



Department of Energy
 Western Area Power Administration
 Desert Southwest Customer Service Region
 P.O. Box 6457
 Phoenix, AZ 85005-6457

VALLEY ELECTRIC ASSOCIATION

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CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Louis R. Holveck
 General Manager
 Valley Electric Association, Inc.
 P.O.Box 237
 Pahrump, NV 89041

Dear Mr. Holveck:

One fully executed original dated August 2, 1996, of Contract No. 94-PAO-10569 (Contract) is enclosed. This Contract provides for the ownership, operation, maintenance, replacement, and financial responsibility of the facilities at Mead Substation.

All questions regarding this Contract should be addressed to me at (602) 352-2659. Technical questions should be addressed to Ms. Teresita Amaro at (602) 352-2549.

Sincerely,

Jennifer L. Shaw

Jennifer L. Shaw
 Public Utilities Specialist

Enclosure



**United States
Department of Energy**

**WESTERN AREA
POWER ADMINISTRATION**

**Desert Southwest
Regional Office**

CONTRACT

CONTRACT NO. 94-PAO-10569

BETWEEN

**UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
DESERT SOUTHWEST REGION
Parker-Davis Project**

AND

VALLEY ELECTRIC ASSOCIATION, INC.

FOR

**OWNERSHIP, OPERATION, MAINTENANCE, REPLACEMENT,
AND INTERCONNECTION OF THE 230-KV FACILITIES
AT MEAD SUBSTATION**

1 **CONTRACT NO. 94-PAO-10569**

2 **BETWEEN**

3 **UNITED STATES**
4 **DEPARTMENT OF ENERGY**
5 **WESTERN AREA POWER ADMINISTRATION**
6 **DESERT SOUTHWEST REGION**
7 **Parker-Davis Project**

8 **AND**

9 **VALLEY ELECTRIC ASSOCIATION, INC.**

10 **FOR**

11 **OWNERSHIP, OPERATION, MAINTENANCE, REPLACEMENT,**
12 **AND INTERCONNECTION OF THE 230-KV FACILITIES**
13 **AT MEAD SUBSTATION**

14 **Table of Contents**

<u>Section</u>	<u>Title</u>	<u>Page No.</u>
1	Preamble	1
2	Explanatory Recitals	1
3	Agreement	3
4	Termination of Prior Agreements	3
5	Term of Contract	3
6	License	3
7	Ownership	3
8	Operation of Facilities	4
9	Maintenance and Replacement of Facilities	5
10	Use of Facilities	7
11	Modifications to Facilities	7
12	Removal of Facilities	7
13	Point of Interconnection and Transfer Capability	9
14	Charge for Use of Facilities	9
15	Reactive Power	10
16	Metering	10
17	Metering and Scheduling Instructions	10
18	Responsibility for Hazardous Materials	11
19	Continuous Transmission	11
20	Station Service	12
21	Special Provisions	12
22	Control and Possession of Systems	12
23	Authority to Execute	12
24	Exhibits	12
25	General Power Contract Provisions	13
26	Signature Clause	13
27	Exhibits	
28	General Power Contract Provisions	

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2
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CONTRACT NO. 94-PAO-10569

BETWEEN

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
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VALLEY ELECTRIC ASSOCIATION, INC.

FOR

OWNERSHIP, OPERATION, MAINTENANCE, REPLACEMENT,
AND INTERCONNECTION OF THE 230-KV FACILITIES
AT MEAD SUBSTATION

1. **PREAMBLE:** This Contract is made this 2nd day of August, 1996, pursuant to the Act of Congress approved June 17, 1902 (32 Stat. 388); the Act of Congress approved August 4, 1977, (91 Stat. 565), and Acts amendatory or supplementary to the foregoing Acts, between the UNITED STATES OF AMERICA, acting by and through the Administrator, Western Area Power Administration, Department of Energy, hereinafter called Western, represented by the officer executing this Contract or a duly appointed successor, hereinafter called the Contracting Officer; and the VALLEY ELECTRIC ASSOCIATION, INC., a corporation duly organized, created, and existing under and by virtue of the laws of the State of Nevada, hereinafter called VEA or the Contractor, its successors and assigns; each sometimes hereinafter individually called Party, and both sometimes hereinafter collectively called the Parties.

2. **EXPLANATORY RECITALS:**

2.1 Western has constructed, operates, and maintains an electrical generation and transmission system, known as the Parker-Davis Project.

2.2 As part of the Parker-Davis Project, Western owns and operates the Mead Substation, located in Sections 28 and 29, Township 23 South, Range 64 East, Mount Diablo Base and Meridian, Clark County, Nevada.

1 2.3 The State of Nevada and its Colorado River Commission (CRC) receive
2 capacity and energy from Western in accordance with the terms and conditions of the
3 following contracts between Western and CRC, as amended or superseded: Contract
4 No. DE-MS65-86WP39579 dated January 1, 1987, for electric service from the Boulder
5 Canyon Project; Contract No. 87-BCA-10086 dated January 22, 1988, for electric service
6 from the Parker-Davis Project; Contract No. 87-BCA-10004 dated March 9, 1989, for
7 firm electric service from the Salt Lake City Area Integrated Projects; Contract
8 No. DE-MS65-86WP39598 dated May 28, 1989, for firm transmission service from the
9 Parker-Davis Project; and Contract No. 90-BCA-10313 dated May 24, 1990, for firm
10 transmission service from the Pacific Northwest-Pacific Southwest Intertie.

11 2.4 VEA receives capacity and energy at Amargosa Substation as a contractor
12 of the CRC.

