



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
REGIONAL OFFICE - REGION 4
P O BOX 11568
SALT LAKE CITY UTAH 84111

IN REPLY
REFER TO

4-440

JAN 24 1969

Mr. L. M. Alexander
Salt River Project
P. O. Box 1980
Phoenix, Arizona 85001

Dear Mr. Alexander:

Enclosed is a signatory copy of Contract No. 14-06-400-5033, dated January 17, 1969, between Salt River Project Agricultural Improvement and Power District and the United States. This contract provides for water service from Lake Powell for the Navajo Power Project. Also enclosed are 12 conformed copies of the contract. We have included two more copies than was requested during a telephone communication with Mr. Orr January 23. We shall appreciate your furnishing a copy of the contract to the Arizona Interstate Stream Commission.

Sincerely yours,

Regional Director

Enclosures

*cc - original signed by [unclear]
for my [unclear]
2/1/5 [unclear]*

AVOID VERBAL ORDER

Date January 27, 1969 *64*

FROM Leroy Michael, Jr., Manager, Legal Services Department
TO L. M. Alexander
SUBJECT Navajo Power Project Water Service Contract

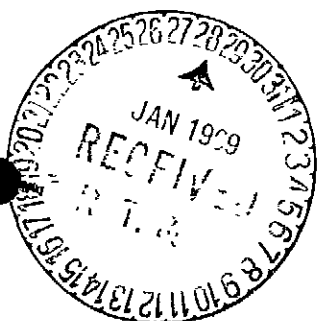
I am distributing herewith conformed copies of subject contract as signed on January 17, 1969, by the Secretary of the Interior.

Copies of this contract have been sent to the Navajo-Four Corners Project Steering Committee and to the members of Task Force #3.

Leroy Michael, Jr.
Leroy Michael, Jr.

LM/tt
Attachment

cc: T. M. Morong w/attachment
Carl Eyring w/attachment
Frank Scussel w/o attachment
E. K. Carpenter w/attachment ✓
John Rich w/attachment
J. A. Riggins, Jr. w/attachment
A. J. Pfister w/attachment



RATES, TAXES AND PROJECT
ECONOMICS

FILE _____

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

GLEN CANYON UNIT
COLORADO RIVER STORAGE PROJECT
CONTRACT FOR WATER SERVICE FROM LAKE POWELL

THIS CONTRACT, made this 17th day of January, 1969, pursuant to the Act of Congress approved June 17, 1902 (32 Stat. 388), and acts amendatory thereof or supplementary thereto, all of which acts are commonly known and referred to as the Federal Reclamation Laws and particularly pursuant to the Act of Congress approved April 11, 1956 (70 Stat. 105), between THE UNITED STATES OF AMERICA, hereinafter referred to as the United States, acting through the Secretary of the Interior, hereinafter referred to as the Secretary and represented by the Regional Director, Region 4, hereinafter referred to as the Contracting Officer and the SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, an agricultural improvement district organized under the laws of the State of Arizona, hereinafter referred to as the Contractor.

WITNESSETH:

WHEREAS, the following statements are made in explanation:

(a) The United States has constructed Glen Canyon Dam and Reservoir forming Lake Powell as a part of the Colorado River Storage Project, hereinafter referred to as Storage Project, and water service from Lake Powell can be furnished from Arizona's apportionment of Upper Basin water under the Upper Colorado River Basin Compact for industrial purposes pursuant to Federal Reclamation Law.

RATES, TAXES AND PROJECT
ECONOMICS

FILE _____

(b) The Contractor needs water service from Lake Powell for the operation of a coal fired steam electric generating plant which is planned to consist of three 750mw or three nominally 800mw rated generating units herein referred to as First Unit, Second Unit and Third Unit, and related facilities planned for construction in Arizona, said plant hereinafter referred to as Navajo Power Project.

(c) The Act of Congress approved September 30, 1968, P.L. 90-537 (82 Stat. 885) known as Colorado River Basin Project Act authorizes the United States to participate in a thermal-electric development to supply the need for power for the Central Arizona Project and the Contractor is agreeable to such participation.

