

ELECTRIC ENERGY AND POWER COORDINATION AGREEMENT

This CONTRACT, effective July 1, 1985, by and between the UNITED STATES OF AMERICA (hereinafter called "Government"), represented by the United States Department of Energy (hereinafter called "DOE") and the INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO (hereinafter called "County" or "Contractor").

WITNESSETH THAT:

WHEREAS, DOE is authorized pursuant to the Department of Energy Organization Act (Public Law 95-91) and other applicable law, including the Atomic Energy Act of 1954, as amended, to provide or otherwise arrange for utility facilities and services; and

WHEREAS, DOE owns and operates electric generation, transmission and distribution facilities and its Albuquerque Operations Office has entered into purchase power agreements with the Department of Energy's Western Area Power Administration (hereinafter called "Western") and with the Public Service Company of New Mexico (hereinafter called "PNM") for the purpose of meeting the electric power and energy requirements of DOE in Los Alamos, New Mexico; and

WHEREAS, the County owns and operates an electric distribution system for purposes of distributing electric power and energy to customers within Los Alamos County; and

WHEREAS, the County has authority to acquire and operate electric generation facilities under Sections 3-24-1 and 3-24-11 to 3-24-18 NMSA 1978 (MEGA legislation); and

WHEREAS, DOE and the County have jointly identified and evaluated a number of alternative sources of power and energy which could be used more advantageously than current power and energy arrangements; and

WHEREAS, DOE and the County recognize that acquisition by the County of an ownership interest in power generation and transmission facilities affords the best opportunity for controlling future power costs; and

WHEREAS, the County has authority to issue bonds to provide the necessary funds to acquire an ownership interest in power generation and transmission facilities; and

WHEREAS, DOE and the County have determined that it is to their mutual benefit to satisfy their requirements by combining their power generation and transmission resources to distribute power and energy on an economic dispatch basis;

NOW, THEREFORE, the parties agree as set forth in the following parts of this contract:

PART I - THE SCHEDULE

SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS

ARTICLE I - SCHEDULE DEFINITIONS

In addition to the terms defined in Clause 1 of Part II, Section I, the following terms are defined or purposes of this contract:

- (a) "Approved Operating Procedures" means the policies, rules and guidelines approved by the Contracting Officer and the County Authority for the coordinated operation of the Approved Resources and the Resource Accounting Pool.
- (b) "Approved Resources" means the electric utility resources contributed by each party pursuant to this contract and utilized by the Operating Committee pursuant to the Approved Operating Procedures.
- (c) "County Authority" means the Utility Board and the County Council or their duly authorized representative for purposes of this contract.
- (d) "Indentures" means, (i) until such time as the same shall have been discharged and satisfied by the refunding or defeasance of all bonds issued thereunder for purposes of financing or refinancing any Approved Resources of the County, the Indenture of Trust dated as of December 1, 1984 between the County and The Bank of New York, as the same has been supplemented and amended to the effective date of this Contract, and as the same may hereafter be supplemented or amended, and (ii) until such time as the same shall have been discharged and satisfied by the refunding or defeasance of all bonds issued thereunder for the purposes of financing or refinancing (including refunding of bonds issued under the Indenture of Trust mentioned in clause (i) above) any Approved Resources of the County, the Indenture of Trust dated as of January 1, 1994 between the County and Norwest Bank Minnesota, National Association (or its successors), as the same may be supplemented and amended from time-to-time, including, without limitation, as supplemented and amended by the First Supplemental Indenture of Trust dated March 1, 1994 between the County and said National Association providing for the issuance by the County of its Utility System Revenue Bonds, Series 1994A.
- (e) "Los Alamos Service Area" means that area within and adjacent to the geographic boundary of Los Alamos County receiving service from the electric systems of either the County or DOE.
- (f) "Manager of Operations" means a person responsible to the Operating Committee having authority to act on its behalf regarding matters in those areas that are specified within the Approved Operating Procedures.

- (g) "Operating Committee" means those persons designated by the Contracting Officer and the County Authority to have responsibility for the coordinated operation of the Approved Resources and the Resource Accounting Pool in accordance with Approved Operating Procedures.
- (h) "Resource Accounting Pool" means that accounting method wherein costs of the consolidated County/DOE operation are recorded and apportioned between the parties pursuant to this contract.
- (i) "Pool Fiscal Year" means a twelve month period from July 1 through June 30.
- (j) "Resource Planning Horizon" means a rolling five year period following the current Pool Fiscal Year for capacity and energy planning.
- (k) "Monthly Demand Projections" means a forecast of monthly demands including internal Los Alamos system losses for each month of the Resource Planning Horizon submitted annually by each party prior to the end of the current Pool Fiscal Year.
- (l) "Long Term Capacity Resources" includes allocations of Western hydroelectric power, power purchase contracts with durations greater than twelve (12) months, San Juan ownership and the Laramie River Station Participation Power Sales Agreement as well as the level of monthly output that can reasonably be anticipated from TA-3, the Los Alamos combustion turbine ("CT"), the County's hydroelectric units, and the County's Solar Project during each month of the Resource Planning Horizon.
- (m) "Minimum Long-Term Capacity Requirements" means the highest monthly amount of Long-Term Capacity Resources that is equal to 120% of the Los Alamos Pool Monthly Demand Projections in all months of the Resources Planning Horizon.
- (n) "Short-Term Capacity Resources" means the portion of Approved Resources beyond those resources defined as Long-Term Capacity Resources that may be operationally available from time to time. The Short-Term Capacity Resources include variable amounts that may be available on a month by month basis as well as amounts of purchased power from third party suppliers on a short-term contractual basis of 12 months or less. Short-Term Capacity Resources generally will be utilized to meet specific short-term operational needs.
- (o) "Excess Long-Term Capacity Resources" means capacity in excess of the lowest amount of Long-Term Capacity Resources required to satisfy the Minimum Long-Term Capacity Requirements in all months with the Resource Planning Horizon.
- (p) "Special Purpose Approved Resources (SPAR)" means the electric utility facilities and power contracts that have been incorporated into the ECA primarily to meet the special needs of one of the parties and utilized by the Operating Committee pursuant to the Approved Operating Procedures "Scheduling Agent Services" means those facilities and County personnel that provide: (1) continuous real time monitoring of the loads and resources related to supplying the power requirements of LANL, the County, Kirtland Air

force Base and Sandia National Laboratories (“KAFB/SNL”); (2) supplemental short-term purchases to cover projected resources deficits; (3) Short-term sales of capacity and energy excesses; (4) schedules for transmission deliveries for all power transactions; (5) hour by hour records as well as assist in the month end accounting and validation of monthly statements related to transmission services and short term power transactions as may be necessary to support the Resource Accounting Pool; (6) and adjust deliveries in the event of transmission or power supply emergencies to the extent practical to ensure continuity of service; (7) assurance that power supply resources are scheduled and operated in a manner that minimizes costs without compromising service reliability.

