



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Contract for Funding of Maintenance Work at Shasta Powerplant, Contract No. 94-SAO-00047, with the United States of America

MEETING DATE: July 5, 1995

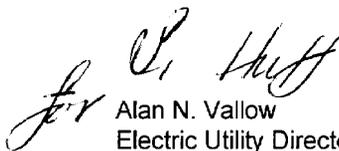
PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council approve the Contract for Funding of Maintenance Work at Shasta Powerplant, Contract 94-SAO-00047 with the United States of America.

BACKGROUND INFORMATION: The contract sets forth the terms and conditions among several Central Valley Project power customers, the Western Area Power Administration (Western) and the Bureau of Reclamation for funding the work to be performed by the Bureau of Reclamation on generating units 3, 4 and 5 at Shasta Powerhouse.

The Contract does not confer any liability upon Lodi in connection with the work to be performed. Lodi's obligation over the course of the work would be \$169,400 to be paid in installments through the year 2000. Payments and interest are to be credited against subsequent Western power bills. There is a 25% contract step-up limit should other contract participants not fulfill their obligations. As is the case now with Western, costs such as the Shasta Rewind are eventually passed on to all customers through rate increases. By participating in the contract, we prevent further degradation of a valuable resource, avoid emergency repairs, protect preference power rights and secure a first right-of-refusal to a share of increased capacity from the rewinds. Sufficient funds are available in the NCPA Phase IIA Resource Development Fund to cover this expense without impacting electric rate schedules.

FUNDING: NCPA Phase IIA Resource Development Fund


Alan N. Vallow
Electric Utility Director

ANV/JLS/sh

Attachment

Prepared by, John L. Stone, Manager, Rates and Resources

cc: City Attorney

APPROVED: 

THOMAS A. PETERSON
City Manager

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
CENTRAL VALLEY PROJECT, CALIFORNIA
AND
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
CENTRAL VALLEY PROJECT, CALIFORNIA

CONTRACT FOR FUNDING OF MAINTENANCE WORK AT SHASTA POWERPLANT
WITH

CITY OF ALAMEDA
CITY OF BIGGS
CITY OF GRIDLEY
CITY OF HEALDSBURG
CITY OF LODI
CITY OF LOMPOC
NORTHERN CALIFORNIA POWER AGENCY
CITY OF PALO ALTO
PLUMAS-SIERRA RURAL ELECTRIC COOPERATIVE, INC.
CITY OF REDDING
CITY OF ROSEVILLE
CITY OF SANTA CLARA
SACRAMENTO MUNICIPAL UTILITY DISTRICT
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
TURLOCK IRRIGATION DISTRICT
CITY OF UKIAH

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CITY OF UKIAH

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RESOLUTIONS

GENERAL POWER CONTRACT PROVISIONS (JANUARY 3, 1989)

EXHIBIT A (ESTIMATED FUNDING SCHEDULE)

EXHIBIT B (REPAYMENT SCHEDULE)

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ATTACHMENT 1 (ESCROW AGREEMENT)

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
CENTRAL VALLEY PROJECT
AND
UNITED STATES
DEPARTMENT OF INTERIOR
BUREAU OF RECLAMATION
CENTRAL VALLEY PROJECT, CALIFORNIA

CONTRACT FOR FUNDING OF MAINTENANCE WORK AT SHASTA POWERPLANT

WITH

- CITY OF ALAMEDA
- CITY OF BIGGS
- CITY OF GRIDLEY
- CITY OF HEALDSBURG
- CITY OF LODI
- CITY OF LOMPOC
- NORTHERN CALIFORNIA POWER AGENCY
- CITY OF PALO ALTO
- PLUMAS-SIERRA RURAL ELECTRIC COOPERATIVE, INC.
- CITY OF REDDING
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- CITY OF SANTA CLARA
- SACRAMENTO MUNICIPAL UTILITY DISTRICT
- SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
- TURLOCK IRRIGATION DISTRICT
- CITY OF UKIAH

1. **PREAMBLE:** This Contract is made this ____ day of _____, 1995, pursuant to the Acts of Congress approved June 17, 1902 (32 Stat. 388); August 26, 1937 (50 Stat. 844); August 4, 1939 (53 Stat. 1187); and August 4, 1977 (91 Stat. 565); and Acts amendatory or supplementary to the foregoing Acts; between the UNITED STATES OF AMERICA (United States), (i) 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 (ii) acting by and through the Commissioner, Bureau of Reclamation, Department of the Interior, hereinafter called Reclamation, represented by the Regional Director, Mid-

1 Pacific Region; and the CITIES OF ALAMEDA, BIGGS, GRIDLEY, HEALDSBURG,
2 LODI, LOMPOC, PALO ALTO, REDDING, ROSEVILLE, SANTA CLARA, and UKIAH;
3 the NORTHERN CALIFORNIA POWER AGENCY; the SACRAMENTO MUNICIPAL
4 UTILITY DISTRICT (SMUD); the SAN FRANCISCO BAY AREA RAPID TRANSIT
5 DISTRICT (BART), a rapid transit district established pursuant to California Public Utility
6 Code Section 28500 et. seq.; the TURLOCK IRRIGATION DISTRICT (TID); and the
7 PLUMAS-SIERRA RURAL ELECTRIC COOPERATIVE, all organized and existing under
8 the laws of the State of California, hereinafter called the Customers; and all collectively called
9 the Parties.

