations made in paragraph (d) of article ten (10), covenants to generate and furnish energy, at transmission voltage, needed to meet the following requirements of the allottees (other than lessees) named below, the allocations of firm energy being made in percentages of the total firm energy as defined in article fifteen (15) hereof, to be delivered to such allottees at said Boulder Dam power plant.

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 for pumping Colorado River water into and in its aqueduct for the use of such district within the following limits:

1. 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 article seventeen (17) hereof; 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

tion law, and particularly pursuant to the act of Congress approved December 21, 1928 (45 Stat. 1057), designated the Boulder Canyon

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 in accordance with article thirty-five (35) (a) hereof. 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 under article thirty-five (35) (a) hereof shall not be controlled by such rate.

During any year beginning June first, the district shall not use any secondary energy nor any unused State energy, until it has first used, subsequent to June first, 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 first 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 Anaheim, Beverly Hills, Burbank, Colton, Fullerton, Glendale, Newport Beach, Pasadena, Riverside, San Bernardino, and Santa Ana (referred to herein as "the municipalities"), six per centum (6%) in all, to be allocated between them as they may agree; but if no agreement is submitted to the Secretary on or before April 15, 1931, the Secretary shall determine the allocation of each.

E. To the City of Los Angeles, thirteen per centum (13%).

F. To Southern California Edison Co. (Ltd.), the Southern Sierras Power Co., the San Diego Consolidated Gas & Electric Co., and the Los Angeles Gas & Electric Corporation, referred to herein as the companies, nine per centum (9%) in all, division whereof between the companies shall be made according to mutual agreement among them, if possible. If no such agreement is submitted to the Secretary on or before April 15, 1931, the Secretary shall determine the allocation of each.

It is further agreed that—

(i) So much of the energy allocated to the States (thirty-six per centum (36%) of the 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 company.

In addition, all firm energy allocated to the city (thirteen per centum (13%)) shall be taken and paid for by the city.

(ii) All of the energy allocated to the municipalities may be contracted for in compliance with regulations of the Secretary, by any one or more of them, as they may agree, on or before April 15, 1931. So much of the energy allocated to the municipalities as is not so contracted for, or, if contracted for, 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.

(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 as is not firmly contracted for by them, severally, in compliance with regulations of the Secretary on or before April 15, 1931, shall be taken and paid for by the company.

(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 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.

project act, between the United States of America, hereinafter referred to as the United States, acting for this purpose by Ray Lyman

(v) Each of the States of Arizona and Nevada may, from time to time within the period of this 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 of 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 States 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 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 equally by the two lessees. No right which may be available to a State under section five (5) (c) of the Boulder Canyon project act to execute a firm contract for electrical energy for use within the State shall be impaired by any provision of this lease; but if contract thereunder be executed with the Secretary no provision of this lease shall apply for the benefit of such State. If, in consequence of execution of such contract, the Secretary requires the allocation to either lessee or to an allottee using such lessee's main transmission lines to be diminished, such lessee may terminate its rights and obligations hereunder within two months thereafter on written notice to the Secretary. Provided, further, that the combined allocation of nineteen per centum (19%) as herein made to the city and the municipalities shall not be reduced because of any such firm contract with a State for energy.

Of secondary energy.

It is further agreed that the district shall have the right to purchase and use all secondary energy as provided in article fifteen (15) and article seventeen (17) hereof for the purposes stated in the first paragraph of subdivision (c) of this article. The city and the company shall each have the right to purchase and use one-half of all secondary energy not used by the district. Any such energy not used by one lessee shall be available, for the time being, to the other. If secondary energy is not taken by the city, the district, and/or the company, 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 article twelve (12) hereof.

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

It is further agreed that 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 the Secretary shall dispose of such unused energy until required by the district for said purpose, crediting on the district's obligation the proceeds of such disposition as received; provided, however, that no disposition of such firm energy shall be made 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; and provided further, that 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 hereinbefore disposed of.

It is further agreed that the United States reserves the right, in case the dam which it erects provides a maximum water surface elevation in excess of one thousand two hundred twenty-two (1,222) feet above sea level (U. S. Geological

Wilbur, Secretary of the Interior, hereinafter styled the Secretary, and, severally, the City of Los Angeles, a municipal corporation, and

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, to dispose of such increase, but not to exceed ninety million (90,000,000) kilowatt-hours per year (June 1 to May 31, inclusive), to any municipality or municipalities by firm contract executed with the Secretary on or before April 15, 1931. Such disposition shall be without prejudice to any provision of this lease or of the allocation above referred to. So much of such additional energy as is not so contracted for shall be taken and paid for by the city. Generation of such additional energy shall, in any event, be effected by the city.

MINIMUM ANNUAL PAYMENT

(10) Article seventeen (17) of the aforesaid contract of April 26, 1930, is hereby amended so as to read as follows, to wit:

Minimum annual payment

17. The minimum quantity of firm energy which the city shall take and/or pay for each year (June 1 to May 31, inclusive), under the terms of this contract and after same is ready for delivery to the city as provided in subdivision (a) of article eleven (11) hereof, shall be thirty-seven per centum (37%) of all firm energy as defined in article fifteen (15) hereof for the generation of which the United States makes water available in said year, except as reduced by amounts of firm energy contracted for by others, as provided in article fourteen (14). In addition, the city agrees to take and pay for, as provided in the last paragraph of article fourteen (14) hereof, all firm energy (not to exceed ninety million (90,000,000)) kilowatt-hours per year (June 1 to May 31, inclusive), made available over and above the firm energy defined in article fifteen (15) hereof, by the erection of a dam which provides a maximum water surface elevation in excess of one thousand two hundred and twenty-two (1,222) feet above sea level (U. S. Geological Survey data).

The minimum quantity of firm energy which Southern California Edison Co. (Ltd.) shall take and/or pay for each year (June 1 to May 31, inclusive), under the terms of this contract and after same is ready for delivery to the company as provided in subdivision (c) of article eleven (11) hereof, shall be twenty-seven per centum (27%) of all firm energy as defined in article fifteen (15) hereof for the generation of which the United States makes water available in said year, except as reduced by amounts of firm energy contracted for by others as provided in article fourteen (14).

The total payments made by each lessee 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 lessee and which said lessee 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 sixteen (16) hereof, less credits on account of charges to other allottees, as provided for and referred to in article twelve (12) 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, as herein elsewhere provided, shall be as follows, in percentages of the ultimate annual obligation, to take and/or pay for firm energy:

	Per cent
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

its department of water and power (said department acting herein in the name of the city, but as principal in its own behalf as well as

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 article twenty-one (21) hereof.