ARTICLE II – STATEMENT OF SERVICES

(a) Resources

- (1) Contribution and Usage of Power and Energy. Exhibits A and B identify the respective Approved Resources to be contributed by DOE and the County for electrical service to the Los Alamos Service Area. Each party shall be separately responsible for all arrangements necessary for the acquisition, transportation, operation (including fuel costs), and maintenance of its respective resources. All power and energy requirements of DOE and the County within the Los Alamos Service Area and during the term of this contract shall be first satisfied from the Approved Resources. Notwithstanding the foregoing, pursuant to Approved Operating Procedures, other resources may be used to furnish the loads of the parties otherwise required to be first served from the Approved Resources when such other resources are found to be economically beneficial to both parties.

The County and DOE agree to give notice to one another of meetings or proceedings with third parties involving matters that could significantly alter established Resource Accounting Pool cost responsibilities. The County and DOE agree to designate representatives who are to be notified of such meetings and proceedings. Said representatives shall consult one another to determine whether the party receiving notice should attend. Such notice should be given to the other party at least forty-eight (48) hours prior to the meeting.

- (2) Priorities. For purposes of establishing priority of deliveries in the event of curtailment of Approved Resources, the approved resources shall be divided into two categories. The first shall include those facilities for which the County has outstanding bonded indebtedness and the second shall include all remaining County and DOE Approved Resources. The County shall have exclusive control of establishing the priority of use for the first category of resources and the second category shall be allocated in accordance with a priority plan approved by the Contracting Officer and the County Authority. The Operating Committee will develop and periodically review such priority

plan to assure that the second category of resources are allocated to give priority to human needs, health, safety, and security needs.

(3) Continuity of Service.

- (a) Each party will use every reasonable means consistent with prudent utility practices to provide its Approved Resources on a regular and uninterrupted basis, but neither party shall be liable to the other for failure, suspension, diminution, or other variations of service occasioned by any cause beyond its control and without willful misconduct or gross negligence. Such causes may include, but are not restricted to, acts specified in Article VI hereof
- (b) The parties recognize that temporary interruptions or reductions may be necessary for the purpose of maintenance, repairs, replacements, installation of equipment, or inspection. Either party will give the Operating Committee, except in case of emergency, reasonable advance notice of such temporary interruptions or reductions and will minimize to the extent practicable the duration of such interruptions or reductions.

(4) Additional Approved Resources.

In the event either party desires to add additional Approved Resources beyond those defined in Exhibits A and B, or the County issues additional bonds to finance or otherwise fund the Additional Approved Resources, such additions may be incorporated into this contract by modification, provided that parties mutually agree upon the terms and conditions for the addition of such Approved Resources. Further, the terms and conditions for such agreement shall be agreed upon prior to issuance of such bonds.

The parties recognize under the terms of the County's Network Integrated Transmission Service Agreement ("NITSA") with Public Service Company of New Mexico ("PNM") that PNM has the utility responsibility to provide off-site transmission facilities on a timely basis to serve projected Los Alamos Area load growth and service reliability needs. In recognition of this PNM obligation, the Parties have requested PNM to evaluate the projected needs of the Los Alamos Service Area and complete all necessary system improvements required to address the growth and service reliability needs of Los Alamos and the surrounding area. Accordingly, the Parties agree that certain transmission project language added to the ECA with Modification 13 providing for the addition of the Norton-STA line, related Norton-STA Line terminal facilities and the sharing of fiber optic communication paths on the North-STA Line is hereby deleted in its entirety. However, the parties concur that the STA Substation, the West Technical Area ("WTA") Substation, the STA to WTA transmission line and associated tie lines are internal to the Los Alamos System shall remain as Approved Resources.

The parties recognize that one or more renewable energy-supply sources are needed to meet the NNSA renewable energy requirements established for LANL. Such renewable energy supply facilities and/or contracts shall be included as Approved Resources under the Resource Accounting Pool except as otherwise specified below. The parties agree to provide for cost recovery through the Resource Accounting Pool pursuant to the operational and cost-recovery guidelines set forth in Exhibit A and/or B depending upon which party(s) contracts for such renewable energy supply sources(s).

The parties recognize that the County is proceeding with the addition of a third generating unit at the Abiquiu Hydroelectric Plant and a Solar Project at Los Alamos TA-61. The parties agree that this additional Abiquiu Unit and Solar Project, when placed in commercial operation, will be Approved Resources under the Resource Accounting Pool. The parties agree to provide for cost recovery through the Resource Accounting Pool pursuant to the operational and cost recovery guidelines set forth in Attachment A, Exhibit B, Schedule 3.2.

The parties recognize the need to provide flexibility to enter into power purchase arrangements to meet longer term capacity needs. The parties agree that subject to the advance concurrence of the Contracting Authorities, that such authorized purchase power contracts will be Approved Resources under the Resource Pool. The parties agree to provide for cost recovery through the Resource Accounting Pool pursuant to the operational and cost recovery guidelines set forth in Exhibit A and/or B depending upon which party(s) contracts for the resources(s).

(b) Resource Costs and Payments

- (1) Accounting for Resource Costs. The costs of providing the Approved Resources described in Paragraph (a) (1) above shall be accounted for in a Resource Accounting Pool. The costs and charges allowable for inclusion in the Resource Accounting Pool are set forth in Exhibits A through E. The uniform system of accounts as approved from time to time by the Federal Energy Regulatory Commission (FERC) shall be used to record costs for Approved Resources.

A cost incurred audit of charges to the Resources Accounting Pool will be performed annually. This audit will be completed by an independent auditor acceptable to both parties unless it can be demonstrated that an audit can be completed by the Defense Contract Audit Agency or the DOE Office of Inspector General within one year of the end of the Pool Fiscal Year to be audited. If the audit performed by an independent auditor, the costs of such audit will be included in the Resources Accounting Pool.

