



**United States  
Department of Energy**

**WESTERN AREA  
POWER ADMINISTRATION**

**Desert Southwest  
Regional Office**

# **CONTRACT**

**CONTRACT NO. 16-DSR-12626**

**BETWEEN**

**UNITED STATES  
DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION  
Desert Southwest Customer Service Region  
Boulder Canyon Project**

**AND**

**ARIZONA POWER AUTHORITY**

**FOR**

**ELECTRIC SERVICE**

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1. **PREAMBLE:** This Contract is made this \_\_\_\_ day of \_\_\_\_\_, 2016 (Contract), in accordance with the following Acts of Congress: Reclamation Act of June 17, 1902 (32 Stat. 388, 43 U.S.C. 391); the Boulder Canyon Project Act of December 21, 1928 (45 Stat. 1057, 43 U.S.C. 617); the Boulder Canyon Project Adjustment Act of July 19, 1940 (54 Stat. 774, 43 U.S.C. 618); the Colorado River Basin Project Act of September 30, 1968 (82 Stat. 885, 43 U.S.C. 1501); the Department of Energy Organization Act of August 4, 1977 (91 Stat. 565, 42 U.S.C. 7101); the Hoover Power Plant Act of August 17, 1984 (98 Stat. 1333, 43 U.S.C. 619); the Hoover Power Allocation Act of December 20, 2011 (125 Stat. 777, 43 U.S.C. 619a), hereinafter called the Hoover Power Allocation Act of 2011; and acts amendatory or supplementary to the foregoing acts as of the date of execution of this Contract, between THE UNITED STATES OF AMERICA, Department of Energy, acting by and through the Administrator, Western Area Power Administration, hereinafter called Western, represented by the officer executing this Contract, and with the concurrence of the Secretary of the Interior through the Commissioner, Bureau of Reclamation, represented



by the Regional Director, Lower Colorado Region insofar as their responsibilities and authority under the Boulder Canyon Project Act (45 Stat. 1057, 43 U.S.C. 617), the Boulder Canyon Project Adjustment Act (54 Stat. 774, 43 U.S.C. 618), the Hoover Power Plant Act of 1984 (98 Stat. 1333, 43 U.S.C. 619), and the Hoover Power Allocation Act of 2011 (125 Stat. 777, 43 U.S.C. 619a) as provided in section 31 of this Contract, and the ARIZONA POWER AUTHORITY, an agency of the State of Arizona, duly organized and existing under and by virtue of the laws of the State of Arizona, or a duly authorized representative, hereinafter called the Contractor or the Arizona Power Authority, its successors and assignees; each sometimes individually called Party, and collectively called Parties.

2. **EXPLANATORY RECITALS:**

- 2.1 The Hoover Power Allocation Act of 2011 established allocations of Schedule A and Schedule B power to existing Contractors, excess energy provisions under Schedule C, and a resource pool defined as Schedule D.
- 2.2 Western's Administrator published Conformed General Consolidated Power Marketing Criteria or Regulations for Boulder City Area Projects in Federal Register Notice 77 FR 35671, dated June 14, 2012, as required by the Hoover Power Allocation Act of 2011, collectively hereinafter called "Conformed Criteria" which serve as the regulations for the sale of electric service from the Boulder Canyon Project (BCP).
- 2.3 In accordance with the Hoover Power Allocation Act of 2011 and the Conformed Criteria, Western marketed 66.7 percent of the Schedule D capacity and energy to new eligible allottees within the Boulder City Area Projects marketing area. Western further marketed 11.1 percent of the Schedule D capacity and energy each to the Arizona Power Authority for new allottees within Arizona, and to the

Colorado River Commission of Nevada for new allottees within Nevada, and to new allottees within the State of California. The Arizona Power Authority (APA) marketed 11.1 percent of the Schedule D capacity and energy to new allottees within the State of Arizona and the Colorado River Commission of Nevada (CRC) marketed 11.1 percent of the Schedule D capacity and energy to new allottees within the State of Nevada.

- 2.4 Western's Energy Planning and Management Program (EPAMP), dated October 20, 1995, in Federal Register Notice 60 FR 54151 requires all BCP electric service contractors to prepare Integrated Resource Plans (IRP). In accordance with Federal Register Notice 76 FR 81487, dated December 28, 2011, only the IRP portion of the EPAMP Power Marketing Initiative is applicable to BCP Contractors. EPAMP was revised in 65 FR 16789, dated March 30, 2000, to allow customers more alternatives in meeting the IRP requirements, such as the small customer plan and other acceptable plans.
- 2.5 In Federal Register Notice 77 FR 65681, dated October 30, 2012, Western proposed additional marketing criteria, for public comment.
- 2.6 Western announced in Federal Register Notice 78 FR 79436, dated December 30, 2013, its final marketing criteria and a call for applications.
- 2.7 Western announced in Federal Register Notice 78 FR 79436, dated December 30, 2013, eligible Schedule D Contractors, with the exception of Native American Tribes, must be ready, willing and able to receive and distribute or use power from Western by October 1, 2016.
- 2.8 Western announced in Federal Register Notice 78 FR 79443, dated December 30, 2013, the general marketing criteria stating that any allocated

Schedule D power not under contract by October 1, 2016, shall be redistributed on a pro-rata basis to the remaining Schedule D allottees. Any power not allocated and under contract by October 1, 2017, shall be distributed in accordance with the 2012 Conformed Criteria.

- 2.9 Western announced in Federal Register Notice 79 FR 46432, dated August 8, 2014, proposed allocations for BCP Schedule D resource pool.
- 2.10 Western provided the public opportunities to discuss and comment on the proposed allocations for the BCP Schedule D resource pool and after evaluation of the comments received, Western published notice of final allocations of power from the BCP Schedule D resource pool in Federal Register Notice 79 FR 75544, dated December 18, 2014.
- 2.11 In the Federal Register Notice 79 FR 75544, dated December 18, 2014, Western approved allocations of electric service to Schedule D Contractors subject to the execution of a definitive contract. The Hoover Power Allocation Act of 2011 further provides that in the case of Arizona and Nevada, Schedule D Contingent Capacity and Firm Energy allocated by Western for new allottees other than federally recognized Indian tribes shall be offered in contracts through the Arizona Power Authority and the Colorado River Commission of Nevada, respectively.
- 2.12 The Boulder Canyon Project Act sets forth the Hoover-specific preference to be applied in allocation and marketing of power generated at Hoover Dam; section 18 of the Reclamation Project Act of 1939 (53 Stat. 1187) states that “[n]othing in this Act shall be construed to amend the Boulder Canyon Project Act (45 Stat. 1057), as amended”; and Congress has consistently exempted the Boulder Canyon Project Act from preference granted under the Reclamation



Project Act subsequent to 1939.

2.13 The Hoover Power Allocation Act of 2011 provides for contract offers to existing Contractors of Schedule A and Schedule B Contingent Capacity and Firm Energy, and Schedule C Excess Energy, and Schedule D resource pool for new allottees. Western herein offers such Schedule A and Schedule B Contingent Capacity and Firm Energy, and also offers such Schedule C Excess Energy, and Schedule D Contingent Capacity and Firm Energy for new allottees, and this Contract evidences such offers and the acceptance of such offers.

3. **AGREEMENT:** The Parties agree to the terms and conditions set forth herein.

4. **TERM OF CONTRACT:**

4.1 This Contract shall become effective on October 1, 2016, to provide for obligations required to initiate service in advance of the date of initial service, including, but not limited to, advance funding obligations defined under the Restated Agreement. This Contract shall remain in effect through September 30, 2067, without prejudice to any rights to extension hereof which the Contractor may have under the Boulder Canyon Project Act, provided that this Contract is not terminated prior to September 30, 2067, and the Contractor is not in default hereunder as of September 30, 2067.

4.2 The date of initial service hereunder shall be October 1, 2017.

4.3 Western reserves the right to terminate this Contract in the event the Contractor does not meet the requirements of this Contract as specified in section 17.

4.4 If the Contractor's Allocation is reallocated in accordance with section 16, this Contract shall terminate on the effective date of the reallocation specified in the written notice from Western.



5. **DEFINITIONS:** The following terms, when used herein and in the Exhibits and Attachments as attached, shall have the meanings specified:

- 5.1 Actual Expenses: The amount equal to the expenses, authorized by applicable laws or regulations, actually incurred by or for the benefit of the BCP each Fiscal Year by Western and Reclamation excluding any expenses for Firming Energy purchases.
- 5.2 Administrator: The Administrator of the Western Area Power Administration.
- 5.3 Ancillary Services: Those generation services that are necessary to support the transmission of capacity and scheduled energy from resources to loads. Ancillary Services provided under this Contract deemed delivered from Hoover Powerplant are those described in subsection 6.11 and listed in Attachment No. 3.
- 5.4 Annual Revenue Requirement: The estimated BCP expenses for the Rate Year less any carryover of funds from prior Fiscal Year(s) and revenues from other sources as provided under subsection 7.4.
- 5.5 Arizona: The State of Arizona, represented, for purposes of this Contract, by the Arizona Power Authority.
- 5.6 Authorized Representative: A representative of a Party designated in accordance with section 23.
- 5.7 Available Capacity: Hoover Powerplant generating capacity which is available to the Contractors at any given time, taking into account the unit capability and Outages at that time.
- 5.8 Balancing Authority (BA): The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a balancing authority area, and supports interconnection frequency in real time.

- 5.9 Base Charge: The total charge paid by the Contractors for their allocated Contingent Capacity and Firm Energy based on the Annual Revenue Requirement, in accordance with section 7. The Base Charge shall be composed of a capacity component and an energy component.
- 5.10 Billing Period: The service period beginning on the first Day and extending through the last Day of any calendar month.
- 5.11 Boulder Canyon Project (BCP): All works and the real property associated with such works authorized by the Boulder Canyon Project Act, as amended, the Hoover Power Plant Act of 1984, as amended, and any future additions authorized by Congress, to be constructed and owned by the United States, but exclusive of the main canal and its related appurtenances authorized by the Boulder Canyon Project Act, known as the All-American Canal.
- 5.12 Boulder Canyon Project Act: The Act of Congress approved December 21, 1928 (45 Stat. 1057, 43 U.S.C. 617), as amended and supplemented.
- 5.13 Boulder Canyon Project Adjustment Act: The Act of Congress approved July 19, 1940 (54 Stat. 774, 43 U.S.C. 618), as amended and supplemented.
- 5.14 Boulder Canyon Project Ten Year Operating Plan (BCP Ten Year Operating Plan): The written product of the annual budget planning process for the ongoing operation of the BCP, developed by Reclamation in consultation with Western and the Contractors. A preliminary and final plan will be developed each year. The final plan will include, but is not limited to, information regarding proposed budget and revenues, staffing projections, hydrology and generation projections, and historical data.