CONTRACT AMENDED ONLY AS SPECIFICALLY PROVIDED

(11) Except as specifically amended hereby the aforesaid contract of April 26, 1930, shall remain in full force and effect, and said contract amended as herein provided is adopted and reaffirmed by the parties hereto as of the day and year first above written.

MEMBER OF CONGRESS CLAUSE

(12) 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 therefrom. Nothing, however, herein contained shall be construed to extend to this contract if made with a corporation 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 RAY LYMAN WILBUR, *Secretary of the Interior*.

Attest:
NORTHCUTT ELY.

THE CITY OF LOS ANGELES, acting by and
through its Board of Water and Power
Commissioners,
By JOHN R. HAYENS, *President*.

Attest:
JAS. P. VROMAN, *Secretary*.

DEPARTMENT OF WATER AND POWER OF
THE CITY OF LOS ANGELES, by the Board
of Water and Power Commissioners,
By JOHN R. HAYNES, *President*.

Attest:
JAS. P. VROMAN, *Secretary*.

SOUTHERN CALIFORNIA EDISON Co. (Ltd.)
By JOHN B. MILLER, *Chairman*.

Attest:
CLIFTON PETERS, *Secretary*.

SUPPLEMENTAL CONTRACT FOR LEASE OF POWER PRIVILEGE

SEPTEMBER 23, 1931

(1) This supplemental contract, made this twenty-third day of September, nineteen hundred thirty-one, 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, between the United States of America, hereinafter referred to as the United States, acting for this purpose by Ray Lyman Wilbur, Secretary of the Interior, hereinafter styled the Secretary, and, severally, the city of Los Angeles, a municipal corporation, and its department of water and power (said department acting herein in the name of the city, but as principal in its own behalf as well as in behalf of the city; the term city as used in this contract being deemed to be both the city of Los Angeles and its department of water and power), and Southern California Edison Co. (Ltd.), a private corporation, hereinafter styled the company, both of said corporations being organized and existing under the laws of the State of California, and hereinafter styled the lessees.

Witnesseth:

in behalf of the city; the term city as used in this contract being deemed to be both the city of Los Angeles and its department of

EXPLANATORY RECITALS

(2) Whereas, under date of April 26, 1930, the parties hereto entered into a contract whereby, among other things, the United States agreed under the terms and conditions therein set forth to construct a dam as therein described in the main stream of the Colorado River at Black Canyon, and agreed also to construct in connection therewith outlet works, pressure tunnels, power plant building, and to furnish and install generating, transforming and high voltage switching equipment for the generation of the electrical energy allocated to the various allottees, respectively, as stated in article fourteen (14) thereof, which said agreement was amended in certain respects by supplemental contract of date May 28, 1930; and

(3) Whereas, the said contract of April 26, 1930, amended as aforesaid, provides also, among other things, for the lease to the city and to the company of power plant units and corresponding plant facilities necessary to generate the energy allocated to them, and energy for those allottees therein named for whom the lessees are designated the generating agency, together with the right to generate such electrical energy; and

(4) Whereas, the Secretary has been requested to further amend the said contract of April 26, 1930, amended as aforesaid, in certain respects and particularly so in respect of the time within which the allottees mentioned in article fourteen (14) thereof shall be required to contract for the purchase of electrical energy allotted to them;

(5) Now, therefore, in consideration of the covenants contained herein and in said contract of April 26, 1930, amended as aforesaid, the parties hereto mutually covenant and agree as follows, to wit:

COMPENSATION FOR USE OF MACHINERY

(6) Article nine (a) (9a) of the said contract of April 26, 1930, amended as aforesaid, is hereby amended so as to read as follows, to wit:

9. (a) Compensation for the use, for the periods of lease thereof, of machinery and equipment furnished and installed by the United States, for each lessee, respectively, for the generation of electrical energy, equal to the cost thereof, including interest charges at the rate of four per centum (4%) per annum, compounded annually from the date of advances to the Colorado River Dam fund for the purchase of such equipment and machinery to June first of the year next preceding the year when the initial installment becomes due under this article, shall be paid to the United States by the lessees, severally, in ten (10) equal annual installments, so as to amortize the total cost (including interest as fixed above), and interest thereafter upon the unpaid balance of such total cost at the rate of four per centum (4%) per annum. The first installment payable by each lessee shall be due on June first next following the date the machinery leased by such lessee is ready for operation and water is available therefor, as announced by the Secretary, and the subsequent nine (9) installments shall be paid on June first of each year thereafter.

ALLOCATION OF ENERGY

(7) (a) Subdivision D of article fourteen (14) of the contract of April 26, 1930, amended as aforesaid, is hereby amended so as to read as follows, to wit:

D. To the municipalities of Anaheim, Beverly Hills, Burbank, Colton, Fullerton, Glendale, Newport Beach, Pasadena, Riverside, San Bernardino, and Santa Ana (referred to herein as "the municipalities"), six per centum (6%) in all, to be allocated between them as they may agree; but if no agreement is submitted to the Secretary on or before November 16, 1931, the Secretary shall determine the allocation of each.

(b) Subdivision F of said article fourteen (14) is hereby amended so as to read as follows, to wit:

F. To Southern California Edison Co. (Ltd.), the Southern Sierras Power Co., the San Diego Consolidated Gas & Electric Co., and the Los Angeles Gas & Electric Corporation, referred to herein as the companies, nine per centum (9%) in all, division whereof between the companies shall be made according to mutual agreement among them, if possible. If no such agreement is submitted to the Secretary on or before November 16, 1931, the Secretary shall determine the allocation of each.

water and power), and Southern California Edison Co. (Ltd.), a private corporation, hereinafter styled the company, both of said cor-

(c) Subdivision F (ii) of said article fourteen (14) is hereby amended so as to read as follows, to wit:

(ii) All of the energy allocated to the municipalities may be contracted for in compliance with regulations of the Secretary, by any one or more of them, as they may agree, on or before November 16, 1931. So much of the energy allocated to the municipalities as is not so contracted for, or if contracted for, 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.

(d) Subdivision F (iii) of said article fourteen (14) is hereby amended so as to read as follows, to wit:

(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 as is not firmly contracted for by them, severally, in compliance with regulations of the Secretary on or before November 16, 1931, shall be taken and paid for by the company.

(e) The subdivision of said article fourteen (14) entitled "Of firm energy not hereinbefore disposed of" is hereby amended so as to read as follows, to wit:

It is further agreed that the United States reserves the right, in case the dam which it erects provides a maximum water surface elevation in excess of one thousand two hundred twenty-two (1,222) feet above sea level (U. S. 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, to dispose of such increase, but not to exceed ninety million (90,000,000) kilowatt-hours per year (June 1 to May 31, inclusive), to any municipality or municipalities by firm contract executed with the Secretary on or before November 16, 1931. Such disposition shall be without prejudice to any provision of this lease or of the allocation above referred to. So much of such additional energy as is not so contracted for shall be taken and paid for by the city. Generation of such additional energy shall in any event be effected by the city.