Either party may request a review in addition to the annual audit of the expenses that have been included in the Resource Accounting Pool. The party making the request will be responsible for all costs associated with such review. The allowability of DOE 's variable and miscellaneous costs (those which are not a fixed charge or established by

formula) shall be consistent with DOE's full cost recovery policy as set forth in 10 CFR Part 1009 except that no DOE added factor shall apply. The allowability of the County's variable and miscellaneous costs (those which are not a fixed charge or established by formula) shall be consistent with the Contract Cost Principles and Procedures as set forth in 48 CFR Subparagraph 31.6 (OMB Circular No. A-87).

(2) Miscellaneous Costs.

- (a) Except as provided herein, all costs associated with personnel, procurement, management and administration that are not directly related to the combined operation of Approved Resources shall be borne separately by each party. All individuals directly involved in Pool activities shall maintain hourly time records as support for charges reimbursed by the Pool. Exhibit C sets forth miscellaneous costs of mutual benefit to the parties that will be allowable in the Resource Accounting Pool. Additions, deletions, or changes of miscellaneous costs to the Resource Accounting Pool may be made upon agreement of the Contracting Officer and County Authority by exchange of correspondence without formal modification of this contract. Exhibit C will be updated as the contract is periodically modified to reflect recurring cost items.
- (b) Each party shall bear all costs associated with its respective 115/13 kV transformation and 13 kV distribution facilities. At several locations, however, it is advantageous to connect load to the distribution network of the other party, and thereby avoid an unnecessary duplication of facilities. Exhibit D provides the facilities charge for monthly cost of service responsibility associated with the County's use of DOE's distribution facilities. Such costs are to be accounted for as part of the Resource Accounting Pool.

(3) Allocation of Resource Costs.

- (i) Costs included in the Resource Accounting Pool pursuant to (1) and (2) above shall be classified as demand related, energy related, or customer related (or a combination thereof) consistent with the classification shown in Exhibit E. Demand related costs shall be allocated each month between the two Parties based on the ratio of each party's billing demand to the sum of both Parties' billing demands for the applicable month.
- (ii) For the period July 1, 1997 through June 30, 2001, the following Billing demand shall apply to the Approved Resources that exist during the July 1, 1997 through June 30, 2001 time period:

Billing demand for each Party is the higher of that party's actual demand at the time of the coincidental monthly system peak during the billing month, or 83% of that party's actual demand at the time of the highest coincidental monthly system peak during the preceding eleven months.

(iii) For the period commencing July 1, 2001 and thereafter, the following Billing demand shall apply to the Approved Resources that exist as of the June 30, 2001 time period:

Billing demand shall be each party's actual demand at the time of the coincidental monthly system peak during the billing month. However, if in any month when the combined demand of the parties is less than 100MW, then the following demand ratchet provision shall apply:

The billing demand of each party shall be the higher of a) that party's actual demand at the time of the coincidental monthly peak during the billing month, or b) 83% of that Party's actual demand at the time of the highest coincidental peak during the preceding eleven months. Provided, however, if any such resulting computation under b) yields a computed demand greater than 68 MW for DOE, then 68 MW shall become the DOE billing demand. Likewise, if any such resulting computation under b) yields a computed demand greater than 15 MW for the County, then 15 MW shall become the County billing demand.

The above method shall continue in effect until the outstanding debt on Pool Resources has been retired. The parties may negotiate a different cost allocation procedure for any future Pool Resources funded by the County, or for the fixed costs associated with any additional long term power purchase or transmission commitment made to expend Pool Resources.

Energy related costs shall be allocated based on the ratio of a party's energy consumption during the month to the combined total consumption for the month. Customer related costs shall be allocated equally between the Parties.

The parties agree to annually assess, in good faith, requirements for Long-Term Capacity Resources and Short-Term Capacity Resources, through evaluation of historical experience, Monthly Demand Projections and Minimum Long-Term Capacity Requirements. A similar review shall also be made at other times whenever a previously unanticipated load reduction or load increase of 5 MW or more occurs or is projected to occur. Through such capacity assessments, the parties agree to determine if Excess Long-Term capacity exists.

If Excess long-Term Capacity is determined to exist throughout the Resource Planning Horizon, each party agrees to pursue available options to dispose of their excess portions of the appropriate Long-Term Capacity Resource(s). If an offer is received, acceptable to both parties, the disposition of the excess capacity will be so handled.

Alternatively, if an offer, projected to produce a net savings to the Pool throughout the full Resource planning Horizon, is received that is acceptable to one party and not the other, the parties shall develop specific terms and conditions to reapportion cost responsibilities and revenue benefits, such that the party that determines the offer is unacceptable shall be assigned the associated cost responsibility and revenue benefits.

The County shall not be required to accept any offer (or penalized hereunder for refusing to accept an offer) to dispose of Long-Term Capacity Resources if the acceptance of such offer would adversely affect the status of any outstanding County Bonds as exempt for inclusion in gross income for federal income tax purposes. If the Parties are unable to dispose of such Excess Long-Term Capacity, then the cost associated with the Approved Resource shall continue to be shared as a Pool cost.

(4) Refinancing Benefits and Costs.

- a. The annual savings in debt service payments associated with the County's Approved Pool Resources by reason of replacement of the County's 1986A Revenue Bonds and the replacement of the County's 1994A Revenue Bonds shall be designated as Refinancing Savings. The parties agree to an equal sharing of the portion of the Refinancing Savings that relate to the County's 1994A Revenue Bonds (1994A Savings) and a demand ratio sharing of the portion of the Refinancing Savings associated with the County's 2004A Revenue Bonds (2004A Savings). Under the method of Allocation of Resource Costs of ARTICLE II (b) (3) above, the County will realize its share of the 2004A Savings and a portion of its equal share of the 1994A Savings from the demand allocation method for assigning fixed costs. The parties agree that the remainder of the County's share of the 1994A Savings shall be provided to the County through direct assignment of an amount of interest earnings from Bond Fund investments to the County. This method for sharing 1994A Savings is further defined in Attachment A, Exhibit F.
- b. The parties agree to an amortization of the San Juan Environmental upgrade costs over a fifteen (15) year period and that these costs shall be includable in the Resource Accounting Pool to the extent that the ECA continues during the amortization period.