NOW, THEREFORE, in consideration of the mutual and dependent covenants herein contained, the parties hereto agree as follows:

TERM OF CONTRACT

1. This contract shall be effective on the date first above written and shall remain in effect until December 31, 2016, or until forty (40) years from the date water is first taken hereunder, whichever occurs first.

RENEWAL OF CONTRACT

2. The Contractor shall have the right to renew this contract for one period of not to exceed twenty (20) years by giving the United States one (1) year's written notice prior to the end of the initial period, and Contractor shall have the right to renew the contract for additional periods of not to exceed forty (40) years each by giving the United States one (1) year's written notice prior to the end of

the then existing period. The initial renewal shall be subject to renegotiation only of the charges set forth herein giving consideration to the circumstances prevailing at the time of renewal as provided in the Act of June 21, 1963 (P. L. 83-44; 77 Stat. 66), and any renewal or renewals after the initial twenty (20)-year renewal shall be on terms and conditions mutually agreeable to the parties pursuant to the provisions of the said Act.

TERMINATION OF CONTRACT

3. This contract or any renewal thereof pursuant to Article 2 may be terminated:

(a) By the United States upon failure of the Contractor to perform its obligations under this contract. The United States will notify the Contractor in writing of its intention to terminate this agreement which notice shall specify each failure of the Contractor, and shall further provide that the Contractor may, within a one hundred twenty (120)-day period from the date of said notice, present the Secretary a detailed program to correct such deficiencies and the Secretary shall accept such program subject to such conditions as he may reasonably impose, and thereby waive the termination notice. No termination procedure will be initiated for issues in dispute and subject to arbitration as provided in Article 17 while such arbitration proceedings are pending or during the period specified in the arbitration decision for correcting the deficiencies.

(b) By the Contractor upon advanced written notice of at least two (2) years prior to the requested termination date.

NON-USE OF WATER

4. The United States shall have the right to withdraw from this contract water service for the quantities of water for which facilities are not constructed to use such water in accordance with the schedule in Article 7. This right to withdraw water service shall be exercised only if the Contractor has failed to proceed diligently in completion of its project as determined by the Contracting Officer; provided, that in no event shall such withdrawal be made before December 31, 1978, as to the first unit; December 31, 1979, as to the second unit, and December 31, 1980, as to the third unit. After such withdrawal, the Contractor shall have no further payment obligation with respect to the water service withdrawn.

CONSTRUCTION AND OPERATION OF FACILITIES

5. All pumps, pipelines, storage tanks, reservoirs, flood control and wasteway canals, waste area dams and reservoirs and other facilities required to take, measure and convey water from Lake Powell to points of use, and to return water to Lake Powell, or to dispose of wastes from points of use hereinafter collectively referred to as facilities, shall be constructed or installed, operated and maintained by the Contractor at its sole expense.

AVAILABILITY OF WATER SERVICE

6. (a) The water contracted for herein is a part of the water apportioned to the State of Arizona under provisions of Article III, Section (a)(1) of the Upper Colorado River Basin Compact (Act of April 6, 1949; 63 Stat. 31).

(b) Contractor and the United States agree that the United States may acquire a capacity entitlement in the Navajo Power Project for the pumping power requirements of the Central Arizona Project upon the terms and conditions set forth in the Colorado River Basin Project Act.

(c) The United States will furnish the Contractor water service during the term of this contract by permitting the Contractor to divert from Lake Powell water annually in the amounts specified in Article 7 at such times as best suits the Contractor's needs at the location established in the rights granted the Contractor pursuant to Section 10 of the Reclamation Project Act of 1939, and the Contractor shall pay for the water service as provided in Article 8. It is recognized that pending completion of preliminary engineering and design studies, the location of the diversion works and works for the return of water cannot be determined and the Contractor and Contracting Officer shall cooperate in obtaining locations therefor. The water service furnished shall be used by the Contractor only for thermal generation of electric energy and all other purposes related to the operation of the Navajo Power Project including mining and coal transportation and ash disposal. The Contractor shall have no holdover storage rights in Lake Powell from year to year, and relinquishes its claim to any annual water service not utilized by December 31 of each year. Any water purchased hereunder that is not called for by December 31 of each year shall become part of the following year's Storage Project water supply and be available for all Storage Project

purposes in such year. It is understood and agreed that any sale, gift, delivery or other disposition of the whole or any part of said water by the Contractor to third parties shall be done exclusively by an assignment of the Contractor's rights and obligations as provided in Article 25.

