

UNITED STATES  
DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION  
SIERRA NEVADA REGION

CONTRACT FOR ELECTRIC SERVICE  
BASE RESOURCE  
WITH

CITY OF LOMPOC

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General Power Contract Provisions

- Exhibit A – Base Resource Percentage and Point(s) of Delivery
- Exhibit B – Exchange Program
- Exhibit C – Regulation and Reserves
- Exhibit D – Rate Schedule

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3  
4 UNITED STATES  
5 DEPARTMENT OF ENERGY  
6 WESTERN AREA POWER ADMINISTRATION  
7 SIERRA NEVADA REGION

8 CONTRACT FOR ELECTRIC SERVICE  
9 BASE RESOURCE  
10 WITH

11 CITY OF LOMPOC

12 1. **PREAMBLE:** This Contract is made this \_\_\_\_\_ day of \_\_\_\_\_,  
13 202\_\_\_\_, pursuant to the Acts of Congress approved June 17, 1902, (32 Stat. 388);  
14 August 26, 1937, (50 Stat. 844); August 4, 1939, (53 Stat. 1187); and August 4, 1977,  
15 (91 Stat. 565); and Acts amendatory or supplementary to the foregoing Acts; between  
16 the UNITED STATES OF AMERICA (United States), acting by and through the  
17 Administrator, Western Area Power Administration, Department of Energy, hereinafter  
18 called WAPA, represented by the officer executing this Contract, or a duly appointed  
19 successor, hereinafter called the Contracting Officer; and CITY OF LOMPOC, a  
20 municipal corporation, organized and existing under the laws of the State of California,  
21 hereinafter called the Contractor or Lompoc, its successors and assigns; each  
22 sometimes hereinafter individually called the Party, and both sometimes hereinafter  
23 collectively called the Parties.

24 2. **EXPLANATORY RECITALS:**

25 2.1 WAPA markets the surplus generation from, and operates a high-voltage  
26 transmission system as a part of, the Central Valley Project (CVP).

27 ///

28 ///

1 2.2 WAPA and the U.S. Department of the Interior, Bureau of Reclamation  
2 (Reclamation), have agreed to work together to efficiently serve Project Use and  
3 Preference Customer loads.

4  
5 2.3 On August 15, 2017, WAPA's final 2025 Power Marketing Plan (Marketing  
6 Plan) was published in the Federal Register (82 FR 38675). The Marketing Plan  
7 sets forth how WAPA's Sierra Nevada Region will market the power generated  
8 from the CVP and Washoe Project.

9  
10 2.4 The Marketing Plan provides that starting on January 1, 2025, WAPA will  
11 provide 98 percent of available CVP power to its existing Customers. Existing  
12 Customers will have the right to extend 98 percent of their current Base  
13 Resource percentage as provided in the Marketing Plan and under the terms and  
14 conditions of this Contract.

15  
16 2.5 Lompoc desires to purchase and WAPA is willing to provide a percentage  
17 of the Base Resource consistent with the Marketing Plan and the terms and  
18 conditions of this Contract.

19  
20 2.6 Under the Marketing Plan, WAPA requires that its Customers schedule  
21 power in accordance with applicable operating requirements, including those of  
22 the balancing authority area operator and WAPA's sub-balancing authority area  
23 requirements.

24  
25 2.7 WAPA markets power to Federal Preference Customers at the lowest  
26 possible rates consistent with sound business principles pursuant to Section 1.1  
27 of Delegation Order 00-037.00B.

28 ///

1 3. **AGREEMENT:**

2 The Parties agree to the terms and conditions set forth herein.

3  
4 4. **EFFECTIVE DATE AND TERM OF CONTRACT:**

5 4.1 This Contract shall become effective on the date of execution and shall  
6 remain in effect until midnight of December 31, 2054, subject to prior termination  
7 as otherwise provided for herein.

8  
9 4.2 Lompoc may reduce its Base Resource percentage or terminate this  
10 Contract for any reason through June 30, 2024.

11  
12 4.3 The date of initial service under this Contract is January 1, 2025.

13  
14 5. **DEFINITION OF TERMS:**

15 As used herein, the following terms whether singular or plural, or used with or without  
16 initial capitalization, shall have the following meanings:

17 5.1 "Ancillary Services" means those services that are necessary to support  
18 the transmission of capacity and energy from resources to loads while  
19 maintaining reliable operation of the transmission system in accordance with  
20 Good Utility Practice.

21  
22 5.2 "BANC" means the Balancing Authority of Northern California or its  
23 successor.

24  
25 5.3 "Base Resource" means CVP and Washoe Project power (capacity and  
26 energy) output determined by WAPA to be available for Customers, including the  
27 Environmental Attributes, only after meeting the requirements of Project Use and

28 ///

1 First Preference Customers, and any adjustments for maintenance, reserves,  
2 system losses, and certain ancillary services.

3  
4 5.4 “Base Resource Operating Capability” means that portion of the Maximum  
5 Operating Capability that WAPA determines to be available to Customers in any  
6 hour.

7  
8 5.5 “CAISO” means the California Independent System Operator or its  
9 successor.

10  
11 5.6 “Capacity” means the electrical capability of a generator, transformer,  
12 transmission circuit or other equipment.

13  
14 5.7 “Central Valley Project (CVP)” means the multipurpose Federal water  
15 development project extending from the Cascade Range in northern California to  
16 the plains along the Kern River, south of the City of Bakersfield.

17  
18 5.8 “Custom Product” means a combination of products and services which  
19 may be made available by WAPA per Customer request.

20  
21 5.9 “Customer” means an entity with a contract and receiving electric service  
22 from WAPA’s Sierra Nevada Region.

23  
24 5.10 “Energy” means capacity measured in terms of the work it is capable of  
25 doing over a period of time; electric energy is usually measured in kilowatthours  
26 or megawatthours.

27 ///

28 ///

1 5.11 “Environmental Attributes” means any and all credits, benefits, emissions  
2 reductions, offsets, and allowances, howsoever entitled, attributable to the Base  
3 Resource, and its avoided emission of pollutants.

4  
5 5.12 “FERC” means the Federal Energy Regulatory Commission or its  
6 successor.

7  
8 5.13 “First Preference Customer” means a Preference Customer within a  
9 county of origin (Trinity, Calaveras, and Tuolumne) as specified under the Trinity  
10 River Division Act (69 Stat. 719) and the New Melones Project provisions of the  
11 Flood Control Act of 1962 (76 Stat. 1173, 1191-1192).

12  
13 5.14 “Full Load Service Customer” means a Customer that will have its entire  
14 load at its delivery point(s) met by WAPA, and its Portfolio Manager functions for  
15 those delivery point(s) performed by WAPA.

16  
17 5.15 “Marketing Plan” means WAPA’s final 2025 Power Marketing Plan for the  
18 Sierra Nevada Region.

19  
20 5.16 “Maximum Operating Capability” means the maximum electrical capability  
21 from CVP generation available to produce energy, capacity and/or provide  
22 ancillary services in any one or more hours.

23  
24 5.17 “Minimum Base Resource” means the amount of Base Resource energy  
25 generated each hour as a result of CVP minimum water releases.

26  
27 5.18 “NERC” means the North American Electric Reliability Corporation or its  
28 successor.

1 5.19 "Operating Reserves" means the combination of spinning and non-  
2 spinning reserves required to meet WECC, NERC, and operating requirements,  
3 including those of the balancing authority area or WAPA's sub-balancing  
4 authority area.

5  
6 5.20 "Portfolio Manager" means an entity responsible for determining balanced  
7 hourly load and resource schedules for a Customer.

8  
9 5.21 "Power" means capacity and energy.

10  
11 5.22 "Preference" means the requirements of Reclamation Law that provide for  
12 preference in the sale of Federal power be given to certain entities, such as  
13 governments (state, Federal and Native American), municipalities and other  
14 public corporations or agencies, and cooperatives and other nonprofit  
15 organizations financed in whole or in part by loans made pursuant to the Rural  
16 Electrification Act of 1936 (See, e.g., Reclamation Project Act of 1939,  
17 Section 9(c), 43 USC 485h(c)).

18  
19 5.23 "Primary Marketing Area" means the area generally encompassing  
20 northern and central California, extending from the Cascade Range to the  
21 Tehachapi Mountains and west-central Nevada.

22  
23 5.24 "Project Use" means power as defined by Reclamation Law and/or used to  
24 operate CVP and Washoe Project facilities.

25  
26 5.25 "Rate" means the monetary charge or the formula for computing such a  
27 charge for any electric service provided by WAPA, including but not limited to  
28 charges for capacity (or demand), energy, or transmission service; however, it



1 does not include leasing fees, service facility charges, or other types of facility  
2 use charges. A Rate will be set forth in a Rate Schedule or in a contract.

3  
4 5.26 "Rate Adjustment" means a change in an existing Rate or Rates, or the  
5 establishment of a Rate or Rates for a new service. It does not include a change  
6 in Rate Schedule provisions or in contract terms, other than changes in the price  
7 per unit of service, nor does it include changes in the monetary charge pursuant  
8 to a formula stated in a Rate Schedule or a contract.

9  
10 5.27 "Rate Adjustment Procedures" means those procedures for Rate  
11 Adjustments developed by WAPA, Department of Energy (DOE) or FERC which  
12 include DOE Order 00-037.00B, DOE Order RA 6120-2, 10 CFR 903, and  
13 18 CFR 300, as may be amended.

14  
15 5.28 "Rate Effective Date" means the first date of the billing period to which a  
16 Rate Schedule or Rate Schedule extension applies. WAPA will provide notice to  
17 the Customers of the Rate Effective Date.

18  
19 5.29 "Rate Schedule" means a document identified such as a "Rate Schedule,"  
20 "Schedule of Rates," or "Schedule Rate" which designates the Rate or Rates  
21 applicable to a class of service specified therein and may contain other terms  
22 and conditions relating to the service. On the effective date of this Contract,  
23 18 CFR 300.1(b)(6) provides FERC may not approve a WAPA Rate Schedule for  
24 a period that exceeds five (5) years. The Rate Schedule shall include the Rate  
25 Effective Date and the effective period of the Rate Schedule.