- (5) Net Cost Responsibility and Payment. The parties' costs and charges as allowed in the Resource Accounting Pool and the parties' allocated share of costs of the Resource Accounting Pool shall be determined monthly in accordance with the Approved Operating Procedures. Exhibit E illustrates the method for calculating the cost of electric service to the parties and the related net payment. An invoice will be sent within fifteen (15) calendar days after the end of the billing period, and paid by the receiving party within 20 days after receipt of said invoice. A late fee of 1% per month will be assessed for each month, or part thereof, that the payment is late.

(c) Administration of Contract

- (1) Administration. The responsibilities of the Contracting Officer and the County Authority shall include, but are not necessarily limited to, the following:

- (a) Designation of the Operating Committee size and appointment of their respective representatives.
- (b) Approval of all additions to, or deletions of Approved Resources.
- (c) Approval and modification of Approved Operating Procedures which shall include policies for disposal of surplus power, economy energy transactions, reserve sharing arrangements, short term power purchases, emergency power purchases, and negotiations and agreements related thereto.
- (d) Resolution of issues that cannot be resolved by the Operating Committee. Any issue that cannot be resolved by the Contracting Officer and County Authority shall be resolved under the provisions of the Disputes Clause.

(2) Metering

- (a) All metering equipment shall be of standard manufacture and adequate to establish accurately the monthly kilowatt-hour energy use of each Party and to provide a reasonably accurate determination of each Party's contribution to the coincidental monthly demand. All meters measuring loads greater than 25 KW shall measure and store 60 days of interval-by-interval load data.
- (b) Unless otherwise agreed, DOE shall be responsible to furnish, install, maintain, and calibrate all meters at the Norton and ETA substations, and the County delivery points (Operating Procedure C7-Metering Equipment). All meter reading shall be in accordance with the Approved Operating Procedures. In the event that any meter fails to register or registers incorrectly, the quantity of service delivered through-it shall be estimated based upon the best available information or historic and/or current usage. The County shall have the right to inspect all meter installations and billing data derived from them.
- (c) For purpose of determining cost allocation factors for the Resource Accounting Pool, all metered quantities shall be adjusted for losses to reflect usage quantities at the system input points which are defined as the dead-end structure on the east side of the Rio Grande river crossing of the Norton-ETA 115 kV line, the STA end of the BA-STA 115 kV line, the net output of on-site generation including the TA-3 steam power plant, the 25 MW combustion turbine, the two (2) 1 MW diesel engine generators, and the Solar Project as metered at the points of connection to the Los Alamos 13 kV system.
- (d) The County shall provide Scheduling Agent Services on behalf of Western, NNSA, and County, and shall be paid in accordance with Article II, Statement of Services b.2.

ARTICLE III - TERM

- (a) The contract shall become effective July 1, 1985 and shall expire June 30, 2020.
- (b) By mutual agreement of the parties, the period of performance may be extended in one-year increments (referred to herein as “options”), for a total of five years. These bilateral options, if exercised, would bring the term expiration date to June 30, 2025.
- (c) The Contracting Officer shall provide a written notice informing the County of the Government’s interest in exercising each option. The Contracting Officer’s written notice shall be issued no later than ninety (90) days prior to the scheduled conclusion date of the contract period of performance. The County shall inform the Government of its interest in exercising each option. Upon receipt of the County’s written notice, the Contracting Officer will initiate a supplemental agreement modification to exercise the option, update the option term’s estimated value (if needed), and extend the contract period of performance. The breakdown of the option years are listed below:

Option Year 1: Term: July 01, 2020 through June 30, 2021; Value: \$37.60M Estimated

Option Year 2: Term: July 01, 2021 through June 30, 2022; Value: \$38.73M Estimated

Option Year 3: Term: July 01, 2022 through June 30, 2023; Value: \$40.00M Estimated

Option Year 4: Term: July 01, 2023 through June 30, 2024; Value: \$41.20M Estimated

Option Year 5: Term: July 01, 2024 through June 30, 2025; Value: \$42.44M Estimated

Total Option Years: \$199.97M Estimated

Total Contract Ceiling: \$1,113,623,415.00 Estimated

- (d) The Parties recognize that NNSA is under no obligation to continue to buy electrical power from the County and that the County is under no obligation to sell power to NNSA beyond the term of the contract in effect.

ARTICLE IV – OPERATING COMMITTEE

(a) Establishment. The parties hereby agree to establish an Operating Committee which shall, pursuant to policies and directions in the Approved Operating Procedures, accomplish planning, resource scheduling, and accounting procedures for the cooperative operation of the Approved Resources hereunder. The Operating Committee will be composed of equal representation from each party and its number of members may vary from time to time.

(b) Duties and Responsibilities. The Operating Committee’s duties and responsibilities include the general monitoring and control over the planning and operation of the Approved Resources and the Resource Accounting Pool. The Operating Committee shall approve the appointment of a Manager of Operations pursuant to the Approved Operating Procedures. Specific duties and

responsibilities of the Operating Committee, some of which may be delegated to the Manager of Operations, shall include, but not limited to, the following:

- (1) Coordinate power and energy requirements of the various users within the Los Alamos Service Area to assure optimum utilization of the Approved resources.
- (2) Plan and schedule use of Approved Resources to assure that user requirements are satisfied in a reliable and efficient manner.
- (3) Maintain the Resource Accounting Pool for the purpose of determining the appropriate allocation of costs to the parties. A separate checking account and accounting system shall be established by the County for the collection and disbursement of all funds related to Pool Approved Resources. All determinations of the Operating Committee shall be subject to periodic audit by the Contracting Officer and County Authority or their respective designees.
- (4) On an annual basis, complete for review and approval by the Contracting Officer and County Authority a detailed twenty-four (24) month budget forecast of all cost components that comprise the Resource Accounting Pool.
- (5) On an annual basis, conduct reviews and studies, and recommend necessary modifications of the Approved Operating Procedures for review and approval by the Contracting Officer and County Authority.
- (6) Develop and periodically update a service priority plan pursuant to Paragraph (a) (2) of Article II.
- (7) Refer issues that cannot be resolved to Contracting Officer and County Authority. During the period of resolution, the Manager of Operations will proceed according to Approved Operating Procedures.