13 2.5 VEA and Western entered into Contract No. DE-ME65-85WP39514 dated
14 February 26, 1987, which provides for installation of a 230/138/13.8-kV transformer and
15 other facilities, reservation of capacity, and operation and maintenance of the facilities at
16 Amargosa Substation.

17 2.6 At VEA's request, the Parties entered into Letter Agreement
18 No. 93-PAO-10539 dated November 15, 1993, which provides for a study to determine
19 the feasibility of a proposed transmission line interconnection (Interconnection) at
20 Western's Mead Substation which will provide primary 230-kV electric service directly to
21 Pahrump, Nevada, over a transmission line constructed by VEA. Amargosa Substation
22 will become the secondary electric service feed for VEA.

23 2.7 As a result of that feasibility study, the Parties entered into Contract
24 No. 93-PAO-10561 which provides for the construction of a permanent 230-kV
25 interconnection, Bay 20, at Mead Substation, as shown in Exhibit A, attached hereto.
26
27
28

1 2.8 The Parties desire to provide for the ownership, operation, maintenance,
2 replacement, and interconnection of the 230-kV facilities installed under Contract
3 No. 93-PAO-10561 at Mead Substation.

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

5 4. TERMINATION OF PRIOR AGREEMENTS: Contract No. 93-PAO-10561 dated
6 November 28, 1994, is hereby terminated upon execution of this Contract.

7 5. TERM OF CONTRACT: This Contract shall become effective on the date
8 first written above and shall remain in effect until midnight September 30, 2017. Either
9 Party may modify or discontinue a service provided for herein to the other Party upon a
10 two (2) year advance written notice to the other Party unless otherwise mutually agreed.

11 6. LICENSE:

12 6.1 The Contractor, under the terms and conditions specified herein, grants to
13 Western, its employees, agents, and contractors, a license to enter the Contractor's
14 easements and right(s)-of-way to accomplish the work provided for in this Contract,
15 providing proper advance arrangements are made with the Contractor.

16 6.2 Western, under the terms and conditions specified herein, grants to the
17 Contractor, its employees, agents, and subcontractors, a license to enter Western's
18 easements and rights-of-way to accomplish the work provided for in this Contract,
19 providing proper advance arrangements are made with Western.

20 6.3 All operations, maintenance, replacements, and removal of facilities by
21 either Party under this Contract shall be coordinated with the other Party to eliminate or
22 minimize interference with the operation and maintenance of the transmission system or
23 facilities of the other Party.

24 6.4 Each Party grants to the other Party a license for the facility connections set
25 forth in Exhibit B, attached hereto.

26 7. OWNERSHIP: Ownership of the facilities to be operated, maintained, replaced, or
27 removed pursuant to this Contract shall be vested in the Parties as listed in Exhibit B.
28

1 8. **OPERATION OF FACILITIES:**

2 8.1 The Parties shall agree on operating procedures to govern the control and
3 operation of facilities referenced in this Contract.

4 8.2 Inasmuch as the responsibilities for operations of facilities may be different
5 for each facility and may change during the term of this Contract, they will be listed in
6 exhibits which will be attached and made a part hereof.

7 8.3 The Parties agree that, as a general philosophy, those facilities that become
8 an integral part of either Party's transmission system shall be operated by the Party
9 owning the transmission system. The Parties also agree that, in the case of construction
10 of new facilities or the modification of existing facilities, the Parties shall negotiate
11 arrangements which result in an operational configuration mutually agreeable to the
12 Parties.

13 8.4 In recognition of the fact that the operating philosophy and guidelines of
14 each of the Parties are compatible, the Parties agree that they will follow the policies and
15 procedures of the Party owning the facilities when operating such facility. The Contractor
16 recognizes the dispatch authority of Western as system dispatcher and agrees to operate
17 facilities in accordance with Western's instructions when such operation is necessary for
18 the efficient and secure operation of the interconnected system.

19 8.5 If during emergency operations, maintenance, or replacements of
20 transmission facilities by either Party for the other Party, operation of the facilities of the
21 other Party are required and a representative of such other Party cannot be made readily
22 available for such operation, or fails to perform such operation, the Party performing
23 emergency operations, maintenance, or replacements may, upon notice to such other
24 Party, operate the facilities; Provided, That if upon operation or attempted operation of
25 the transmission facilities by the Party performing emergency operations, maintenance, or
26 replacements, an operation mechanism fails or malfunctions, and the Party financially
27 responsible for the mechanism fails to repair it within a reasonable time, the Party
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1 performing emergency operations, maintenance, or replacements, in order to maintain the
2 integrity of its system, shall have the right to make the necessary repairs or replacements
3 at the expense of the Party financially responsible for the failed mechanism.

4 9. **MAINTENANCE AND REPLACEMENT OF FACILITIES:**

5 9.1 Inasmuch as the responsibilities for maintenance and replacement may be
6 different for each facility, and may change during the term of this Contract, they will be
7 listed in exhibits which will be attached and made a part hereof.

8 9.2 The Parties, as mutually agreed, will perform routine maintenance and
9 replacements for each other. Routine maintenance and replacements shall be defined as
10 the work typically performed on the Parties' facilities in an annual work plan. Routine
11 maintenance and replacement costs are defined as those annual charges set forth in the
12 appropriate exhibits. Routine maintenance and replacement costs shall include labor and
13 employee-related expenses, the costs for miscellaneous small parts and material available
14 from warehouse stock, costs for use of maintenance and test equipment normally available
15 to each Party, and all associated allocable costs.