10
11 **2. EXPLANATORY RECITALS:**

12 2.1 Shasta Dam and Powerplant (Shasta) and the associated electrical power
13 generating facilities are features of the Shasta Division, Central Valley Project (CVP).
14

15 2.2 Reclamation is responsible, among other things, for planning, designing,
16 constructing, operating, and maintaining the electrical power generating facilities at
17 Shasta.
18

19 2.3 Western is responsible for marketing the power produced at Shasta which is not
20 required for CVP project use.
21

22 2.4 Shasta contains five (5) main generating units having a combined generating
23 capacity of 578 Megawatts (MW).
24

25 2.5 Due to age, normal wear, and deterioration, the stator windings for generating
26 units 3, 4, and 5 at Shasta should be replaced, and certain other maintenance work
27 should be performed to improve reliability and increase operational flexibility.
28

1 2.6 The Customers have offered to enter into a contributed funds agreement to fund
2 the Shasta rewind project and Reclamation, under the terms of this Contract, has agreed
3 to undertake and complete the Shasta rewind project, which includes replacement of the
4 stator windings for generating units 3, 4, and 5 with increased capacity windings,
5 installation of new thrust bearings and high pressure lubrication systems for such
6 bearings, excitation systems, and performance of other work, as generally set forth in
7 Section 6 hereof, necessary to restore the generating units at Shasta to good operating
8 condition.

9
10 2.7 The Customers, that will advance the necessary funds for Reclamation to
11 perform the work required by this Contract, will have the right of first refusal to
12 purchase the excess capacity as defined herein, and will be repaid the funds advanced,
13 with interest, through credits on power bills as described herein. Pursuant to
14 43 U.S.C. §§ 395, 397a, the funds received from the Customers shall be available for
15 expenditure for the specific purpose for which contributed as set forth in Section 6 in a
16 like manner as if said sums had been specifically appropriated for said purposes.

17
18 **3. AGREEMENT:**

19 The Parties agree to the terms and conditions set forth herein.
20

21 **4. TERM OF CONTRACT:**

22 This Contract shall become effective on _____, 1995, and shall remain in effect
23 until midnight of December 31, 2004.
24

25 **5. DEFINITION OF TERMS:**

26 As used herein, the following terms have the following meanings when used with initial
27 capitalization, whether singular or plural:
28

1 5.1 Cash Call: A request for funds sent to each Customer from time to time by
2 the Project Treasurer.

3
4 5.2 Customer: A Party to this Contract that provides funds for the work to be
5 performed by Reclamation under this Contract.

6
7 5.3 Escrow Account: An interest bearing account established by the Project
8 Treasurer at a Federally insured bank for the purpose of holding the Customers' funds
9 until all disbursements are made to Reclamation and the work set forth in this Contract
10 is complete.

11
12 5.4 Project Treasurer: The entity selected by the Customers to establish the
13 Escrow Account, issue the Cash Calls, and perform other financial duties as may be
14 required for the work performed under this Contract.

15
16 **6. WORK TO BE PERFORMED FOR THE SHASTA REWIND PROJECT:**

17 Reclamation shall be solely responsible for the following work for the Shasta rewind project:

18
19 6.1 Prepare specifications of the work to be performed for the Shasta rewind
20 project.

21
22 6.2 Award and administer contract(s) for the work for the Shasta rewind project in
23 accordance with Federal acquisition regulations. Said contract(s) shall require the
24 entity to whom the contract(s) is awarded to perform at least the following
25 requirements:

26
27 6.2.1 Submittal to Reclamation of drawings and technical data for all
28 equipment to be furnished and installed;

1 6.2.2 Submittal to Reclamation of design data, test reports, calibration
2 certificates, certified inspection reports, payment information, and labor
3 standards data as required in the specifications;
4

5 6.2.3 Furnishing of all necessary material, equipment, and labor for the
6 replacement of the stator core, stator winding, ring bus, protective relays and
7 associated equipment, flow meters, excitation systems, main generator lead
8 flexible connectors between the generator main leads and the existing segregated
9 phase bus structure, and high-pressure type lubricated thrust bearings for
10 generating units 3, 4, and 5;
11

12 6.2.4 Replacement of or reinsulating the generator main field windings; and
13

14 6.2.5 Furnishing of a new thrust bearing for unit 2 and new core iron for
15 unit 1.
16

17 6.3 Review and determine responsiveness of bids.
18

19 6.4 Review all bids submitted for compliance with specifications.
20

21 6.5 Inspect manufacturers facilities and monitor production and testing.
22

23 6.6 Witness testing at manufacturers facilities as required.
24

25 6.7 Review value engineering proposals, and approve as deemed appropriate.
26

27 6.8 Inspect installation of equipment.
28

1 6.9 Witness acceptance testing of equipment.