CONTRACT AMENDED ONLY AS SPECIFICALLY PROVIDED

(8) Except as specifically amended hereby the said contract of April 26, 1930, amended as aforesaid, shall remain in full force and effect.

MEMBER OF CONGRESS CLAUSE

(9) 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 therefrom. Nothing, however, herein contained shall be construed to extend to this contract if made with a corporation 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.

Attest:

THE UNITED STATES OF AMERICA,
By RAY LYMAN WILBUR, *Secretary of the Interior*.
THE CITY OF LOS ANGELES, acting by and through
its Board of Water and Power Commissioners,
By ARTHUR STRASBURGER, *President*.

Attest:

JAS. P. VROMAN, *Secretary*.
DEPARTMENT OF WATER AND POWER OF THE CITY
OF LOS ANGELES, by the Board of Water and Power
Commissioners,
By ARTHUR STRASBURGER, *President*.

Attest:

JAS. P. VROMAN, *Secretary*.
SOUTHERN CALIFORNIA EDISON CO. (LTD.),
By JOHN B. MILLER, *Chairman*.

Attest:

CLIFTON PETERS, *Secretary*.

porations being organized and existing under the laws of the State of California, and hereinafter styled the lessees.²

Witnesseth:

EXPLANATORY RECITALS

(2) Whereas, for the purpose of controlling the floods, improving navigation, and regulating the flow of the Colorado River, providing for storage and for the delivery of the stored waters for reclamation of public lands and other beneficial uses exclusively within the United States, and for the generation of electrical energy, the Secretary, subject to the terms of the Colorado River compact, is authorized to construct, operate, and maintain a dam and incidental works in the main stream of the Colorado River at Black Canyon or Boulder Canyon, adequate to create a storage reservoir of a capacity of not less than twenty million acre-feet of water; also to construct, equip, operate, and maintain at or near said dam, or cause to be constructed, a complete plant and incidental structures suitable for the fullest economic development of electrical energy from the water discharged from said reservoir; and

(3) Whereas, after full consideration of the advantages of both the Black Canyon and Boulder Canyon dam sites, the Secretary has determined upon Black Canyon as the site of the aforesaid dam, hereinafter styled the Boulder Canyon Dam, and has determined that, the provision for revenues made by this contract, considering all of its provisions, including article sixteen (16), together with other contracts, in accordance with the provisions of the Boulder Canyon project act, is adequate in his judgment to insure payment of all expenses of operation and maintenance of the Boulder Canyon Dam and appurtenant works incurred by the United States, and the repayment within fifty (50) years from the date of completion of said works of all amounts advanced to the Colorado River Dam fund under Subdivision (b) of Section (2) of the Boulder Canyon Project Act, together with interest thereon made reimbursable under said act; and

(4) Whereas, the lessees are desirous severally of entering into contracts of lease of units of a Government-built electrical plant with right to generate electrical energy;

(5) Now, therefore, in consideration of the mutual covenants herein contained, the parties hereto agree as follows, to wit:

² As amended May 28, 1930. This article, as of Apr. 26, 1930, read:

CONTRACT FOR LEASE OF POWER PRIVILEGE

(1) This contract, made this 26th day of April, nineteen hundred thirty, 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, between the United States of America, hereinafter referred to as the United States, acting for this purpose by Ray Lyman Wilbur, Secretary of the Interior, hereinafter styled the Secretary, and, severally, the city of Los Angeles, a municipal corporation, hereinafter styled the city, acting for this purpose by its Board of Water and Power Commissioners, and Southern California Edison Co. (Ltd.), a private corporation, hereinafter styled the company, both of said corporations being organized and existing under the laws of the State of California, and hereinafter styled the lessees.

Witnesseth:

CONSTRUCTION BY UNITED STATES

(6) The United States will, at its own cost, construct in the main stream of the Colorado River at Black Canyon, a dam, creating thereby at the date of completion, a storage reservoir having a maximum water surface elevation at about 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 as stated in article fourteen (14) hereof.

OPERATION AND MAINTENANCE OF DAM

(7) 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.

INSTALLATION OF MACHINERY

(8) The machinery and equipment for the generation of power will be provided and installed and owned by the United States. The city and the company shall each notify the Secretary of the Interior, in writing, within two (2) months after receipt of written notice from him that diversion of the Colorado River has been effected for the construction of Boulder Canyon Dam, as to their respective generating requirements in order that the United States may be able to determine the type and initial and maximum ultimate capacity of the generating equipment to be installed in the power plant. Generating units and other equipment to be installed by the United States shall be in sufficient number and of sufficient capacity to generate the energy allocated to and taken by the lessees and the various allottees, served by each lessee as stated in article fourteen (14) hereof, upon the load factors stated by the respective allottees with proper allowance for the combined load factors of all allottees served by each lessee. Each lessee shall give notice to the Secretary of the date at which it requires its generating equipment to be ready for operation, such notice to be given at least three years before said date. If a lesser number of generating units is initially installed, the United States will furnish and install, at a later date or from time to time on like terms, such additional units as with the original installation will generate the energy allocated. The city and the company shall each cooperate with the United States in the preparation of designs for the power plant, and in the preparation of plans and specifications for the machinery and equipment to be installed in connection therewith and required by each, respectively.

Each allottee (including lessees) shall have opportunity to be heard by the Secretary or his representatives upon the design, capacity, and cost of machinery before contracts therefor are let.

COMPENSATION FOR USE OF MACHINERY³

(9) (a) Compensation for the use, for the periods of lease thereof, of machinery and equipment furnished and installed by the United States, for each lessee respectively, for the generation of electrical energy, equal to the cost thereof, including interest charges at the rate of four per centum (4%) per annum, compounded annually from the date of advances to the Colorado River Dam fund for the purchase of such equipment and machinery to June 1 of the year next preceding the year when the initial installment becomes due under this article, shall be paid to the United States by the lessees, severally, in ten (10) equal annual installments, so as to amortize the total cost (including interest as fixed above), and interest thereafter upon the unpaid balance of such total cost at the rate of four per centum (4%) per annum. The first installment payable by each lessee shall be due on June 1 next following the date the machinery leased by such lessee is ready for operation and water is available therefor, as announced by the Secretary, and the subsequent nine (9) installments shall be paid on June 1 of each year thereafter.

(b) No charge shall be made against either lessee on account of cost of, or as compensation for the use of, machinery required to be installed in consequence of execution of a contract for electrical energy by a State pursuant to article fourteen (14) hereof, unless such machinery is to be used partially for the benefit of such lessee. In such event the charge made by the United States for compensation for the use thereof shall be adjusted between the State and such lessee as they may agree or if they fail to agree then by the Secretary.