16 9.3 The Contractor shall make an advance payment to Western based on
17 estimated costs for the routine maintenance and replacements of the facilities listed in the
18 exhibits. The charge for the estimated annual cost for routine maintenance and
19 replacements shall be paid on or before the date and in the amounts specified in the
20 appropriate exhibit. Payments shall be prorated for a partial year, as appropriate, and set
21 forth in the exhibit; Provided, That if the initial routine maintenance charge is less than
22 the amount advanced by the Contractor, the remaining monies shall be applied to the
23 following year's annual routine maintenance and replacement charge; Provided further,
24 That should the routine operation and maintenance costs exceed the amount advanced,
25 Western shall bill the Contractor for those costs and the Contractor shall pay upon
26 demand.

1 9.4 Major Maintenance: The Parties will perform major maintenance,
2 improvements, repairs, replacements, or modifications for each other only upon request;
3 Except, That in emergencies, the Party operating a facility reserves the right to make
4 major repairs upon notice to the other Party. Costs of major maintenance, improvements,
5 repairs, replacements, or modifications are defined as costs of installation, labor,
6 component parts, and allocable expenses in excess of the annual cost for routine
7 maintenance and replacement specified in each exhibit. Should an emergency occur,
8 necessary actions will be taken by either Party pursuant to Section 8.5.

9 9.5 For major maintenance, improvements, repairs, replacements, or
10 modifications, each Party will advise the other of the estimated cost, including all
11 allocable costs; Provided, That;

12 9.5.1 The Contractor shall pay Western the full amount in advance upon
13 receipt of the estimate. If the total costs allocable are greater than the amount advanced
14 by the Contractor, the Contractor shall pay Western the difference on demand. If the total
15 costs allocable are less than the amount advanced by the Contractor, the difference shall
16 be refunded to the Contractor by Western without any interest whatsoever, as soon as the
17 necessary vouchers can be prepared; and

18 9.5.2 Western shall pay the Contractor for actual costs incurred and
19 billed by the Contractor, including administrative and general expenses, as soon as the
20 appropriate vouchers can be prepared; and

21 9.5.3 Except as noted in Section 9.4, the Parties hereto shall perform
22 their own major maintenance, improvements, repairs, replacements, or modifications of
23 facilities, as noted in the exhibits, without cost to the other Party.

24 9.6 Facilities owned by the Contractor at taps, substations, and/or
25 interconnections which must be replaced due to upgrading of the transmission systems
26 managed by the Desert Southwest Regional Office shall be replaced by the Contractor, or
27 by Western at the Contractor's expense after consultation with the Contractor.
28

1 10. **USE OF FACILITIES:**

2 10.1 The Contractor, at Western's expense and in a manner satisfactory to the
3 Contractor, shall permit Western to attach to the Contractor's bus facilities at locations
4 where Western has allowed the Contractor to interconnect with or tap Western's
5 transmission lines, and to install such facilities as Western may require for points of
6 delivery to or interconnection with Western's customers.

7 10.2 All costs for installing, maintaining, replacing, repairing, or removing the
8 facilities so attached by Western shall be at Western's expense.

9 10.3 Western shall, upon request by the Contractor, compensate the Contractor
10 for the costs of additional facilities required to be furnished or installed by the Contractor
11 at the said interconnection as a consequence of the facilities so attached by Western.
12 Western shall pay the Contractor for all costs incurred and billed by the Contractor for
13 such facilities as soon as the appropriate vouchers can be prepared.

14 10.4 The Contractor shall not require a fee or other charge for the transfer of
15 power across its bus facilities at such interconnection or tap points.

16 11. **MODIFICATIONS TO FACILITIES:** Western reserves the right to solely determine if
17 modification or replacement of facilities within its system is necessary for the purpose of
18 system reliability, capacity, obsolescence, or enhancement. The Contractor, at its sole
19 expense, shall pay for said modifications or replacements of the facilities, as listed in the
20 exhibits, which benefit the Contractor, either in whole or in part, which would not be
21 required except for the Contractor's activities related to Western's power system.

22 12. **REMOVAL OF FACILITIES:**

23 12.1 Facilities or equipment listed in the attached exhibits shall not be removed
24 without the written consent of the Parties if such removal would adversely impact the
25 transmission system of either Party.

26 12.2 Upon termination or modification of the Parties' rights at each location as
27 listed in this Contract and the attached exhibits, the Contractor shall take the necessary
28

1 action to transfer to Western, at no cost to Western, ownership of any Contractor-owned
2 facility or equipment (with all necessary associated facilities) including, but not limited to,
3 buildings and land or land rights which, as a result of its location, has become an integral
4 part of Western's transmission system through which power must flow on Western's
5 transmission system.

6 12.3 Upon written notification prior to the termination of the Contractor's rights,
7 as listed in this Contract and in the attached exhibits, Western shall have the option to
8 purchase, at the termination of said right, any of the Contractor's facilities listed in the
9 attached exhibits. If Western does not elect to purchase said facilities, the Contractor
10 shall remove, at its own expense and within one hundred eighty (180) days following the
11 termination of said right, the Contractor-owned facilities upon Western property pursuant
12 to this Contract. The Contractor shall remove all materials belonging to it and leave the
13 site in a condition acceptable to Western.

14 12.4 In the event that the Contractor fails to remove said facilities within one
15 hundred eighty (180) days, unless otherwise agreed by the Parties, Western has the right
16 to exercise the following options:

17 12.4.1 Western may remove the Contractor-owned facilities and dispose
18 of them in a manner consistent with sound business principles. Western may sell the
19 salvaged facilities, and any monies remaining after deducting Western's cost of removal
20 and disposal, and appropriate allocable expenses will be returned to the Contractor.
21 Should sale of the salvaged facilities fail to meet Western's cost of removal and disposal,
22 the Contractor shall pay Western the difference upon demand.