26 ///

27 ///

28 ///

1 5.30 “Regional Transmission Organization (RTO)” means an organization that  
2 meets the minimum characteristics and performs the minimum functions  
3 specified in FERC Order 2000, as that order may be amended or superseded.  
4

5 5.31 “Regulation” means the service provided by generating units equipped  
6 and operating with automatic generation control which will enable such units to  
7 respond to direct control signals in an upward or downward direction to match, on  
8 a real time basis, demand and resources, consistent with WECC, NERC, and the  
9 balancing authority area operator’s criteria.  
10

11 5.32 “Scheduling Coordinator” means an entity that is responsible for providing  
12 hourly load and resource schedules to the balancing authority area operator or  
13 WAPA’s sub-balancing authority area, in accordance with a FERC-approved tariff  
14 or WAPA’s procedures and practices.  
15

16 5.33 “Variable Resource Customer” means a Customer that is responsible for  
17 managing its own energy portfolio.  
18

19 5.34 “Washoe Project” means the Federal water project located in the  
20 Lahontan Basin in west-central Nevada and east-central California.  
21

22 5.35 “WECC” means the Western Electricity Coordinating Council or its  
23 successor.  
24

25 6. **BASE RESOURCE ESTIMATES AND AVAILABILITY FORECAST:**

26 6.1 At the beginning of each water year, WAPA will post to WAPA’s external  
27 website a five-year forecast of Base Resource Operating Capability estimated to  
28

///

1 be available, based on high, average, and low hydrological conditions. The  
2 forecast will contain the following information:

3 6.1.1 Maximum Operating Capability of the CVP for each month;

4 6.1.2 Energy required for estimated Project Use loads, First Preference  
5 Customers' loads, and ancillary service requirements.

6  
7 6.2 Each month, WAPA will post to WAPA's external website a monthly Base  
8 Resource forecast of Base Resource Operating Capability and energy estimated  
9 to be available for each month on a rolling twelve-month basis, based on high,  
10 average, and low hydrological conditions. The monthly forecast will contain the  
11 following information:

12 6.2.1 Maximum Operating Capability of the CVP for each month;

13 6.2.2 Energy required for estimated Project Use loads, First Preference  
14 Customers' loads, and ancillary service requirements.

15  
16 6.3 WAPA shall make reasonable efforts, within its control, to ensure the  
17 forecasted Base Resource will be available.

18  
19 7. **ELECTRIC SERVICE FURNISHED BY WAPA:**

20 7.1 Lompoc will be entitled to receive a percentage of the Base Resource as  
21 set forth in Exhibit A.

22  
23 7.2 The estimated amount of energy available to Lompoc shall be determined  
24 by multiplying its Base Resource percentage by the total amount of Base  
25 Resource energy available during that period.

26 ///

27 ///

28 ///

1 7.3 The minimum amount of energy Lompoc will be required to schedule for  
2 each hour shall be determined by multiplying its Base Resource percentage by  
3 the Minimum Base Resource, unless otherwise agreed to by WAPA. However, if  
4 Lompoc does not have sufficient load to take its percentage of the Minimum  
5 Base Resource, any excess energy shall be made available to WAPA for the  
6 Exchange Program as described later in this Contract under Section 10 and  
7 Exhibit B.

8  
9 7.4 The maximum amount of energy Lompoc may schedule in any hour shall  
10 be determined by multiplying its Base Resource percentage by the Base  
11 Resource Operating Capability. However, Lompoc may schedule energy in  
12 excess of this maximum, if approved by WAPA, to accommodate purchases or  
13 exchanges from the Exchange Program.

14  
15 7.5 Lompoc will be entitled to the benefit of available regulation and operating  
16 reserves from the CVP in proportion to its Base Resource percentage. The  
17 method for calculating regulation and operating reserves is set forth in Exhibit C.

18  
19 7.6 WAPA's obligation to provide Lompoc's Base Resource is limited to the  
20 actual CVP generation available on a real-time basis. WAPA shall have no  
21 obligation to replace any Base Resource that is unavailable; for instance, Base  
22 Resource that is unavailable due to scheduled maintenance, system  
23 emergencies, forced outages, or other constraints. Any costs incurred by either  
24 Party as a result of deviations between actual and scheduled Base Resource  
25 energy shall be the responsibility of Lompoc. WAPA will notify Lompoc as soon  
26 as reasonably practicable of any situation that will impact the availability of the  
27 Base Resource, and will modify schedules accordingly, on a pro-rata basis.

28 ///

1 7.7 Due to the variable nature of the Base Resource, WAPA may provide a  
2 Custom Product upon a Customer's request. Any Custom Product will be the  
3 subject of a separate contractual arrangement.  
4

5 8. **DELIVERY ARRANGEMENTS:**

6 8.1 WAPA will make Lompoc's Base Resource available at the generator bus  
7 or such other delivery point(s) on the CVP transmission system as the Parties will  
8 mutually agree, as specified in Exhibit A. WAPA reserves Network Integration  
9 Transmission Service for the delivery of Base Resource on the CVP transmission  
10 system under its Open Access Transmission Tariff (OATT). The rates and terms  
11 of this service shall be in accordance with WAPA's then-current rate schedule  
12 and OATT.  
13

14 8.2 If requested by WAPA, Lompoc must provide written notification to WAPA  
15 by July 1, 2024, demonstrating that it has arranged for delivery of its Base  
16 Resource energy to its load. Such notification shall include both transmission  
17 and distribution level arrangements, as applicable. WAPA shall have no  
18 obligation to make Base Resource available to Lompoc if delivery arrangements  
19 are not in effect. However, Lompoc shall not be relieved of its obligation to pay  
20 its percentage share of the Base Resource during the time in which delivery  
21 arrangements are not in effect.  
22

23 9. **SCHEDULING PROCEDURES, BUSINESS PRACTICES AND PROTOCOLS:**

24 9.1 All energy furnished by WAPA to Lompoc will be provided on a scheduled  
25 basis. Lompoc agrees to abide by the scheduling procedures, business  
26 practices and protocols of the applicable balancing authority area or WAPA's  
27 sub-balancing authority area, as set forth on WAPA's website. The Parties  
28 recognize that the scheduling procedures, business practices and protocols may

1 require modification from time-to-time to reflect updated operating procedures  
2 that may become applicable to the Parties. In such event, WAPA will make such  
3 changes in accordance with Section 17 of this Contract.

4  
5 9.2 Designation of Scheduling Coordinator (SC): If Lompoc is required to  
6 have a Scheduling Coordinator; Lompoc shall notify WAPA of its designated  
7 Scheduling Coordinator not less than ninety (90) days prior to the date of initial  
8 service under this Contract. In the event that Lompoc's Scheduling Coordinator  
9 arrangement changes, Lompoc shall notify WAPA in writing, not less than thirty  
10 (30) days prior to the change, unless a shorter notification period is agreed to by  
11 WAPA.

12  
13 **9.3 If WAPA is Lompoc's Portfolio Manager, as set forth in a separate**  
14 **Custom Product Contract, all scheduling activities and responsibilities will**  
15 **be performed by WAPA on behalf of Lompoc.** At such time as WAPA is no  
16 longer Lompoc's Portfolio Manager, then Lompoc will be responsible for  
17 performance of its duties under this Section 9.

18  
19 9.4 WAPA will provide Customers with the opportunity to comment on  
20 WAPA's maintenance and operations plans. WAPA will facilitate Customer  
21 meetings with the Bureau of Reclamation regarding cost and operation planning.

22  
23 9.5 In the event that Lompoc does not abide by the protocols, business  
24 practices and procedures and WAPA incurs costs as a result, Lompoc is  
25 responsible for and shall pay such costs.

26 ///

27 ///

28 ///

1 10. **EXCHANGE PROGRAM:**

2 10.1 WAPA will establish and manage an Exchange Program to allow all  
3 Customers to fully and efficiently use their Base Resource percentage. The  
4 Exchange Program is a mechanism to:

5 10.1.1 Make available to WAPA, for provision to other Customers, any  
6 Base Resource energy a Customer cannot use on a pre-scheduled basis  
7 due to insufficient load; and

8 10.1.2 Help mitigate the costs incurred by a Customer for the power it is  
9 obligated to pay for, but may not be able to use.

10  
11 10.2 Under the Exchange Program, all Base Resource energy in excess of  
12 Lompoc's load will be retained by WAPA and offered by WAPA for sale to other  
13 Customers. Lompoc may purchase energy from the Exchange Program. While  
14 WAPA's retention of excess Base Resource is mandatory, purchasing from the  
15 Exchange Program is voluntary.

16  
17 10.3 The Exchange Program procedures are set forth in Exhibit B. WAPA may  
18 change the program and procedures of the Exchange Program in accordance  
19 with Section 17 of this Contract.

20  
21 10.4 WAPA will also offer a seasonal Exchange Program. Under the seasonal  
22 Exchange Program, Lompoc may elect to make available to WAPA that portion  
23 of its Base Resource percentage that it is unable to use due to insufficient load.  
24 Lompoc, through WAPA, will be able to exchange its unusable Base Resource  
25 percentage with other Customers. Any Customer may submit a request to  
26 WAPA to exchange or purchase energy through the seasonal Exchange  
27 Program. Details of a seasonal exchange will be developed with the Customer  
28 upon request by that Customer.

1 10.5 Exchanges of the Base Resource between Lompoc and others outside of  
2 the WAPA-managed Exchange Programs, or other WAPA-managed programs,  
3 are prohibited.  
4

5 **11. INDEPENDENT SYSTEM OPERATOR OR REGIONAL TRANSMISSION**

6 **ORGANIZATION:**

7 11.1 WAPA is a sub-balancing authority area within BANC. WAPA operates in  
8 conformance with its sub-balancing authority area and BANC's balancing  
9 authority area protocols, business practices and procedures. In the event of  
10 changes to any protocols, business practices and procedures, WAPA may make  
11 any changes necessary to this Contract to conform to the operating and  
12 scheduling protocols, business practices and procedures in accordance with  
13 Section 17 of this Contract.  
14

15 11.2 The Parties understand that, in the future, WAPA may also change its  
16 operating configuration such as by: (1) joining an independent system operator or  
17 RTO or (2) participating in future markets such as energy imbalance markets; or  
18 (3) making system configurations to meet future operating requirements. In such  
19 an event, if WAPA is required to conform to the protocols, business practices or  
20 procedures, WAPA shall make changes to this Contract to conform to the terms  
21 and conditions required by such events in accordance with Section 17 of this  
22 Contract.  
23

24 11.3 In the event that: 1) WAPA incurs costs from the balancing authority area,  
25 WAPA's sub-balancing authority area, CAISO, an RTO, or a different balancing  
26 authority area for serving Lompoc's load; or 2) Lompoc does not abide by the  
27 protocols business practices, or procedures of the balancing authority area, an  
28 RTO, or other balancing authority area operator that are applicable to WAPA and



1 WAPA incurs costs as a result, Lompoc agrees to pay all such costs attributable  
2 to Lompoc.

3  
4 12. **WAPA RATES:**

5 12.1 The Base Resource will be provided on a take-or-pay basis. Lompoc will  
6 be obligated to pay its Base Resource percentage share in accordance with the  
7 Rate Schedule attached hereto, whether or not it takes or uses its full Base  
8 Resource percentage.