ARTICLE V - RECIPROCAL PERMITS

- (a) DOE hereby grants to the County, free of any rental or similar charge, a revocable access permit to the delivery points for any proper purpose under this contract, including use of the site or sites agreed upon by the parties hereto for the installation, operation and maintenance of the facilities of the County required to be located upon DOE's premises. Authorized representatives of the County will be allowed access to the facilities of the County located within the DOE premises at suitable times to perform the obligations of the County with respect to these facilities. It is expressly understood that the DOE may limit or restrict the right of access herein granted in any manner considered to be necessary for the national security.
- (b) The County hereby grants to DOE free of any rental or similar charge, a revocable access permit to the delivery points for any proper purpose under this contract, including use of the

site or sites agreed upon by the parties hereto for the installation, operation, and maintenance of the facilities of DOE required to be located upon County premises. Authorized representatives of DOE will be allowed access to the facilities of DOE located within County premises at suitable times to perform the obligations of DOE with respect to these facilities.

- (c) Any facilities installed pursuant to this contractual permit shall be and remain the property of the party installing them notwithstanding that the same may have been affixed to the premises and each party shall have a reasonable time after the expiration of this permit in which to remove its facilities so installed; provided, however, that each party shall have the option of abandoning any of its facilities in place and/or leaving such facilities in place until service comparable to that provided for hereunder is otherwise obtained. Either party may require that facilities that have been installed by the other party remain in service until a reasonable amount of time has been allowed for the affected party to replace those facilities.

ARTICLE VI - UNCONTROLLABLE FORCES

- (a) Neither party shall be considered to be in default with 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, failure of facilities, flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, 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.

ARTICLE VII - COOPERATION OF THE PARTIES

If, in the maintenance of their respective Approved Resources and the utilization thereof for the purposes of this 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, consistent with the policies and principles set forth in Paragraph (b)(1) of Article II.

ARTICLE VIII - WAIVERS

Any waiver at any time by either party hereto of its rights with respect to a 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.

ARTICLE IX - NOTICES

Any notice, demand or request required or authorized by this contract shall be deemed properly given if hand delivered and/or mailed, postage prepaid to the Contracting Officer on behalf of DOE at the address shown on the signature page hereof, and to the County Utilities Manager on behalf of the County at the address shown on the signature page hereof. The designation of the person to be notified or the address of such person may be changed at any time by similar notice.

ARTICLE X - TERMINATION OF EXISTING CONTRACT

Upon the effective date of this contract, Contract No. DE-SC04-77AL03935 between the parties shall automatically terminate without further notice and be of no further force and effect provided that such termination shall be without prejudice to any matters arising under said contract prior to such termination date.

ARTICLE XI – TAXES

(a) The County agrees to notify the DOE Contracting Officer of any State tax, fee, or charge levied or purported to be levied on or collected from the County with respect to the Agreement, any transaction thereunder, or property in the custody or control of the County and constituting an allowable item of cost if due and payable, but which the County has reason to believe, or the Contracting Officer has advised the County, is or may be inapplicable or invalid; and the County further agrees to refrain from paying any such tax, fee, or charge when so instructed in writing by the Contracting Officer. Any State tax, fee, or charge paid with the approval of the Contracting Officer or on the basis of advice from the Contracting Officer that such tax, fee, or charge is applicable and valid, and which would otherwise be an allowable item of cost, shall not be disallowed as an item of cost by reason of any subsequent ruling or determination that such tax, fee, or charge was in fact inapplicable or invalid.

(b) The County agrees to take such action jointly with the Government as may be required or approved by the Contracting Officer to cause any State tax, fee, or charge which would be an allowable cost to be paid under protest; and to take such action jointly with the Government as may be required or approved by the Contracting Officer to seek recovery of any payments made, including assignment to the Government or its designee of all rights to an abatement or refund thereof.

(c) The Government shall hold the County harmless from penalties and interest incurred through compliances with this clause and shall be fully reimburse the County on a monthly basis for any costs incurred for retention of outside counsel or consultants when the need for such

counsel or consultants is mutually agreed to by the parties. All recoveries or credits in respect of the foregoing taxes, fees, and charges (including interest) shall inure to and be for the sole benefit of the Government.

ARTICLE XII – STATIC VAR COMPENSATOR (SVC)

In accordance with ECA Modification A008, DOE negotiated with the Public Service Company of New Mexico (PNM) to receive ten (10) MW of additional transmission service without added charge, except for ancillary services.

In recognition of the above, the County, for the benefit of the parties, initially executed with PNM an assignable Service Agreement for Firm Point to Point Transmission Service, dated May 23, 2000 (TSA), which was subsequently replaced with Network Integrated Transmission Service Agreement (NITSA), dated August 25, 2006. The County agrees to only assign the NITSA to the DOE or its designee, at DOE's request, and to seek and receive DOE's approval prior to modifying or terminating the NITSA.

In recognition of the NITSA and SVC, the parties agree to the following:

- To allocate to the Resource Accounting Pool a NITSA SVC credit equal to the product of 10,000 kW and the resulting average cost per kW for NITSA services for the billing month as compensation for the SVC fixed costs. However, if the SVC credit is curtailed because of the unavailability of the SVC then the monthly SVC credit allocation shall be prorated based upon the number of days during the month the SVC credit is available.
- That ancillary services costs, related to the SVC, are allocable to the Resource Accounting Pool;
- That direct operating costs of the SVC are includable Resource Accounting Pool costs;
- That SVC single item replacement costs are includable Resource Accounting Pool costs, provided that any such costs are less than or equal to \$20,000 per occurrence;
- The NITSA is an Approved Resource; and
- The SVC is a SPAR.

Studies to reaffirm the network benefit of the SVC are to be completed by PNM prior to September 30, 2011. Depending on the study results, PNM, the County and NNSA may agree a modification of the 10,000 kW credit amount and/or a further extension of a credit beyond the current September 30, 2011 expiration date of the SVC credit. This Article shall remain in effect so long as the SVC credit is continued under the NITSA between the County and PNM.

ARTICLE XIII – RENEWABLE ENERGY CREDITS

The parties tentatively agreed to proceed with the installation of two (2) renewable energy supply sources. The projects to be completed on federal land are reasonably expected to qualify for double renewable energy credits ("RECs"), which are to be distributed to the parties at the end of each contract year using the ratio that each party's energy usage bears to the parties' combined total usage during that contract year.