23 12.4.2 Western may remove said facilities and deliver them to the
24 Contractor. The Contractor shall pay Western for the removal, delivery, and appropriate
25 allocable expenses.

26 12.4.2 Western may assume ownership of the facilities and may continue
27 to utilize the facilities at Western's discretion.
28

1 | 13. **POINT OF INTERCONNECTION AND TRANSFER CAPABILITY:**

2 | 13.1 The connection, hereinafter called Point of Interconnection, between the
3 | Contractor and Western through which energy may at times flow between the Contractor's
4 | electric system and Western's electric system, shall be at the load side of Circuit Breakers
5 | Nos. 6786 and 6682 at Mead Substation, as shown in Exhibit A. The energy transferred
6 | at the Point of Interconnection shall be measured at 230-kV by JEM-II metering
7 | equipment, or its equivalent, as determined by Western. Amargosa Substation will
8 | become the secondary electric service feed for VEA.

9 | 13.2 The electric systems of the Parties shall, unless otherwise specified, remain
10 | interconnected continuously except for:

11 | 13.2.1 Interruptions or reductions due to uncontrollable forces, as defined
12 | in Article 34 of the General Power Contract Provisions, attached hereto.

13 | 13.2.2 Interruptions or reductions due to operation of devices installed for
14 | electric system protection.

15 | 13.2.3 Interruptions or reductions which, in the opinion of either Party,
16 | are necessary or desirable to maintain, repair, replace, or install equipment, or to
17 | investigate and inspect the facilities. The Parties shall cooperate to minimize adverse
18 | impacts of outages on each other's electric system at the Point of Interconnection. The
19 | Parties shall notify each other at least seventy-two (72) hours prior to any scheduled work
20 | that will open the Point of Interconnection.

21 | 13.3 Each Party shall be entitled to transfer capacity and energy between
22 | themselves and other third parties at Mead Substation up to the capability of the Mead
23 | Substation 230-kV interconnection facilities, as determined by Western.

24 | 14. **CHARGE FOR USE OF FACILITIES:** The Contractor shall pay a monthly charge to
25 | Western for its interconnection and share in the costs of common use facilities, as
26 | provided in Exhibit C, attached hereto. The monthly charge will be calculated by
27 | Western on the basis of a charge per month as soon as possible at the end of the Federal
28 |

1 fiscal year using the latest cost data available. Charges for the use of Mead Substation
2 facilities shall typically be cost based, and shall be reviewed at appropriate intervals as
3 determined by Western, or upon written request by the Contractor, but not more often
4 than once a year. Any charge revised by Western shall be set forth and forwarded to the
5 Contractor in a revised Exhibit C and shall become applicable to this Contract as of the
6 effective date of the Exhibit C revision.

7 15. **REACTIVE POWER:** Except as the authorized representatives of the Parties may
8 otherwise agree, each Party shall be responsible for providing the reactive kilovoltamperes
9 to satisfy its reactive power requirements and its share of the reactive requirements for
10 voltage control at the Point of Interconnection. The Parties shall coordinate the utilization
11 of generation control equipment, capacitors, or reactors to maintain transmission voltages
12 and reactive flows at levels mutually acceptable for full electric system performance and
13 stability. It is the Contractor's responsibility to assure that its supplier(s),
14 subcontractor(s), or agent(s) satisfy the Contractor's obligations to Western hereunder.

15 16. **METERING:** The metering at the Point of Interconnection shall be installed at the
16 Contractor's expense. Western will own, operate, maintain, and replace all revenue
17 metering facilities pursuant to this Contract as listed in the exhibits.

18 17. **METERING AND SCHEDULING INSTRUCTIONS:**

19 17.1 No energy shall be received or scheduled to be received for transmission by
20 either Party and no deliveries shall be made pursuant to this Contract at this
21 interconnection until the authorized representatives of the Parties have entered into written
22 metering and scheduling instructions or revised metering and scheduling instructions
23 which detail the operating arrangements and accounting procedures to be followed by the
24 Parties.

25 17.2 Metering and scheduling instructions are intended to implement the terms
26 of this Contract but not to modify or amend it and are, therefore, subordinate to this
27 Contract.
28

1 17.3 It is the Contractor's responsibility to effectuate agreement(s) with any third
2 party or parties which may be necessary to enable the Contractor to accept deliveries
3 hereunder.

4 17.4 Metering and scheduling instructions shall be reviewed periodically. In the
5 event Contract additions or electric system additions or modifications make it necessary to
6 revise existing metering and scheduling instructions and the Parties fail to enter into
7 revised arrangements, Western shall put into effect revised temporary procedures until
8 mutually acceptable instructions have been developed and executed by the Parties.

9 18. **RESPONSIBILITY FOR HAZARDOUS MATERIALS:** When either Party owns
10 equipment containing hazardous material located on the other Party's substation,
11 switchyard, right-of-way, or other property, the equipment owner shall be responsible for
12 all activities related to hazardous materials in such equipment that are necessary to meet
13 the requirements of the Toxic Substances Control Act (15 U.S.C. 2601 *et seq.*), the Solid
14 Waste Disposal Act and the Resource Conservation and Recovery Act of 1976 (42 U.S.C.
15 6901 *et seq.*), the Comprehensive Environmental Response, Compensation, and Liability
16 Act of 1980 (42 U.S.C. 9601 *et seq.*), and the regulations implementing these laws, as
17 they may be amended, and any other existing or subsequent applicable Federal or state
18 laws and regulations. Each Party shall label its equipment containing hazardous material
19 in accordance with appropriate laws and regulations. If the Party owning the equipment
20 does not perform activities required under appropriate laws and regulations within time
21 limits specified therein, the other Party may perform or cause to be performed the
22 required activities after notice to and at the sole expense of the Party owning the
23 equipment.