2
3 6.10 Review acceptance test results and approve as necessary.

4
5 6.11 Witness inspections.

6
7 6.12 Disassemble the units in preparation for the removal of the existing stator
8 winding, installation of a new stator winding, and other work needed on the units.

9
10 6.13 Reassemble the units after completion of the work on the units.

11
12 6.14 Prepare quarterly progress reports and other documentation required by this
13 Contract and distribute to each Customer.

14
15 **7. FUNDING FOR WORK AT SHASTA:**

16 The Customers have appointed the Northern California Power Agency (NCPA) as the Project
17 Treasurer and NCPA has accepted such appointment.

18
19 7.1 The Project Treasurer shall establish the Escrow Account, deposit each
20 Customer's funds in the Escrow Account, and issue Cash Calls sufficient to maintain an
21 adequate balance in the Escrow Account during the term of this Contract to fund the
22 work generally described in Section 6 hereof. The estimated funding schedule, as
23 developed by Reclamation, for deposits to, and withdrawals by Reclamation from, the
24 Escrow Account is shown in Exhibit A, attached hereto and made a part hereof.
25 Reclamation shall not award the contract(s) associated with the work set forth in
26 subsection 6.2 hereof without agreement of all Parties if the selected bid exceeds the
27 value shown in the estimated funding schedule set forth in Exhibit A.

1 7.2 The Project Treasurer also shall establish on its books of accounts, subaccounts
2 identified for each Customer that will show deposits to, and withdrawals from, each
3 subaccount, and interest accrued on funds in each subaccount. The Project Treasurer
4 shall issue Cash Calls when necessary to maintain an adequate balance in the Escrow
5 Account as provided in this Section 7.

6
7 7.3 Reclamation, in its best efforts to minimize the time between the deposit of
8 funds into and the withdrawal of those funds from the Escrow Account, will coordinate
9 with the Project Treasurer the timing of the deposits and withdrawals from the Escrow
10 Account. The Project Treasurer will coordinate such timing with the Customers. As
11 soon as practicable after Reclamation awards the initial contract for the work to be
12 performed under this Contract, Exhibit A will be revised to reflect the contract award.
13 Unless otherwise agreed by all Parties, the maximum amount to be funded by the
14 Customers under this Contract as shown in Exhibit A shall not be increased in
15 subsequent revisions to Exhibit A, unless the contract(s) awarded by Reclamation for
16 the work set forth in subsection 6.2 hereof is terminated by agreement of all Parties.

17
18 7.4 Funds advanced by the Customers shall only be used by Reclamation for the
19 work generally described in Section 6 hereof. The Parties expect that the Customers'
20 funding will be adequate to complete the work as generally set forth in this Contract.
21 Any additional costs incurred by Reclamation that are in addition to those costs funded
22 by advances from the Customers for the activities associated with the work performed
23 under this Contract shall be funded through existing or new appropriations by
24 Congress.

25
26 7.5 Upon agreement of all Customers, the Customers may request that Reclamation
27 terminate the work remaining to be performed under this Contract for any reason. In
28 the event the work is to be terminated, the Customers shall be responsible for the cost

1 of termination pursuant to Section 7 hereof. Reclamation shall furnish a list of
2 activities in progress, activities outstanding, costs associated with terminating the
3 contracts with other contractors, and the estimate of time for finalizing the termination.
4 Upon agreement by all Customers, Reclamation shall commence the termination
5 process.

6
7 7.6 Reclamation will provide Western with the termination schedule and costs, and
8 updates for revision of Exhibit A. Reclamation will use its best efforts to provide as
9 much advance notice as possible of the funds needed to terminate work. Upon
10 completion of all termination work and payment of all obligations for work performed
11 under this Contract, any funds remaining in the Escrow Account will be returned to the
12 Customers.

13
14 7.7 The Escrow Account shall be established by the Project Treasurer in a financial
15 institution that is a commercial bank or trust company or national banking association
16 doing business and having its principal office in New York, New York; Chicago,
17 Illinois; Los Angeles, California; or San Francisco, California; and having capital stock
18 and surplus aggregating at least fifty million dollars (\$50,000,000), if such a
19 commercial bank or trust company or national banking association is willing and able to
20 accept the Escrow Account on reasonable and customary terms.

21
22 7.8 At least thirty (30) days, but not more than forty-five (45) days, prior to each
23 Funding Date shown in Exhibit A hereof, the Project Treasurer shall issue a Cash Call
24 to each Customer. The Cash Calls issued to each Customer shall equal the product of
25 the Customer's percentage shown in Exhibit B and the amount of the funds required for
26 such date as shown in Exhibit A, plus any costs associated with establishing and
27 maintaining the Escrow Account as charged by the financial institution, plus accounting
28 and money management costs of seven hundred twenty dollars (\$720.00) per year and

1 accounting costs of three hundred fifty dollars (\$350.00) per Cash Call, minus any
2 interest earned by each Customer since the last Cash Call.

3
4 7.9 Each Customer shall remit the amount of each Cash Call to the Project
5 Treasurer within twenty (20) days of receipt of such Cash Call.