- 5.15 Capacity Dollar: The amount of revenue to be billed for BCP capacity allocation for each Fiscal Year. Such amount shall be fifty (50) percent of the Annual Revenue Requirement.
- 5.16 Change In Law: Any of the following events occurring after the execution date of this Contract: (a) a material change in or repeal of any applicable act, statute or regulation, or (b) an enactment or making of a new applicable act, statute or regulation.
- 5.17 Colorado River Dam Fund: The special fund in the United States Treasury established by Section 2(a) of the Boulder Canyon Project Act and available for carrying out the provisions of said Act, the Boulder Canyon Project Adjustment Act, the Hoover Power Plant Act of 1984, the Hoover Dam Miscellaneous Sales Act, and the Hoover Power Allocation Act of 2011.
- 5.18 Conformed Criteria: The Conformed General Consolidated Power Marketing Criteria or Regulations for Boulder City Area Projects, published in Federal Register Notice 49 FR 50582, dated December 28, 1984, as amended by 77 FR 35671, dated June 14, 2012.
- 5.19 Contingent Capacity: The aggregate of Schedule A Contingent Capacity, Schedule B Contingent Capacity, and Schedule D Contingent Capacity provided to all Contractors as set forth in Attachment No. 1, subject to reduction as provided in section 6.
- 5.20 Contractor(s): The parties specified in Attachment No. 4 that have a fully executed contract with Western for BCP electric service.
- 5.21 Contractor's Allocation: The Contractor's Contingent Capacity and Firm Energy provided for under this Contract as set forth in Exhibit A and inclusive of Excess Energy that may be available to the Contractor.



- 5.22 Contractor's Available Capacity: The Contractor's share of Available Capacity in accordance with section 6 and Exhibit C.
- 5.23 Contractor's Available Energy: The amounts of energy available to the Contractor for each Fiscal Year and Billing Period in accordance with section 6 and Exhibit C.
- 5.24 Contractor's Contingent Capacity: The aggregate of Contractor's Schedule A Contingent Capacity, Schedule B Contingent Capacity, and Schedule D Contingent Capacity provided to the Contractor as set forth in Exhibit A, subject to reduction as provided in section 6.
- 5.25 Contractor's Energy Dollar: The amount equal to the Energy Dollar for each Fiscal Year multiplied by each Contractor's Firm Energy percentage in Attachment No. 2.
- 5.26 Day: A calendar day.
- 5.27 Energy Deemed Delivered: The amount of energy scheduled, metered, and determined to be delivered to each Contractor, including Motoring Losses (ML) and Unloaded Synchronized Generation Losses (SL) as defined in Exhibit D attached hereto, all determined in accordance with the Metering and Scheduling Instructions (MSI) developed and agreed upon in accordance with subsection 6.12.2. Such energy amount shall exclude energy purchased by Western, at the request of a Contractor in accordance with subsection 6.9.4.
- 5.28 Energy Dollar: The amount of revenue to be billed for BCP energy allocation for each Fiscal Year. Such amount shall be fifty (50) percent of the Annual Revenue Requirement.



- 5.29 Environmental Attributes: The environmental characteristics that are attributable to a renewable energy resource, or to renewable energy from such a renewable energy resource, which shall include, but not be limited to, renewable energy or tax credits, offsets and benefits; green tags (regardless of how any present or future law or regulation attributes or allocates such characteristics); credits towards achieving renewable portfolio standard or emissions standards, and any reporting rights associated with any of the foregoing. Where practicable, such Environmental Attributes (such as renewable energy credits) shall be expressed in MWh, with one (1) MWh of Environmental Attributes produced for each one (1) MWh of energy generated by the renewable energy resource.
- 5.30 Excess Capacity: Capacity in excess of 2074 MW from Hoover Powerplant provided under this Contract.
- 5.31 Excess Energy: Energy in excess of 4,501.001 million kilowatt hours in any Fiscal Year obligated from the Hoover Powerplant in accordance with section 105 (a) (1) (C) of the Hoover Power Plant Act of 1984, as amended by the Hoover Power Allocation Act of 2011.
- 5.32 Federal Projects: The Boulder Canyon Project and the Parker-Davis Project.
- 5.33 Firm Energy: Energy obligated from Hoover Powerplant in accordance with section 2 of the Hoover Power Allocation Act of 2011 and the Conformed Criteria.
- 5.34 Firming Energy: Supplemental energy (with or without capacity) purchased by Western at the request of a Contractor to meet any deficiency in Firm Energy under Section 105 (a) (3) of the Hoover Power Plant Act of 1984, as amended by the Hoover Power Allocation Act of 2011.

- 5.35 Fiscal Year: The twelve (12) month period so designated by Federal law. Until changed by Federal law, Fiscal Year means the period commencing October 1 of each year, immediately after midnight of September 30, and ending at midnight of September 30 of the following year.
- 5.36 Hoover Power Allocation Act of 2011: The Act of Congress approved December 20, 2011 (125 Stat. 777, 43 U.S.C. 619a) that amends the Hoover Power Plant Act of 1984, for certain statutory schedules governing contracts for delivery commencing October 1, 2017, of hydroelectric power generated at the Hoover Powerplant to the BCP marketing area within Arizona, California, and Nevada.
- 5.37 Hoover Power Plant Act of 1984: The Act of Congress approved August 17, 1984 (98 Stat. 1333, 43 U.S.C. 619) and amended by the Hoover Power Allocation Act of 2011.
- 5.38 Hoover Powerplant: The power houses included in the Hoover Dam facilities, consisting of the existing seventeen (17) main generating units and their associated equipment used to produce the power and ancillary services related to the Contractors' Contingent Capacity and Firm Energy, as may be improved, replaced, renovated, or expanded during the term of this Contract.
- 5.39 Lay Off Power: Power made available from a Contractor that is unable to receive and make use of its allocated capacity and energy.
- 5.40 Loaded Synchronized Generation: The quantity of Synchronized Generation that is supplying energy.
- 5.41 Lower Colorado River Basin Development Fund Contribution Charge (LCRBDF Charge): Charge assessed on Energy Deemed Delivered and purchased by

Contractors in Arizona, California and Nevada, developed in accordance with Title I, Section 102(c) of the Hoover Power Plant Act of 1984, as amended.

- 5.42 Lower Colorado River Multi-Species Conservation Program (MSCP): As defined in Section 9401 of the Omnibus Public Land Management Act of 2009 (Public Law 111-11; 123 Stat.1327).
- 5.43 Master Schedule: The schedule, described in subsection 6.10, prepared by Western each year and furnished to the Contractors setting forth Western's estimate of power available by months from the BCP for the sixteen (16) month period beginning on June 1 of any year and extending through September 30 of the next year for each of the Contractors.
- 5.44 Monthly Energy Ratio: The estimated amount of energy each Contractor is to receive each month in accordance with the Master Schedule divided by the total energy that Contractor is to receive in that Fiscal Year under the Master Schedule. The annual sum of the Monthly Energy Ratios for each Fiscal Year shall equal one (1) for each Contractor.
- 5.45 Native American Tribes: Federally recognized Indian tribes.
- 5.46 North American Electric Reliability Corporation (NERC): The North American Electric Reliability Corporation, or successor(s) organization. A not-for-profit international regulatory authority whose mission is to assure the reliability of the bulk power system in North America.
- 5.47 Nevada: The State of Nevada, represented, for purposes of this Contract, by the Colorado River Commission of Nevada.
- 5.48 Off-Peak Hours: As defined in Exhibit C.
- 5.49 Outage: Removal from service of a generating unit, transmission line, or other facility equipment.



- 5.50 Overruns: The use of capacity or energy in amounts greater than Contractor's Available Capacity and/or Available Energy provided for in this Contract.
- 5.51 Point(s) of Delivery: The point(s) at which Western delivers capacity and energy to the Contractor, as set forth in Exhibit B.
- 5.52 Power Repayment Study (PRS): The Power Repayment Study used by Western to calculate the Base Charge and capacity and energy rates for the BCP.
- 5.53 Rate Year: The Fiscal Year for which the Annual Revenue Requirement is forecast for annual rate determination purposes in the PRS.
- 5.54 Reclamation: Department of the Interior, Bureau of Reclamation.
- 5.55 Repayable Advances: The repayable capital investments determined in accordance with the Restated Agreement and Hoover Power Allocation Act of 2011.
- 5.56 Resource Integration Exchange Program (RIE Program): A voluntary program for exchange of energy facilitated by Western among BCP Contractors and between BCP Contractors and Parker-Davis Project contractors.
- 5.57 Restated Agreement: The Amended and Restated Boulder Canyon Project Implementation Agreement No. 95-PAO-10616 (Western) and No. 5-CU-30-P1128 (Reclamation), including all Attachments and any future exhibit(s).
- 5.58 Schedule A Contingent Capacity: The capacity shown in Attachment No. 1, as established by the Hoover Power Allocation Act of 2011 and the Conformed Criteria.
- 5.59 Schedule A Contractor: An entity listed in Attachment No. 4 that has entered into a contract with Western in accordance with Section 105 (a) (1) (A) of the Hoover



Power Plant Act of 1984, as amended by the Hoover Power Allocation Act of 2011, and the Conformed Criteria.