WATER SCHEDULE

7. (a) The Contractor's right to water service from Lake Powell during the term of this contract shall be in accordance with the following schedule:

<u>Year</u>	<u>Acre-Feet</u>
1974	15,000
1975	30,000
1976	40,000

and for each successive year thereafter during the term of this contract, provided that the difference between the amounts of water diverted under this contract and the amounts of water returned, both measured in a manner approved by the Contracting Officer, shall not exceed 34,100 acre-feet in any calendar year. If the Secretary determines there is additional water for consumptive use which the United States may make available to Contractor under this contract, the parties agree to amend this contract by increasing the 34,100 acre-feet set forth in this subarticle(a) and Article 9 by the amount of such additional water.

(b) The Contractor may accelerate the water schedule contained in this article by six (6) months' written notice to the

United States.

(c) The Contractor shall have the right to permanently relinquish all or a portion of its right to water service provided by this contract by two (2) years' written notice to the United States stating the quantity of water service to be relinquished. In the event of such relinquishment, Contractor shall have no further obligation to pay for the water so relinquished.

RATE AND METHOD OF PAYMENT

8. (a) The Contractor shall pay for water service hereunder at the rate of Seven Dollars (\$7.00) per acre-foot as scheduled in Article 7 or as the schedule may be accelerated or partially relinquished as provided in said article, provided that any water service after the termination of the initial term of this contract shall be in accordance with the renewal contract negotiated pursuant to Article 2. Payment shall be made quarterly in advance in four (4) equal payments on January 1, April 1, July 1 and October 1 of each year commencing with the quarter in which water service is first scheduled hereunder, or as such schedule may be modified; provided, however, that the Contractor shall not take any water from Lake Powell for which the Contractor has not paid for in advance. Should there be any curtailment in water service pursuant to the provisions of Articles 4, 7(c), 12, or 19 a proportionate adjustment in payments required will be made.

(b) The Contractor shall pay to the United States on execution of this contract and thereafter each year on the anniversary of the effective date of this contract, an annual "readiness to serve" charge of thirty cents (30¢) per acre-foot each year for all contracted water for which the Contractor is not paying the \$7.00 per acre-foot annual charge. This charge shall be an earnest money deposit to secure and reserve for the Contractor the right to water service

*Per last of
just signed
from original
of contract in 1969
with schedule
revised 40,000
in 1976.*

provided in this contract. The accumulated earnest money deposits on water for which the Contractor commences paying at the \$7.00 rate shall be credited to the first payment due on such water. Should the contract be terminated in whole or in part for any reason, the remaining uncredited earnest money deposits for such terminated water service shall become the property of the United States.

ALTERNATIVE WATER SERVICE AND PAYMENT FOR FLOW
THROUGH COOLING OF UNIT

9. The Contractor anticipates constructing three units of 750 MW or 800 MW nominal capacity each with cooling towers for each unit. The Contractor may elect to construct one of these units to be cooled by a "flow through" method whereby the cooling water diverted is returned to Lake Powell after use provided that the total depletions under this contract will not exceed 34,100 acre-feet. In the event of such election, Contractor shall be permitted to divert a maximum of 30,000 acre-feet per annum to serve the two units having cooling towers with payment therefor as provided in Article 8. Contractor may also divert additional quantities of water as may be necessary to operate the "flow through" unit, provided the cooling water for said "flow through" unit is returned to Lake Powell. Contractor shall pay \$105,000 annually in quarterly payments as provided in Article 8(a), as payment for the water diverted to the "flow through" unit. Designs and plans for the diversion and return of water utilized in the "flow through" unit shall be subject to approval of the Secretary as provided in Article 15(a).