6
7 7.10 Any and all funds received by the Project Treasurer shall be accounted for in
8 each Customer's subaccount, and shall be deposited into the Escrow Account as soon as
9 possible, but in no event later than three (3) business days following receipt thereof.

10
11 7.11 Prior to October 1 of each year until the work generally described in Section 6
12 hereof is complete, Reclamation shall advise Western and the Project Treasurer of any
13 necessary changes in the timing of funds needed through the end of the period required
14 for the completion of the work, and shall submit such updated information to the
15 Project Treasurer and Western. If accelerated funding is necessary during any year, a
16 statement of the reasons prompting the accelerated funding and the amount and
17 schedule of the funding needed shall be submitted by Reclamation to the Project
18 Treasurer and Western. Western shall revise the funding schedule in Exhibit A as
19 necessary and provide the Project Treasurer and each Customer, such revised
20 Exhibit A. The Project Treasurer shall issue a Cash Call to each Customer as provided
21 in subsection 7.8 hereof.

22
23 7.12 Any Customer not making the required payments when due pursuant to this
24 Section 7 will be issued a late notice by the Project Treasurer. The Project Treasurer
25 will also send a copy of such late notice to each other Party. Such Customer shall have
26 ten (10) days from the issuance of the late notice in which to make the payment
27 invoiced in the Cash Call for which payment is late. If the late payment is not made by
28 the eleventh (11th) day, a notice of default declaring the termination of participation in

1 this Contract shall be sent to the defaulting Customer by the Project Treasurer with
2 copies to all Parties within forty-five (45) days, but no earlier than eleven (11) days,
3 after the original due date of a payment that is not made. A revised customer
4 percentage table shall be prepared by the Project Treasurer and sent to Western. A
5 revised Exhibit B shall be prepared by Western and shall be sent to each Party. The
6 defaulting Customer shall forfeit its right of first refusal to excess capacity pursuant to
7 Section 9 hereof; Provided, That such Customer shall retain its right to repayment by
8 Western of its contribution prior to default, with interest, pursuant to subsection 7.13
9 and 8 hereof. The Project Treasurer shall allocate the amount of the payment due to
10 the remaining Customers based on their percentage share. The maximum increase of
11 each Customer's payment for the term of this Contract shall not exceed twenty-five
12 percent (25%) of such customer's original percentage share. The Project Treasurer
13 shall issue a supplemental Cash Call to each remaining Customer for the amount in
14 arrears. Each Customer shall make the payment required by the supplemental Cash
15 Call to the Project Treasurer within ten (10) days of receipt of the supplemental Cash
16 Call. If the supplemental Cash Call does not provide the required funds due to the
17 limitation on payment increases described herein, the Project Treasurer shall discuss the
18 action to be taken with the Parties as soon as practicable after the insufficiency of the
19 supplemental Cash Call is known.

20
21 7.13 Any defaulting Customer shall be held liable for ten percent (10%) of its
22 remaining obligation based on its original percentage share of the total cost as indicated
23 in Exhibit B attached hereto, and adjustments for such amounts shall be reflected in
24 revisions to Exhibit B.

25
26 7.14 Upon completion of all work generally described in Section 6, and payment by
27 Reclamation of any outstanding obligations, Reclamation shall notify the Project
28 Treasurer of such and request the Escrow Account be closed. The Project Treasurer

1 shall then notify the financial institution that the Escrow Account is being closed and
2 return to each Customer any funds remaining in that Customer's subaccount.
3

4 **8. REPAYMENT AND ACCOUNTING FOR CONTRIBUTED FUNDS:**

5 Customers will be reimbursed for funds withdrawn from the Escrow Account by Reclamation
6 pursuant to Section 7, with appropriate interest as provided for in subsection 8.3, through
7 credits by Western on each Customer's CVP power bills. Reclamation will allocate the
8 appropriate share of the total repayment cost, including the cost of funding, for any generator
9 rewound pursuant to this Contract to the appropriate CVP water users for repayment in
10 accordance with the CVP cost allocation methodology.
11

12 8.1 The Project Treasurer shall provide a copy of all Cash Calls to Western and
13 Reclamation showing the total amount of the Cash Call, and the amounts invoiced to
14 each Customer. The Project Treasurer shall also provide to Western the amount and
15 date of any withdrawals by Reclamation from the Escrow Account and all costs
16 incurred in establishing and maintaining the Escrow Account that are paid by the
17 Customers.
18

19 8.2 Beginning the first full month following notification by the Project Treasurer of
20 Reclamation's withdrawal from the Escrow Account, Western shall apply bill credits to
21 each Customer's CVP power bill for the Customer's percentage share of the amount
22 withdrawn plus interest and associated costs in the manner described as follows:
23

24 8.2.1 Western shall determine the appropriate amount of interest to be added
25 to the amount of funds withdrawn by Reclamation pursuant to notification by
26 the Project Treasurer as set forth in subsection 8.1 hereof. Interest shall be
27 computed using the annual interest rate determined by Western in accordance
28 with subsection 8.3 hereof.