LEASE OF POWER PLANT

(10) (a) The United States hereby leases to the city for fifty (50) years from the date at which energy is ready for delivery to the city,

³ As amended Sept. 28, 1931. This article as of Apr. 26, 1930, read:

COMPENSATION FOR USE OF MACHINERY

(9) (a) Compensation for the use, for the periods of lease thereof, of machinery and equipment furnished and installed by the United States, for each lessee, respectively, for the generation of electrical energy, equal to the cost thereof, including interest charges at the rate of four per centum (4%) per annum, compounded annually from the date of advances to the Colorado River Dam fund for the purchase of such equipment and machinery to June first of the year next preceding the year when the initial installment becomes due under this article, shall be paid to the United States by the lessees, severally, in ten (10) equal annual installments, so as to amortize the total cost (including interest as fixed above), and interest thereafter upon such total cost at the rate of four per centum (4%) per annum. The first installment payable by each lessee shall be due on June first next following the date the machinery leased by such lessee is ready for operation and water is available therefor, as announced by the Secretary, and the subsequent nine installments shall be paid on June first of each year thereafter.

(b) No charge shall be made against either lessee on account of cost of, or as compensation for the use of, machinery required to be installed in consequence of execution of a contract for electrical energy by a State pursuant to article fourteen (14) hereof, unless such machinery is to be used partially for the benefit of such lessee. In such event the charge made by the United States for compensation for the use thereof shall be adjusted between the State and such lessee as they may agree or if they fail to agree then by the Secretary.

as announced by the Secretary, in accordance with article eleven (11) hereof, 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 designated the generating agency, together with the right to generate such electrical energy.

(b) The United States hereby leases to 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 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 as provided in article eleven (11) (a) hereof.

(c) 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.

(d) 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 the municipalities, including those contracting under the provisions of the last paragraph of article fourteen (14), 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.).

Nevertheless, the foregoing provisions are subject to the following conditions:

(1) Should it prove of material economic advantage to the district to have a portion of its energy generated as off-peak energy, the city, after generating energy for the district to the full extent of the generating capacity which has been installed at the request of the district, with allowance for the contemplated margin of reserve capacity, shall also generate such additional energy as may be needed by the district and as can be generated off-peak with other generating capacity leased to and being operated by the city at such times as such use does not conflict with the needs of the city and other allottees for whom the city is generating energy. The district will pay for the off-peak use of such other generating capacity, together with an allowance for a fair proportion of the operation and maintenance expenses at rates to be agreed upon between the district and the city, and, if they are unable to agree, to be determined by the Secretary.

Should the amount of energy which can be obtained by the district, from the generating capacity which has been installed at the request of the district and from other capacity leased to and being operated by the city, be insufficient to satisfy the requirements of the district, then the district may arrange with the company for generation of

such off-peak energy as may be needed by the district at such times and not obtainable from the city, to such an extent as such generation does not conflict with the needs of the company and other allottees for whom the company is generating energy. Charge shall be made against the district for such service at the rate to be agreed upon between the district and the company, and if they are unable to agree then at a rate to be determined in accordance with article thirty-five (35) (a) hereof.

(ii) 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 in this contract.

(iii) Except for off-peak power furnished the district, which shall be as provided in paragraph (i) of this article, all generation shall be effected at cost as determined in accordance with article twelve (12) hereof.

ASSUMPTION OF OPERATION OF POWER PLANT

(11) (a) Energy shall be ready for delivery to the city and to the municipalities, including those contracting under the last paragraph of article fourteen (14), when the Secretary announces that one billion two hundred fifty million (1,250,000,000) kilowatt-hours of energy per year is ready for delivery.

(b) Energy shall be ready for delivery to the district when the Secretary announces that two billion (2,000,000,000) kilowatt-hours of energy per year is available, which date, however, shall not be sooner than one (1) year after energy is ready for delivery to the city; provided, however, that the time when energy is ready for delivery to the district may be advanced, subject to the approval of the Secretary, should the district so request, and that in such case the city shall be compensated by the district for interest and depreciation on and maintenance and operation of its main transmission line in case the total energy available to the city is reduced below one billion two hundred fifty million (1,250,000,000) kilowatt-hours per annum, in the proportion that such kilowatt-hours available to the city is less than one billion two hundred fifty million (1,250,000,000).

(c) Energy shall be ready for delivery to the company when the Secretary announces that water capable of generating four billion two hundred forty million (4,240,000,000) kilowatt-hours of energy per year is available, which date, however, shall not be sooner than three (3) years after commencement of delivery of energy to the city and which shall not be until the water surface in Boulder Canyon reservoir on August 1 immediately preceding has reached an elevation of eleven hundred fifty (1,150) feet above sea level (United States Geological Survey datum); provided, however, that the Secretary may require the company to assume its obligations to take and/or pay for Boulder Canyon energy in accordance with the provisions of this contract on the first day of the calendar month next following the date when the company's system maximum demand in kilowatts is equal to or greater than it was at any time during the twelve-month period immediately preceding the date when the city commences to obtain energy from Boulder Canyon power plant. "Maximum demand," as used in the sentence next.

preceding, shall be defined as the average of the five largest half-hourly peaks during any single month, after deducting therefrom the amount of kilowatts the company may be temporarily carrying for any purpose other than supplying its own normal load.

(d) Upon written notification from the Secretary that generating equipment is ready for operation by it as provided in subparagraphs (a), (b), and (c), respectively, of this article, and water is available for generating energy therefrom, each lessee shall assume the operation and maintenance of its respective portion of the power plant, and thereafter such lessee, severally, shall save the United States, its officers, agents, and employees harmless as to injury and damage to persons and property which may in any manner arise out of the operation and maintenance of the portion of such plant leased to it.

OPERATION AND MAINTENANCE OF POWER PLANT

(12) 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 as provided in article sixteen (16). The United States, in accordance with article ten (10) hereof, will pay each lessee in the form of credits upon the account of such lessee for amounts due the United States under this 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 provided in article ten (10 d 1) hereof 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 as provided in paragraph (a) of article nine (9) hereof and interest on the respective lessees' prepayments thereof; a proper proportionate part of any annuity set up in accordance with regulations of the Secretary provided for in subdivision 3 of article sixteen (16) hereof, 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 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, pursuant to article thirty-three (33) hereof.