*file
Seattle Kyle
at Navajo,
Navajo in a
discharge
No water is
returned to
the river.
There is no
pass through
unit at Navajo*

INTEREST UPON DELINQUENCY IN PAYMENT

10. Upon each charge to be paid by the Contractor to the United States pursuant to this contract which shall remain unpaid after the same shall become due and payable, there shall be imposed interest at the rate of one-half of one percent (1/2%) per month of the amount

of such delinquent charge from and after the date when the same became due and until paid, and the Contractor hereby agrees to pay such interest; provided, that no interest shall be charged to the Contractor unless such delinquency continues for more than thirty (30) days, provided, further, that the United States reserves the right to withhold delivery of water at any time the Contractor is delinquent in payment beyond thirty (30) days.

MEASUREMENT AND RESPONSIBILITY FOR DISTRIBUTION

11. (a) The water to be furnished to the Contractor and to be returned by the Contractor to Lake Powell will be measured, delivered and returned by facilities constructed, operated, and maintained by the Contractor, as approved by the United States and such measurement, delivery and return facilities shall be accessible for inspection at all reasonable times by proper representatives of the United States. The Contractor agrees at its own expense to make any necessary arrangements for transportation of such water from Lake Powell to the place of use.

(b) The United States shall not be responsible for the control, carriage, handling, use or disposal of water furnished the Contractor hereunder.

WATER SERVICE SUBJECT TO COMPACTS, ACTS AND TREATY

12. This contract and all water service pursuant thereto shall be subject to and controlled by the applicable provisions of the Colorado River Compact dated November 24, 1922, and proclaimed by the President of the United States, June 25, 1929, the Boulder Canyon Project Act approved December 21, 1928, the Boulder Canyon Project Adjustment Act of July 19, 1940, the Upper Colorado River Basin Compact dated October 11, 1948, and the Mexican Water Treaty of February 3, 1944.

In the event the amount of water service hereunder is required to be curtailed under and by reason of the provisions of the foregoing acts, no liability shall accrue against the United States, its officers,

agents or employees for any damage direct or indirect arising from such curtailment.

MAINTENANCE OF WATER LEVELS IN LAKE POWELL

13. The United States will normally operate Lake Powell so that the water level is maintained above elevation 3490 feet above mean sea level. However, the United States shall not be responsible for the maintenance of any particular water level in Lake Powell in order to permit the Contractor to take water therefrom through the facilities which it installs in accordance with Article 5. Charges shall be due and payable as provided in Article 6 irrespective of the Contractor's inability to take the water except that if the water level drops below elevation 3490' and the Contractor is unable to withdraw water, the annual payments referred to in Article 8 will be proportionately adjusted to reflect the quantity of water service unavailable to the Contractor.

NONRESPONSIBILITY OF THE UNITED STATES
FOR QUALITY OF WATER

14. The operation and maintenance of Storage Project facilities and the construction of new storage facilities for the provision of Storage Project water under this contract shall be performed in such a manner as is practicable to maintain the quality of raw water to be furnished hereunder. The United States is under no obligation to construct or furnish water treatment facilities to maintain or to better the quality of water except to the extent such facilities are expressly referred to elsewhere in this contract as part of the Storage Project facilities to be constructed by the

United States pursuant to Reclamation Law or as otherwise required by law. The United States is pursuing a program of water quality control as a National policy pursuant to the Federal Water Quality Act of 1965 and other similar legislation, including the establishment of and compliance with water quality standards, and will actively promote, support, and encourage the improvement of quality of water furnished hereunder. The Contractor, however, agrees that the United States assumes no liability should the water furnished hereunder be unsuitable for the Contractor's purposes.

WATER POLLUTION CONTROL

15. (a) The Contractor shall cause to be installed and diligently operated as part of the plant facilities, waste water, waste material and sewage control and disposal facilities, the design for which has been first approved by the Secretary. Plans for waste water, waste material and sewage disposal shall be subject to written approval by the Secretary in advance of construction, installation or major modification of facilities for these purposes. In the event agreement cannot be reached on such plan or facilities, the matter shall be submitted to arbitration in accordance with the provisions of Article 17.