9  
10 12.2 Lompoc shall pay for the electric service furnished hereunder in  
11 accordance with the Rates, charges, and conditions set forth in the CVP  
12 Schedule of Rates applicable to the Base Resource, effective January 1, 2025,  
13 or any superseding Rate Schedule.

14  
15 12.3 Rates applicable under this Contract shall be subject to change by WAPA  
16 in accordance with appropriate Rate Adjustment Procedures. If, at any time,  
17 WAPA announces that it has received approval of a Rate Schedule, or extension  
18 of an existing Rate Schedule applicable to this Contract, or if a Rate Adjustment  
19 Procedure is amended, WAPA will promptly notify Lompoc thereof.

20  
21 12.4 Lompoc, by providing written notice to WAPA within ninety (90) days after  
22 the Rate Effective Date of a Rate Schedule or Rate Schedule extension  
23 applicable to this Contract, may elect to reduce its Base Resource percentage or  
24 terminate this Contract. Lompoc shall designate a Base Resource percentage  
25 reduction or termination effective date that will be effective on the last day of the  
26 billing month not later than two (2) years after the Rate Effective Date. If the  
27 termination effective date is after the Rate Effective Date, the new or extended  
28 Rates shall apply for service taken by Lompoc until the termination effective date.

1 Once Lompoc provides notice to terminate or reduce its Base Resource  
2 percentage, WAPA will begin the process to reallocate the Base Resource to  
3 other Preference Customers. Lompoc may not revoke its notice to terminate or  
4 reduce its Base Resource unless WAPA provides written consent.

5  
6 12.5 Rates shall become effective under this Contract on the Rate Effective  
7 Date stated in a Rate notice.

8  
9 13. **INTEGRATED RESOURCE PLAN:**

10 13.1 In accordance with the Energy Policy Act of 1992, Lompoc is required to  
11 meet the requirements of WAPA's Energy Planning and Management Program  
12 (EPAMP). To fulfill the requirements of EPAMP, Lompoc must develop and  
13 submit an integrated resource plan or alternative report, as applicable. Specific  
14 EPAMP requirements are set forth in the Federal Register at (64 FR 62604) and  
15 may be found on WAPA's website. Failure to comply with WAPA's EPAMP  
16 requirements may result in penalties as specified therein. Lompoc understands  
17 that WAPA may re-evaluate its EPAMP requirements and change them from  
18 time-to-time as appropriate. Such changes will be subject to a public process  
19 and publication in the Federal Register.

20  
21 13.2 Should the EPAMP requirements be eliminated, Lompoc shall have no  
22 responsibilities under Section 13.1.

23  
24 14. **ADJUSTMENT OF BASE RESOURCE PERCENTAGE:**

25 14.1 Prior to the date of initial service, WAPA may adjust Lompoc's Base  
26 Resource percentage, as set forth in Exhibit A herein, if WAPA determines that  
27 Lompoc's Base Resource percentage is greater than its actual usage, as  
28 specified in the Marketing Plan.

1 14.2 After the date of initial service, WAPA may adjust Lompoc's Base  
2 Resource percentage under any of the following conditions:

3 14.2.1 Lompoc sells energy associated with its Base Resource  
4 percentage to another entity for resale by that entity;

5 14.2.2 Lompoc uses the energy associated with its Base Resource  
6 percentage to serve loads outside of the Sierra Nevada Region's Primary  
7 Marketing Area;

8 14.2.3 Lompoc's annual energy associated with its Base Resource  
9 percentage, is ten percent or more than its actual annual energy usage.  
10

11 14.3 If WAPA determines that Lompoc has met any of the conditions in  
12 Section 14.2 above, WAPA will take the following steps:

13 14.3.1 Notify Lompoc of the nature of the concern;

14 14.3.2 Analyze Lompoc's usage of the energy associated with its Base  
15 Resource percentage and determine if an adjustment is necessary on a  
16 case-by-case basis, with due consideration of any circumstance that may  
17 have temporarily altered Lompoc's energy usage;

18 14.3.3 If an adjustment is determined to be necessary, provide a 90-day  
19 written notice of such adjustment; and

20 14.3.4 Reduce or rescind Lompoc's Base Resource percentage  
21 permanently on the effective date specified in the notice.  
22

23 15. **METERING AND POWER MEASUREMENT RESPONSIBILITIES:**

24 Lompoc shall be responsible for electric power metering equipment requirements and  
25 power measurement data associated with the use of WAPA power under this Contract  
26 as follows:

27 15.1 Unless previously installed and furnished by WAPA, Lompoc shall furnish,  
28 install, operate, maintain, and replace, meters and associated metering

1 equipment required for deliveries of WAPA power scheduled to each delivery  
2 point on the WAPA grid, the CAISO-controlled grid, a utility distribution company  
3 grid, or other electrical system, as may be applicable. Such meters shall comply  
4 with the all applicable meter requirements. For instance, meters on:

5 15.1.1 WAPA's system must meet WAPA's meter requirements;

6 15.1.2 CAISO's system must meet CAISO's meter requirements; and/or

7 15.1.3 Pacific Gas and Electric Company's (PG&E) system must meet  
8 PG&E's meter requirements.

9  
10 15.2 Lompoc shall measure power deliveries and provide certified settlement-  
11 quality metering data to WAPA as requested. It is generally contemplated that  
12 WAPA will require this data on a monthly basis.

13  
14 15.3 If WAPA previously installed and furnished a meter to Lompoc, WAPA  
15 shall be allowed unrestricted, unescorted access to its revenue meter equipment.  
16 Lompoc shall provide a minimum of three (3) keys or the combination to  
17 Lompoc's existing locks. Alternatively, WAPA may provide a WAPA-owned  
18 padlock(s). Access shall include all gates and/or doors required to access the  
19 metering equipment.

20  
21 15.4 Upon request by Lompoc, to evidence receipt of the Environmental  
22 Attributes, WAPA shall timely provide meter data or other mutually agreed upon  
23 data to Lompoc measuring the amount of CVP energy that is generated and  
24 delivered to Lompoc. Upon mutual agreement of Customers, WAPA and  
25 Reclamation, such meters shall be modified or replaced to meet appropriate  
26 standards or requirements to convey CVP Environmental Attributes to  
27 Customers.

28 ///

1 16. **CHANGES IN ORGANIZATIONAL STATUS:**

2 16.1 If Lompoc changes its organizational status or otherwise changes its  
3 obligation to supply electric power to Preference loads, WAPA reserves the right  
4 to adjust WAPA's power sales obligations under this Contract or to terminate this  
5 Contract, as WAPA deems appropriate. Changes in organizational status  
6 include but are not limited to:

7 16.1.1 Merging with another entity;

8 16.1.2 Acquiring or being acquired by another entity;

9 16.1.3 Creating a new entity from an existing one;

10 16.1.4 Joining or withdrawing from a member-based power supply  
11 organization; or

12 16.1.5 Adding or losing members from its membership organization.

13  
14 16.2 For the purposes of this Section 16, a member is any Preference entity  
15 that is included in a membership, which has the responsibility of supplying power  
16 to the end-use consumer or Customer. Memberships include but are not limited  
17 to:

18 16.2.1 Municipality;

19 16.2.2 Cooperative;

20 16.2.3 Joint powers authority; or

21 16.2.4 Governmental agency.

22  
23 16.3 For purposes of this Section 16, participation in a State promulgated direct  
24 access program shall not be deemed to be a change in a Customer's  
25 organizational status or its obligation to supply electric power to Preference  
26 loads.

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1 16.4 Prior to making an organizational change, Lompoc may request an opinion  
2 from WAPA as to whether Lompoc's proposed organizational change will result  
3 in an adjustment of Lompoc's Base Resource percentage or termination under  
4 this Section 16. Lompoc shall provide WAPA with all relevant documents and  
5 information regarding the proposed organizational change. Based on the  
6 documents and information furnished, WAPA will provide Lompoc with an  
7 opinion.

8  
9 16.5 In addition to the above, if the change in organizational status results in a  
10 proposed transfer of the Contract, or any portion thereof, Section 37 of the  
11 General Power Contract Provisions (GPCP), "Transfer of Interest in Contract,"  
12 generally requires the Customer to obtain prior written approval from WAPA's  
13 Administrator. Organizational changes that typically propose transfer of the  
14 Contract, or a portion of the Contract, and require prior written approval from  
15 WAPA include but are not limited to:

16 16.5.1 Merging with another entity;

17 16.5.2 Acquiring or being acquired by another entity;

18 16.5.3 Joining an entity; and

19 16.5.4 Creating a new entity.

20  
21 17. **PROTOCOLS, BUSINESS PRACTICES AND PROCEDURES:**

22 WAPA reserves the right to make changes to protocols, business practices and  
23 procedures, as needed. Prior to making any changes, WAPA will provide notice to  
24 Lompoc and provide Lompoc with an opportunity to comment on such changes. WAPA  
25 will consider any comments made by Lompoc before making any changes, and shall  
26 provide a written response to the comments. After a final decision is made by WAPA, if  
27 Lompoc is not satisfied with the decision, Lompoc shall have thirty (30) days from the  
28 date of WAPA's final decision to appeal the change to WAPA's Administrator. WAPA

1 will not implement a change that has been appealed until a final decision by the  
2 Administrator. Notwithstanding the provisions within this Section 17, Lompoc shall  
3 retain its right to pursue other legal remedies available to it.

4  
5 18. **ENFORCEABILITY:**

6 It is not the intent of the Parties that this Contract confer any rights on third parties to  
7 enforce the provisions of this Contract except as required by law or express provision in  
8 this Contract. Except as provided in this Section 18, this Contract may be enforced, or  
9 caused to be enforced, only by WAPA or Lompoc, or their successors or assigns.

10  
11 19. **GENERAL POWER CONTRACT PROVISIONS:**

12 The GPCP, effective September 1, 2007, attached hereto, are hereby made a part of  
13 this Contract, the same as if they had been expressly set forth herein; Except  
14 Section 11 shall not be applicable to this Contract. In the event of a conflict between  
15 the GPCP and the provisions in the body of this Contract, the Contract shall control.  
16 The usage of the term "Contractor" in the GPCP shall mean Lompoc. The usage of the  
17 term "firm" in Articles 17 and 18 of the GPCP shall be deemed to be replaced with the  
18 words "Base Resource."