- 5.60 Schedule A Firm Energy: The energy shown in Attachment No. 2, as established by the Hoover Power Allocation Act of 2011 and the Conformed Criteria.
- 5.61 Schedule B Contingent Capacity: The capacity shown in Attachment No. 1, as established by the Hoover Power Allocation Act of 2011 and the Conformed Criteria.
- 5.62 Schedule B Contractor: An entity listed in Attachment No. 4 that has entered into a contract with Western in accordance with Section 105 (a) (1) (B) of the Hoover Power Plant Act of 1984, as amended by the Hoover Power Allocation Act of 2011, and the Conformed Criteria.
- 5.63 Schedule B Firm Energy: The energy shown in Attachment No. 2, as established by the Hoover Power Allocation Act of 2011 and the Conformed Criteria.
- 5.64 Schedule C: The schedule so captioned appearing in Section 2(c) of the Hoover Power Allocation Act of 2011 and adopted by the Conformed Criteria, reproduced in Exhibit A.
- 5.65 Schedule D Contingent Capacity: The capacity shown in Attachment No. 1, as established by the Hoover Power Allocation Act of 2011 and the Conformed Criteria.
- 5.66 Schedule D Contractor: An entity listed in Attachment No. 4 that has entered into a contract with Western in accordance with Section 2(d) of the Hoover Power Allocation Act of 2011 and the Conformed Criteria.
- 5.67 Schedule D Firm Energy: The energy shown in Attachment No. 2, as established by the Hoover Power Allocation Act of 2011 and the Conformed Criteria.

- 5.68 Scheduling Entity(ies): Western or an entity(ies) designated by the Contractor to schedule the Contractor's power with Western at the BCP Point of Delivery in accordance with subsection 6.11.5.
- 5.69 Summer: For the purpose of purchasing Firm Energy, the seven (7) month period beginning on the first (1<sup>st</sup>) Day of the March Billing Period of any year, extending through the last Day of the September Billing Period of that year.
- 5.70 Supplemental Firming Purchases: Supplemental purchases of capacity and/or energy to increase the Contractor's energy deliveries up to one-hundred (100) percent capacity factor of the Contractor's Contingent Capacity.
- 5.71 Synchronized Generation: Contingent Capacity available from any of the Hoover Powerplant generating units synchronized to Western's power system.
- 5.72 Tribal Contractors: Contractors that are Native American Tribes including an entity, enterprise, or authority of a Native American Tribe(s) that is formed by such tribe(s) to lawfully use the Contractor's Allocation.
- 5.73 Unloaded Synchronized Generation: The difference between scheduled Synchronized Generation and Loaded Synchronized Generation. Exhibit D documents the formula for energy used to supply Unloaded Synchronized Generation.
- 5.74 Winter: For the purpose of purchasing Firm Energy, the five (5) month period beginning on the first (1<sup>st</sup>) Day of the October Billing Period of any year and extending through the last Day of the February Billing Period in the next year.
- 5.75 Western Electricity Coordinating Council (WECC): The Western Electricity Coordinating Council, or successor(s) organization.
- 5.76 Working Capital: Funds advanced by the Contractors to meet BCP cash flow needs. Such funds will be adjusted, if needed, through the Annual Revenue

Requirement in accordance with Section 15 and Attachment 3.IA of the Restated Agreement.

6. **ELECTRIC SERVICE TO BE FURNISHED:**

6.1 Water Operations, Power Generation and Delivery Responsibilities:

Nothing in this Contract shall impede or inhibit the statutory requirement that Hoover Dam and Lake Mead shall be 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.

6.1.1 Responsibilities of Reclamation: Reclamation has the responsibilities for: water operations, power generation, development of the BCP Ten Year Operating Plan, financial integrity, repayment of the BCP and the administration of the Colorado River Dam Fund and MSCP.

6.1.1.1 Reclamation shall schedule the release of water to meet statutory requirements as specified in subsection 6.1.

6.1.1.2 In scheduling the release of water in subsection 6.1.1.1, Reclamation shall release water through the Hoover Powerplant so that energy is generated; bypass and spills will be avoided unless necessary to meet flood control, dam safety, operations and maintenance requirements, or other critical hydrologic or operational reasons to be determined.

6.1.1.3 Reclamation shall accept the real-time scheduling by Western in accordance with the monthly and sub-monthly period



schedules (including revisions to the monthly and sub-monthly period schedules) provided by Reclamation.

6.1.1.4 Reclamation is responsible for the operation, maintenance, repairs, and replacements, and for investigations and inspections necessary to keep Hoover Dam and powerplant operational in accordance with regulatory, safety, and security requirements, and Reclamation practices and standards. Reclamation will make every effort to schedule and complete all inspections, maintenance, repairs and replacements in a manner that is timely and efficient and coordinate with Western as appropriate.

6.1.1.5 Reclamation shall, except in case of emergency, give Western reasonable notice in advance of any change in delivery of water in accordance with subsection 6.10.7, and Western shall promptly forward such notice to the Contractors.

6.1.2 Responsibilities of Western: Western shall operate, maintain, replace and repair the Federal electric delivery system and coordinate the scheduling of the deliveries of the Contractor's Contingent Capacity, Firm Energy, and Excess Energy allocations from the Hoover Powerplant to the BCP Point of Delivery as set forth in Exhibit B. Western shall calculate the Base Charge and set rates and charges which will recover costs as set forth in 10 CFR Part 903 and 10 CFR Part 904. Western shall measure and account for power deliveries, render bills, and maintain books of account to ensure the financial integrity of the BCP.

6.1.2.1 Western shall accept power from Reclamation and, subject to the terms and conditions stated in this Contract, schedule, deliver,



and measure said power to the Contractor from and after the date of initial service, as provided in subsection 4.2, at the Point(s) of Delivery and voltage set forth in Exhibit B.

6.1.2.2 Western shall be permitted to satisfy its obligations under this Contract by use of generation from Hoover Powerplant, the Parker-Davis Project, or other sources of generation available to Western; provided, that the measure of the Contractor's rights to power hereunder shall be the quantity of capacity and energy available from Hoover Powerplant. Western will satisfy its obligations under this Contract by use of generation from sources other than Hoover Powerplant and the Parker-Davis Project (i) as required to meet the statutory requirements for water releases as specified in subsection 6.1 and (ii) only in quantities that do not exceed fifteen (15) percent of the forecast energy production of the Hoover Powerplant over the term of the Contract. Western will use best efforts to minimize use of generation from sources other than Federal Projects to satisfy its obligations under this Contract. Power made available to the Contractor, exclusive of Firming Energy purchases under subsection 6.9.4 which are scheduled and accounted for separately from the above power deliveries, shall be deemed to be from Hoover Powerplant. Subject to the Contract rights of all Contractors being preserved, except as provided in subsection 6.11.2, Western will utilize the BCP to optimize the operation of Federal Projects in coordination with Western's BA requirements. Western shall be

obligated to provide Ancillary Services to the Contractor in quantities that can be provided by Hoover Powerplant, except as provided in subsection 6.11.2; provided, that Western may provide Ancillary Services from other resources, if such Ancillary Services can be made available from such other resources in the same quantity and quality as if such Ancillary Services were provided by Hoover Powerplant, subject to the limitations of subsection 6.11.2.

6.1.2.3 If integrated operation of the BCP with other Federal Projects confers a substantive power benefit upon such other Federal Projects, or if a substantive power benefit is conferred by other Federal Projects upon the BCP, Western shall equitably apportion such benefits and appropriate charges among the Federal Projects following consultation among the affected projects' contractors. Western shall provide the Contractor an opportunity to review, discuss, and comment on any integration agreement prior to execution of such agreement.

6.1.2.4 Western shall provide annual reports on integration of the projects assessing the impacts of integration. Western shall also report annually revenues collected from other Western customers into the BCP and losses assessed to Western for use of capacity. Western shall meet and confer with the Contractors regarding resource integration and revenues collected from other Western customers when requested.

6.1.2.5 Western will provide contractors of the Federal Projects the opportunity to review, discuss, and comment on the specific guidelines Western will use for project integration in advance. Western will publish, maintain, and follow these guidelines for project integration and will submit proposed changes to contractors of the Federal Projects in advance to provide the same opportunity to review, discuss, and comment.

6.2 Undertaking of Western to Provide Contingent Capacity: Western shall provide, and the Contractor shall accept and schedule directly or through one (1) or more Scheduling Entities designated as provided for in this Contract, the Contractor's Contingent Capacity as set forth in this Contract.

6.3 Determination of Reductions in Contingent Capacity: Reductions to Contingent Capacity may result due to Outages, river operation, or reservoir drawdown. Notice of reductions in Contingent Capacity shall be provided in accordance with the MSI.

6.3.1 Any reduction in Contingent Capacity due to a reduction in generating capacity or in the availability of capacity of the Hoover Powerplant, whether scheduled or unscheduled, shall be determined by Reclamation.

6.3.2 Any reduction in Contingent Capacity due to a reduction in transmission capability, whether scheduled or unscheduled, of the BCP transmission or delivery system, shall be determined by Western.

6.4 Allocation of Reductions in Contingent Capacity: Reductions in Contingent Capacity shall be borne pro rata among Schedule A, Schedule B, and Schedule D Contingent Capacity, and each Contractor's reduction in Contingent Capacity



shall be based on the Contractors' Contingent Capacity allocation percentages in Attachment No. 1.

6.5 Availability of Excess Capacity: If Excess Capacity exists, Western shall make available such capacity on a pro rata basis to Schedule A, Schedule B, and Schedule D Contractors based on the allocation percentages in Attachment No. 1.

6.6 Limitations on Energy Deliveries: Electric energy shall be delivered to the Contractor in quantities which the Contractor may schedule or have scheduled, up to the Contractor's Available Capacity. The simultaneous rate of delivery of Firm Energy and Excess Energy at the Point of Delivery shall not exceed the Contractor's Available Capacity. Contractor's Available Capacity shall be available in any hour within the Billing Period except for reductions in accordance with subsection 6.11.