(b) The Contractor shall have the right to return water from the Navajo Power Project to Lake Powell at locations and under measurement procedures approved by the Secretary so long as the temperature of such water shall not average more than 90° F., for any 24-hour period.

(c) Nothing herein shall relieve the Contractor from complying with all valid applicable water pollution control laws and regulations under Federal, State or County jurisdiction now or hereafter in force.

AIR POLLUTION CONTROL

16. (a) To minimize smoke, fly ash, and dust in stack emissions, the Contractor shall cause to be installed and diligently operated as part of the Navajo Power Project facilities, equipment employing the most effective, commercially proven electrostatic concept or other equally effective and acceptable equipment available under the technology known at the time of design of said facilities. Such air pollution control equipment shall be operated so as to remove not less than ninety-seven percent (97%) of the particulate matter in the stack emissions in each month and not less than ninety-six percent (96%) thereof in any twenty-four (24)-hour period, unless uncontrollable forces prevent such operation. Designs and plans for the air pollution control equipment, stack and other plant features that may affect air pollution, and facilities for control and disposal of waste or residue from burned fuel, shall be subject to written approval by the Secretary in advance of construction, installation, removal, or major modification thereof; and provided that the Secretary's approval shall not be deemed by implication or otherwise, to relieve the Contractor of any obligation it has assumed under this contract. From time to time, but not less often than once in every ten (10) years, the designated representatives of the Secretary and the Contractor will meet to review technological advances in air pollution control equipment and mutually weigh and decide upon the feasibility of installing additional equipment or modifying existing equipment in the plant facilities, taking into account costs as well as benefits of improved air

pollution control. In the event agreement cannot be reached on the aforesaid designs, plans, equipment or features or the modification or supplementation thereof, or the feasibility of installing additional equipment or modifying existing equipment, or the Contractor's compliance with the air pollution requirements, the matter shall be submitted to arbitration in accordance with the provisions of Article 17.

(b) In the operation of the Navajo Power Project, the Contractor will make or cause to be made such daily tests and measurements and keep or cause to be kept such records as will enable the Contractor to make accurate and complete reports to the Secretary relating to the operation and efficiency of the air pollution control equipment. Said reports shall be furnished to the Secretary not less often than once in each calendar year. Continuous recording equipment will be calibrated against tests performed in conformance with American Society of Mechanical Engineers (ASME) Test Procedures for Determining Dust Concentration in a Gas Stream unless some other procedure for making such tests and measurements may be mutually agreed upon. Such test procedures will be conducted at least every six (6) months. Contractor shall also furnish the Secretary with monthly reports showing the average monthly ash and sulphur content of the coal used.

(c) During normal working hours, representatives of the Secretary shall have access to, the right to inspect, and to copy, all records relating to air pollution from the plant facilities, and such representatives shall have the right to enter upon and inspect

such plant facilities and all parts thereof and appurtenances thereto.

(d) During the initial term of this contract, as provided in Article 1, the Navajo Power Project shall be fueled with coal having no greater sulphur and ash content by weight than 1.5 percent and 14.5 percent on a dry basis, respectively, unless otherwise approved, in writing, by the Contracting Officer. It is understood and agreed that natural gas and oil may be used as ignition fuel and as auxiliary fuel in operating the Navajo Power Project.

(e) Nothing herein shall be construed to relieve the water user from complying with all valid, applicable air pollution control laws and regulations under Federal or State laws now or hereafter in force.