Net Renewable Energy Credits (REC) arising from Approved Resources, SPARs or by direct purchase shall be distributed to the parties using the monthly energy allocator. Either party may sell their respective RECs subject to the other party's right of first refusal under the following terms and conditions:

During the term of this ECA or any extension thereof, County or DOE may sell its assigned RECs to a third party. However, if County is the prospective seller, County shall first offer the RECs to DOE or if DOE is the prospective seller DOE shall first offer to County. Such offer shall be on the same terms and conditions as are offered by the third party. The non-prospective seller shall have 45 days during which to accept the third party offer. If DOE is the prospective seller and County does not accept the third party offer within the forty-five (45) day period, DOE shall be free to accept the third party offer. If County is the prospective seller and DOE does not accept the third party offer within the forty-five (45) day period, County shall be free to accept the third party offer.

If DOE is the prospective seller and County did not exercise its Right of First Refusal, but DOE does not enter into an agreement with the third party on the same stated terms and conditions as the third party offer and close the transaction within ninety (90) days, DOE's right to sell the RECs to the third party shall expire and the procedure described in this Section shall again be applicable.

If County is the prospective seller and DOE did not exercise its Right of First Refusal, but County does not enter into an agreement with the third party on the same stated terms and conditions as the third party offer and close the transaction within ninety (90) days, County's right to sell the RECs to the third party shall expire and the procedure described in this Section shall again be applicable.

The County's assigned RECs shall be made available to NNSA at prevailing market rates on a right-of-first refusal basis. The first renewable energy project is a three MW low-flow hydroelectric generating unit to be located on Corps of Engineers dam at the Abiquiu Reservoir which is tentatively scheduled for completion in March, 2011. The second renewable energy project is up to 2.5 MW of photovoltaic solar panels to be located at the LANL TA-61 site ("Solar Project"). The Solar Project is tentatively scheduled for completion in 2011.

[Signature]

Part II
SECTION I - CONTRACT CLAUSES

Clause # 1: 52.202-1 "Definitions" (NOV 2013)

- (a) "Head of the agency" (also called "agency head") or "Secretary" means the Secretary (or Attorney General, Administrator, Governor, Chairperson, or other chief official, as appropriate) of the agency, including any deputy or assistant chief official of an agency or Secretary
- (b) "Commercial component" means any component that is a commercial item.
- (c) "Commercial item" means -
 - (1) Any item, other than real property, that is of a type customarily used by the general public or by non-governmental entities for purposes other than governmental purposes, and--
 - (i) Has been sold, leased, or licensed to the general public; or,
 - (ii) Has been offered for sale, lease, or license to the general public;
 - (2) Any item that evolved from an item described in paragraph (1) of this definition through advances in technology or performance and that is not yet available in the commercial marketplace, but will be available in the commercial marketplace in time to satisfy the delivery requirements under a Government solicitation;
 - (3) Any item that would satisfy a criterion expressed in paragraphs (c) (1) or (c) (2) of this definition, but for --
 - (i) Modifications of a type customarily available in the commercial marketplace; or
 - (ii) Minor modifications of a type not customarily available in the commercial marketplace made to meet Federal Government requirements. Minor modifications mean modifications that do not significantly alter the nongovernmental function or essential physical characteristics of an item or component, or change the purpose of a process. Factors to be considered in determining whether a modification is minor include the value and size of the modification and the comparative value and size of the final product. Dollar values and percentages may be used as guideposts, but are not conclusive evidence that a modification is minor;
 - (4) Any combination of items meeting the requirements of paragraphs (1), (2), (3), or (5) of this definition that are of a type customarily combined and sold in combination to the general public;
 - (5) Installation services, maintenance services, repair services, training services, and other services if--
 - (i) Such services are procured for support of an item referred to in paragraph (c) (1), (2), (3), or (4) of this definition, regardless of whether such services are provided by the same source or at the same time as the item; and

(ii) The source of such services provides similar services contemporaneously to the general public under terms and conditions similar to those offered to the Federal Government;

(6) Services of a type offered and sold competitively in substantial quantities in the commercial marketplace based on established catalog or market prices for specific tasks performed or specific outcomes to be achieved and under standard commercial terms and conditions. For purposes of these services--

(i) "Catalog price" means a price included in a catalog, price list, schedule, or other form that is regularly maintained by the manufacturer or vendor, is either published or otherwise available for inspection by customers, and states prices at which sales are currently, or were last, made to a significant number of buyers constituting the general public; and

(ii) "Market prices" means current prices that are established in the course of ordinary trade between buyers and sellers free to bargain and that can be substantiated through competition or from sources independent of the offerors.

(7) Any item, combination of items, or service referred to in paragraphs (1) through (6) of this definition, notwithstanding the fact that the item, combination of items, or service is transferred between or among separate divisions, subsidiaries, or affiliates of a contractor; or

(8) A non-developmental item, if the procuring agency determines the item was developed exclusively at private expense and sold in substantial quantities, on a competitive basis, to multiple State and local governments.

(d) "Component" means any item supplied to the Government as part of an end item or of another component.

(e) "Non-developmental item" means --

(1) Any previously developed item of supply used exclusively for governmental purposes by a Federal agency, a State or local government, or a foreign government with which the United States has a mutual defense cooperation agreement;

(2) Any item described in paragraph (1) of this definition that requires only minor modification or modifications of a type customarily available in the commercial marketplace in order to meet the requirements of the procuring department or agency; or

(3) Any item of supply being produced that does not meet the requirements of paragraph (1) or (2) solely because the item is not yet in use.

(f) "Contracting officer" means a person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. The term includes certain authorized representatives of the contracting officer acting within the limits of their authority as delegated by the contracting officer.

(g) Except as otherwise provided in this contract, the terms "subcontracts" includes, but is not limited to, purchase orders and changes and modifications to purchase orders under this contract.

(End of Clause)

Clause # 2: 52.203-3 Gratuities (Apr 1984)

(a) The right of the Contractor to proceed may be terminated by written notice if, after notice and hearing, the agency head or a designee determines that the Contractor, its agent, or another representative --

- (1) Offered or gave a gratuity (e.g., an entertainment or gift) to an officer, official, or employee of the Government; and
- (2) Intended, by the gratuity, to obtain a contract or favorable treatment under a contract.