6.7 Contractor's Firm Energy Allocations and Excess Energy Priority:  
Western shall allocate and deliver, and the Contractor shall schedule Firm Energy and Excess Energy, as follows:

6.7.1 Schedule A Firm Energy: The allocation of Schedule A Firm Energy as listed in Exhibit A.

6.7.2 Schedule B Firm Energy: The allocation of Schedule B Firm Energy as listed in Exhibit A.

6.7.3 Schedule D Firm Energy: The allocation of Schedule D Firm Energy as listed in Exhibit A.

6.7.4 Total of Schedule A, Schedule B, and Schedule D, Firm Energy: The quantity of Firm Energy allocated to the Contractor expressed as a percentage of the aggregate of Schedule A, Schedule B, and Schedule D, Firm Energy allocated to all Contractors as listed in Exhibit A.

- 6.7.5 Schedule C Excess Energy: The allocation for First, Second, and Third priority Excess Energy as set forth in Exhibit A.
- 6.7.6 Contractor's Available Energy: Established annually in accordance with subsections 6.8, 6.9, and Exhibit C.
- 6.8 Annual Energy:
- 6.8.1 Master Schedule: The Contractor's Available Energy, including any Excess Energy for the Summer and the Winter, and for each Billing Period of the ensuing sixteen (16) month period shall be set forth in the final Master Schedule. The Contractor's Available Energy, including any Excess Energy available, shall be determined in accordance with Exhibit C utilizing the gross energy that would have been produced at the Hoover Powerplant adjusted for energy exchanged with the Parker-Davis Project, without any loss of efficiency for providing Ancillary Services less station service use (exclusive of motoring energy) less transformer and transmission line losses to the Point(s) of Delivery at the Mead 230-kV Bus, shown in Exhibit B.
- 6.8.2 Allocation of Excess Energy: Whenever Excess Energy is available, Western shall deliver Excess Energy in accordance with the allocation and the order of priority set forth in Schedule C, shown in Exhibit A.
- 6.9 Deficiencies in Firm Energy:
- 6.9.1 The difference between 4,527.001 million kilowatt hours and 4,501.001 million kilowatt hours of energy generation during any Fiscal Year is deemed to be a deficiency in Firm Energy. To the extent that the actual generation at Hoover Powerplant in any Fiscal Year (less deliveries thereof to Arizona required by its first priority under Schedule C, whenever actual generation in any Fiscal Year is in excess of 4,501.001

million kilowatt hours) is less than 4,527.001 million kilowatt hours, such deficiency shall be borne by each Contractor according to the percentages shown in Exhibit A.

6.9.2 Change in Characterization of Energy: When Excess Energy is forecast, scheduled, and delivered during any Fiscal Year, and later during such period it is forecast that only Firm Energy or a reduced quantity of Excess Energy deliveries can be made, the amount of over-delivered Excess Energy shall be accounted for and deducted from the Contractor's Available Energy in future months or as otherwise agreed upon, in accordance with the MSI provided for in subsection 6.12.2.

6.9.3 Minimum Schedules: The Contractor may be required to schedule or have scheduled a minimum amount of energy at times to meet minimum power system or water delivery requirements. Western may also require the Contractor to schedule energy up to ten (10) percent of the Contractor's Available Capacity for the current hour and next hour, if necessary, during low load hours when system frequency is high to meet power system minimum requirements. Western may require the Contractor to schedule a minimum amount of energy during Off-Peak Hours in order to allow Reclamation to comply with required minimum water releases. The number of kilowatt-hours to be taken during the Off-Peak Hours to meet minimum requirements will not exceed twenty-five (25) percent of the Contractor's monthly energy allocation, subject to critical conditions pertaining to reservoir drawdown, Outages, or river operations.

6.9.4 Firming Purchases: At the request of the Contractor and at the Contractor's expense, Western shall purchase Firming Energy to meet that



Contractor's Firm Energy deficiency. Such firming purchases shall be subject to a prior written agreement between the Parties that requires the Contractor to advance fund firming purchases and contains terms acceptable to both Parties. Under such agreements, Western shall make other purchases of capacity and/or energy to increase the Contractor's energy deliveries up to one-hundred (100) percent capacity factor of the Contractor's Contingent Capacity (Supplemental Firming Purchases) if requested by the Contractor. The price to the Contractor for Firming Energy and Supplemental Firming Purchases shall not include the LCRBDF Charge.

6.9.5 Lay Off of Energy: In the event a Contractor is unable to receive and make use of all or part of the Contractor's Available Energy in any month and declares an amount of energy to be available for lay off (Lay Off Energy), the Contractor may request Western to offer Lay Off Energy: first to other Contractors in the same schedule from which the Contractor's Allocation originates; second to all other Contractors; and third to any potential purchaser. No other Contractor shall be obligated to accept any Lay Off Energy. The charge to be paid by a purchaser agreeing to accept Lay Off Energy shall be the charge that would have been paid by the Contractor requesting the lay off of such energy including the LCRBDF Charge applicable to Firm Energy. A Contractor requesting Western to lay off the Contractor's Available Energy shall not be relieved of its obligation to pay for the Contractor's Available Energy. Any revenues received by Western under this subsection shall be credited against the requesting Contractor's obligation.

6.9.6 Lay Off Power: In the event a Contractor is temporarily unable to receive and make use of its Contractor's Allocation, the Contractor may request Western to offer Lay Off Power: first to Contractors within the same schedule from which the allocation originates; second to all other Contractors; and third to any potential purchaser. No other Contractor shall be obligated to accept any Lay Off Power. All Lay Off Power offers and resulting capacity and energy adjustments shall be made a minimum of one (1) full calendar month preceding such time as the Contractor is unable to receive and make use of its Contractor's Allocation. The charge to be paid by a purchaser agreeing to Lay Off Power shall be the charge that would have been paid by the Contractor requesting the lay off of such power including the LCRBDF Charge applicable to Firm Energy. Payments for the MSCP are a continuing obligation of the Contractor which are not collected under this Contract and therefore not paid by the purchaser of Lay Off Power. A Contractor unable to receive and make use of its Contractor's Allocation shall not be relieved of its obligation to make payments for the Contractor's Allocation. Any revenues received by Western under this subsection shall be credited against the requesting Contractor's obligation. Lay off of less than the full Contractor's Allocation will be allowed if Western develops the technical capability to do so in a practical manner.

6.10 Procedure for Developing the Master Schedule:

6.10.1 Integration of BCP: Western will use the BCP with other resources available in order to make the deliveries of power from the BCP more useful to the Contractors in accordance with subsection 6.1. Such

integration shall not impair the rights of any Contractor. Western will provide an annual integration plan with other Federal Projects for Contractor review and comment prior to development of the Master Schedule for that year.

6.10.2 Preparation of Draft Master Schedule: On or around March 1 of each year, Western shall furnish to the Contractor for review the first draft Master Schedule. The first draft of the Master Schedule shall contain the following by month for the BCP: (i) Reclamation's Hoover Dam 17-Month Operating Schedule showing estimated capacity and planned Outages; and (ii) a draft power generation schedule showing the best available forecast of energy, including projected integration with other Federal Projects, and a tabulation of forecasted Available Capacity to the Contractors during the ensuing sixteen (16) month period beginning on the 1<sup>st</sup> Day of the month subsequent to the month the draft Master Schedule is issued. On or around May 1 of each year, Western shall furnish to the Contractor for review the second draft Master Schedule. The second draft of the Master Schedule shall contain everything that the first draft of the Master Schedule contained plus the results of any BCP Contractor's participation in the RIE Program.

6.10.3 Contractor's Proposed Delivery Schedule: Within fifteen (15) Days after receipt of the information listed in subsection 6.10.2, the Contractor may submit to Western comments on the draft Master Schedules.

6.10.4 Review of Draft Schedule: Western shall meet with all interested Contractors to review the draft Master Schedule including any proposed integration schedule and alternative schedules. Western shall provide



written notice to each Contractor thirty (30) Days prior to the date and location of such meeting.

6.10.5 Issuance of Final Master Schedule: After Western has considered any Contractor(s) comments provided for in subsections 6.10.3 and 6.10.4, it shall issue the final Master Schedule. Prior to September 1 of each year, Western shall furnish to the Contractor the final Master Schedule containing by month for the BCP: (i) Hoover Dam 17-Month Operating Schedule for the Hoover Powerplant showing estimated capacity and Outages; (ii) a power generation schedule showing the best available forecast of energy, including projected integration with the Parker-Davis Project, and a tabulation of forecasted Available Capacity to the Contractors; and (iii) the results of any Contractor's participation in the RIE Program during the ensuing sixteen (16) month period beginning on June 1 of the current year and extending through September 30 of the next year for each of the Contractors. The RIE Program in no way limits Western's integration of the BCP with Parker-Davis Project and other sources available to Western.

6.10.6 Revisions of Master Schedule: In the event of forced Outages, a change in forecasted river operations, or in scheduled Outages that necessitates a revision of the then effective Master Schedule, a revised Master Schedule shall be furnished to the Contractors as soon as possible after the data becomes available.

6.10.7 Reclamation's Right to Change Schedules: Reclamation reserves the right to reschedule, temporarily discontinue, reduce, or increase the delivery of water for the generation of electrical energy at any time in coordination

with Western to allow for changing reservoir and river conditions;  
maintenance, repairs, replacements and for investigations or inspections;  
or by reason of compliance with the statutory requirement referred to in  
subsection 6.1.

6.11 Use of Generation:

6.11.1 Scheduling Generation: Within the constraints of Outages, river operations, or reservoir drawdown, and to the extent the Contractor does not exceed its energy allocation, emergencies excepted, the Contractor shall have the right to schedule or have scheduled Loaded Synchronized Generation and Unloaded Synchronized Generation, the sum of which shall not exceed the Contractor's Available Capacity. Synchronized Generation shall be scheduled in advance following the NERC and WECC prescheduling calendars, emergencies excepted, and accounted for on the basis of such advance schedules, all in accordance with the MSI agreed upon in accordance with subsection 6.12.2. The MSI will provide for modifying such schedules to the needs of day-to-day or hour-by-hour operation.