ARBITRATION

17. Whenever a controversy arises as to which arbitration is provided for and such controversy cannot be resolved by the Secretary and the Contractor, either of said parties by written notice to the other may require such controversy to be submitted to arbitration. Within thirty (30) days from the date of the notice, the Secretary and the Contractor shall each name one arbitrator and the two arbitrators so selected shall within sixty (60) days from the date of said notice select a third arbitrator. In the event that either party has not appointed its arbitrator within the specified thirty (30)-day period, then the other party⁴ may make application to the appropriate United States District Court for Arizona for the appointment of an arbitrator for such party. In the event of the

failure of the two arbitrators to select the third arbitrator either the Secretary or the Contractor may make application to the appropriate United States District Court for Arizona for the appointment of the third arbitrator substantially in accord with the procedure provided in the Federal Arbitration Act (9 U.S.C.A. 1). It is understood and agreed that the Secretary and the Contractor shall each bear the costs and expenses of its respective arbitrator, and the cost and expense of the third arbitrator together with all other costs and expenses incident to said arbitration shall be shared equally by the parties. The decision of any two of the three arbitrators shall be a valid and binding award of the arbitration.

UNCONTROLLABLE FORCES

18. Neither party shall be considered to be in default in respect to any obligation hereunder, if prevented from fulfilling such obligation by reason of uncontrollable forces, the term "uncontrollable forces" being deemed for the purposes of this contract, to mean any cause beyond the control of the party affected, including, but not limited to, drouth, failure of facilities, flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, and restraint by court or public authority, which by exercise of due diligence and foresight, such party could not reasonably have been expected to avoid. Either party rendered unable to fulfill any obligation by reason of uncontrollable forces shall exercise due diligence to remove such inability with all reasonable dispatch.

UNITED STATES NOT LIABLE FOR WATER SHORTAGE

19. On account of uncontrollable forces, there may occur at times a shortage during any year in the quantity of water available for furnishing to the Contractor by the United States pursuant to this contract through and by means of the Storage Project, and in no event shall any liability accrue against the United States or any of its officers, agents, or employees for any damage direct or indirect, arising therefrom.

CONTRACTOR TO KEEP BOOKS AND RECORDS

20. The Contractor shall establish and maintain accounts and other books and records sufficient to enable it to furnish, and the Contractor will furnish to the Contracting Officer, upon his request, reports and statements as to the information contained therein pertaining to this contract and the Contractor's operations hereunder.

INSPECTION OF BOOKS AND RECORDS

21. Subject to applicable Federal laws and regulations, the proper officers or agents of the Contractor shall have full and free access at all reasonable times to the Storage Project account books and official records of the Bureau of Reclamation, insofar as the same pertain to the matters and things provided for in this contract, with the right at any time during office hours to make copies thereof, and proper representatives of the United States shall have similar rights with respect to the account books and records of the Contractor as such pertain to this contract.

CONTINGENT UPON APPROPRIATIONS OR ALLOTMENTS OF FUNDS

22. The expenditure of any money or the performance of any work by the United States herein provided for which may require appropriations by the Congress or the allotment of funds shall be contingent upon such appropriations or allotments being made. The failure of the Congress to appropriate funds or the failure of an allotment of funds shall not relieve the Contractor from any obligations under this contract and no liability shall accrue to the United States in the event such funds are not so appropriated or allotted.

REMEDIES - WAIVERS

23. Except for the provisions in Article 17 relating to Arbitration, nothing contained in this contract shall be construed as in any manner abridging, limiting, or depriving either party to this contract of any means of enforcing any remedy, either at law or in equity, for the breach of any of the provisions hereof which it would otherwise have, provided prior notices as herein agreed have been given. Any waiver at any time by either party to this contract of its rights with respect to any default, or any other matter arising in connection with this contract, shall not be deemed to be a waiver with respect to any subsequent default or matter.

OFFICIALS NOT TO BENEFIT

24. No Member of or Delegate to Congress or Resident Commissioner and no officer, agent, or employee of the United States Department of the Interior shall be admitted to any share or part of this contract or to any benefit that may arise herefrom, but this

restriction shall not be construed to extend to this contract if made with a corporation or company for its general benefit.