(b) The facts supporting this determination may be reviewed by any court having lawful jurisdiction.

(c) If this contract is terminated under paragraph (a) of this clause, the Government is entitled --

- (1) To pursue the same remedies as in a breach of the contract; and
- (2) In addition to any other damages provided by law, to exemplary damages of not less than 3 nor more than 10 times the cost incurred by the Contractor in giving gratuities to the person concerned, as determined by the agency head or a designee. (This subparagraph (c)(2) is applicable only if this contract uses money appropriated to the Department of Defense.)

(d) The rights and remedies of the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

(End of Clause)

Clause # 3: 52.203-5 "Covenant Against Contingent Fees" (Apr 1984)

(a) The Contractor warrants that no person or agency has been employed or retained to solicit or obtain this contract upon an agreement or understanding for a contingent fee, except a bona fide employee or agency. For breach or violation of this warranty, the Government shall have the right to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration, or otherwise recover, the full amount of the contingent fee.

(b) "Bona fide agency," as used in this clause, means an established commercial or selling agency, maintained by a contractor for the purpose of securing business, that neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds itself out as being able to obtain any Government contract or contracts through improper influence.

"Bona fide employee," as used in this clause, means a person, employed by a contractor and subject to the contractor's supervision and control as to time, place, and manner of performance, who neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds out as being able to obtain any Government contract or contracts through improper influence.

"Contingent fee," as used in this clause, means any commission, percentage, brokerage, or other fee that is contingent upon the

success that a person or concern has in securing a Government contract.

"Improper influence," as used in this clause, means any influence that induces or tends to induce a Government employee or officer to give consideration or to act regarding a Government contract on any basis other than the merits of the matter.

(End of Clause)

Clause # 4: Reserved

Clause # 5: Reserved

Clause # 6: 52.204-1 Approval of Contract (Dec 1989)

This contract is subject to the written approval of Contracting Officer and shall not be binding until so approved.

(End of Clause)

Clause # 7: Reserved

Clause # 8: 52.215-2 Audit and Records - Negotiation (OCT 2010)

(a) As used in this clause, "records" includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or in any other form.

(b) Examination of costs. If this is a cost-reimbursement, incentive, time-and-materials, labor-hour, or price redeterminable contract, or any combination of these, the Contractor shall maintain and the Contracting Officer, or an authorized representative of the Contracting Officer, shall have the right to examine and audit all records and other evidence sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred directly or indirectly in performance of this contract. This right of examination shall include inspection at all reasonable times of the Contractor's plants, or parts of them, engaged in performing the contract.

(c) Certified cost or pricing data. If the Contractor has been required to submit certified cost or pricing data in connection with any pricing action relating to this contract, the Contracting Officer, or an authorized representative of the Contracting Officer, in order to evaluate the accuracy, completeness, and currency of the cost or pricing data, shall have the right to examine and audit all of the Contractor's records, including computations and projections, related to --

(1) The proposal for the contract, subcontract, or modification;

(2) The discussions conducted on the proposal(s), including those related to negotiating;

(3) Pricing of the contract, subcontract, or modification;
or

(4) Performance of the contract, subcontract or modification.

(d) Comptroller General-

(1) The Comptroller General of the United States, or an authorized representative, shall have access to and the right to examine any of the Contractor's directly pertinent records involving transactions related to this contract or a subcontract hereunder and to interview any current employee regarding such transactions.

(2) This paragraph may not be construed to require the Contractor or subcontractor to create or maintain any record that the Contractor or subcontractor does not maintain in the ordinary course of business or pursuant to a provision of law.

(e) Reports. If the Contractor is required to furnish cost, funding, or performance reports, the Contracting Officer or an authorized representative of the Contracting Officer shall have the right to examine and audit the supporting records and materials, for the purpose of evaluating --

(1) The effectiveness of the Contractor's policies and procedures to produce data compatible with the objectives of these reports;
and

(2) The data reported.

(f) Availability. The Contractor shall make available at its office at all reasonable times the records, materials, and other evidence described in paragraphs (a), (b), (c), (d), and (e) of this clause, for examination, audit, or reproduction, until 3 years after final payment under this contract or for any shorter period specified in Subpart 4.7, Contractor Records Retention, of the Federal Acquisition Regulation (FAR), or for any longer period required by statute or by other clauses of this contract. In addition --

(1) If this contract is completely or partially terminated, the Contractor shall make available the records relating to the work terminated until 3 years after any resulting final termination settlement; and

(2) The Contractor shall make available records relating to appeals under the Disputes clause or to litigation or the settlement of claims arising under or relating to this contract until such appeals, litigation, or claims are finally resolved.

(g) The Contractor shall insert a clause containing all the terms of this clause, including this paragraph (g), in all subcontracts under this contract that exceed the simplified acquisition threshold, and --

(1) That are cost-reimbursement, incentive, time-and-materials, labor-hour, or price-redeterminable type or any combination of these;

(2) For which certified cost or pricing data are required; or

(3) That require the subcontractor to furnish reports as discussed in paragraph (c) of this clause.

The clause may be altered only as necessary to identify properly the contracting parties and the Contracting Officer under the Government prime contract.

(End of clause)

Clause # 9: 52.215-10 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (AUG 2011)

(a) If any price, including profit or fee, negotiated in connection with this contract, or any cost reimbursable under this contract, was increased by any significant amount because --

(1) The Contractor or a subcontractor furnished certified cost or pricing data that were not complete, accurate, and current as certified in its Certificate of Current Cost or Pricing Data;

(2) A subcontractor or prospective subcontractor furnished the Contractor certified cost or pricing data that were not complete, accurate, and current as certified in the Contractor's Certificate of Current Cost or Pricing Data; or

(3) Any of these parties furnished data of any description that were not accurate, the price or cost shall be reduced accordingly and the contract shall be modified to reflect the reduction.

(b) Any reduction in the contract price under paragraph (a) of this clause due to defective data from a prospective subcontractor that was not subsequently awarded the subcontract shall be limited to the amount, plus applicable overhead and profit markup, by which (1) the actual subcontract or (2) the actual cost to the Contractor, if there

was no subcontract, was less than the prospective subcontract cost estimate submitted by the Contractor; provided, that the actual subcontract price was not itself affected by defective certified cost or pricing data.