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

KEEPING LEASED PROPERTY IN REPAIR

(13) Except in case of emergency, no substantial change in any leased property shall be made by either lessee without first having had and obtained the written consent of the director or Secretary, and the Secretary's opinion as to whether any change in any leased property is or is not substantial shall be conclusive and binding upon the parties hereto. The lessees, severally, shall promptly make any and all repairs to and replacements of leased property (except those occasioned by act of God) in the control of each, respectively, which, in the opinion of the Secretary, are deemed necessary for the proper operation and maintenance of leased property. In case of neglect or failure of either lessee to make such repairs, the United States may, at its option, cause such repairs to be made and charge the actual cost thereof, plus fifteen per centum (15%) to cover overhead and general expense, to the lessee having control of such property, which amount, together with interest at the rate of four per centum (4%) per annum from the date of the expenditure to the date of payment will be paid to the United States by the lessee responsible for such repairs. The cost to the United States, with overhead and interest as stated above, of making any of the repairs contemplated by this contract, shall be repaid by the lessee having control of the property so repaired, on June 1 immediately succeeding the date of completion of such repairs.

ALLOCATION OF ENERGY ⁴

(14) The Secretary reserves and as against the lessees may exercise the power in accordance with the provisions of this contract to contract with the other allottees named in this article for the furnishing

⁴ As amended May 28, 1930, Sept. 23, 1931. This article, as of Apr. 26, 1930, read:

ALLOCATION OF ENERGY

(14) The Secretary reserves and as against the lessees may exercise the power in accordance with the provisions of this contract to contract with the other allottees named in this article for the furnishing of energy to such allottees at transmission voltage in accordance with the allocation to each such allottee and the Secretary is authorized by each lessee to enforce as against it the rights acquired by such other allottees under such contracts. Each lessee severally in accordance with the agency designations made in paragraph (d) of article ten (10), covenants to generate and furnish energy, at transmission voltage, needed to meet the following requirements of the allottees (other than lessees), named below, the allocations of firm energy being made in percentages of the total firm energy as defined in article fifteen (15) hereof, to be delivered to such allottees at said Boulder Dam power plant.

Of Firm Energy.

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

of energy to such allottees at transmission voltage in accordance with the allocation to each such allottee and the Secretary is authorized by each lessee to enforce as against it the rights acquired by such other allottees under such contracts. Each lessee severally, in accordance with the agency designations made in paragraph (d) of article ten (10), covenants to generate and furnish energy, at transmission voltage, needed to meet the following requirements of the allottees (other than lessees) named below, the allocations of firm energy being made in percentages of the total firm energy as defined in article fifteen (15) hereof, to be delivered to such allottees at said Boulder Dam power plant.

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 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 article seventeen (17) hereof; 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 in accordance with article thirty-five (35) (a) hereof. 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 under article thirty-five (35) (a) hereof shall not be controlled by such rate. During any year beginning June first, the district shall not use any secondary energy nor any unused State energy, until it has first used subsequent to June first, 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 first 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 Anaheim, Beverly Hills, Burbank, Colton, Fullerton, Glendale, Newport Beach, Pasadena, Riverside, San Bernardino, and Santa

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.

Ana (referred to herein as "the municipalities"), six per centum (6%) in all, to be allocated between them as they may agree; but if no agreement is submitted to the Secretary on or before April 15, 1931, the Secretary shall determine the allocation of each.

E. To the City of Los Angeles, thirteen per centum (13%).

F. To Southern California Edison Co. (Ltd.), the Southern Sierras Power Co., the San Diego Consolidated Gas & Electric Co., and the Los Angeles Gas & Electric Corporation, referred to herein as the companies, nine per centum (9%) in all, division whereof between the companies shall be made according to mutual agreement among them, if possible. If no such agreement is submitted to the Secretary on or before April 15, 1931, the Secretary shall determine the allocation of each.

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 the 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 company.

(ii) All of the energy allocated to the municipalities may be contracted for in compliance with regulations of the Secretary, by any one or more of them, as they may agree, on or before April 15, 1931. So much of the energy allocated to the municipalities as is not so contracted for, or, if contracted for, 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.

(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 as is not firmly contracted for by them, severally, in compliance with regulations of the Secretary on or before April 15, 1931, shall be taken and paid for by the company.

(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 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 this 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, respectively, shall be compensated for property rendered idle by use of such excess in such amount as the Secretary shall determine to be equitable.

C. To the Metropolitan Water District of Southern California for pumping Colorado River water into and in its aqueduct for the use of such district within the following limits:

- (1) 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 article seventeen (17) hereof; 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

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 equally by the two lessees. No right which may be available to a State under section five (5) (c) of the Boulder Canyon project act to execute a firm contract for electrical energy for use within the State shall be impaired by any provision of this lease; but if contract thereunder be executed with the Secretary no provision of this lease shall apply for the benefit of such State. If in consequence of execution of such contract the Secretary requires the allocation to either lessee or to an allottee using such lessee's main transmission lines to be diminished, such lessee may terminate its rights and obligations hereunder within two months thereafter on written notice to the Secretary: *Provided further*, That the combined allocation of nineteen per centum (19%) as herein made to the city and the municipalities shall not be reduced because of any such firm contract with a State for energy.

Of secondary energy.

The district shall have the right to purchase and use all secondary energy as provided in article fifteen (15) and article seventeen (17) hereof for the purposes stated in the first paragraph of subdivision (c) of this article. The city and the company shall each have the right to purchase and use one-half of all secondary energy not used by the district. Any such energy not used by one lessee shall be available, for the time being, to the other. If secondary energy is not taken by the city, the district, and/or the company, 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 article twelve (12) hereof.

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 under the foregoing allocations.

The United States reserves the right, in case the dam which it erects provides a maximum water surface elevation in excess of one thousand two hundred twenty-two (1,222) feet above sea level (U. S. 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, to dispose of such increase, but not to exceed ninety million (90,000,000) kilowatt-hours per year (June 1 to May 31, inclusive), to any municipality or municipalities by firm contract executed with the Secretary on or before April 15, 1931. Such disposition shall be without prejudice to any provision of this lease or of the allocation above referred to. So much of such additional energy as is not so contracted for shall be taken and paid for by the city. Generation of such additional energy shall in any event be effected by the city.

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 in accordance with article thirty-five (35) (a) hereof. 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 under article thirty-five (35) (a) hereof 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 Anaheim, Beverly Hills, Burbank, Colton, Fullerton, Glendale, Newport Beach, Pasadena, Riverside, San Bernardino, and Santa Ana (referred to herein as "the municipalities"), six per centum (6%) in all, to be allocated between them as they may agree; but if no agreement is submitted to the Secretary on or before November 16, 1931, the Secretary shall determine the allocation of each.

E. To the City of Los Angeles, thirteen per centum (13%).

F. To Southern California Edison Co. (Ltd.), the Southern Sierras Power Co., the San Diego Consolidated Gas & Electric Co., and the Los Angeles Gas & Electric Corporation, referred to herein as the companies, nine per centum (9%) in all, division whereof between the companies shall be made according to mutual agreement among them, if possible. If no such agreement is submitted to the Secretary on or before November 16, 1931, the Secretary shall determine the allocation of each.