6.11.2 Ancillary Services: Subject to subsection 6.11.1, the Contractor, through use of a dynamic signal from the Contractor or a Scheduling Entity to a control center designated by Western, or through other methods and procedures agreed upon by the Contractor and Western, shall have the right to use previously scheduled Synchronized Generation from zero (0) to full scheduled Synchronized Generation and the reverse; provided, that a Contractor's use of capacity for Ancillary Services shall not (i) have a detrimental effect on power system equipment at Hoover Powerplant or on river operations, as determined by Reclamation in accordance with

subsection 6.1.1; (ii) impair the rights of other Contractors to use capacity for Ancillary Services; or (iii) have a detrimental effect on Western's ability to utilize the BCP to optimize the operation of the Federal Projects. If the Contractor's use of Ancillary Services does impair such rights or have such detrimental effect, the Contractor's use of capacity for Ancillary Services will be restricted to the extent necessary and for as long as the condition continues to exist or until the impairment or detrimental effect is corrected. Western shall promptly consult with the Contractors and determine with the Contractors how such impairment or detrimental effect may be corrected. If restriction on the use of the Contractor's capacity is due to the impairment of Western's ability to utilize the BCP to optimize the operation of the Federal Projects, Western shall not reduce the Contractor's use of capacity for Ancillary Services by more than ten (10) percent of the Contractor's Available Capacity for Ancillary Services.

6.11.2.1 For Contractors receiving delivery of their Contractor's

Available Energy deemed to be from Hoover Powerplant through static schedules, Western will provide ramping and hold reserves for such deliveries in accordance with regulatory standards.

6.11.3 Scheduling Under Emergency Conditions: During emergencies, the Contractor shall have the right for up to twelve (12) hours to schedule or have scheduled capacity in excess of previously scheduled amounts, up to its Contingent Capacity to the extent capacity is available. For purposes of this subsection and subsection 6.11.1, an emergency will be determined by the Contractor based upon standard utility practice.



6.11.4 Accounting for Use of Unloaded Synchronized Generation: The

Contractor's use of energy to support the use of Unloaded Synchronized Generation for Ancillary Services in any Billing Period shall be accounted for by a reduction in the Contractor's Available Energy in the following Billing Period. The amount of the reduction in the Contractor's monthly Available Energy shall be the Contractor's proportional share of the energy used to support Unloaded Synchronized Generation for the benefit of all Contractors, and shall be determined in accordance with Exhibit D. The procedure for reducing the Contractor's Available Energy shall be as set forth in the MSI or as otherwise agreed to.

6.11.5 Scheduling Entity(ies): In addition to the Authorized Representative(s) designated in section 23, the Contractor shall designate, by written notice to Western, a Scheduling Entity(ies) responsible for scheduling the Contractor's Allocation. Additional Scheduling Entities may be permitted subject to limits by Western in consideration of the additional cost and resources required. Any Contractor with deliveries in more than one (1) balancing area may at a minimum designate one (1) Scheduling Entity for each Balancing Authority. A Scheduling Entity must be designated at least sixty (60) Days prior to energy deliveries to said Scheduling Entity on behalf of the Contractor. The Contractor may change its Scheduling Entity upon sixty (60) Days written notice to Western, and the said change shall become effective at the beginning of the Billing Period immediately following the end of such notice period, provided that any necessary arrangements required to implement a Scheduling Entity change are in

place. In the event that the Contractor designates a Scheduling Entity which is also designated by other Contractors, energy deliveries shall be prorated by Western among, and charged and collected from, the Contractors for whom the same Scheduling Entity schedules generation, unless otherwise agreed to in writing by the Contractor(s) and such Scheduling Entity with written notice to and written agreement from Western. Said prorations shall be for a Billing Period and in the proportions that their respective Firm Energy and Excess Energy allocations bear to the aggregate Firm Energy and Excess Energy allocations of the Contractors for whom the Scheduling Entity schedules generation. In the event that the Contractor dynamically schedules generation through a Scheduling Entity that is a Contractor, energy reductions as provided in subsection 6.11.4 shall be borne by the Scheduling Entity in the absence of other written agreement between the Contractor(s) and such Scheduling Entity with written notice to and written agreement from Western. In the event that the Contractor dynamically schedules generation through a Scheduling Entity that is not a Contractor, energy reductions shall be borne by the Contractor. The procedures for metering and scheduling shall be included in the MSI.

6.11.6 Environmental Attributes: The Contractor shall have the right to utilize any Environmental Attributes associated with the Contractor's Allocation for compliance with any environmental laws, regulations, or standards applicable to the Contractor; provided, that any sale, transfer, or award of Environmental Attributes by the Contractor to third parties shall be subject to approval by Western, not to be unreasonably withheld. Western agrees

to undertake any reasonable actions necessary to effectuate the Contractor's use of the Environmental Attributes. Western makes no representation or warranty as to whether the Environmental Attributes associated with the Contractor's Allocation are compliance instruments that qualify for or meet any particular environmental laws, regulations, or standards applicable to the Contractor. The Contractor shall be responsible for all costs arising from or directly relating to the Contractor's use of Environmental Attributes. Any Environmental Attribute not utilized by the Contractor may be utilized by Western or Reclamation for the benefit of the Contractor or the BCP as appropriate and feasible; provided, that Western and Reclamation shall consult with the Contractor prior to utilization of any Environmental Attribute.

6.12 Coordination of Power System:

6.12.1 Operating Reserves: Each Party shall provide or cause to be provided applicable operating reserve requirements; provided, that such reserves shall meet or exceed the minimum reserve criteria established by the NERC, WECC, or successor organizations.

6.12.2 Metering and Scheduling Instructions (MSI): Scheduling of capacity and deliveries of energy shall be in accordance with the written MSI developed and agreed upon by the Authorized Representatives, detailing the operating arrangements and scheduling and accounting procedures to be used. The MSI shall be developed in conformity with the following principles:



6.12.2.1 The MSI are intended to implement the terms of this Contract, but not to modify or amend it and are, therefore, subordinate to this Contract.

6.12.2.2 It is the Contractor's responsibility to effectuate agreement(s) with Western and any third party or parties which may be necessary to enable the Contractor to accept deliveries hereunder, including arrangements necessary for dynamic scheduling if desired by the Contractor.

6.12.2.3 In the event that the Contractor's Authorized Representative does not execute the initial metering and scheduling instructions or any revised instructions which Western determines to be necessary, Western shall develop and temporarily implement revised instructions until mutually acceptable instructions have been developed and executed by Western, and the Authorized Representative of the Contractor.

7. **BILLINGS, PAYMENTS, AND SCHEDULE OF RATES:**

7.1 General: The Contractor shall pay monthly for electric service hereunder in accordance with the Base Charge and rates developed in accordance with the public process requirements required under 10 CFR Part 903, 10 CFR Part 904, and, to the extent applicable, Department of Energy Order RA 6120.2, as each may hereafter be amended or supplemented, and included in a rate schedule to be developed. The initial rate schedule is attached hereto as Attachment No. 5. Changes to the Base Charge or rates shall likewise be developed in accordance with the foregoing regulations and order.

- 7.2 Payment for Annual Base Charge: The Contractor shall pay for all of its proportionate share of the annual Base Charge as calculated below. Each monthly bill will include both a capacity charge and a charge for the associated Firm Energy. In addition to the proportionate share of the annual Base Charge, the Contractor shall pay the LCRBDF Charge on all Energy Deemed Delivered during the Billing Period, which excludes purchases of Firming Energy. Western shall continue to bill the Contractor for its portion of the annual Base Charge, regardless of the actual output of Hoover Powerplant, for reasons including but not limited to, low reservoir elevation or other uncontrollable forces.
- 7.3 Base Charge Calculation: The Base Charge shall be so calculated as to provide the dollar amount of the estimated Annual Revenue Requirement of the BCP during each of the next five (5) Fiscal Years. Prior to October 1 of each Rate Year, Western shall determine the Base Charge through the Rate Year Power Repayment Study (PRS) and an estimate for the four (4) Fiscal Years following the Rate Year. Each Fiscal Year may have a different Base Charge.
- 7.4 Annual Revenue Requirement Formula: The Annual Revenue Requirement (C) for the BCP shall be established in accordance with the following formula:
- $$C = O\&M + DS + PR + MC + WC + P - (W + VF + B + CO + O), \text{ where}$$
- 7.4.1 O&M is the cost associated with Reclamation's and Western's projected BCP operation and maintenance costs, which include costs for the operation and maintenance of the visitor facilities.
- 7.4.2 DS is the debt service cost associated with the BCP debt owed to the United States Treasury, which includes annual interest, capital costs of investments and repayment of the remaining balance on twenty-five (25) million dollars that was allocated to flood control, as defined in

10 CFR Part 904 Section 904.5(b)(2), (5), (6) and (7). Debt associated with the visitor facilities and air slots incurred prior to October 1, 2017, is no longer an obligation owed to the United States. The United States Treasury debt associated with general maintenance and equipment (GM&E) and dam appurtenances (D&A) are repaid as of October 1, 2017. DS is determined by the uniform debt service over its full allowable remaining amortization period; provided, however, that the cumulative amount of principal to be paid by the Contractors over the term of the Contract shall be no greater than the sum of the principal amounts over such period which would result from uniform annual annuity payments for each debt item issued over its allowable repayment period shown in 10 CFR Part 904 Section 904.5 (c).

- 7.4.3 PR is the cost associated with Reclamation's and Western's projected replacement costs for the BCP, which include costs for visitor facilities replacements.
- 7.4.4 MC is BCP related costs to be recovered by the Base Charge, not defined in any other category within the formula of the Annual Revenue Requirement, in an amount determined after consultation among Western, Reclamation, and the Contractors.
- 7.4.5 WC is the Working Capital adjustment (increase or decrease).
- 7.4.6 P is the payments to the States of Arizona and Nevada, in accordance with 10 CFR Part 904 Section 904.5(b) (4).
- 7.4.7 W is the annual water diversion revenue received by Reclamation in accordance with its water contracts as authorized by the Boulder Canyon Project Act.