1 8.2.2 Western shall multiply the percentages from the then-current Exhibit B
2 corresponding to each Customer to the sum of: i) each withdrawal by
3 Reclamation from the Escrow Account, ii) interest calculated in Paragraph 8.2.1
4 hereof; and iii) all costs incurred in establishing and maintaining the Escrow
5 Account. Such amount shall be applied as a bill credit to the respective
6 Customers on their power bills; **Provided That**, Western shall not pay any costs,
7 including interest, to the Customers greater than those costs that would have
8 been incurred for the work generally described herein if said sums had been
9 specifically appropriated for said purposes.

10
11 8.2.3 Western shall apply the amounts calculated pursuant to
12 Paragraph 8.2.2 as a credit on each Customer's power bill; **Provided That**,
13 Western shall not apply a credit amount greater than the amount owed to
14 Western in any month. If the amount owed Western is less than the credit due
15 the customer in any month, Western shall carryover the credit due each month
16 until any balance is reduced to zero. Interest shall be computed on the amount
17 due the Customer using the annual interest rate determined by Western in
18 accordance with subsection 8.3 hereof.

19
20 8.3 Interest on funds withdrawn from the Escrow Account shall be computed at a
21 rate that shall be at the average rate for Treasury Securities of 15 years maturity or
22 more, as used in Western's power repayment study, prorated for the number of days
23 from the date of Reclamation's withdrawal from the Escrow Account to the date of the
24 credit on the Customer's power bill. No interest shall be applied to the costs incurred
25 in establishing and maintaining the Escrow Account.

26
27 8.4 As necessary, Western shall suspend all other bill crediting programs and
28 amounts determined by Western to be owed to the Customers while the credits

1 hereunder are applied. Should Western owe a Customer multiple credits, the credit
2 under this Contract shall be applied first until such credit has been fully satisfied.
3 Unless contractually provided, interest shall not accrue on any other bill crediting
4 program balance. Western will resume other bill crediting programs as soon as
5 practicable after the total amount advanced by the Customers and withdrawn from the
6 Escrow Account by Reclamation has been credited on the appropriate Customers' CVP
7 power bills.

8
9 **9. RIGHT TO EXCESS CAPACITY:**

10 Reclamation has determined that rewinding and increasing the nameplate ratings of Shasta
11 units 3, 4, and 5 up to 125 MW each is expected to result in a total increase of approximately
12 47 MW in the capacity available at Shasta Powerplant when the storage in Shasta Lake exceeds
13 3.6 million acre feet (MAF). As requested by the Customers, Reclamation will increase the
14 electrical capacity of the units to 142 MVA as part of the work generally described in Section
15 6 hereof. The additional electrical capacity above 125 MW is expected to be utilized when the
16 turbines are replaced. Upon completion of the work generally described in Section 6 hereof,
17 Reclamation shall notify Western of the amount of additional capacity available from Shasta.
18 Reclamation shall provide Western with the revised Shasta Powerplant capacity available as a
19 function of Shasta Lake water storage and reservoir elevations. Western shall use this
20 information to update Exhibit C attached hereto which shows the incremental increase in
21 Shasta capacity at certain Shasta Lake water storage and reservoir elevations. After
22 completion of the work as generally provided under this Contract and for the term of this
23 Contract, the Customers will be given a right of first refusal for purchase of excess capacity up
24 to 47 MW from the CVP in accordance with this Section 9.

25
26 9.1 If and when Western determines excess capacity is available for sale from the
27 CVP (system wide), Western shall issue a notice of availability of excess capacity to all
28 CVP power customers. The determination of the availability of excess capacity and

1 terms of the offer will be made by Western at the time of the offer and shall apply to
2 all excess capacity sales. Western is under no obligation as a result of this Contract to
3 declare excess capacity available. The Customers must meet the marketing criteria set
4 forth by Western for the excess capacity sale, including any transmission requirements.
5 Excess capacity sold to any Party pursuant to this Contract will be scheduled in
6 accordance with the appropriate scheduling arrangements.
7

8 9.2 If Shasta Lake storage level is forecasted by Reclamation to exceed 3.0 MAF
9 during the time of the availability of excess capacity, each Customer shall have the
10 right of first refusal to purchase, on a seasonal basis, its pro rata share, as specified in
11 Exhibit B, of the excess capacity up to the amount specified in Exhibit C. If the
12 Customer does not exercise its right of first refusal for seasonal excess capacity within
13 the time-frame and under the terms offered by Western, Western may sell the seasonal
14 excess capacity to any eligible purchaser under the same terms and conditions. If
15 Western does not market all of the available excess capacity on a seasonal basis,
16 Western may offer excess capacity on a monthly basis. Each Customer shall have the
17 right of first refusal to purchase its pro rata share of the monthly excess capacity
18 corresponding to the water storage levels specified in Exhibit C.
19