19  
20 20. **EXHIBITS MADE PART OF CONTRACT:**

21 Exhibit A (Base Resource Percentage and Point(s) of Delivery), Exhibit B (Exchange  
22 Program), Exhibit C (Regulation and Reserves), and Exhibit D (Rate Schedule) existing  
23 under this Contract may vary during the term hereof. Each of said exhibits shall  
24 become a part of this Contract during the term fixed by its provisions. Exhibits A, B, C,  
25 and D are attached hereto, and each shall be in force and effect in accordance with its  
26 terms until respectively superseded by a subsequent exhibit.

27 ///

28 ///

1 21. **EXECUTION BY COUNTERPARTS:**

2 This Contract may be executed in any number of counterparts and, upon execution and  
3 delivery by each Party, the executed and delivered counterparts together shall have the  
4 same force and effect as an original instrument as if all Parties had signed the same  
5 instrument. Any signature page of this Contract may be detached by any counterpart of  
6 the Contract without impairing the legal effect of any signatures thereon, and may be  
7 attached to another counterpart of this Contract identical in form hereto, by having  
8 attached to it one or more signature pages.

9  
10 22. **ELECTRONIC SIGNATURES:**

11 The Parties agree that this Contract may be executed by handwritten signature or  
12 digitally signed using Adobe Sign or Adobe E-Signature. An electronic or digital  
13 signature is the same as a handwritten signature and shall be considered valid and  
14 acceptable.

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**IN WITNESS WHEREOF**, the Parties have caused this Contract to be executed the day and year first above written.

WESTERN AREA POWER ADMINISTRATION

By: \_\_\_\_\_  
Name: Arun K. Sethi  
Title: Vice President of Power Marketing  
for Sierra Nevada Region  
Address: 114 Parkshore Drive  
Folsom, CA 95630-4710

CITY OF LOMPOC

Attest:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: James Throop  
Title: City Manager  
Address: 100 Civic Center Plaza  
Lompoc, CA 93436

CITY OF LOMPOC  
Resolution/Certificate

EXHIBIT A  
(Base Resource Percentage and Point(s) of Delivery)

1. This Exhibit A, to be effective under and as part of Contract 20-SNR-02366 (Contract), shall become effective upon execution of the Contract; and shall remain in effect until either superseded by another Exhibit A or termination of the Contract.
2. Pursuant to the Marketing Plan, Lompoc's extended Base Resource percentage is 0.31618.
3. Lompoc's Base Resource percentage may be adjusted by WAPA as specified in the Contract.
4. Lompoc's Base Resource percentage will be adjusted effective January 1, 2040, in accordance with the Marketing Plan, to establish the 2040 Resource Pool for new power allocations.
5. The point(s) of delivery on the CVP transmission system for Lompoc's Base Resource shall be either WAPA's Tracy 230-kV or Tracy 500-kV or Cottonwood 230-kV Substations, or as requested by Lompoc and approved by WAPA.
6. All power deliveries provided under this Contract shall be adjusted for the applicable transformation and transmission losses on the 230-kV system. Additional transformation and/or transmission losses shall be applied to deliveries at other than the 230-kV level.
7. This Exhibit A shall be replaced by WAPA as necessary under the terms and conditions set forth in the Contract, and a signature is not required by either Party.

EXHIBIT B  
(Exchange Program)

1. This Exhibit B, to be effective under and as a part of Contract 20-SNR-02366 (Contract), shall become effective upon execution of the Contract; and, shall remain in effect until superseded by another Exhibit B or termination of the Contract.
2. Lompoc is in agreement with the procedures set forth herein.
3. If necessary, WAPA retains the right to make subsequent revisions to Exhibit B after consultation with its Customers. At such time as WAPA promulgates a revision of this Exhibit B, Lompoc shall have the option of either accepting the new revision to this Exhibit B or opting out of making purchases from the Exchange Program. If WAPA does not receive notice from Lompoc opting out of making purchases from the Exchange Program within 30 days of Lompoc's receipt of a revised Exhibit B, Lompoc may automatically continue to make purchases from the Exchange Program if already participating.
4. Exchange Program:
  - 4.1 WAPA has established separate Exchange Program for the Full Load Service Customer group and the Variable Resource Customer group. A Customer cannot be in both the Full Load Service Customer group and the Variable Resource Customer group at the same time.
  - 4.2 The Exchange Program will take place on a pre-scheduled basis.
  - 4.3 Base Resource power in excess of a Customer's load in any hour will be distributed by WAPA in the applicable Exchange Program group (Full Load Service or Variable Resource).
  - 4.4 A Customer may choose whether to make purchases from the Exchange Program for its group. Participation in making purchases from the Exchange Program requires a Customer to accept Exchange Program power if it has load in that hour. However, even if a Customer chooses not to participate in making purchases, if that Customer's Base Resource amount exceeds its load in any hour, the excess will go into the Exchange Program for that Customer's group for that hour, for use by participating Customers with load not met by Base Resource power in that hour. In other words, the retention of Base Resource in excess of a Customer's load is mandatory, while participation in making purchases from the Exchange Program is voluntary.

4.5 If a Customer chooses not to make purchases from the Exchange Program, a written notice to that effect must be submitted to WAPA by November 1, 2024. Thereafter, a Customer must submit a written notice to WAPA at least one (1) month prior to changing its participation status; Except if a Customer has elected to make purchases from the Exchange Program and subsequently changes its participation status, the Customer must wait a minimum of one (1) year to again participate in the Exchange Program. Participation status will change on the first day of the month following the required notice period or the minimum one (1) year waiting period.

4.6 A Customer must use its Base Resource power prior to using any other source to meet its load, unless agreed to by WAPA in writing. A Customer participating in the Exchange Program must use Exchange Program power prior to any other source to meet its load, unless agreed to by WAPA in writing.

4.7 Each participating Customer in each group will receive an equal share in megawatts of that group's Exchange Program power available for that hour, up to the Customer's unmet load in that hour.

4.8 Any Exchange Program power that is excess to a Customer's unmet load will go back to the Exchange Program for the group to which the Customer belongs, for that same hour. This power will be reallocated to participating Customers in that group on an equal basis until either that group's Exchange Program has no remaining power in that hour, or no participating Customers in that group have unmet load in that hour.

4.9 If there is power remaining in the Full Load Service Exchange Program or the Variable Resource Exchange Program in any hour, and none of the participating Customers in that group have unmet load in that hour, the remaining power will go to the other group's Exchange Program for that same hour.

4.10 If, in any hour, no participating Customers have unmet load but there is power remaining in either group's Exchange Program, that power may be offered for sale by WAPA unless the amount of power is de minimis.

4.11 Customers' power bills will be adjusted to reflect transactions into and out of the Exchange Program.

EXHIBIT C  
(Regulation and Reserves)

1. This Exhibit C to be effective under and as a part of Contract 20-SNR-02366 (Contract), shall become effective upon execution of the Contract; and, shall remain in effect until superseded by another Exhibit C or termination of the Contract.
2. Definitions of Terms:
  - 2.1 Contingency Reserve: An additional amount of operating reserves sufficient to reduce Area Control Error (ACE) to zero in ten minutes following loss of generating capacity, which would result from the most severe single contingency. Contingency Reserves will consist of Spinning and Nonspinning Reserves.
  - 2.2 Frequency Response Reserves: Spinning Reserves which provide the required Frequency Response needed for the reliable operation of an interconnection. The energy is provided by the generator's governor's response to a frequency deviation from scheduled system frequency.
  - 2.3 Nonspinning Reserve: That operating reserve not connected to the system but capable of serving demand within ten minutes, or interruptible load that can be removed from the system within ten minutes.
  - 2.4 Spinning Reserve: Unloaded generation which is synchronized and ready to serve additional demand.
3. WAPA's Disposition of Contingency Reserves and Regulation:
  - 3.1 Contingency Reserves: WAPA will provide all Base Resource schedules with Contingency Reserves, including Spinning, Nonspinning, and Frequency Response Reserves. Contingency Reserves will be provided from CVP generation as available, or procured from other sources as necessary.
  - 3.2 Regulation: WAPA will not provide Regulation with Base Resource schedules. Any sales of Regulation by WAPA will be credited against the Power Revenue Requirement.

EXHIBIT D  
(Rate Schedule)

1. This Exhibit D to be effective under and as a part of Contract 20-SNR-02366 (Contract), shall become effective upon execution of the Contract; and, shall remain in effect until superseded by another Exhibit D or termination of the Contract.
2. The CVP Schedule of Rates for Base Resource and First Preference Power (CV-F13) begins on page 2 of this Exhibit D.
3. This Exhibit D shall be replaced by WAPA as necessary under the terms and conditions set forth in the Rate Schedule, and a signature is not required by either Party.

**UNITED STATES DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION**

**CENTRAL VALLEY PROJECT**

**SCHEDULE OF RATES FOR BASE RESOURCE AND FIRST PREFERENCE POWER**

Effective:

October 1, 2011, through September 30, 2019. [Note: This rate schedule was extended by Rate Order No. WAPA-185 through September 30, 2024.]

Available:

Within the marketing area served by the Western Area Power Administration (Western), Sierra Nevada Customer Service Region.

Applicable:

To the Base Resource (BR) and First Preference (FP) Power Customers.

Character and Conditions of Service:

Alternating current, 60-hertz, three-phase, delivered and metered at the voltages and points established by contract. This service includes the Central Valley Project (CVP) transmission (to include reactive supply and voltage control from Federal generation sources needed to support the transmission service), spinning reserve service, and supplemental reserve service.

Power Revenue Requirement (PRR):

Western will develop the PRR prior to the start of each fiscal year (FY). The PRR will be divided in two 6-month periods, October through March and April through September, based



on FP and BR percentages. The PRR for the April-through-September period will be reviewed in March of each year. The review will analyze financial data from the October-through-February period, to the extent information is available, as well as forecasted data for the March-through-September period. If there is a change of \$5 million or more, the PRR will be recalculated for the entire FY. The PRR is allocated to FP Customers and BR Customers based on formula rates, as adjusted for Hourly Exchange (HE), FP true-up calculation, and midyear adjustments.