ASSIGNMENT LIMITED: SUCCESSORS AND ASSIGNS OBLIGATED

25. The provisions of this contract shall apply to and bind the successors and assigns of the respective parties, but no voluntary assignment or transfer of this contract or any part thereof or interest therein shall be valid unless and until approved by the Contracting Officer; provided, that the Contractor may transfer and assign an undivided interest in this contract to any corporation, cooperative, political subdivision or public agency, and any agency of the State of Arizona, participating with the Contractor in the ownership of the Navajo Power Project, and execution of this contract by the Contracting Officer shall constitute approval by the United States of any such transfer and assignment by the Contractor; provided, however, that the Contractor shall give the Contracting Officer contemporaneous written notice of all such transfers, including authenticated copies of all documents relating thereto. Notwithstanding any such transfer of interest contemplated in this article, the Contractor shall be and remain liable to the United States to keep and perform all of the conditions and covenants in this contract on its part to be kept and performed.

The execution of mortgages, trust deeds, security agreements or other instruments for purposes of security, or judicial trustee's sale made thereunder, shall not be deemed to be a voluntary transfer within the meaning of this article. Any transferee, successor or

assignee of the rights of Contractor whether by voluntary transfer, judicial sale, trustee's sale, or otherwise, shall be subject to all provisions and conditions of this contract to the same extent as though such transferee, successor or assignee were the original contractor hereunder.

Contractor shall not receive any valuable consideration for any assignment in excess of previous payments by the Contractor to the United States for water which has not been used and which is assigned to the assignee. The Contractor shall not exact any brokerage, commission, or fee from any person on the assignment of water to be delivered under this contract. In connection with any assignment, the President or General Manager of the Contractor shall certify to the Contracting Officer that the assignment with respect to water delivery was without consideration except as provided above, and that no brokerage, commission, fee, or other charge of any kind was charged to the assignee or any person acting on behalf of the assignee. The Contractor shall maintain books, records, documents, and all other evidence pertaining to any assignment of rights under this contract, and the Contracting Officer shall have access to and the right to examine any books, records, documents, or other evidence of the Contractor involving any transaction, including assignment, related to this contract. Notwithstanding the foregoing, it is understood that all of the Contractor's costs and expenses under this contract or related to its negotiation may be charged proportionally to all entities participating in or purchasing power from Navajo Power Project.

NOTICES

26. (a) Any notice authorized or required to be given to the United States shall be deemed to have been given when mailed, postage prepaid, or delivered to the Regional Director, Region 4, Bureau of Reclamation, United States Department of the Interior, P. O. Box 11563, Salt Lake City, Utah 84111. Any notice authorized or required to be given to the Contractor shall be deemed to have been given when mailed, postage prepaid, or delivered to the Secretary, Salt River Project Agricultural Improvement and Power District, P. O. Box 1980, Phoenix, Arizona 85001.

(b) The designation of the addressee or the address given above may be changed by notice in the same manner as provided in this article for other notices.

EQUAL OPPORTUNITY

27. The provisions of Title 42 U.S.C. 2000-e-2(1) provide for the giving of preference to Indians in employment. Except as therein provided and in keeping with any obligation undertaken or which may be undertaken by any of the corporations comprising the Contractor, or their assignees, pursuant to the terms of said Title 42 U.S.C. 2000-e-2(-) to give preference for employment to qualified Indians for work on or near an Indian Reservation, during the performance of this contract the Contractor agrees as follows:

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such

action shall include, but not be limited to the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this Equal Opportunity clause.

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

(c) The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency Contracting Officer, advising the labor union or workers' representative of the Contractor's commitments under Equal Opportunity clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(e) The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(f) In the event of the Contractor's noncompliance with the Equal Opportunity clause of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Contractor will include the provisions of the paragraphs (a) through (g) in every subcontract or purchase

order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions; including sanctions for noncompliance, Provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

CONDITIONS PRECEDENT TO DELIVERY OF WATER

28. As a condition precedent to the initial delivery of water hereunder an agreement between the owners of the Navajo Power Project and the Secretary of the Interior or his authorized representative must be consummated for the coordination of the Federal hydroelectric systems with the thermal-electric systems of the owners.

IN WITNESS WHEREOF, the parties hereto have signed their names the day and year first above written.

THE UNITED STATES OF AMERICA

By /s/ Stewart L. Udall
Secretary of the Interior

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

ATTEST:

/s/ Don E. Smith
Assistant Secretary

By /s/ V. I. Corbell
President

(SEAL)