20 **10. RATES:**

21 The Customer shall pay for the excess capacity purchased as a result of the right of first refusal
22 pursuant to Section 9 hereof, in accordance with the rates, charges, and conditions set forth in
23 Western's notice of availability for excess capacity. The rates and other terms under which
24 such excess capacity will be offered shall be consistent with Western marketing plans and rate
25 setting guidelines.
26
27
28

1 **11. AUDIT AND OVERSIGHT RIGHTS:**

2 11.1 Prior to January 1 of each year until the work set forth herein is complete,
3 Reclamation shall provide to the Parties an accounting of the funds expended for the
4 work generally described in Section 6 hereof. If requested by the Project Treasurer,
5 Reclamation will provide documentation showing the payments made to each
6 contractor, a description of the work performed by each contractor, and any balance to
7 complete the work for each contractor. Reclamation also shall give an accounting of
8 funds expended for work done by Reclamation, a description of the work performed by
9 Reclamation, and the balance to complete the work required to be performed by
10 Reclamation. Copies of these accountings shall be distributed to each Customer by the
11 Project Treasurer.

12
13 11.2 A Party, in its exercise of appropriate financial controls, may request the
14 Project Treasurer to cause an audit to be conducted of the costs of the work set forth in
15 Section 6 of this Contract. Such audits shall not be conducted more often than every
16 two (2) years. Such audit may examine records which relate to work associated with
17 this Contract including, but not limited to, the financial and contract records of the
18 Project Treasurer, Western, and Reclamation. The costs, including reasonable costs
19 incurred by the Project Treasurer, Western, and/or Reclamation in the performance of
20 the audit, shall be paid by the Party(ies) requesting the audit.

21
22 11.3 A Party shall be afforded the opportunity to obtain information concerning work
23 performed under this Contract through reasonable requests to Reclamation. If the
24 amount of information desired becomes excessive, as determined by Reclamation,
25 Reclamation shall inform the requesting Customer(s) of same, and shall make
26 arrangements to provide the information requested at the sole expense of the requesting
27 Party(ies).

28

1 **12. SUCCESSORS AND ASSIGNS:**

2 This Contract shall inure to the benefit of and be binding upon the Parties hereto and their
3 respective successors. No Party shall assign its interest in this Contract, in whole or in part,
4 without the prior written consent of the other Parties. In no event shall any Party assign this
5 Contract to any Party that is not financially responsible or which cannot perform its obligations
6 pursuant to this Contract, nor shall any Party assign this Contract on any terms at variance
7 from those set forth in this Contract. No permitted assignment or transfer shall change the
8 duties of the Parties, or impair the chances of obtaining performance under this Contract
9 except to the extent set forth in such permitted assignment and approved in writing by the
10 Parties. No Party shall assign its rights of first refusal to excess capacity under this Contract.
11

12 **13. ENFORCEABILITY:**

13 It is not the intent of the Parties that this Contract convey any rights to third parties to enforce
14 the provisions of the Contract. This Contract can only be enforced by the Parties or their
15 successors.
16

17 **14. PERFORMANCE OBLIGATIONS:**

18 Reclamation shall use its utmost efforts and shall diligently endeavor to complete the work
19 described in Section 6 by the date(s) set forth in Exhibit A. Reclamation will not be obligated
20 to complete such work if the maximum funding set forth in Exhibit A is not advanced by the
21 Customers.
22

23 **15. DEFAULT:**

24 The failure of any Party to perform any of its respective obligations under this Contract shall
25 constitute a default under this Contract; Provided, That the Party against whom the default is
26 asserted shall not be deemed in default if it cures the asserted default by rendering the
27
28

1 necessary performance within ten (10) days following written notice from any other Party,
2 which notice shall set forth the acts and omissions which constitute the asserted default.

3
4 **16. SEVERABILITY:**

5 If any clause, sentence, paragraph, or part of this Contract should for any reason be finally
6 adjudged by any court of competent jurisdiction to be unconstitutional or invalid, such
7 judgment shall not affect, impair or invalidate the remainder of this Contract but shall be
8 confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in
9 the controversy in which the judgment is rendered. If such judgment modifies or holds invalid
10 any material terms or conditions of this Contract in such a manner that any Party is required to
11 incur new or different obligations not expressly provided herein or forego benefits which it
12 was otherwise entitled to, the Parties shall in good faith renegotiate the terms and conditions
13 affected by the judgment so as to restore the original balance of benefits and burdens
14 contemplated by the Parties as of the effective date of this Contract. Such renegotiated terms
15 and conditions shall be in the form of an amendment to this Contract which shall be effective
16 upon execution by the Parties. The original Contract shall remain in full force and effect, as
17 modified by said judgment, until the negotiation process for the amendment is complete.

18
19 **17. GENERAL POWER CONTRACT PROVISIONS:**

20 Articles 1, 28, 29, and 31 through 43 of the General Power Contract Provisions, effective
21 January 3, 1989, attached hereto, are hereby made a part of this Contract, the same as if they
22 had been expressly set forth herein.