<b>Example of PRR Allocation to FP and BR</b>		
<b>Component</b>	<b>Formula</b>	<b>Allocation</b>
Annual PRR		\$70,000,000
FP Customers' Allocation (Total FP % = 5%)	$\$70,000,000 \times 5\%$	\$3,500,000
Remaining PRR Allocated to BR	$\$70,000,000 - \$3,500,000$	\$66,500,000
Note: This example is intended to show the PRR allocation to the customer groups and is not adjusted for billing, midyear adjustments or FP true-up calculation.		

FP Power Formula Rate:

The annual FP customer allocation is equal to the annual PRR multiplied by the relevant FP percentage. The formula rate for FP power has three components.

Component 1:

$\begin{aligned} \text{FP Customer Percentage} &= \frac{\text{FP Customer Load}}{\text{Gen} + \text{Power Purchases} - \text{Project Use}} \\ &= \text{FP Customer Percentage} \times \text{MRR} \end{aligned}$
---

Where:

FP Customer Load = An FP Customer's forecasted annual load in megawatt-hours (MWh).

Gen = The forecasted annual CVP and Washoe generation (MWh).

Power Purchases = Power purchases for Project Use and FP loads (MWh).

Project Use = The forecasted annual Project Use loads (MWh).

MRR = Monthly PRR.

Western will develop each FP customer’s percentage prior to the start of each FY.

During March of each FY, each FP customer’s percentage will be reviewed. If, as a result of the review, there is a change in a FP customer’s percentage of more than one-half of 1 percent, the percentage will be revised for the April-through-September period and billing adjustments made for the October-through-March period to reflect the revised percentage.

<b>Table 1: Estimated and Actual Year 1 PRR Allocation Due to FP % True-up</b>					
FP Customer	Year 1 FP % (Based on estimate)	Year 1 FP and BR PRR Allocation	Year 1 Actual FP % (Determined during Year 2)	Year 1 FP and BR Actual (adjusted) PRR Allocation	Difference (Applied in Year 3)
Customer A	0.35%	\$262,500	0.38%	\$285,000	\$22,500
Customer B	0.90%	\$675,000	0.85%	\$637,500	(\$37,500)
Customer C	2.80%	\$2,100,000	2.90%	\$2,175,000	\$75,000
Customer D	0.75%	\$562,500	0.75%	\$562,500	\$0
<b>Total</b>	<b>4.80%</b>	<b>\$3,600,000</b>	<b>4.88%</b>	<b>\$3,660,000</b>	<b>\$60,000</b>
<b>BR Customers</b>	<b>Contractual %</b>	<b>\$71,400,000</b>	<b>Contractual %</b>	<b>\$71,340,000</b>	<b>(\$60,000)</b>
<b>Total PRR (Year 1)</b>		<b>\$75,000,000</b>	<b>Total PRR</b>	<b>\$75,000,000</b>	<b>\$0</b>

In addition, Western is adopting a true-up methodology for FP Customers each year in order to ensure FP Customers pay their proportionate share of the PRR. The FP percentage true-up calculation will use actual data for the FY being adjusted. Changes to the PRR based on FP percentage true-up calculations will be incorporated in the PRR at the beginning of each FY as shown in the example below. As shown in the example in Table 1, the total PRR for Year 1, on October 1, is \$75 million, and estimated revenue requirements are allocated to customers based on their estimated FP and BR percentages. A true-up of each FP percentage for Year 1 occurs in Year 2 and the difference between the estimated and actual will be reflected in the PRR in Year 3.

Beginning in Year 3, the PRR, as published on October 1, is \$73,000,000. Based on the true-up methodology, the adjustment (difference seen in Table 1) from Year 1 is factored in the PRR for Year 3, and payment obligations for both FP and BR Customers are appropriately adjusted as shown in the Table 2 below.

FP Customer	Year 3 Est. FP %	Year 3 Estimated PRR Payment	PY FP True-Up (Year 1 True-Up Amount)	Total Year 3 Bill
Customer A	0.35%	\$255,500	\$22,500	\$278,000
Customer B	0.90%	\$657,000	(\$37,500)	\$619,500
Customer C	2.85%	\$2,080,500	\$75,000	\$2,155,500
Customer D	0.77%	\$562,100	\$0	\$562,100
<b>Total</b>	<b>4.87%</b>	<b>\$3,555,100</b>	<b>\$60,000</b>	<b>\$3,615,100</b>
BR Customers	Contractual %	\$69,444,900	(\$60,000)	\$69,384,900
<b>Total PRR (Year 3)</b>		<b>\$73,000,000</b>	<b>\$0</b>	<b>\$73,000,000</b>

Based on the true-up adjustment from Year 1, the adjusted PRR for Year 3 is appropriately allocated to both FP and BR Customers.

The percentages in the table below are the maximum percentages for each FP customer that will be applied to the MRR during the rate period October 1, 2011, through September 30, 2016. The maximum percentages were determined based on a critically dry year where there are hydrologic conditions that result in low CVP generation and, consequently, low levels of BR. An FP percentage cannot exceed the maximum except in instances where individual FP customer percentages increase due to load growth. If these maximum percentages are used for determining the FP customer charges for more than one year, Western will evaluate customer percentages from the formula rate versus the maximum percentage and make adjustments as appropriate.

FP Customer	Maximum FP Customer Percentage Applied to the MRR
Sierra Conservation Center	1.58%
Calaveras Public Power Agency	3.81%
Trinity Public Utilities District	12.01%
Tuolumne Public Power Agency	3.16%
<b>Total</b>	<b>20.56%</b>

Below is a sample calculation for an FP customer's monthly charge for power.

<b>Example: FP Monthly Customer Charge Calculation</b>	
<b>Numerator</b>	
FP Customer's Load - MWh	10,000
<b>Denominator</b>	
Washoe Generation - MWh	2,500
CVP Generation - MWh	3,700,000
PU Load - MWh	(1,200,000)
PU Purchase - MWh	47,000
<b>Calculated Percentage</b>	
FP Customer's Percentage	0.39%
Monthly Power Revenue Requirement (MRR)	\$3,333,333
<b>FP Customer Monthly Charge</b> = (FP % x MRR)	\$13,000

Component 2:

Any charges or credits associated with the creation, termination, or modification to any tariff, contract, or rate schedule accepted or approved by the Federal Energy Regulatory Commission (FERC) or other regulatory bodies will be passed on to each relevant customer. The FERC's or other regulatory bodies' accepted or approved charges or credits apply to the service to which this rate methodology applies. When possible, Western will pass through directly to the relevant customer FERC's or other regulatory bodies' accepted or approved charges or credits in the same manner Western is charged or credited. If FERC's or other regulatory bodies' accepted or approved charges or credits cannot be passed through directly to the relevant customer in the same manner Western is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

Component 3:

Any charges or credits from the Host Balancing Authority (HBA) applied to Western for providing this service will be passed through directly to the relevant customer in the same manner Western is charged or credited to the extent possible. If the HBA's costs or credits cannot be passed through to the relevant customer in the same manner Western is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

BR Formula Rate:

The annual BR allocation is equal to the annual PRR less the annual FP customer allocation. The formula rate for BR has three components.

Component 1:

$$\text{BR Customer Allocation} = (\text{BR RR} \times \text{BR}\%)$$

Where:

BR RR = BR Monthly Revenue Requirement (RR)

BR% = BR percentage for each customer as indicated in the BR contract after adjustments for programs, such as HE, if applicable.

After the FP Customers' share of the annual PRR has been determined, including a prior period true-up from the FP formula rate, the remainder of the annual PRR is recovered from the BR Customers. BR Customers' allocation will also be adjusted by the amount of under- or overpayment by FP Customers. The BR RR will be collected in two 6-month periods. For October through March, 25 percent of the BR RR will be collected. For April through September, 75 percent of the BR RR will be collected. The monthly BR RR is calculated by dividing the BR 6-month RR by six. The revenues from the sale of surplus BR will be applied to the annual BR RR for the following FY.

An example of a reallocation program is the HE program. BR Customers pay for exchange energy, hourly or seasonally, by adjusting the BR percentage that is applied to the BR RR. Adjustments to a customer's BR percentage for seasonal exchanges will be reflected in the customer's BR contract.

An illustration of the adjustment to a customer's BR percentage for HE energy is shown in the example below.

<b>Example of BR Percentage Adjustments for HE Energy</b>						
BR Customer	BR % from Contract	Hourly BR = 30 MWh	Customer's BR > Load	Customers Receiving HE	BR Delivered (Adj'd for HE)	Revised BR %
Customer A	20%	6	3	0	3	10.0%
Customer B	10%	3	0	1	4	13.3%
Customer C	70%	21	0	2	23	76.7%
Total	100%	30	3	3	30	100.0%

Component 2:

Any charges or credits associated with the creation, termination, or modification to any tariff, contract, or rate schedule accepted or approved by FERC or other regulatory bodies will be passed on to each relevant customer. The FERC's or other regulatory bodies' accepted or approved charges or credits apply to the service to which this rate methodology applies. When possible, Western will pass through directly to the relevant customer FERC's or other regulatory bodies' accepted or approved charges or credits in the same manner Western is charged or credited. If FERC's or other regulatory bodies' accepted or approved charges or credits cannot be passed through directly to the relevant customer in the same manner Western is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

Component 3:

Any charges or credits from the HBA applied to Western for providing this service will be passed through directly to the relevant customer in the same manner Western is charged or credited to the extent possible. If the HBA's costs or credits cannot be passed through to the relevant customer in the same manner Western is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

Billing:

Billing for BR and FP power will occur monthly using the respective formula rate. Any adjustment made at midyear is applicable to the entire FY and billed over the remainder the FY.

Adjustment for Losses:

Losses will be accounted for under this rate schedule as stated in the service agreement.

Adjustment for Audit Adjustments:

Financial audit adjustments that apply to the formula rate under this rate schedule will be evaluated on a case-by-case basis to determine the appropriate treatment for repayment and cash flow management.

**WESTERN AREA POWER ADMINISTRATION  
GENERAL POWER CONTRACT PROVISIONS**

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\*Legal Citation Revised September 1, 2007



WESTERN AREA POWER ADMINISTRATION  
GENERAL POWER CONTRACT PROVISIONS

**I. APPLICABILITY.**

1. Applicability.

1.1 These General Power Contract Provisions (Provisions) shall be a part of the contract to which they are attached. In the event these Provisions differ from requirements of the contract, specific terms set forth in the contract shall prevail.

1.2 If the Contractor has member utilities which are either directly or indirectly receiving benefits from the contract, then the Contractor shall require such members to comply with Provisions 10, 17, 18, 19, 29, 30, 36, 43, 44, and 45 of these General Power Contract Provisions.