- 7.4.8 VF is the revenue associated with the visitor facilities.
- 7.4.9 B is the benefits paid to (-) or benefits received from (+) the Parker-Davis Project.
- 7.4.10 CO is the carryover of revenue surplus (+) or deficit (-) from the previous Fiscal Year as shown in the PRS excluding the funds for the working capital balance.
- 7.4.11 O is revenue and funds from any other source as properly allocated to the BCP in accordance with published regulations.
- 7.5 Forecast Rates: One-half of the estimated Annual Revenue Requirement shall be provided by revenues from the sale of capacity (Capacity Dollar) and one-half by revenue from the sale of energy (Energy Dollar). Once the Annual Revenue Requirement is determined for each Rate Year, Western shall calculate a Forecast Capacity Rate and a Forecast Energy Rate. The Forecast Capacity Rate shall be equal to the Capacity Dollar divided by 2,074,000 kilowatts. The Forecast Energy Rate shall be equal to the Energy Dollar divided by the lesser of the total Master Schedule energy or 4,501.001 million kilowatt-hours.
- 7.6 Capacity Charge: For each month in the Rate Year, Western shall bill each Contractor for a capacity charge equal to one-twelfth (1/12) of the Capacity Dollar multiplied by each Contractor's Contingent Capacity percentage as set forth in Attachment No. 1.
- 7.7 Energy Charge: For each month in the Rate Year, Western shall bill each Contractor for an energy charge equal to that period's Monthly Energy Ratio, multiplied by the Contractor's Energy Dollar.
- 7.8 Calculated Energy Rate: Within ninety (90) Days after the end of the Fiscal Year and the Energy Deemed Delivered has been determined, Western shall determine

the Calculated Energy Rate by dividing fifty (50) percent of the Annual Revenue Requirement by the Energy Deemed Delivered. For any Rate Year in which Energy Deemed Delivered is greater than 4,501.001 million kilowatt hours, Western shall apply the Calculated Energy Rate to each Contractor's Energy Deemed Delivered to determine the Contractor's actual energy charge. Western shall then establish a credit or debit for each Contractor based on the difference between the Contractor's Energy Dollar and the Contractor's actual energy charge, to be applied in the month following the calculation or as soon as possible thereafter. The sum of all such credits due the Contractors shall equal the sum of all debits paid by the Contractors in each Fiscal Year.

- 7.9 Carryovers: In any Fiscal Year when a carryover exists due to Actual Expenses being less than the Annual Revenue Requirement and/or actual revenues being more than the estimated revenues on which capacity and energy payments were based, such carryover shall reduce the next Fiscal Year Annual Revenue Requirement.
- 7.10 Overruns: Overruns will be as provided for in accordance with subsection 7.5 of the MSI and Attachment No. 5 using the Forecast Capacity Rate and the Forecast Energy Rate applicable for each month for each Contractor that incurs Overruns. Such amounts shall be considered other revenue (O) in the Annual Revenue Requirement calculation and shall be carried over to the next Fiscal Year. Additionally, such amounts shall not be used in the calculation cited in subsection 7.8.
- 7.11 Review of Base Charge: The Base Charge shall be reviewed annually with the Contractors. The Base Charge shall be adjusted either upward or downward annually if necessary to assure sufficient revenues to effectuate payment of all

costs and financial obligations associated with the BCP in accordance with 10 CFR Part 904.5. The Administrator shall provide all Contractors an opportunity to comment on any proposed adjustment to the Base Charge in accordance with the Department of Energy's power rate adjustment procedures then in effect.

7.12 Rates: The rate methodology and the calculated rates established in accordance with this section 7 for the first Rate Year, and established each fifth (5<sup>th</sup>) Fiscal Year thereafter, shall become effective provisionally upon approval by the Deputy Secretary of Energy subject to final approval by the Federal Energy Regulatory Commission. For all other Fiscal Years, the rate shall become effective upon approval by the Deputy Secretary of Energy.

7.13 Billing and Transfer of Funds: Bills will be issued for the preceding month within three (3) working Days after the end of the Billing Period. Payments of bills issued by Western are due and payable by the Contractor before the close of business on the twentieth (20<sup>th</sup>) Day after issuance of the bill, or the next business Day thereafter, if said Day is Saturday, Sunday, or a Federal holiday. Western shall transfer the revenue collected from the Contractor to Reclamation's account on the next to last business Day of each month, except for the month of September when the transfer shall be made on the last business Day of the month.

8. **HOOVER POWERPLANT REPLACEMENTS, MODIFICATIONS, OR**

**ADDITIONS**: Funding provided under this Contract for replacements, modifications, or additions relating to Hoover Powerplant may result in an increase of the generation capacity, energy efficiency, or a change in Ancillary Services from Hoover Powerplant. The increased capacity, energy, or other power attributes resulting from such replacements, modifications, or additions shall be made available to the Contractors on a



pro rata basis in accordance with section 6. Other power development not included in the BCP Ten Year Operating Plan shall be implemented in accordance with Section 11 of the Restated Agreement. Agreements for such other power development under Section 11 of the Restated Agreement shall require payments to the BCP as appropriate.

9. **RESALE OF ELECTRIC ENERGY:**

- 9.1 **Distribution Principles:** The purpose of making low-cost, Federally-generated power available is to encourage the most widespread use thereof, and therefore for entities which resell power purchased under this Contract the benefits of electric service supplied under this Contract shall be made available to its consumers at rates or charges that are established at the lowest possible level consistent with sound business principles. These rates or charges must be established in an open and public manner. The Contractor further agrees that it will identify the costs of electric service supplied under this Contract to its consumers upon request. The Contractor will demonstrate compliance with the requirements of this subsection to Western upon request.
- 9.2 **Sales to Resale Customers:** No Contractor shall sell for profit any of the power contracted for hereunder to any Contractor or to any resale customer of the Contractor for resale by that resale customer, provided, that Contractor transactions utilizing capacity and/or energy under this Contract with an entity or entities that coordinate, control, monitor, or support operation of the bulk electric system, or act as a marketplace operator in wholesale power, or procure products or service on behalf of any such entity, including but not limited to independent system operators, regional transmission organizations, Balancing Authorities, or successor organizations associated with the Contractor's load shall not be considered a sale for resale. Contractor transactions utilizing capacity and/or

energy purchased under this Contract with their designated Scheduling Entity shall also be permitted subject to Western's review that such transactions result in delivery of electric service to the Contractor or the Contractor's customers consistent with subsection 9.1.

- 9.3 Delivery Arrangements for Native American Tribes: Delivery arrangements for Native American Tribes published in the Federal Register Notice 78 FR 79443, dated December 30, 2013, may be made with other Western electric service customers within the BCP marketing area. Such delivery arrangements, which may include benefit or bill crediting to allow Native American Tribes to receive the economic benefit of their allocations, shall not be considered a sale for resale. MSCP payments and LCRBDF Charges for Tribal Contractors shall be determined based on the location of the Tribal Contractors irrespective of the delivery arrangements.

10. **INTEGRATED RESOURCE PLANS AND SMALL CUSTOMER PLANS:**

- 10.1 The Contractor shall comply with the IRP, Small Customer Plan, or other acceptable plan, as applicable, in accordance with the EPAMP, dated March 30, 2000, in Federal Register Notice 65 FR 16789.
- 10.2 Western shall administer the IRP or other acceptable plan requirements, as applicable, in accordance with the EPAMP. Subject to approval by Western, plans submitted to state authorities, with any needed supplements or modifications, may also meet the IRP requirements. Allocations for Native American Tribes delivered to other Western customers, as provided for in the Federal Register Notice 78 FR 79443, dated December 30, 2013, may be reported by the entity receiving the allocation in accordance with a benefit or bill crediting arrangement. Contractors that subcontract their Contractor's Allocations may

meet the IRP requirements through submission of the proper IRP's or other acceptable plans by each of the Contractor's subcontractors.

10.3 The Contractor's failure to comply with the IRP or acceptable plan requirements, after exhaustion of all appeals, will result in the application of penalties in accordance with the EPAMP Federal Register Notice 65 FR 16801, dated March 30, 2000. These penalties shall not be applied to Tribal Contractors who have allocations delivered to other Western customers in accordance with benefit crediting arrangements.

11. **LOWER COLORADO RIVER MULTI-SPECIES CONSERVATION PROGRAM:**

In accordance with the Hoover Power Allocation Act of 2011 and the Conformed Criteria, each Schedule D Contractor shall pay its proportionate share of its State's respective contribution to the cost of the MSCP. The billing and collection of MSCP payments will be in accordance with the Restated Agreement. These costs will not be billed or collected under this Contract.

12. **CREDITWORTHINESS:** Due to the distinctive funding aspects and advance working capital funding requirements of the BCP, Western's Creditworthiness Procedures do not apply to this Contract. Section 17 addresses the manner in which Contractors who are in default due to non-payment may provide financial assurance to restore electric service.

13. **REPAYABLE ADVANCES:** In accordance with the Hoover Power Allocation Act of 2011, Reclamation, on behalf of Western, shall collect from Schedule D Contractors a pro rata share of Repayable Advances for distribution to Schedule A and Schedule B Contractors as specified in the Restated Agreement. Collection and distribution of Repayable Advances at the end of the term of this Contract are provided for under the Restated Agreement.



14. **OBLIGATION TO EXECUTE RESTATED AGREEMENT:** The Parties shall complete and execute the Restated Agreement, consistent with this Contract and in accordance with the Hoover Power Allocation Act of 2011. The Restated Agreement is intended to implement the terms of this Contract, but not to modify or amend this Contract.
15. **REALLOCATION OF SCHEDULE D POWER NOT UNDER CONTRACT BY OCTOBER 1, 2016:** As prescribed by the Federal Register Notice 78 FR 79443, dated December 30, 2013, any Schedule D power allocated by Western not under contract by October 1, 2016, shall be made available for redistribution on a pro-rata basis to remaining Schedule D allottees. If Western has determined that any Schedule D power will not be under contract on October 1, 2016, Western will provide written notice to all Schedule D Contractors. Schedule D Contractors will have sixty (60) Days to accept by written notice any such additional Schedule D power that may become available from reallocation. Once a reallocation of Schedule D power is completed, Western shall issue a new Exhibit A to affected Schedule D Contractors to reflect the revised allocations and revised Attachments Nos. 1 and 2 to all Contractors. No Contractor's Contingent Capacity or Firm Energy allocation will be reduced by a reallocation of Schedule D power. Any Schedule D power not under contract by October 1, 2017, shall be distributed to Schedule A and Schedule B Contractors as prescribed by the Hoover Power Allocation Act of 2011.
16. **RELINQUISHMENT AND REALLOCATION OF CONTRACTOR'S ALLOCATION:**
- 16.1 At any time the Contractor may make a written request to Western to relinquish all of the Contractor's Allocation for the remaining duration of this Contract.
- Upon receiving a written request for relinquishment, Western shall provide notice

to other Contractors within thirty (30) Days and seek to reallocate the Contractor's Allocation as provided for in subsections 16.2 through 16.8. Western may consider reallocation of less than all of the Contractor's Allocation if requested. Western reserves the right, however, to not provide for any reallocation to an entity that it deems a financial risk to the BCP so long as reallocation is not withheld from a Contractor with a timely payment history. The Contractor shall remain responsible for all payments under this Contract unless and until a reallocation of the Contractor's Allocation is implemented.