23
24 **18. ATTACHMENTS AND EXHIBITS MADE PART OF CONTRACT:**

25 Inasmuch as the Estimated Funding Schedule, the Repayment Schedule, and the Shasta Rewind
26 Incremental Increase in Capacity under this Contract may change during the term hereof, they
27 will be set forth in Exhibits A, B, and C, respectively. Each of said exhibits shall become a
28 part of this Contract during the term fixed by its provisions. Exhibits A, B, and C are

1 attached hereto, and each shall be in force and effect in accordance with its terms until
2 respectively superseded by a subsequent exhibit.

3
4 **19. RELATIONSHIP OF PARTIES:**

5 The covenants, obligations, and liabilities of the parties are intended to be several and not joint
6 or collective, and nothing herein contained shall ever be construed to create an association,
7 joint venture, trust or partnership, or to impose a trust or partnership covenant, obligations and
8 liabilities under this Contract. No Party shall be under the control of or shall be deemed to
9 control any other Party. No Party shall be the agent of or have a right or power to bind any
10 other Party without its express written consent, except as expressly provided in this Contract.

11
12 **20. OWNERSHIP RIGHTS:**

13 The ownership of, the title to, and the operation and maintenance responsibility for any
14 equipment furnished with funds advanced by the Customers under the terms of this Contract
15 shall be in the name of the UNITED STATES.

16
17 **21. CUSTOMER LIABILITY:**

18 This Contract does not confer any liability upon the Customers for any claim, action or
19 judgment against Reclamation, arising out of or in connection with the work generally
20 described in Section 6.

21
22 **22. EXECUTION IN COUNTERPART:**

23 This Contract may be executed in a number of counterparts and shall constitute a single
24 document with the same force and effect as if each Party had signed all other counterparts.

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(Seal)

Attest

By: _____

Title: _____

CITY OF GRIDLEY

By: _____

Title: _____

Address: _____

CITY OF HEALDSBURG

By: _____

Title: _____

Address: _____

CITY OF LODI

By: _____

Title: _____

Address: _____

CITY OF LOMPOC

By: _____

Title: _____

Address: _____

NORTHERN CALIFORNIA POWER AGENCY

By: _____

Title: _____

Address: _____

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(Seal)

CITY OF PALO ALTO

Attest

By: _____

By: _____

Title: _____

Title: _____

Address: _____

(Seal)

PLUMAS-SIERRA RURAL
ELECTRIC COOPERATIVE

Attest

By: _____

By: _____

Title: _____

Title: _____

Address: _____

(Seal)

CITY OF REDDING

Attest

By: _____

By: _____

Title: _____

Title: _____

Address: _____

(Seal)

CITY OF ROSEVILLE

Attest

By: _____

By: _____

Title: _____

Title: _____

Address: _____

(Seal)

CITY OF SANTA CLARA

Attest

By: _____

By: _____

Title: _____

Title: _____

Address: _____

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(Seal)

**SACRAMENTO MUNICIPAL
UTILITY DISTRICT**

Attest

By: _____

Title: _____

By: _____

Address: _____

Title: _____

(Seal)

**SAN FRANCISCO BAY AREA RAPID
TRANSIT DISTRICT**

Attest

By: _____

Title: _____

By: _____

Address: _____

Title: _____

(Seal)

TURLOCK IRRIGATION DISTRICT

Attest

By: _____

Title: _____

By: _____

Address: _____

Title: _____

(Seal)

CITY OF UKIAH

Attest

By: _____

Title: _____

By: _____

Address: _____

Title: _____

Contract No. 94-SAO-00047

RESOLUTION NO. _____

BE IT RESOLVED BY THE _____ OF
_____ :

The _____ is authorized, on behalf of
_____ to execute this Contract with the Western
Area Power Administration titled Contract No. 94-SAO-00047.

Adopted: _____

EXHIBIT A
(Estimated Funding and Project Work Schedule)

1. This Exhibit A, to be effective under and as a part of Contract No. 94-SAO-00047 (hereinafter called the Contract) shall become effective coincidentally with the Contract, and shall remain in effect until either superseded by another Exhibit A or upon termination of the Contract.

2. The anticipated schedule for the work generally set forth in Section 6 and the funding for such work is set forth as follows:

<u>ACTIVITY</u>	<u>COMPLETION DATE</u>	<u>FUNDING DATE</u>	<u>FUNDING NEEDED</u>
Initial Contribution Due	Jul 14, 1995	Jul 14, 1995	\$18,000
Award Bid	Oct 19 - Nov 17, 1995	^{1/}	
Disassemble Unit 4	Apr 1 - May 10, 1996		\$142,860
Delivery of Materials ^{2/}	Nov 20, 1995 - Sep 25, 1996		\$5,117,330
Install Components - Unit 4	Sep 26, 1996 - Mar 27, 1997		\$1,558,000
Reassemble Unit 4	Mar 24 - May 16, 1997		\$190,480
Disassemble Unit 5	Aug 13 - Sep 24, 1997		\$142,860
Delivery of Materials ^{2/}	Apr 7, 1997 - Feb 12, 1998		\$3,965,330
Install Components - Unit 5	Feb 13 - Aug 4, 1998		\$1,538,000
Reassemble Unit 5	Aug 5 - Sep 30, 1998		\$190,480
Disassemble Unit 3	Dec 30, 1998 - Feb 11, 1999		\$142,860
Delivery of Materials ^{2/}	Aug 19, 1998 - Jun 28, 1999		\$3,935,330
Install Components - Unit 3	Jun 29 - Dec 20, 1999		\$1,543,000
Reassemble Unit 3	Dec 21, 1999 - Feb 17, 2000		\$190,470
Contingencies			\$2,500,000
Total Cost			\$21,175,000

^{1/} Funding Dates to be added upon award of contract(s) by Reclamation.