**II. DELIVERY OF SERVICE PROVISIONS.**

2. Character of Service.

Electric energy supplied or transmitted under the contract will be three-phase, alternating current, at a nominal frequency of sixty (60) hertz (cycles per second).

3. Use of Capacity or Energy in Excess of Contract Obligation.

The Contractor is not entitled to use Federal power, energy, or capacity in amounts greater than the Western contract delivery obligation in effect for each type of service provided for in the contract except with the approval of Western. Unauthorized overruns of contract delivery obligations shall be subject to charges specified in the contract or the applicable rate schedules. Overruns shall not establish any continuing right thereto and the Contractor shall cease any overruns when requested by Western, or in the case of authorized overruns, when the approval expires, whichever occurs first. Nothing in the contract shall obligate Western to increase any delivery obligation. If additional power, energy, or capacity is not available from Western, the responsibility for securing additional power, energy, or capacity shall rest wholly with the Contractor.

4. Continuity of Service.

Electric service will be supplied or transmitted continuously except for: (1) fluctuations, interruptions, or reductions due to uncontrollable forces, as defined in Provision 34 (Uncontrollable Forces) herein, (2) fluctuations, interruptions, or reductions due to operation of devices installed for power system protection; and (3) temporary fluctuations, interruptions, or reductions, which, in the opinion of the party supplying the service, are necessary or desirable for the purposes of maintenance, repairs, replacements, installation of equipment, or investigation and inspection. The party supplying service, except in case of emergency, will give the party to whom service is being provided reasonable advance notice of such temporary interruptions or reductions and will remove the cause thereof with diligence.

5. Multiple Points of Delivery.

When electric service is supplied at or transmitted to two or more points of delivery under the same rate schedule, said rate schedule shall apply separately to the service supplied at or transmitted to each point of delivery; Provided, That where the meter readings are considered separately, and during abnormal conditions, the Contractor's system is interconnected between points of delivery such that duplication of metered power is possible, the meter readings at each affected point of delivery will be adjusted to compensate for duplication of power demand recorded by meters at alternate points of delivery due to abnormal conditions which are beyond the Contractor's control or temporary conditions caused by scheduled outages.

6. Metering.

6.1 The total electric power and energy supplied or transmitted under the contract will be measured by metering equipment to be furnished and maintained by Western, a designated representative of Western, or where situations deem it appropriate as determined by Western, by the Contractor or its agent(s). In the event metering equipment is furnished and maintained by the Contractor or its agent(s) and the equipment is used for billing and other accounting purposes by Western, the Contractor shall ensure that the metering equipment complies with applicable metering policies established by Western.

6.2 Meters shall be secured by appropriate security measures and meters shall not be accessed except when the meters are to be inspected, tested, adjusted, or repaired. Representatives of affected parties shall be afforded reasonable opportunity to be present upon such occasions. Metering equipment shall be inspected and tested each year by the party responsible for meter maintenance, unless a different test interval is determined in accordance with good utility practices by an applicable regional metering policy, or as agreed upon by the parties. Meters shall also be tested at any reasonable time upon request by a party hereto, or by an affected supplemental power supplier, transmission agent, or control area operator. Any metering equipment found to be damaged, defective, or inaccurate shall be repaired and readjusted or replaced by the party responsible for meter maintenance as soon as practicable. Meters found with security breaches shall be tested for tampering and, if appropriate, meter readings shall be adjusted by Western pursuant to Provision 6.3 below.

6.3 Except as otherwise provided in Provision 6.4 hereof, should any meter that is used by Western for billing or other accounting purposes fail to register accurately, the electric power and energy supplied or transmitted during the period of failure to register accurately, shall, for billing purposes, be estimated by Western from the best available information.

6.4 If inspections and tests of a meter used by Western for billing or other accounting purposes disclose an error exceeding 2 percent, or a lesser range in error as agreed upon by the parties, then a correction based upon the inaccuracy found shall be made to the service records for the period of inaccuracy as determined by Western. If the period of inaccuracy cannot be determined, the inaccuracy shall be assumed to have existed during the entire monthly billing period immediately preceding the billing period in which the inspection or test was made and the resulting correction shall be made accordingly.

6.5 Any correction in billing or other accounting information that results from a correction in meter records shall be made in a subsequent monthly bill rendered by Western to the Contractor. Payment of such bill shall constitute full adjustment of any claim between the parties arising out of inaccurate metering equipment.

7. Existence of Transmission Service Contract.

If the contract provides for Western to furnish services using the facilities of a third party, the obligation of Western shall be subject to and contingent upon the existence of a transmission service contract granting Western rights to use such facilities. If Western acquires or constructs facilities which would enable it to furnish direct service to the Contractor, Western, at its option, may furnish service over its own facilities.

8. Conditions of Transmission Service.

8.1 When the electric service under the contract is furnished by Western over the facilities of others by virtue of a transmission service arrangement, the power and energy will be furnished at the voltage available and under the conditions which exist from time to time on the transmission system over which the service is supplied.

8.2 Unless otherwise provided in the contract or applicable rate schedule, the Contractor shall maintain a power factor at each point of delivery from Western's transmission agent as required by the transmission agent.

8.3 Western will endeavor to inform the Contractor from time to time of any changes planned or proposed on the system over which the service is supplied, but the costs of any changes made necessary in the Contractor's system, because of changes or conditions on the system over which the service is supplied, shall not be a charge against or a liability of Western.

8.4 If the Contractor, because of changes or conditions on the system over which service under the contract is supplied, is required to make changes on its system at its own expense in order to continue receiving service under the contract, then the Contractor may terminate service under the contract upon not less than sixty (60) days written notice given to Western prior to making such changes, but not thereafter.

8.5 If Western notifies the Contractor that electric service provided for under the contract cannot be delivered to the Contractor because of an insufficiency of capacity available to Western in the facilities of others over which service under the contract is supplied, then the Contractor may terminate service under the contract upon not less than sixty (60) days written notice given to Western prior to the date on which said capacity ceases to be available to Western, but not thereafter.

9. Multiple Points of Delivery Involving Direct and Indirect Deliveries.

When Western has provided line and substation capacity under the contract for the purpose of delivering electric service directly to the Contractor at specified direct points of delivery and also has agreed to absorb transmission service allowance or discounts for deliveries of energy over other system(s) to indirect points of delivery and the Contractor shifts any of its load served under the contract from direct delivery to indirect delivery, Western will not absorb the transmission service costs on such shifted load until the unused capacity, as determined solely by Western, available at the direct delivery points affected is fully utilized.

10. Construction, Operation, and Maintenance of Contractor's Power System.

The Contractor shall, and, if applicable, shall require each of its members or transmission agents to construct, operate, and maintain its power system in a manner which, as determined by Western, will not interfere with the operation of the system of Western or its transmission agents over which electric services are furnished to the Contractor under the contract, and in a manner which will coordinate with the protective relaying and other protective arrangements of the system(s) of Western or Western's transmission agents. Western may reduce or

discontinue furnishing services to the Contractor if, after notice by Western, the Contractor fails or refuses to make such changes as may be necessary to eliminate an unsatisfactory condition on the Contractor's power system which is determined by Western to interfere significantly under current or probable conditions with any service supplied from the power system of Western or from the power system of a transmission agent of Western. Such a reduction or discontinuance of service will not relieve the Contractor of liability for any minimum charges provided for in the contract during the time said services are reduced or discontinued. Nothing in this Provision shall be construed to render Western liable in any manner for any claims, demands, costs, losses, causes of action, damages, or liability of any kind or nature arising out of or resulting from the construction, operation, or maintenance of the Contractor's power system.

### III. RATES, BILLING, AND PAYMENT PROVISIONS.

#### 11. Change of Rates.

Rates applicable under the contract shall be subject to change by Western in accordance with appropriate rate adjustment procedures. If at any time the United States promulgates a rate changing a rate then in effect under the contract, it will promptly notify the Contractor thereof. Rates shall become effective as to the contract as of the effective date of such rate. The Contractor, by written notice to Western within ninety (90) days after the effective date of a rate change, may elect to terminate the service billed by Western under the new rate. Said termination shall be effective on the last day of the billing period requested by the Contractor not later than two (2) years after the effective date of the new rate. Service provided by Western shall be paid for at the new rate regardless of whether the Contractor exercises the option to terminate service.

#### 12. Minimum Seasonal or Annual Capacity Charge.

When the rate in effect under the contract provides for a minimum seasonal or annual capacity charge, a statement of the minimum capacity charge due, if any, shall be included in the bill rendered for service for the last billing period of the service season or contract year as appropriate, adjusted for increases or decreases in the contract rate of delivery and for the number of billing periods during the year or season in which service is not provided. Where multiple points of delivery are involved and the contract rate of delivery is stated to be a maximum aggregate rate of delivery for all points, in determining the minimum seasonal or annual capacity charge due, if any, the monthly capacity charges at the individual points of delivery shall be added together.

#### 13. Billing and Payment.

13.1 Western will normally issue bills to the Contractor for services furnished during the preceding month within ten (10) days after the end of the billing period.

13.2 If Western is unable to issue timely monthly bill(s), Western may elect to render estimated bill(s). Such estimated bill(s) shall be subject to the same payment provisions as final bill(s), and any applicable adjustments will be shown on a subsequent monthly bill.

13.3 Payments of bills issued by Western are due and payable by the Contractor before the close of business on the twentieth (20th) calendar day after the date of issuance of each bill or the next business day thereafter if said day is a Saturday, Sunday, or Federal holiday. Bills shall be considered paid when payment is received by Western. Bills will be paid electronically or via the Automated Clearing House method of payment unless a written request to make payments by mail is submitted by the Contractor and approved by Western. Should Western agree to accept payments by mail, these payments will be accepted as timely and without assessment of the charge provided for in Provision 14 (Nonpayment of Bills in Full When Due) if a United States

Post Office first class mail postmark indicates the payment was mailed at least three (3) calendar days before the due date.

13.4 The parties agree that net billing procedures will be used for payments due Western by the Contractor and for payments due the Contractor by Western for the sale or exchange of electric power and energy, use of transmission facilities, operation and maintenance of electric facilities, and other services. Payments due one party in any month shall be offset against payments due the other party in such month, and the resulting net balance shall be paid to the party in whose favor such balance exists. The parties shall exchange such reports and information that either party requires for billing purposes. Net billing shall not be used for any amounts due which are in dispute.