It is further agreed that—

(i) So much of the energy allocated to the States (thirty-six per centum (36%) of the 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 company.

In addition, all firm energy allocated to the city (thirteen per centum (13%)) shall be taken and paid for by the city.

(ii) All of the energy allocated to the municipalities may be contracted for in compliance with regulations of the Secretary, by any one or more of them, as they may agree, on or before November 16, 1931. So much of the energy allocated to the municipalities as is not so contracted for, or, if contracted for, 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.

(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 as is not firmly contracted for by them, severally, in compliance with regulations of the Secretary on or before November 16, 1931, shall be taken and paid for by the company.

(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 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 this 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 of 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 States 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, 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 equally by the two lessees. No right which may be available to a State under section five (5) (c) of the Boulder Canyon project act to execute a firm contract for electrical energy for use within the State shall be impaired by any provision of this lease; but if contract thereunder be executed with the Secretary no provision of this lease shall apply for the benefit of such State. If in consequence of execution of such contract the Secretary requires the allocation to either lessee or to an allottee using such lessee's main transmission lines to be diminished, such lessee may terminate its rights and obligations hereunder within two months thereafter on written notice to the Secretary. Provided, further, that the combined allocation of nineteen per centum (19%) as herein made to the city and the municipalities shall not be reduced because of any such firm contract with a State for energy.

Of secondary energy.

It is further agreed that the district shall have the right to purchase and use all secondary energy as provided in article fifteen (15) and article seventeen (17) hereof for the purposes stated in the first paragraph of subdivision (c) of this article. The city and the company shall each have the right to purchase and use one-half of all secondary energy not used by the district. Any such energy not used by one lessee shall be available, for the time being, to the other. If secondary energy is not taken by the city, the district, and/or the company, 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 article twelve (12) hereof.

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

It is further agreed that 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 the Secretary shall dispose of such unused energy until required by the district for said purpose, crediting on the district's obligation the proceeds of such disposition as received; provided, however, that no disposition of such firm energy shall be made 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; and provided, further, that 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 hereinbefore disposed of.

It is further agreed that the United States reserves the right, in case the dam which it 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, to dispose of such increase, but not to exceed ninety million (90,000,000) kilowatt-hours per year (June 1 to May 31, inclusive), to any municipality or municipalities by firm contract executed with the Secretary on or before November 16, 1931. Such disposition shall be without prejudice to any provision of this lease or of the allocation above referred to. So much of such additional energy as is not so contracted for shall be taken and paid for by the city. Generation of such additional energy shall in any event be effected by the city.

FIRM AND SECONDARY ENERGY DEFINED

(15) 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 at transmission voltage. 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, by reason of international obligations arising through treaty or otherwise subsequent to the effective date of this contract, or by reason of interference with the program of construction and/or operation of the dam as provided for and contemplated by this contract, or by reason of other contingencies not now foreseen, the amount of firm energy available through the release of water from the Boulder Canyon reservoir shall in fact be less than the amount of firm energy as above defined, then in any such event the obligation of the lessee to take and/or generate shall be reduced in an amount corresponding to such change. If for any reason the United States shall be wholly unable to fulfill its obligations hereunder in respect of the delivery of water, then the lessees, or either of them, may terminate this contract insofar as it affects such lessees or lessee.

If the dam erected by the United States provides a maximum water surface elevation in excess of twelve hundred twenty-two (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.

The right of the district and/or lessee to take and pay for energy at the rate for secondary energy after discharge of such party's obligation to the United States to pay for energy at the rate for firm energy, shall not be impaired by reason of the fact that another allottee has not discharged its obligation to pay for energy at the rate for firm energy.

SCHEDULE OF RATES

(16) In consideration of this lease, the lessees severally agree: (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 (except as otherwise provided in article seventeen (17) hereof), 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) To compensate the United States for the use of the said leased equipment as herein elsewhere provided; and

(3) To maintain said equipment in first-class operating condition, 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 this lease.

At the end of fifteen (15) years from the date of execution of this contract and every ten (10) years thereafter, the above rates of payment for firm and secondary energy shall be readjusted upon demand of any party hereto, 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 both 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 in this contract 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 cost of repairs and replacements, together with such readjustments as to replacements as is provided for in paragraph three (3) in this article; 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.

In arriving at the respective rates for "firm energy" and "secondary energy" as fixed herein, recognition has been given to the fact that "secondary energy" can not be relied upon as being at all times available, but is subject to diminution or temporary exhaustion; whereas "firm energy" is the amount of energy agreed upon as being available continuously as required during each year of the contract period. In

the readjustment of the rate for "secondary energy," account shall be taken of the foregoing factors.

If the lessees severally or either of them shall not obtain a renewal of this contract at the expiration of the contract period as provided in article twenty-six (26) hereof, equitable adjustment for major replacements of machinery made between the date of the last readjustment of rates as provided for herein and the end of the contract period shall be made at the expiration of the contract.

MINIMUM ANNUAL PAYMENT ⁵

(17) The minimum quantity of firm energy which the city shall take and/or pay for each year (June 1 to May 31, inclusive), under the terms of this contract and after same is ready for delivery to the city as provided in subdivision (a) of article eleven (11) hereof, shall be thirty-seven per centum (37%) of all firm energy as defined in article fifteen (15) hereof for the generation of which the United States makes water available in said year, except as reduced by amounts of firm energy contracted for by others as provided in article fourteen (14). In addition, the city agrees to take and pay for, as provided in the last paragraph of article fourteen (14) hereof, all firm energy (not to exceed ninety million (90,000,000)) kilowatt-hours per year (June 1 to May 31, inclusive), made available over and above the firm energy defined in article fifteen (15) hereof by the erection of a dam which provides a maximum water surface elevation in excess of one thousand two hundred and twenty-two (1,222) feet above sea level (United States Geological Survey data).

⁵ As amended May 28, 1930. This article, as of Apr. 26, 1930, read:

MINIMUM ANNUAL PAYMENT

(17) The total payments made by each lessee 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 lessee and which said lessee is obligated to take and/or pay for during said year, multiplied by one and sixty-three hundredths mills (\$.00163), or multiplied by the adjusted rate of payment for firm energy in case the said rate is adjusted as provided in article sixteen (16) hereof, less credits on account of charges to other allottees, as provided for and referred to in article twelve (12) 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:

	Per cent
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 article twenty-one (21) hereof.

The minimum quantity of firm energy which Southern California Edison Co. (Ltd.) shall take and/or pay for each year (June 1 to May 31, inclusive), under the terms of this contract and after same is ready for delivery to the company as provided in subdivision (c) of article eleven (11) hereof, shall be twenty-seven per centum (27%) of all firm energy as defined in article fifteen (15) hereof for the generation of which the United States makes water available in said year, except as reduced by amounts of firm energy contracted for by others as provided in article fourteen (14).