^{2/} Potential field winding replacement is included in the materials costs.

3. The estimated breakdown of the costs for the work generally set forth in this Contract are as follows:

Contract Costs		\$17,300,000
Non-Contract		
Regional Engineering	50,000	
Contract Administration	50,000	
Reclamation Technical Center	105,000	
Contract Inspection	170,000	
Local O&M Staff additional work	1,000,000	
Sub Total		1,375,000
Contingencies (15% of Contract amount)		2,500,000
Total		\$21,175,000

EXHIBIT B
(Repayment Schedule and Customers Percentages)

1. This Exhibit B, to be effective under and as a part of Contract No. 94-SAO-00047 (hereinafter called the Contract) shall become effective coincidentally with the Contract, and shall remain in effect until either superseded by another Exhibit B or upon termination of the Contract.

2. The following table shows each Customer's Percentage to be used as the basis for calculating amounts to be advanced by each Customer and the credits to be made on each Customer's CVP power bills.

PARTICIPANTS	PERCENTAGE SHARE	CALCULATED DOLLAR AMOUNT
BART	1.0 %	211,750
NCPA ^{1/} (5.3 %)		
Turlock	0.3 %	63,525
Alameda	1.4 %	296,450
Biggs	0.2 %	42,350
Gridley	0.4 %	84,700
Healdsburg	0.2 %	42,350
Lodi	0.8 %	169,400
Lompoc	0.4 %	84,700
Plumas Sierra	1.1 %	232,925
Ukiah	0.5 %	105,875
Palo Alto ^{1/}	35.9 %	7,601,825
Redding	10.0 %	2,117,500
Roseville	5.0 %	1,058,750
SMUD	30.0 %	6,352,500
Santa Clara ^{1/}	12.8 %	2,710,400
TOTAL	100.0 %	\$21,175,000

^{1/} Subject to final participation by NCPA Members.

EXHIBIT C
(Shasta Rewind Incremental Increase in Capacity) ^{1/}

1. This Exhibit C, to be effective under and as a part of Contract No. 94-SAO-00047 (hereinafter called the Contract) shall become effective coincidentally with the Contract, and shall remain in effect until either superseded by another Exhibit C or upon termination of the Contract.

2. The following table shows the incremental increase in capacity after completion of the work generally set forth in Section 6 of the Contract.

STORAGE 1,000 ACRE FEET	CAPACITY MW
3600	47
3500	41
3400	35
3300	26
3200	24
3100	22
3000	20

^{1/} Based on existing capacity of 118 MW for generating unit 3 and 105 MW for generating units 4 and 5.

RESOLUTION NO. 95-88

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING THE EXECUTION OF THE CONTRACT FOR FUNDING OF
MAINTENANCE WORK AT THE SHASTA POWERPLANT, CONTRACT NO.94-SAO-00047,
WITH THE UNITED STATES OF AMERICA

WHEREAS, the City of Lodi is a customer of the Western Area Power Administration currently receiving an allotment of power from the Central Valley Project; and

WHEREAS, the Shasta Powerplant urgently requires rewinding and associated work on certain generating units; and

WHEREAS, all parties, including the Western Area Power Administration, Department of Energy, Bureau of Reclamation, Department of Interior and the City of Lodi and other Central Valley Project customers desire to go forward with the Shasta Powerplant Rewinds;

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Lodi does hereby authorize approval of the contract for funding of maintenance work at the Shasta Powerplant, Contract No. 94-SAO-00047, with the United States of America;

BE IT FURTHER RESOLVED that the City Council of the City of Lodi does hereby authorize the City Manager and City Clerk to execute the contract on behalf of the City of Lodi. .

Dated: July 5, 1995

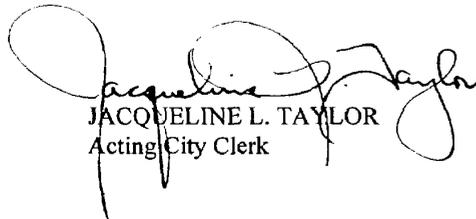
I hereby certify that Resolution No. 95-88 was passed and adopted by the City Council of the City of Lodi in a regular meeting held July 5, 1995, by the following vote:

AYES: COUNCIL MEMBERS - Davenport, Pennino, Sieglock, Warner and
Mann (Mayor)

NOES: COUNCIL MEMBERS - None

ABSENT: COUNCIL MEMBERS - None

ABSTAIN: COUNCIL MEMBERS - None


JACQUELINE L. TAYLOR
Acting City Clerk