14. Nonpayment of Bills in Full When Due.

14.1 Bills not paid in full by the Contractor by the due date specified in Provision 13 (Billing and Payment) hereof shall bear a charge of five hundredths percent (0.05%) of the principal sum unpaid for each day payment is delinquent, to be added until the amount due is paid in full. Western will also assess a fee of twenty-five dollars (\$25.00) for processing a late payment. Payments received will first be applied to the charges for late payment assessed on the principal and then to payment of the principal.

14.2 Western shall have the right, upon not less than fifteen (15) days advance written notice, to discontinue furnishing the services specified in the contract for nonpayment of bills in full when due, and to refuse to resume such services so long as any part of the amount due remains unpaid. Such a discontinuance of service will not relieve the Contractor of liability for minimum charges during the time service is so discontinued. The rights reserved to Western herein shall be in addition to all other remedies available to Western either by law or in equity, for the breach of any of the terms hereof.

15. Adjustments for Fractional Billing Period.

The demand or capacity charge and minimum charges shall each be proportionately adjusted when fractional billing periods are applicable under this contract. A fractional billing period can occur: 1) at the beginning or end of electric service; 2) at the beginning or end of irrigation pumping service each year; 3) for a fractional billing period under a new rate schedule; or 4) for fractional periods due to withdrawals of electric services. The adjustment will be made based on the ratio of the number of hours that electric service is available to the Contractor in such fractional billing period, to the total number of hours in the billing period involved. Energy billing shall not be affected by fractional billing periods.

16. Adjustments for Curtailments to Firm Service.

16.1 Billing adjustments will be made if firm electric service is interrupted or reduced because of conditions on the power system of the United States for periods of one (1) hour or longer in duration each. Billing adjustments will not be made when such curtailment of electric service is due to a request by the Contractor or a discontinuance of electric service by Western pursuant to Provision 14 (Nonpayment of Bills In Full When Due). For purposes of billing adjustments under this Provision, the term power system of the United States shall include transmission facilities used under contract but not owned by the United States.

16.2 The total number of hours of curtailed firm electric service in any billing period shall be determined by adding: (1) the sum of the number of hours of interrupted electric service to (2) the product, of each reduction, of: the number of hours reduced electric service and the percentage by which electric service was reduced below the delivery obligation of Western at the time of each said reduction of electric service. The demand or capacity charge and applicable minimum charges shall each be proportionately adjusted in the ratio that

the total number of hours of electric service determined to have been curtailed bears to the total number of hours in the billing period involved.

16.3 The Contractor shall make written claim within thirty (30) days after receiving the monthly bill, for adjustment on account of any curtailment of firm electric service, for periods of one (1) hour or longer in duration each, alleged to have occurred that is not reflected in said bill. Failure to make such written claim, within said thirty-day (30-day) period, shall constitute a waiver of said claim. All curtailments of electric service, which are due to conditions on the power system of the United States, shall be subject to the terms of this Provision; Provided, That withdrawal of power and energy under the contract shall not be considered a curtailment of electric service.

#### IV. **POWER SALES PROVISIONS.**

##### 17. Resale of Firm Electric Service (Wholesale Sales for Resale).

The Contractor shall not sell any firm electric power or energy supplied under the contract to any electric utility customer of the Contractor for resale by that utility customer; Provided, That the Contractor may sell the electric power and energy supplied under the contract to its members on condition that said members not sell any of said power and energy to any customer of the member for resale by that customer.

##### 18. Distribution Principles.

The Contractor agrees that the benefits of firm electric power or energy supplied under the contract shall be made available to its consumers at rates that are established at the lowest possible level consistent with sound business principles, and that these rates will be established in an open and public manner. The Contractor further agrees that it will identify the costs of firm electric power or energy supplied under the contract and power from other sources to its consumers upon request. The Contractor will demonstrate compliance with the requirements of this Provision to Western upon request.

##### 19. Contract Subject to Colorado River Compact.

Where the energy sold under the contract is generated from waters of the Colorado River system, the contract is made upon the express condition and with the express covenant that all rights under the contract shall be subject to and controlled by the Colorado River Compact approved by Section 13 (a) of the Boulder Canyon Project Act of December 21, 1928, 43 U.S.C. §§ 617a-e, and the parties to the contract shall observe and be subject to and controlled by said Colorado River Compact in the construction, management, and operation of the dams, reservoirs, and powerplants from which electrical energy is to be furnished by Western to the Contractor under the contract, and in the storage, diversion, delivery, and use of water for the generation of electrical energy to be delivered by Western to the Contractor under the contract.

#### V. **FACILITIES PROVISIONS.**

##### 20. Design Approval.

All facilities, construction, and installation by the Contractor pursuant to the contract shall be subject to the approval of Western. Facilities interconnections shall normally conform to Western's current "General Requirements for Interconnection," in effect upon the signing of the contract document providing for each interconnection, copies of which are available from Western. At least ninety (90) days, unless otherwise agreed,

prior to the date the Contractor proposes to commence construction or to incur an obligation to purchase facilities to be installed pursuant to the contract, whichever date is the earlier, the Contractor shall submit, for the approval of Western, detailed designs, drawings, and specifications of the facilities the Contractor proposes to purchase, construct, and install. The Contractor assumes all risks for construction commenced or obligations to purchase facilities incurred prior to receipt of approval from Western. Western review and approval of designs and construction work in no way implies that Western is certifying that the designs meet the Contractor's needs.

21. Inspection and Acceptance.

Western shall have the right to inspect the materials and work furnished by the Contractor, its agents, employees, and subcontractors pursuant to the contract. Such inspections shall be at reasonable times at the work site. Any materials or work that Western determines is defective or not in accordance with designs, drawings, and specifications, as approved by Western, shall be replaced or modified, as directed by Western, at the sole expense of the Contractor before the new facilities are energized.

22. As-Built Drawings.

Within a reasonable time, as determined by Western, after the completion of construction and installation of facilities pursuant to the contract, the Contractor shall submit to Western marked as-built prints of all Western drawings affected by changes made pursuant to the contract and reproducible drawings the Contractor has prepared showing facilities of Western. The Contractor's drawings of Western facilities shall use drawing title blocks, drawing numbers, and shall be prepared in accordance with drafting standards all as approved by Western. Western may prepare, revise, or complete said drawings and bill the Contractor if the Contractor fails to provide such drawings to Western within a reasonable time as determined by Western.

23. Equipment Ownership Markers.

23.1 The Contractor shall identify all movable equipment and, to the extent agreed upon by the parties, all other salvageable facilities constructed or installed on the United States right-of-way or in Western substations pursuant to the contract which are owned by the Contractor, by permanently affixing thereto suitable markers clearly identifying the Contractor as the owner of said equipment and facilities.

23.2 If requested by the Contractor, Western shall identify all movable equipment and, to the extent agreed upon by the parties, all other salvageable facilities constructed or installed on the Contractor's right-of-way or in the Contractor's substations pursuant to the contract which are owned by the United States, by permanently affixing thereto suitable markers clearly identifying the United States as the owner of said equipment and facilities.

24. Third-Party Use of Facilities.

The Contractor shall notify Western of any proposed system change relating to the facilities governed by the contract or allowing third-party use of the facilities governed by the contract. If Western notifies the Contractor that said system change will, as solely determined by Western, adversely affect the operation of Western's system the Contractor shall, at no cost to Western, provide a solution to said adverse effect acceptable to Western.

25. Changes to Western Control Facilities.

If at any time during the term of the contract, Western determines that changes or additions to control, relay, or communications facilities are necessary to maintain the reliability or control of Western's transmission

system, and said changes or additions are entirely or partially required because of the Contractor's equipment installed under the contract, such changes or additions shall, after consultation with the Contractor, be made by Western with all costs or a proportionate share of all costs, as determined by Western, to be paid by the Contractor. Western shall notify the Contractor in writing of the necessary changes or additions and the estimated costs to be paid by the Contractor. If the Contractor fails to pay its share of said estimated costs, Western shall have the right, after giving sixty (60) days' written notice to the Contractor, to terminate the applicable facility installation provisions to the contract and require the removal of the Contractor's facilities.

26. Modification of Western Facilities.

Western reserves the right, at any time, to modify its facilities. Western shall keep the Contractor informed of all planned modifications to Western facilities which impact the facilities installation pursuant to the contract. Western shall permit the Contractor to change or modify its facilities, in a manner satisfactory to and at no cost or expense to Western, to retain the facilities interconnection pursuant to the contract. At the Contractor's option, Western shall cooperate with the Contractor in planning alternate arrangements for service which shall be implemented at no cost or expense to Western. The Contractor and Western shall modify the contract, as necessary, to conform to the new facilities arrangements.

27. Transmission Rights.

If the contract involves an installation which sectionalizes a Western transmission line, the Contractor hereby agrees to provide a transmission path to Western across such sectionalizing facilities at no cost or expense to Western. Said transmission path shall be at least equal, in terms of capacity and reliability, to the path in the Western transmission line prior to the installation pursuant to the contract.

28. Construction and Safety Procedures.

28.1 The Contractor hereby acknowledges that it is aware of the hazards inherent in high-voltage electric lines and substations, and hereby assumes full responsibility at all times for the adoption and use of necessary safety measures required to prevent accidental harm to personnel engaged in the construction, inspection, testing, operation, maintenance, replacement, or removal activities of the Contractor pursuant to the contract. The Contractor and the authorized employees, agents, and subcontractors of the Contractor shall comply with all applicable safety laws and building and construction codes, including the provisions of Chapter 1 of the Power System Operations Manual, entitled Power System Switching Procedure, and the Occupational Safety and Health Administration regulations, Title 29 C.F.R. §§ 1910 and 1926, as amended or supplemented. In addition to the safety program required herein, upon request of the United States, the Contractor shall provide sufficient information to demonstrate that the Contractor's safety program is satisfactory to the United States.

28.2 The Contractor and its authorized employees, agents, and subcontractors shall familiarize themselves with the location and character of all the transmission facilities of Western and interconnections of others relating to the work performed by the Contractor under the contract. Prior to starting any construction, installation, or removal work, the Contractor shall submit a plan of procedure to Western which shall indicate the sequence and method of performing the work in a safe manner. No work shall be performed by the Contractor, its employees, agents, or subcontractors until written authorization to proceed is obtained from Western.

28.3 At all times when the Contractor, its employees, agents, or subcontractors are performing activities of any type pursuant to the contract, such activities shall be under supervision of a qualified employee, agent, or subcontractor of the Contractor who shall be authorized to represent the Contractor in all matters pertaining to the activity being performed. The Contractor and Western will keep each other informed of the names of their designated representatives at the site.