24 19. **CONTINUOUS TRANSMISSION:** When either Party's facilities sectionalize a
25 transmission line of the other Party, the Party owning the transmission line is hereby
26 guaranteed continuous transmission, through the new installation, at least equal in
27 reliability and capacity to the transmission line prior to the new interconnection.
28

- 1 20. **STATION SERVICE:** Provisions for furnishing and metering station service for the
2 facilities of either Party covered by this Contract shall be included with the list of facilities
3 in an appropriate facility exhibit, attached hereto. Until station service metering
4 equipment is installed, each Party shall compensate the other for the supply of unmetered
5 station service in an amount, for each facility, specified in the exhibit. Such charges shall
6 be billed annually, and shall be due and payable in accordance with the General Power
7 Contract Provisions. Either Party may change the amount of the annual compensation for
8 unmetered station service on one (1) year's advance written notice to the other Party.
- 9 21. **SPECIAL PROVISIONS:** As part of the negotiations for the construction, operation,
10 maintenance, and replacement of a new facility, the Parties may agree upon additional
11 special provisions associated with such facility. Such unique provisions may include
12 future upgrades, enlargements, betterments, or additional facility construction, exchange
13 of equipment, use of rights-of-way or facilities of either Party, and similar unique terms
14 and conditions. These special provisions shall be included in the appropriate exhibit,
15 attached hereto, detailing the responsibility of the Parties for operations, maintenance, and
16 replacement of the facilities associated with the special provisions.
- 17 22. **CONTROL AND POSSESSION OF SYSTEMS:** Except as noted in Section 7, each
18 Party shall remain in exclusive control and possession of its system, and this Contract
19 shall not be construed to grant either Party any rights of ownership, control, or possession
20 of the other Party's system.
- 21 23. **AUTHORITY TO EXECUTE:** Each person executing this Contract on behalf of a Party
22 is duly authorized to enter into this Contract on behalf of and to bind the Party
23 represented.
- 24 24. **EXHIBITS:** Inasmuch as certain provisions of this Contract may change during the term
25 of this Contract, they will be set forth in exhibits as formulated and modified from time to
26 time as agreed upon by the Parties. The initial Exhibits A through C are attached hereto,
27 made a part hereof, and shall be in full force and effect in accordance with their respective
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1 terms until superseded by a subsequent exhibit; Provided, That each exhibit will be
2 reviewed as specified in the exhibit.

3 25. **GENERAL POWER CONTRACT PROVISIONS:** The General Power Contract
4 Provisions (GPCP) dated August 15, 1995, as they may apply, are attached hereto and are
5 hereby made a part of this Contract the same as if they had been expressly set forth
6 herein; Provided, That if the articles in the GPCP are in conflict with this Contract, the
7 provisions of this Contract shall control.

8
9 IN WITNESS WHEREOF, the Parties have caused this Contract No. 94-PAO-10569 to
10 be executed the date first written above.