The total payments made by each lessee 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 lessee and which said lessee 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 sixteen (16) hereof, less credits on account of charges to other allottees, as provided for and referred to in article twelve (12) 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, as herein elsewhere provided, shall be as follows, in percentages of the ultimate annual obligation, to take and/or pay for firm energy:

	Per cent
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 article twenty-one (21) hereof.

MONTHLY PAYMENTS AND PENALTIES

(18) The lessees, severally, shall pay monthly for energy in accordance with the rates established or provided for herein. When energy taken in any month is not in excess of one-twelfth ($\frac{1}{12}$) 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 ($\frac{1}{12}$) 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 ($\frac{1}{12}$) 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, as provided in article seventeen (17) hereof, and the sum of the amounts charged for firm energy during the preceding eleven (11) months. The United States will submit bills to the lessees 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 credit allowances due lessees) 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.

NO ENERGY TO BE DELIVERED WITHOUT PAYMENT

(19) After notice by the Secretary to the lessees no electrical energy shall be generated for, or delivered to, any lessee who shall be in arrears for more than twelve (12) months in the payment of any charge and/or penalty due or to become due the United States hereunder. Each lessee shall, upon receipt of written notice from the Secretary that any allottee is in arrears in the payment of any such charge and/or penalty, immediately discontinue the generation for or delivery of energy to such allottee until receipt of further notice from said Secretary.

CONTRACT MAY BE TERMINATED IN CASE OF BREACH

(20) In case of the breach by a lessee of the terms and conditions of this agreement to the extent that another allottee is deprived of all or any part of the electrical energy to which it is entitled under the allocation set forth in article fourteen (14) hereof, the generation of which is to be effected by such lessee, or in case either lessee shall be in arrears for more than twelve (12) months in the payment of any charge and/or penalty due or to become due the United States hereunder, the Secretary reserves the right to immediately enter, take possession of, and operate and maintain at the cost of such lessee, with proper deduction for charges as provided in this contract, due from the party or parties to whom such energy is delivered, so much property leased to such lessee, as may be necessary to deliver energy to such allottee, and thereafter upon two (2) years' written notice to such lessee, to terminate this contract as to such lessee; and upon such termination hereof all leased property shall be returned and delivered up to the United States in as good condition as when received, reasonable wear and damage by the elements excepted; provided, however, that in event of such termination, a lessee shall have the right at any time within ten (10) years from date of first default or breach for which such termination is demanded to become reinstated hereunder by removing all causes which resulted in termination hereof, including payment of penalties, if any, and payment to the United States also of any and all loss incurred by it by reason of such termination. The waiver of a breach of any of the provisions of this contract shall not be deemed to be a waiver of any other provision hereof, or of a subsequent breach of such provision.

INTERRUPTIONS IN DELIVERY OF WATER

(21) 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 this 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, and this contract is made upon the express condition, and with the express covenant, that the several rights of the lessees to the waters of the Colorado River, or its tributaries, are subject to, and controlled by 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 purpose 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 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 said lessee has hereby obligated 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 by the lessees, severally, 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 by such lessee 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 specified in article seventeen (17) 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). 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; nevertheless interruptions in delivery of water occasioned by such causes shall be governed as hereinabove provided in this article.

MEASUREMENT OF ENERGY

(22) 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 this contract. The said meter equipment shall be maintained by and at the expense of the respective lessees. Meters shall be tested at any reasonable time upon the request of either the United States or a lessee, and in any event they shall be tested at least once each year. If the test discloses that the error of any meter exceeds one per centum (1%), such meter shall be adjusted so that the error does not exceed one-half of one per centum ($\frac{1}{2}\%$). Meter equipment shall be tested by means of suitable testing equipment which will be provided by the United States, and which shall be calibrated by the United States Bureau of Standards as often as requested by any party hereto. Meters shall be kept sealed, and the seals shall be broken only in the presence of representatives of both the United States and the lessees, respectively, and likewise all test of meter equipment shall be conducted only when representatives of both the United States and the respective lessees are present.

RECORD OF ELECTRICAL ENERGY GENERATED

(23) 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.

INSPECTION BY THE UNITED STATES

(24) The Secretary, or his representatives, shall at all times have the right of ingress to and egress from all works of the lessees 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 the lessees relating to the generation, transmission, and disposal of electrical energy hereunder with the right at any time during office hours to make copies of or from the same.

TRANSMISSION

(25) (a) The city shall operate and maintain at cost, including allowance for necessary overhead expense, the lines required for transmitting all Boulder Canyon power from the power plant to the pumping plants of the district, allocated to and used by the district for pumping water into and in its aqueduct; provided, that in the event it should prove materially to the advantage of the district, at any time during the 50-year period of this several lease, the district may operate and maintain such transmission lines itself; and provided

further, that in the event of disagreement or dispute between the district and the city as to such matter, such disagreement shall be determined as provided in article thirty-five (35) (a) hereof; and if by such determination energy allocated to and used by the district is to be transmitted by the district instead of the city, the Secretary will cause delivery of energy at transmission voltage to be made accordingly.

(b) The City of Los Angeles shall transmit over its main transmission line constructed for carrying Boulder Canyon power all such power allocated to and used by each of the municipalities, severally, and be compensated therefor on the basis of a reasonable share of the cost of construction, operation, and maintenance of such line; subject to the understanding that, if on further investigation before April 15, 1932, it shall prove to be materially more economical for any municipality to make a different arrangement respecting transmission of its power, it may do so, provided that the arrangement so made shall not reduce the quantity of energy transmitted by the city below nineteen per centum (19%) of the firm energy generated, and subject to the further understanding that in case of any disagreement over the question of cost of transmission of Boulder Canyon power, such disagreement shall be determined in accordance with article thirty-five (35) (a) hereof.

(c) The company shall transmit over its main transmission lines, constructed for carrying Boulder Canyon power, such power, allocated to and used by the Southern Sierras Power Co., the San Diego Consolidated Gas & Electric Co., and the Los Angeles Gas & Electric Corporation, as they may desire to have transmitted over such lines, and the company shall be compensated therefor as may be mutually agreed upon between the company and the agency whose power is transmitted over the company's lines. In case of any disagreement over the question of cost of transmission of Boulder Canyon power, such disagreement shall be determined in accordance with article thirty-five (35) (a) hereof.