28.4 Upon completion of its work, the Contractor shall remove from the vicinity of the right-of-way of the United States all buildings, rubbish, used materials, concrete forms, and other like material belonging to the Contractor or used under the Contractor's direction, and in the event of failure to do so the same may be removed by Western at the expense of the Contractor.

28.5 In the event the Contractor, its employees, agents, or subcontractors fail to comply with any requirement of this Provision, or Provision 21 (Inspection and Acceptance) herein, Western or an authorized representative may issue an order to stop all or any part of the work until such time as the Contractor demonstrates compliance with the provision at issue. The Contractor, its employees, agents, or subcontractors shall make no claim for compensation or damages resulting from such work stoppage.

29. Environmental Compliance.

Facilities installed under the contract by any party shall be constructed, operated, maintained, replaced, transported, and removed subject to compliance with all applicable laws, including but not limited to the National Historic Preservation Act of 1966, 16 U.S.C. §§ 470x-6, the National Environmental Policy Act of 1969, 42 U.S.C. §§ 4321-4347, the Endangered Species Act of 1973, 16 U.S.C. §§ 1531-1544, and the Archaeological Resources Protection Act of 1979, 16 U.S.C. §§ 470aa-470mm, and the regulations and executive orders implementing these laws, as they may be amended or supplemented, as well as any other existing or subsequent applicable laws, regulations, and executive orders.

30. Responsibility for Regulated Materials.

When either party owns equipment containing regulated material located on the other party's substation, switchyard, right-of-way, or other property, the equipment owner shall be responsible for all activities related to regulated materials in such equipment that are necessary to meet the requirements of the Toxic Substances Control Act, 15 U.S.C. §§ 2601-2692, the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901-6992k, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. §§ 9601-9675, the Oil Pollution Act of 1990, 33 U.S.C. §§ 2702-2761, the Clean Water Act, 33 U.S.C. §§ 1251-1387, the Safe Drinking Water Act, 42 U.S.C. §§ 300f-j26, and the regulations and executive orders implementing these laws, as they may be amended or supplemented, and any other existing or subsequent applicable laws, regulations, and executive orders. Each party shall label its equipment containing regulated material in accordance with appropriate laws and regulations. If the party owning the equipment does not perform activities required under appropriate laws and regulations within the time frame specified therein, the other party may perform or cause to be performed the required activities after notice to and at the sole expense of the party owning the equipment.

**VI. OTHER PROVISIONS.**

31. Authorized Representatives of the Parties.

Each party to the contract, by written notice to the other, shall designate the representative(s) who is (are) authorized to act in its behalf with respect to those matters contained in the contract which are the functions and responsibilities of the authorized representatives of the parties. Each party may change the designation of its authorized representative(s) upon oral notice given to the other, confirmed promptly by written notice.

32. Effect of Section Headings.

Section headings or Provision titles appearing in the contract or these General Power Contract Provisions are inserted for convenience only and shall not be construed as interpretations of text.

33. Operating Guidelines and Procedures.

The parties to the contract may agree upon and put into effect from time to time, such other written guidelines and procedures as may be required in order to establish the methods of operation of the power system to be followed in the performance of the contract.

34. Uncontrollable Forces.

Neither party to the contract shall be considered to be in default in performance of any of its obligations under the contract, except to make payment as specified in Provision 13 (Billing and Payment) herein, when a failure of performance shall be due to an uncontrollable force. The term "uncontrollable force" means any cause beyond the control of the party affected, including but not restricted to, failure of or threat of failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, restraint by court order or public authority and action or nonaction by, or failure to obtain the necessary authorizations or approvals from, any governmental agency or authority, which by exercise of due diligence such party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. Nothing contained herein shall be construed to require a party to settle any strike or labor dispute in which it may be involved. Either party rendered unable to fulfill any of its obligations under the contract by reason of an uncontrollable force shall give prompt written notice of such fact to the other party and shall exercise due diligence to remove such inability with all reasonable dispatch.

35. Liability.

35.1 The Contractor hereby agrees to indemnify and hold harmless the United States, its employees, agents, or contractors from any loss or damage and from any liability on account of personal injury, death, or property damage, or claims for personal injury, death, or property damage of any nature whatsoever and by whomsoever made arising out of the Contractors', its employees', agents', or subcontractors' construction, operation, maintenance, or replacement activities under the contract.

35.2 The United States is liable only for negligence on the part of its officers and employees in accordance with the Federal Tort Claims Act, 28 U.S.C. §§ 1346(b), 1346(c), 2401(b), 2402, 2671, 2672, 2674-2680, as amended or supplemented.

36. Cooperation of Contracting Parties.

If, in the operation and maintenance of their respective power systems or electrical equipment and the utilization thereof for the purposes of the contract, it becomes necessary by reason of any emergency or extraordinary condition for either party to request the other to furnish personnel, materials, tools, and equipment for the accomplishment thereof, the party so requested shall cooperate with the other and render such assistance as the party so requested may determine to be available. The party making such request, upon receipt of properly itemized bills from the other party, shall reimburse the party rendering such assistance for all costs properly and reasonably incurred by it in such performance, including administrative and general expenses, such costs to be determined on the basis of current charges or rates used in its own operations by the party rendering assistance. Issuance and payment of bills for services provided by Western shall be in accordance with Provisions 13 (Billing

and Payment) and 14 (Nonpayment of Bills in Full When Due) herein. Western shall pay bills issued by the Contractor for services provided as soon as the necessary vouchers can be prepared which shall normally be within twenty (20) days.

37. Transfer of Interest in Contract or Change in Preference Status.

37.1 No voluntary transfer of the contract or of the rights of the Contractor under the contract shall be made without the prior written approval of the Administrator of Western. Any voluntary transfer of the contract or of the rights of the Contractor under the contract made without the prior written approval of the Administrator of Western may result in the termination of the contract; Provided, That the written approval of the Administrator shall not be unreasonably withheld; Provided further, That if the Contractor operates a project financed in whole or in part by the Rural Utilities Service, the Contractor may transfer or assign its interest in the contract to the Rural Utilities Service or any other department or agency of the Federal Government without such prior written approval; Provided further, That any successor to or assignee of the rights of the Contractor, whether by voluntary transfer, judicial sale, foreclosure sale, or otherwise, shall be subject to all the provisions and conditions of the contract to the same extent as though such successor or assignee were the original Contractor under the contract; and, Provided further, That the execution of a mortgage or trust deed, or judicial or foreclosure sales made thereunder, shall not be deemed voluntary transfers within the meaning of this Provision.

37.2 The Contractor shall maintain its status as an entity eligible for preference in Western's sale of Federal power pursuant to Reclamation law, as amended and supplemented.

37.3 Western shall give the Contractor written notice of Western's proposed determination that the Contractor has violated Provision 37.1 and Western's proposed action in response to the violation.

37.4 The Contractor shall have 120 days after receipt of Western's notice provided under Provision 37.3 to submit a written response to Western. The Contractor may also make an oral presentation to the Administrator during this 120-day period.

37.5 At any time during this process, the Contractor and Western may agree upon corrective action to resolve Western's proposed determination that the Contractor is in violation of Provision 37.1.

37.6 Within 30 days of receipt of the Contractor's written response provided under Provision 37.4, Western will notify the Contractor in writing of its final decision. The Administrator's written notice will include the intended action, the effective date thereof, and the reasons for taking the intended action. Implementation of the Administrator's action shall take place no earlier than 60 days from the Contractor's receipt of such notice.

37.7 Any successor to Western shall be subject to all the provisions and conditions of the contract to the same extent as though such successor were an original signatory to the contract.

37.8 Nothing in this Provision shall preclude any right to judicial review available to the Contractor under Federal law.

38. Choice of Law and Forum.

Federal law shall control the obligations and procedures established by this contract and the performance and enforcement thereof. The forum for litigation arising from this contract shall exclusively be a Federal court of the United States, unless the parties agree to pursue alternative dispute resolution.

39. Waivers.

Any waivers at any time by either party to the contract of its rights with respect to a default or any other matter arising under or in connection with the contract shall not be deemed a waiver with respect to any subsequent default or matter.

40. Notices.

Any notice, demand, or request specifically required by the contract or these Provisions to be in writing shall be considered properly given when delivered in person or sent by postage prepaid registered or certified mail, commercial delivery service, facsimile, electronic, prepaid telegram, or by other means with prior agreement of the parties, to each party's authorized representative at the principal offices of the party. The designation of the person to be notified may be changed at any time by similar notice. Where facsimile or electronic means are utilized for any communication covered by this Provision, the sending party shall keep a contemporaneous record of such communications and shall verify receipt by the other party.

41. Contingent Upon Appropriations and Authorization.

41.1 Where activities provided for in the contract extend beyond the current fiscal year, continued expenditures by the United States are contingent upon Congress making the necessary appropriations required for the continued performance of the United States' obligations under the contract. In case such appropriation is not made, the Contractor hereby releases the United States from its contractual obligations and from all liability due to the failure of Congress to make such appropriation.

41.2 In order to receive and expend funds advanced from the Contractor necessary for the continued performance of the obligations of the United States under the contract, additional authorization may be required. In case such authorization is not received, the Contractor hereby releases the United States from those contractual obligations and from all liability due to the lack of such authorization.

42. Covenant Against Contingent Fees.

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure the contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, Western shall have the right to annul the contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

43. Contract Work Hours and Safety Standards.

The contract, to the extent that it is of a character specified in Section 103 of the Contract Work Hours and Safety Standards Act (Act), 40 U.S.C. § 3701, as amended or supplemented, is subject to the provisions of the Act, 40 U.S.C. §§ 3701-3708, as amended or supplemented, and to regulations promulgated by the Secretary of Labor pursuant to the Act.

44. Equal Opportunity Employment Practices.

Section 202 of Executive Order No. 11246, 30 Fed. Reg. 12319 (1965), as amended by Executive Order No. 12086, 43 Fed. Reg. 46501 (1978), as amended or supplemented, which provides, among other things, that the Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, is incorporated herein by reference the same as if the specific language had been written into the contract, except that Indian Tribes and tribal organizations may apply Indian preference to the extent permitted by Federal law.

45. Use of Convict Labor.

The Contractor agrees not to employ any person undergoing sentence of imprisonment in performing the contract except as provided by 18 U.S.C. § 3622(c), as amended or supplemented, and Executive Order No. 11755, 39 Fed. Reg. 779 (1973), as amended or supplemented.