16.2 For Schedule D power allocated to entities in California, Western shall first offer the Contingent Capacity and Firm Energy to all other Schedule D Contractors in California, next to all other Schedule D Contractors, and last to all other Contractors.

16.3 For Schedule D power allocated by Western and offered through the Arizona Power Authority (APA) or the Colorado River Commission (CRC), Western shall first offer, pro rata, the Contingent Capacity and Firm Energy to other Schedule D subcontractors that are Western allottees in their respective State. If any Schedule D power allocated by Western and offered through APA or CRC remains, Western shall then offer to Tribal Contractors in Arizona and Nevada, next to all other Schedule D Contractors, and last to all other Contractors.

16.4 For Schedule D power allocated to Tribal Contractors in Arizona and Nevada, Western shall first offer the Contingent Capacity and Firm Energy first to all other Tribal Contractors in Arizona and Nevada. If any remains, Western shall offer next to APA and CRC to be offered to Schedule D subcontractors in their respective State, then to all other Schedule D Contractors, and last to all other Contractors.

- 16.5 For Schedule B power, Western shall offer the Contingent Capacity and Firm Energy first to other Schedule B Contractors in the same state, next to all other Schedule B Contractors, and if any remains, to all other Contractors.
- 16.6 For Schedule A power, Western shall offer the Contingent Capacity and Firm Energy first to other Schedule A Contractors in the same state, next to all other Schedule A Contractors, and if any remains, to all other Contractors.
- 16.7 In offering a reallocation of a Contractor's Allocation, Western shall provide a reasonable period, based on factors such as the size of the allocation and urgency, for Contractors to evaluate and respond to whether they will accept such a reallocation. Offers for reallocation will be made on a pro rata basis except if Western determines there is evidence of financial risk in offering a reallocation to a Contractor or if that reallocation would result in Federal allocation for the Contractor in excess of load. Any Contractor accepting a reallocation shall be responsible for payment of its pro rata share of the Repayable Advances, Working Capital, and reconciling items associated with the relinquishing Contractor's current balance for these items at the time of the reallocation, as provided for under section 21 of the Restated Agreement, unless reimbursement for these items is waived by written notice to Western from the Contractor requesting the reallocation of their Contractor's Allocation.
- 16.8 In the event that existing Contractors do not accept reallocation of all of a Contractor's Allocation, Western may attempt to reallocate the remaining Contingent Capacity and Firm Energy to other entities eligible under section 5 of the Boulder Canyon Project Act.
- 16.9 Prior to reallocation of the Contractor's Allocation, the Contractor may utilize the Lay Off Energy and Lay Off Power provisions in subsections 6.9.5 and 6.9.6.



Further, the Contractor may request that any of the Contractor's power not accepted as Lay Off Energy or Lay Off Power be sold by Western to any entity at best available price. Revenues received by Western under this subsection shall be credited against the requesting Contractor's obligation provided that the credit to the Contractor does not exceed the rate that would have been paid by the Contractor for the power.

16.10 If the Contractor's Allocation is reallocated, this Contract shall terminate under subsection 4.4 and the Contractor shall have no further payment obligations after termination except for outstanding Contract payment obligations incurred prior to the effective date of the reallocation.

16.11 Hypothecation of Contract by Contractor: The Contractor may hypothecate, pledge, or encumber this Contract as collateral for the faithful performance under any debt obligation incurred by the Contractor directly or through a joint powers agency of which the Contractor is a member in furtherance of serving the Contractor's public utility customers, administering the Contractor's load, or performing the Contractor's legal obligation to furnish electric power and energy to the extent the terms of such hypothecation or encumbrance are not inconsistent with the terms and conditions of the Contract.

17. **DEFAULT BY THE CONTRACTOR AND TERMINATION BY WESTERN:**

17.1 Western shall issue a written notice to the Contractor if the Contractor fails to make any payment required under section 7 of this Contract or payment required under sections 16 and 20 of the Restated Agreement within thirty (30) Days after the due date. The Contractor shall be in default under this Contract if the failure to make payment is not cured within thirty (30) Days after such notice is given. Notice of default shall be provided to all other Contractors. In the event of failure

to make payment by a crediting partner of a Tribal Contractor, both the crediting partner and Tribal Contractor shall be notified and the payment shall be due from the Tribal Contractor within thirty (30) Days after such notice. The Tribal Contractor shall be in default under this Contract if the failure is not cured within sixty (60) Days after such notice is given and notice of default shall be provided to all other Contractors.

17.2 Upon the occurrence of a Contractor default under subsection 17.1, Western shall immediately: (a) treat the defaulting Contractor's Allocation as Lay Off Power and utilize revenues from sales to offset unpaid amounts from the defaulting Contractor; and (b) pursue all reasonable remedies to recover unpaid amounts from the defaulting Contractor and/or from sales of the Contractor's Allocation.

17.3 In the event of a default by a Contractor under subsection 17.1 and Western's implementation of the actions set forth in subsection 17.2, Contractor may cure its default and restore electric service at any time prior to termination of this Contract in accordance with subsection 17.4 by paying Western the full amount in arrears and: (a) providing collateral reasonably satisfactory to Western (e.g., an irrevocable and unconditional corporate guaranty or an unconditional and irrevocable letter of credit as security to meet the Contractor's responsibilities and obligations that complies with Uniform Customs and Practice for Documentary Credits requirements), or (b) advance payment of three (3) months electric service. A Contractor that cures a default and makes timely and full payments to Western for at least twelve (12) consecutive months may petition Western to release the collateral previously provided under subsection (a) above, or return any unused portions of advance payment made under subsection (b) above. Western will consider any such requests in good faith.

- 17.4 If any required payment cited in subsection 17.1 is delinquent by ninety (90) Days or more beyond the payment due date, Western may at its discretion terminate this Contract, provided that the Contractor's obligation to make payment for electric service herein shall survive termination of this Contract unless and until Western reallocates the Contractor's Allocation to other entities. The terminated Contractor shall remain obligated for outstanding payments for electric service prior to the effective date of such reallocation.
- 17.5 Upon termination of this Contract, Attachment No. 1 and Attachment No. 2 shall be revised to reflect changes in allocation percentages on a pro rata basis for the remaining Contractors until the terminated Contractor's Allocation is permanently reallocated. Western will offer the terminated Contractor's Contract Allocation to potential transferees in accordance with the procedures set forth in subsections 16.2 through 16.8. The Contractor whose Contractor's Allocation has been terminated shall not receive any reimbursement as set forth in subsection 21.2 of the Restated Agreement.
- 17.6 Any amounts received from the terminated Contractor shall be considered other revenue (O) in the Annual Revenue Requirement calculation and shall be carried over to the next Fiscal Year.
18. **ATTACHMENTS:** Certain terms of this Contract that may change during the term of this Contract are set forth in attachments as formulated and modified from time to time. The initial Attachments 1 through 6 are attached hereto, and each is incorporated into this Contract in accordance with its respective terms until superseded by a subsequent attachment. Western shall provide to the Contractors written notice of, and opportunity to comment on, any change, modification, or addition of an attachment at least thirty (30) Days prior to the effective date of such revised attachment and at least ninety (90) Days



for an additional attachment. Changes, additions, or modifications to the attachments shall be reflected in new or revised attachments and will be distributed in accordance with Provision 40 of the General Power Contract Provisions. This section does not permit and shall not be interpreted to allow Western to distribute or issue any attachment on a subject matter not addressed in an initial attachment without the prior written consent of the Contractor.

19. **GENERAL POWER CONTRACT PROVISIONS:** The General Power Contract Provisions effective September 1, 2007, attached hereto as Exhibit E, are hereby made a part of this Contract with the same force and effect as if expressly set forth herein; Provided, that Provisions 4, 11, 13, 14.2, 15 through 30, shall not apply to this Contract. Future revisions to the General Power Contract Provisions shall not be applicable to this Contract except as may be provided for in a new exhibit executed by the Authorized Representatives.

20. **DISPUTES:**

20.1 **Western Actions Reviewable:** All decisions, directions, and determinations of Western under this Contract, including those decisions, directions, or determinations which call for the exercise of discretion, are subject to review as provided in this section. However, the Contractor shall comply with any such decision, direction, or determination unless and until it is reversed or modified by the Administrator, or by a court or by arbitration, in accordance with subsection 20.3. Unless the Contractor exercises its rights under subsection 20.3, such decisions, directions, and determinations are binding on the Contractor.

20.2 **Reclamation Actions Reviewable:** All decisions, directions, and determinations of Reclamation under this Contract, including those decisions, directions, or determinations which call for the exercise of discretion, are subject to review as

provided in this section. However, the Contractor shall comply with any such decision, direction, or determination unless and until it is reversed or modified by the Secretary of the Interior, or by a court or by arbitration, in accordance with subsection 20.3. Unless the Contractor exercises its rights under subsection 20.3, such decisions, directions, and determinations are binding on the Contractor.