11
12 DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

13
14 By  _____

J. Tyler Carlson

15 Title Regional Manager

16 Address Desert Southwest Region

17 P.O. Box 6457

18 Phoenix, AZ 85005-6457

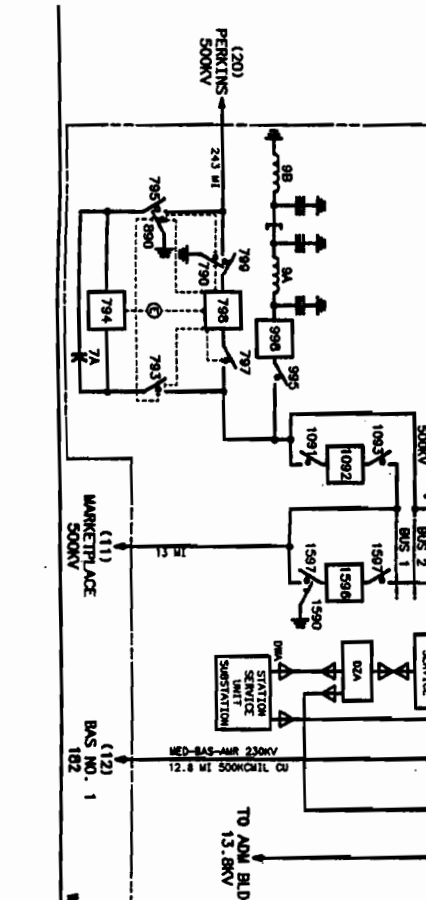
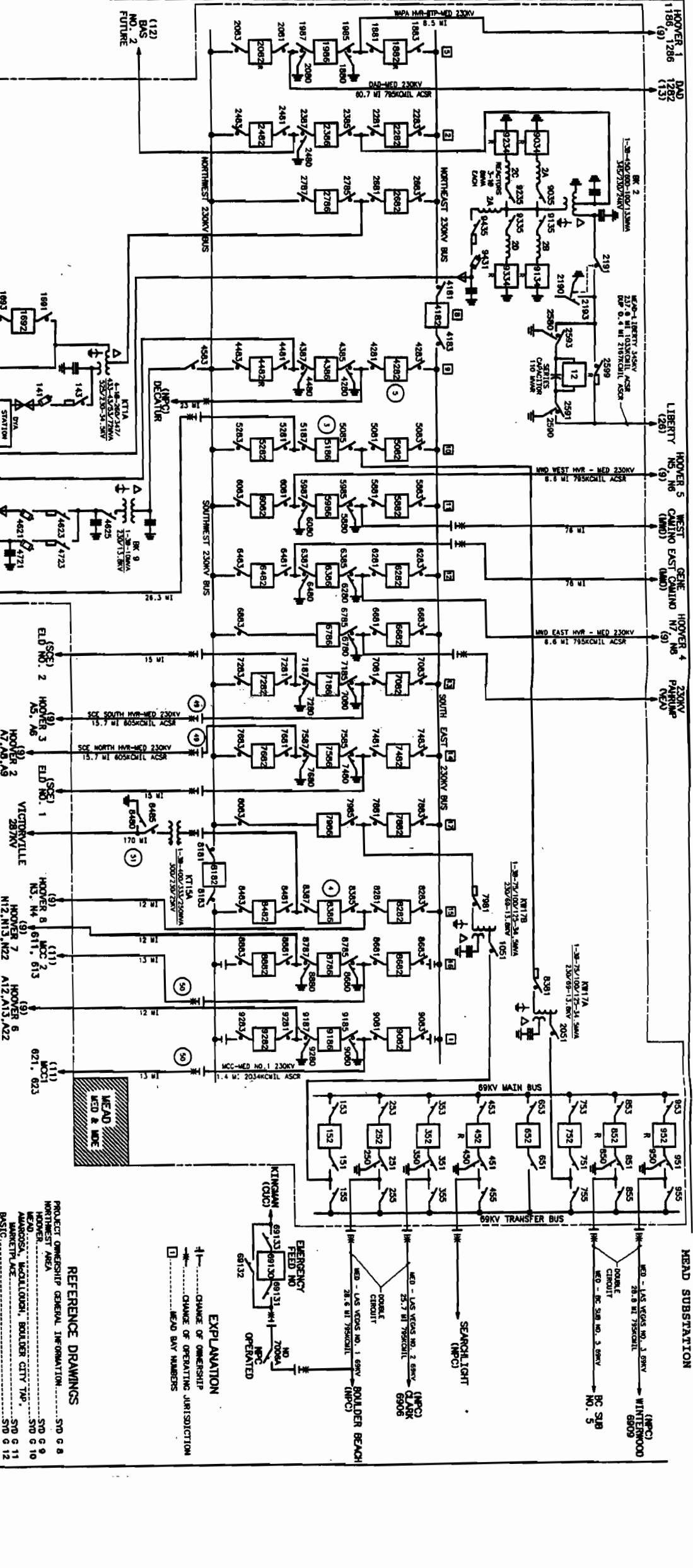
19
20
21 VALLEY ELECTRIC ASSOCIATION, INC.

22 By  _____

23 Title General Manager

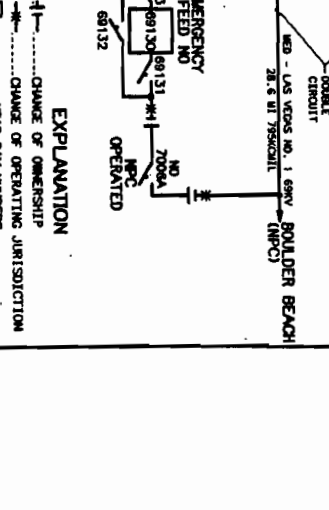
24 Address P.O. Box 237

25 Patung, NV 89041



REFERENCE DRAWINGS

PROJECT OWNERSHIP GENERAL INFORMATION	STD G 8
NORTHWEST AREA	STD G 9
MEAD	STD G 10
AMARGOSA, WICKLIFF, BOULDER CITY TWP.	STD G 11
MARKETPLACE	STD G 12
BASIC	



INTERCONNECTED POWER SYSTEMS
 NORTHWEST AREA
 OPERATING DIAGRAM (SHEET 3 OF 22)

REVISED
 DATE: 1-15-89
 BY: J.S. HENNING
 REASON: CHANGED TO NEW STATE REGULATION

APPROVED
 DATE: 1-15-89
 BY: J.S. HENNING
 TITLE: PROJECT ENGINEER

DESIGNED
 DATE: 1-15-89
 BY: J.S. HENNING
 TITLE: PROJECT ENGINEER

SYD G 10
 FEBRUARY 14, 1995

Exhibit B
 Contract No. 94-PAO-10569
 VALLEY ELECTRIC ASSOCIATION
 MEAD SUBSTATION

**OWNERSHIP, OPERATION, MAINTENANCE, REPLACEMENT
 FINANCIAL RESPONSIBILITIES OF THE FACILITIES, AND
 POINTS OF INTERCONNECTION AT MEAD SUBSTATION**

1. This Exhibit B, made this 2nd day of August, 1996, to be effective under and as a part of Contract No. 93-PAO-10569, dated August 2, 1996, hereinafter called the Contract, shall become effective on the date first written above and shall remain in effect until superseded by another Exhibit B; Provided, That this Exhibit B or any superseding Exhibit B shall terminate upon expiration of the Contract.