DURATION OF CONTRACT

(26) This contract shall become effective as soon as the first act of Congress appropriating funds for commencement of construction of Boulder Canyon Dam has become law, and as to each lessee shall remain in effect until the expiration of a period of fifty (50) years from the date at which energy is ready for delivery to the city, as announced by the Secretary. The holder of any contract for electrical energy (including the lessees severally), 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 regulations, unless the property of such holder dependent for its usefulness on a continuation of the contract be purchased or acquired and such contractor 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.

TITLE TO REMAIN IN UNITED STATES

(27) As provided by section six (6) of the Boulder Canyon project act, the title to Boulder Canyon Dam, reservoir, plant, and incidental works, shall forever remain in the United States.

ELECTRICAL ENERGY RESERVED FOR UNITED STATES

(28) Each lessee by means of machinery leased hereunder shall furnish to the United States such electrical energy as may be desired at a maximum demand not to exceed five thousand (5,000) kilowatts for construction and/or operation and maintenance purposes, and for diversion of water for irrigation and domestic uses, but not for resale to other than officers and employees and construction contractors of the United States, and to other persons in construction operating camps constructed and/or maintained by the United States. Such power shall be delivered to the United States at the power plant, and shall be measured at the point of delivery by meters furnished and installed by the United States. The United States will pay each lessee for such power, through credit on monthly bills, at cost as provided in article twelve (12) hereof.

USE OF PUBLIC AND RESERVED LANDS OF THE UNITED STATES

(29) 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 Canyon 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.

PRIORITY OF CLAIMS OF THE UNITED STATES

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

OTHER CONTRACTS

(31) Execution of this contract by the city, and performance of its obligations and assumptions of its rights hereunder, shall not be deemed in violation of any provision of any contract between the city and company heretofore executed.

TRANSFER OF INTEREST IN CONTRACT

(32) No voluntary transfer of this contract, or of the rights hereunder, shall be made without the written approval of the Secretary; and any successor or assign of the rights of either lessee, whether by voluntary transfer, judicial sale, foreclosure sale, or otherwise, shall be subject to all the conditions of the Boulder Canyon project 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 lessee hereunder; provided, that a mortgage or trust deed or judicial sales made thereunder shall not be deemed voluntary transfers within the meaning of this article.

RULES AND REGULATIONS

(33) This contract is subject to such rules and regulations conforming to the Boulder Canyon project act as the Secretary may from time to time promulgate; provided, however, that no right of

either lessee hereunder shall be impaired or obligation of either lessee hereunder shall be extended thereby; and provided further that opportunity for hearing shall be afforded each lessee by the Secretary prior to promulgation thereof.

AGREEMENT SUBJECT TO COLORADO RIVER COMPACT

(34) This contract is made upon the express condition and with the express understanding that all rights hereunder shall be subject to and controlled by the Colorado River compact, being the compact or agreement signed at Santa Fe, N. Mex., November 24, 1922, pursuant to act of Congress approved August 19, 1921, entitled "An act to permit a compact or agreement between the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming respecting the disposition and apportionment of the waters of the Colorado River, and for other purposes," which compact was approved in section 13 (a) of the Boulder Canyon project act.

DISPUTES AND DISAGREEMENTS

(35) (a) Disputes or disagreements arising under this contract between the lessees or between a lessee and another allottee shall be arbitrated by three arbitrators, but only in case where it is not provided herein that the determination shall be made by the Secretary. Each disputant shall name one arbitrator and these two shall name the third. If either disputant has notified the other that arbitration is demanded and that it has named an arbitrator, and if thereafter the other disputant fails to name an arbitrator for fifteen days, the Secretary, if requested by either disputant, shall name such arbitrator, who shall proceed as though named by the disputant. The two arbitrators so named shall meet within five days after appointment of the second, and name the third. If they fail to do so, the Secretary will, on request by either disputant or arbitrator, name the third. A decision by any two of the three arbitrators shall be binding on the disputants and enforceable by court proceedings or by the Secretary in his discretion. Arbitration as herein provided, or the failure of the arbitrators to render a decision within six months of appointment of the third arbitrator, shall be a condition precedent to suit by either disputant against the other upon the matter in dispute.

(b) Disputes or disagreements between the United States and a lessee or lessees as to the interpretation or performance of the provisions of this contract shall be determined either by arbitration or court proceedings, the Secretary of the Interior being authorized to act for the United States in such proceedings. Whenever a controversy arises out of this contract, and the disputants agree to submit the matter to arbitration, the lessees, if the matter in dispute affects the rights of both lessees, or if the matter in dispute affects the rights of only one lessee, then such lessee, shall name one arbitrator and the Secretary shall name one arbitrator, and the two arbitrators thus chosen shall elect three other arbitrators, but in the event of their failure to name all or any of the three arbitrators within five (5) days after their first meeting, such arbitrators, not so elected, shall be named by the senior judge of the United States Circuit Court of Appeals for the ninth circuit. The decision of any three of such arbitrators shall be a valid and binding award of the arbitrators.

CONTINGENT UPON APPROPRIATIONS

(36) 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 Colorado River Dam 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 their not being sufficient moneys in the Colorado River Dam fund to permit of said allotments. This agreement is also subject to the condition that if Congress fails to appropriate moneys for the commencement of construction work within five (5) years from and after execution hereof, or if for any other reason construction of Boulder Canyon Dam is not commenced within said time and thereafter prosecuted to completion with reasonable diligence, then and in such event any party hereto may terminate its obligations hereunder upon one (1) year's written notice to the other parties hereto.

MODIFICATIONS

(37) Any modification, extension, or waiver by the Secretary of any of the terms, provisions, or requirements of this contract for the benefit of any one or more of the allottees (including the lessees) shall not be denied to any other.

MEMBER OF CONGRESS CLAUSE

(38) No Member of or Delegate to Congress or Resident Commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom. Nothing, however, herein contained shall be construed to extend to this contract if made with a corporation for its general benefit.

In witness whereof, the parties hereto have caused this contract to be executed the day and year first above written.¹

THE UNITED STATES OF AMERICA,
By RAY LYMAN WILBUR,

Attest: *Secretary of the Interior.*
NORTHCUTT ELY.

THE CITY OF LOS ANGELES, acting by
and through its Board of Water and
Power Commissioners,
By JOHN R. HAYNES, *President.*

Attest:
JAS. P. VROMAN,
Secretary.

DEPARTMENT OF WATER AND POWER OF
THE CITY OF LOS ANGELES, by the
Board of Water and Power Commis-
sioners,
By JOHN R. HAYNES, *President.*

Attest:
JAS. P. VROMAN,
Secretary.

SOUTHERN CALIFORNIA EDISON COM-
PANY (LTD.),
By JOHN B. MILLER, *Chairman.*

Attest:
CLIFTON PETERS,
Secretary.

¹ Apr. 26, 1930; as amended by supplemental contracts dated May 28, 1930, and Sept. 23, 1931.