- 20.3 Disputes and Disagreements: The Parties agree to discuss in good faith any dispute or disagreement as to interpretation of or performance pursuant to the Hoover Power Plant Act of 1984, the Hoover Power Allocation Act of 2011, and applicable regulations or this Contract. The Parties also agree to consider the use of arbitration to resolve disputes or disagreements prior to filing suit in Federal court. Any dispute or disagreement to be addressed in arbitration that falls under the responsibility of the Secretary of Energy, shall be resolved in accordance with 10 C.F.R. Section 904.13 in effect as of the date of execution of this Contract. Any dispute or disagreement to be addressed in arbitration that falls under the responsibility of the Secretary of the Interior shall be resolved in accordance with 43 C.F.R. Section 431.8 in effect as of the date of execution of this Contract.
- 20.4 Tribal Contractor agrees to a limited waiver of sovereign immunity solely to allow the federal Parties to enforce Tribal Contractor's obligations under this Contract through arbitration as set forth in 10 C.F.R. Section 904.13 or 43 C.F.R. Section 431.8, and through litigation in Federal courts of competent jurisdiction. Aside from this limited waiver, nothing in this Contract, or in any current or future schedules, attachments, exhibits, amendments, or addenda, is intended to be or shall be construed as a waiver of Tribal Contractor's sovereign immunity. Except as otherwise provided in this subsection 20.4, the Parties understand and agree that neither this Contract nor any underlying law or

procedure abrogates or waives Tribal Contractor's sovereign immunity from suit in any state or federal court or confers jurisdiction on any such court.

21. **AMENDMENTS AND MODIFICATIONS:** This Contract may be amended or modified only by an amendment or modification duly executed by the Parties.
22. **EXHIBITS:** Certain requirements or provisions of this Contract that may change during the term hereof are set forth in respective Exhibits A through E. The initial Exhibits A through E are attached hereto and made a part hereof, and each shall be in force and effect in accordance with its respective provisions until superseded by a subsequent exhibit executed by the Authorized Representative(s). The initial Exhibit A may be reissued by Western prior to October 1, 2017, for reallocation of Schedule D power, if applicable to the Contractor, in accordance with section 15. On or after October 1, 2017, exhibits may only be added or revised by execution by the Authorized Representative(s). Each superseding exhibit shall be attached to and become part of this Contract.
23. **AUTHORIZED REPRESENTATIVES:** Each Party, by written notice to the other, shall designate the representative(s) who is (are) authorized to act on its behalf with respect to those matters contained herein which are the functions and responsibilities of its Authorized Representative(s). In case a Party designates more than one (1) representative, the notice shall state the particular matter(s) upon which each designated representative is authorized to act. Either Party may change the designation of its Authorized Representative(s) upon oral notice given to the other and confirmed promptly by written notice.
24. **APPLICABLE LAWS, MODIFICATIONS, EXTENSIONS, AND WAIVERS:**
  - 24.1 **Applicable Laws:** Any reference in this Contract to any Federal act, statute, or regulation, shall be deemed to be a reference to such act, statute, or regulation and all amendments and supplements thereto in existence on the date of execution of this Contract, unless specifically noted otherwise; provided, that nothing in this



Contract is intended to limit the sovereign authority of Congress. The charges for electric service under this Contract are currently established to recover the costs and financial obligations associated with the BCP as specified by law. In the event that a Change in Law materially impairs any right, benefit or interest of Contractor under this Contract, or imposes any material increase in cost, or reduction in allocation of capacity or energy, or otherwise materially changes an obligation on Contractor hereunder, the Parties shall promptly meet and discuss in good faith regarding possible changes to this Contract to mitigate the impact of the Change in Law. The rights and remedies under this section 24 are cumulative and in addition to, not exclusive of or in substitution for, any other rights and remedies available under law or equity.

24.2 Modifications, Extensions, and Waivers: Any modification, extension, or waiver of any provision or requirement of this Contract granted for the benefit of Contractor(s) in connection with electric service from the BCP shall not be denied to any other Contractor; provided, that any Federal obligations due to the unique constitutional and political status of Native American Tribes shall remain exclusive to Tribal Contractors.

25. CONTINUED COOPERATION: Western and Reclamation will coordinate with the Contractors and work together in a collaborative manner to accommodate changes in circumstances during the term of this Contract including, but not limited to, evolving wholesale energy markets and transmission services, modifications to the BCP, and changes in technology and hydrology. Nothing in this Contract limits the United States or Tribal Contractors from government-to-government relations.

26. FORWARD CONTRACT: The Parties acknowledge and agree that all transactions under this Contract constitute a "forward contract," and Western acknowledges it is a

“forward contract merchant” within the meaning of the United States Bankruptcy Code (11 U.S.C. §101 et seq., as amended).

27. **PRIORITY OF CLAIMS OF THE UNITED STATES:** Claims of the United States arising out of this Contract shall have priority over all others, secured or unsecured.
28. **ACCESS TO BOOKS AND RECORDS:** The Authorized Representative(s) of the Contractor may request applicable portions of all Western and Reclamation books and records related to transactions associated with this Contract subject to federal laws, regulations, and Western’s and Reclamation’s retention policies.
29. **REFERENCE TO SECTION OR SUBSECTION:** A reference to a section or subsection shall include all the subparts of such referenced section or subsection.
30. **CONTRACTS WITH NEW WESTERN ALLOTTEES:** Contractor agrees to offer a contract to each non-tribal entity in [Arizona/Nevada] listed in Exhibit A that received an allocation of Schedule D Contingent Capacity and Firm Energy from the Secretary of Energy through Western, as authorized by HPAA. Contractor agrees that each contract offered to these new Western allottees will be for (1) the amount of Schedule D Contingent Capacity set forth in Exhibit A; (2) the amount of Schedule D Firm Energy set forth in Exhibit A; (3) a term of fifty (50) years; and (4) require each new Western allottee to pay a pro rata share of Repayable Advances. Contractor agrees to collect pro rata shares of Repayable Advances from the new Western allottees on behalf of Western and to timely pay the Repayable Advances to Western or Reclamation regardless of whether Contractor has received payment from the new Western allottees. Any termination, change in allocation, or assignment of Contingent Capacity and/or Firm Energy allocated to the new Western allottees as set forth in Exhibit A shall require approval from Western, such approval not to be unreasonably withheld, and shall be documented in a revised Exhibit A. Upon any termination or reduction of such an

allocation, the allocation or portion thereof shall be reallocated in accordance with section 16 of this Contract. Any assignment of such an allocation will be processed under applicable State law and procedures.

31. **EFFECT OF CONCURRENCE OF RECLAMATION:** Subsections 4.1, 6.1.1, 6.3.1, 6.10.7, 6.11.6, 20.2 and 20.3, and sections 11, 13, 25, and 28 of this Contract provide for activities that are beyond the scope of Western's statutory authority but are within the statutory authority of Reclamation. The concurrence in this Contract by Reclamation signifies its contractual commitment to discharge the obligations of the United States, acting through Reclamation as provided in subsections 4.1, 6.1.1, 6.3.1, 6.10.7, 6.11.6, 20.2 and 20.3, and sections 11, 13, 25, and 28. The execution of this Contract by Western signifies its contractual commitment to discharge the obligations of the United States, acting through Western, as provided for in all sections and subsections of this Contract except subsections 4.1, 6.1.1, 6.3.1, 6.10.7, 6.11.6, 20.2 and 20.3, and sections 11, 13, 25, and 28.

32. **EXECUTION IN COUNTERPART:** This Contract may be executed in any number of counterparts and, upon execution and delivery by each Party, the executed and delivered counterparts together shall have the same force and effect as an original instrument as if all Parties had signed the same instrument. Any signature page of this Contract may be detached without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Contract identical in form hereto, by having attached to it one (1) or more signature pages.



33. **AUTHORITY TO EXECUTE:** Each individual signing this Contract certifies that the Party represented has duly authorized such individual to execute this Contract that binds and obligates the Party.

[Remainder of Page Intentionally Blank]



The Parties agree this Contract No. 16-DSR-12626 has been executed by duly authorized representatives of the Contractor, Western, and Reclamation and is to be effective in accordance with section 4, herein.

THE UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION

Date \_\_\_\_\_

By \_\_\_\_\_  
Jack D. Murray

Title \_\_\_\_\_  
Vice President of Power Marketing

Address \_\_\_\_\_  
for Desert Southwest Region

\_\_\_\_\_ P.O. Box 6457

\_\_\_\_\_ Phoenix, AZ 85005-6457

CONCURRENCE OF  
THE UNITED STATES OF AMERICA  
DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION

Date \_\_\_\_\_

By \_\_\_\_\_  
Terrance J. Fulp, Ph.D.

Title \_\_\_\_\_  
Regional Director

Address \_\_\_\_\_  
Bureau of Reclamation

\_\_\_\_\_ Lower Colorado Region

\_\_\_\_\_ P.O. Box 61470

\_\_\_\_\_ Boulder City, NV 89006-1470

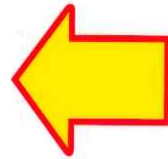




The Parties agree this Contract No. 16-DSR-12626 has been executed by duly authorized representatives of the Contractor and is to be effective in accordance with section 4, herein.

(SEAL)

ARIZONA POWER AUTHORITY



**SIGN  
HERE**

ATTEST

By \_\_\_\_\_

By \_\_\_\_\_

Joe Albo

Title \_\_\_\_\_

Title Chairman, Arizona Power Authority Commission

Date \_\_\_\_\_

Address Arizona Power Authority

1810 West Adams Street

Phoenix, AZ 85007-2697

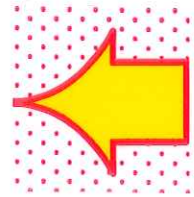




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(SEAL)

ARIZONA POWER AUTHORITY



ATTEST

By \_\_\_\_\_

By \_\_\_\_\_  
Joe Albo

Title \_\_\_\_\_

Title Chairman, Arizona Power Authority Commission

Date \_\_\_\_\_

Address Arizona Power Authority  
1810 West Adams Street  
Phoenix, AZ 85007-2697



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(SEAL)

ARIZONA POWER AUTHORITY

ATTEST

By \_\_\_\_\_

By \_\_\_\_\_  
Joe Albo

Title \_\_\_\_\_

Title Chairman, Arizona Power Authority Commission

Date \_\_\_\_\_

Address Arizona Power Authority

1810 West Adams Street

Phoenix, AZ 85007-2697