2. Ownership, Operation, Maintenance, Replacement of Facilities, and Financial Responsibility: By virtue of the approval granted by the Contract, the ownership, operation, maintenance, replacement of facilities, and financial responsibilities specified under the Contract shall be as follows:

Equipment	Operation	Maintenance & Replacement	Ownership	OM&R Financial Responsibility
230-kV Motor Operated Disconnect Switch Nos. 6883, 6785, 6681 and 6683	Western	Western	Western	VEA
230-kV Gang-operated Ground Switch No. 6780				
230-kV Circuit Breaker Nos. 6682 and 6786				
Revenue Meter - JEM II				

Exhibit B
 Contract No. 94-PAO-10569
 VALLEY ELECTRIC ASSOCIATION
 MEAD SUBSTATION

Equipment	Operation	Maintenance & Replacement	Ownership	OM&R Financial Responsibility
Power Line Carrier including Power Line Carrier Wave Trap, Coupling Capacitor, Potential Device, and associated equipment	Western	Western	Western	VEA
Lattice Steel Tower No. 593				
Turning Steel Tower No. 592				
230-kV Current Transformer No. QW66A				
Associated bus, structures, cable, wire, protective equipment, bushings, relays, PT's and CT's				
SCADA RTU and associated equipment				

3. In accordance with Section 9 of the Contract, the estimated charge to the Contractor for routine operation and maintenance of the Bay 20 facilities at Mead Substation is nine thousand seven hundred dollars (\$9,700) annually, prorated for periods of less than one (1) year on the basis of one-twelfth of the total annual payment per month, or eight hundred eight dollars and thirty-three cents (\$808.33).

4. POINTS OF INTERCONNECTION: The points of interconnection between Western and the Contractor in the 230-kV facilities at Mead Substation shall be as follows:

Points of Interconnection

Mead - Pahrump Transmission Line

5. This Exhibit B may be modified as provided by Section 24 of the Contract.

**CHARGE FOR USE OF BAY 20 INTERCONNECTION
AT MEAD SUBSTATION**

1. This EXHIBIT C, made this 2nd day of August, 1996, to be effective under and as part of Contract No. 94-PAO-10569 dated August 2, 1996, hereinafter called "Contract", shall become effective on the date first written above and shall remain in effect until superseded by another Exhibit C, in accordance with the provisions of the Contract; Provided, That this Exhibit C or any superseding Exhibit C shall be terminated by the expiration of the Contract.
2. The charge for use of the Mead Substation Bay 20 interconnection shall be calculated as follows:

ANNUAL AMORTIZATION, INTEREST, AND REPLACEMENT COSTS

Estimated Annual Amortization and Interest Costs	\$1,274,710.95
Total Estimated Annual Replacement Cost	\$1,028,470.05
TOTAL ESTIMATED ANNUAL AMORTIZATION AND REPLACEMENT COSTS FOR BAY 20	<u>\$2,303,181.00</u>

OPERATION AND MAINTENANCE (O&M) COSTS

TOTAL ANNUAL O&M COSTS AT MEAD SUBSTATION	<u>\$1,060,306.42</u>
TOTAL ANNUAL COST AT MEAD SUBSTATION	<u>\$3,363,487.42</u>

Exhibit C
Contract No. 94-PAO-10569
VALLEY ELECTRIC ASSOCIATION
MEAD SUBSTATION

COST PER FUNCTION AT MEAD SUBSTATION

Number of Designated Functions at Mead Substation	38.67
Annual Cost per Function	\$86,979.25
Multiplied by Contractor's Designated Functions	X 1.33
TOTAL ANNUAL COST ALLOCATED TO CONTRACTOR	<u>\$115,682.40</u>
TOTAL MONTHLY COST ALLOCATED TO CONTRACTOR	<u>\$9,640.20</u>

4. This Exhibit C may be modified from time to time in accordance with Section 24 of the Contract.

WESTERN AREA POWER ADMINISTRATION
GENERAL POWER CONTRACT PROVISIONS

	<u>PAGE</u>
I. APPLICABILITY.	
* 1. Applicability	2
II. DELIVERY OF SERVICE PROVISIONS.	
2. Character of Service	2
3. Use of Capacity or Energy in Excess of Contract Obligation	2
4. Continuity of Service	2-3
5. Multiple Points of Delivery	3
* 6. Metering	3-4
7. Existence of Transmission Service Contract	4
8. Conditions of Transmission Service	4-5
9. Multiple Points of Delivery Involving Direct and Transmitted Deliveries	5
10. Construction, Operation, and Maintenance of Contractor's Power System	5
III. RATES, BILLING, AND PAYMENT PROVISIONS.	
11. Change of Rates	6
12. Minimum Seasonal or Annual Capacity Charge	6
13. Billing and Payment	6-7
* 14. Nonpayment of Bills in Full When Due	7
15. Adjustments for Fractional Billing Period	7
16. Adjustments for Curtailments to Firm Service	7-8
IV. POWER SALES PROVISIONS.	
17. Resale of Firm Electric Service	8
* 18. Distribution Principles	8
19. Contract Subject to Colorado River Compact	8-9
V. FACILITIES PROVISIONS.	
20. Design Approval	9
21. Inspection and Acceptance	9
22. As-Built Drawings	9
23. Equipment Ownership Markers	10
24. Third-Party Use of Facilities	10
25. Changes to Western Control Facilities	10
26. Modification of Western Facilities	10-11
27. Transmission Rights	11
28. Construction and Safety Procedures	11-12
29. Environmental Compliance	12
* 30. Responsibility for Hazardous Materials	12
VI. OTHER PROVISIONS.	
31. Authorized Representatives of the Parties	12
32. Effect of Section Headings	12
33. Operating Guidelines and Procedures	13
34. Uncontrollable Forces	13
35. Liability	13
36. Cooperation of Contracting Parties	13-14
* 37. Transfer of Interest in the Contract	14
38. Waivers	14
39. Notices	14
40. Contingent Upon Appropriations	15
41. Officials Not to Benefit	15
42. Covenant Against Contingent Fees	15
43. Contract Work Hours and Safety Standards	15
44. Equal Opportunity Employment Practices	15
45. Use of Convict Labor	15

WESTERN AREA POWER ADMINISTRATION
GENERAL POWER CONTRACT PROVISIONS

I. APPLICABILITY.

1. Applicability.

1.1. These General Power Contract Provisions shall be a part of the contract to which they are attached. These provisions set forth general conditions applicable to the contract. Specific terms set forth in the contract have precedence over any provision herein.

* 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 the General Power Contract Provisions, Articles 10, 17, 18, 19, 29, 30, 36, 43, 44, and 45.

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 Article 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 by the Contractor. The Contractor shall ensure that metering equipment furnished and maintained by the Contractor or another power supplier, as provided in the contract, meets the metering standards of Western if such metering equipment will be used for billing or other accounting purposes by Western.

* 6.2. Meters shall be sealed and the seals shall be broken only upon occasions when the meters are to be inspected, tested, or adjusted, and representatives of the interested 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 another test interval is agreed upon by the parties. Meters shall also be tested at any reasonable time upon request by either party hereto, a 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. Meters found with broken seals shall be tested for tampering and, if appropriate, meter readings shall be adjusted by Western pursuant to Article 6.3 below.

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

* Revised August 15, 1995.

6.4. If acceptable inspections and tests of a meter needed by Western for billing or other accounting purposes disclose an error exceeding two percent (2%), then correction based upon the inaccuracy found shall be made of the records of services furnished during the period that such inaccuracy has existed as determined by Western; Provided, That if such period of inaccuracy cannot be determined, correction shall be made for the period beginning with the monthly billing period immediately preceding the billing period during which the test was made.

6.5. Any correction in billing resulting from correction in meter records shall normally be made in the next monthly bill rendered by Western to the Contractor. Payment of such bill shall constitute full adjustment of any claim between the parties hereto arising out of inaccuracy of 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 attached 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 contemplated 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 loads 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 Article 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 issue bills to the Contractor for service furnished during the preceding month within ten (10) days after the end of the billing period.

13.2. If Western is unable to issue a timely monthly bill, it may elect to render an estimated bill for that month to be followed by the final bill. Such estimated bill shall be subject to the same payment provisions as a final bill.

13.3. Payments 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; Provided, That payments received by mail will be accepted as timely and without assessment of the charge provided for in Article 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. Whenever the parties agree, payments due Western by the Contractor may be offset against 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. For services included in net billing procedures, 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 Article 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.

For a fractional part of a billing period at the beginning or end of electric service, at the beginning or end of irrigation pumping service each year, a fractional billing period under a new rate schedule, and for fractional periods due to withdrawals of electric services, the demand or capacity charge and minimum charges shall each be proportionately adjusted in the ratio that the number of hours that electric service is available to the Contractor in such fractional billing period bears to the total number of hours in the billing period involved.

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 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 Article 14 (Nonpayment of Bills In Full When Due). For purposes of billing adjustments under this Article, the term power system of the United States shall include transmission facilities used under contract but not owned by the United States.

* Revised August 15, 1995.

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, for each reduction, of: the number of hours of 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 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 provisions of this section; 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 Article 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, (45 Stat. 1057) 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 worksite. 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 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 of 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 Western's current "Power Systems Safety Manual," "Construction, Safety, and Health Standards," and "Power System Clearance Procedures" in effect upon the signing of the contract; Except, That, in lieu of the safety program required herein, the Contractor may 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 provision of this Article, or Article 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, and removed subject to compliance with laws, executive orders, and regulations applicable to that party, including the National Environmental Policy Act of 1969, as amended, 36 CFR 800, and the Archeological Resources Protection Act of 1979.

* 30. Responsibility for Hazardous Materials.

When either party owns equipment containing hazardous 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 hazardous materials in such equipment that are necessary to meet the requirements of the Toxic Substances Control Act (15 U.S.C. 2601 et seq.), the Solid Waste Disposal Act and the Resource Conservation Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.), and the regulations implementing these laws, as they may be amended, and any other existing or subsequent applicable Federal or state laws and regulations. Each party shall label its equipment containing hazardous 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 Article 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 Article 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 Contractor's, 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, as amended.

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 Articles 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.

37.1 No voluntary transfer of the contract or of the rights of the Contractor under the contract shall be made without the written approval of the Administrator of Western; Provided, 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 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 Article.

* 37.2 Unless otherwise provided by legislation, 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.

38. 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.

39. Notices.

Any notice, demand, or request required by the contract or the provisions of these Articles to be in writing shall be considered properly given when delivered in person, or sent by either registered or certified mail, postage prepaid, or prepaid telegram addressed 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.

* Revised August 15, 1995.

40. Contingent Upon Appropriations.

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. Officials Not to Benefit.

No member of or delegate to Congress or Resident Commissioner shall be admitted to any share or part of the contract or to any benefit that may have arisen from the contract, but this restriction shall not be construed to extend to the contract if made with a corporation or company for its general benefit.

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.A. (329 (1986)), is subject to the provisions of the Act, 40 U.S.C.A. ((327-333 (1986)), 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, 43 Fed. Reg. 46501 (1978), 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 by reference in the contract.

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. 4082(c)(2) and Executive Order 11755, December 29, 1973.