(c)

(1) If the Contracting Officer determines under paragraph (a) of this clause that a price or cost reduction should be made, the Contractor agrees not to raise the following matters as a defense:

(i) The Contractor or subcontractor was a sole source supplier or otherwise was in a superior bargaining position and thus the price of the contract would not have been modified even if accurate, complete, and current certified cost or pricing data had been submitted.

(ii) The Contracting Officer should have known that the certified cost or pricing data in issue were defective even though the Contractor or subcontractor took no affirmative action to bring the character of the data to the attention of the Contracting Officer.

(iii) The contract was based on an agreement about the total cost of the contract and there was no agreement about the cost of each item procured under the contract.

(iv) The Contractor or subcontractor did not submit a Certificate of Current Cost or Pricing Data.

(2)

(i) Except as prohibited by subdivision (c)(2)(ii) of this clause, an offset in an amount determined appropriate by the Contracting Officer based upon the facts shall be allowed against the amount of a contract price reduction if

--

(A) The Contractor certifies to the Contracting Officer that, to the best of the Contractor's knowledge and belief, the Contractor is entitled to the offset in the amount requested; and

(B) The Contractor proves that the certified cost or pricing data were available before the "as of" date specified on its Certificate of Current Cost or Pricing Data, and that the data were not submitted before such date.

(ii) An offset shall not be allowed if --

(A) The understated data were known by the Contractor to be understated before the "as of" date specified on its Certificate of Current Cost or Pricing Data; or

(B) The Government proves that the facts demonstrate that the contract price would not have increased in the amount to be offset even if the available data had been submitted before the "as of" date specified on its Certificate of Current Cost or Pricing Data.

(d) If any reduction in the contract price under this clause reduces the price of items for which payment was made prior to the date of the modification reflecting the price reduction, the Contractor shall be liable to and shall pay the United States at the time such overpayment is repaid --

(1) Interest compounded daily, as required by 26 U.S.C. 6622, on the amount of such overpayment to be computed from the date(s) of overpayment to the Contractor to the date the Government is repaid by the Contractor at the applicable underpayment rate effective for each quarter prescribed by the Secretary of the Treasury under 26 U.S.C. 6621(a)(2); and

(2) A penalty equal to the amount of the overpayment, if the Contractor or subcontractor knowingly submitted certified cost or pricing data that were incomplete, inaccurate, or noncurrent.

(End of Clause)

Clause #10: 52.215-11 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA -- MODIFICATIONS (AUG 2011)

(a) This clause shall become operative only for any modification to this contract involving a pricing adjustment expected to exceed the threshold for submission of certified cost or pricing data at FAR 15.403-4, except that this clause does not apply to any modification if an exception under FAR 15.403-1 applies.

(b) If any price, including profit or fee, negotiated in connection with any modification under this clause, or any cost reimbursable under this contract, was increased by any significant amount because

(1) the Contractor or a subcontractor furnished certified cost or pricing data that were not complete, accurate, and current as certified in its Certificate of Current Cost or Pricing Data,

(2) a subcontractor or prospective subcontractor furnished the Contractor certified cost or pricing data that were not complete,

accurate, and current as certified in the Contractor's Certificate of Current Cost or Pricing Data, or

(3) any of these parties furnished data of any description that were not accurate, the price or cost shall be reduced accordingly and the contract shall be modified to reflect the reduction. This right to a price reduction is limited to that resulting from defects in data relating to modifications for which this clause becomes operative under paragraph (a) of this clause.

(c) Any reduction in the contract price under paragraph (b) of this clause due to defective data from a prospective subcontractor that was not subsequently awarded the subcontract shall be limited to the amount, plus applicable overhead and profit markup, by which (1) the actual subcontract or (2) the actual cost to the Contractor, if there was no subcontract, was less than the prospective subcontract cost estimate submitted by the Contractor; provided, that the actual subcontract price was not itself affected by defective certified cost or pricing data.

(d)

(1) If the Contracting Officer determines under paragraph (b) of this clause that a price or cost reduction should be made, the Contractor agrees not to raise the following matters as a defense:

(i) The Contractor or subcontractor was a sole source supplier or otherwise was in a superior bargaining position and thus the price of the contract would not have been modified even if accurate, complete, and current certified cost or pricing data had been submitted.

(ii) The Contracting Officer should have known that the certified cost or pricing data in issue were defective even though the Contractor or subcontractor took no affirmative action to bring the character of the data to the attention of the Contracting Officer.

(iii) The contract was based on an agreement about the total cost of the contract and there was no agreement about the cost of each item procured under the contract.

(iv) The Contractor or subcontractor did not submit a Certificate of Current Cost or Pricing Data.

(2)

(i) Except as prohibited by subdivision (d)(2)(ii) of this clause, an offset in an amount determined appropriate by

the Contracting Officer based upon the facts shall be allowed against the amount of a contract price reduction if

(A) The Contractor certifies to the Contracting Officer that, to the best of the Contractor's knowledge and belief, the Contractor is entitled to the offset in the amount requested; and

(B) The Contractor proves that the certified cost or pricing data were available before the "as of" date specified on its Certificate of Current Cost or Pricing Data, and that the data were not submitted before such date.

(ii) An offset shall not be allowed if --

(A) The understated data were known by the Contractor to be understated before the "as of" date specified on its Certificate of Current Cost or Pricing Data; or

(B) The Government proves that the facts demonstrate that the contract price would not have increased in the amount to be offset even if the available data had been submitted before the "as of" date specified on its Certificate of Current Cost or Pricing Data.

(e) If any reduction in the contract price under this clause reduces the price of items for which payment was made prior to the date of the modification reflecting the price reduction, the Contractor shall be liable to and shall pay the United States at the time such overpayment is repaid --

(1) Interest compounded daily, as required by 26 U.S.C. 6622, on the amount of such overpayment to be computed from the date(s) of overpayment to the Contractor to the date the Government is repaid by the Contractor at the applicable underpayment rate effective for each quarter prescribed by the Secretary of the Treasury under 26 U.S.C. 6621(a)(2); and

(2) A penalty equal to the amount of the overpayment, if the Contractor or subcontractor knowingly submitted certified cost or pricing data that were incomplete, inaccurate, or noncurrent.

(End of Clause)

Clause #11: 52.215-12 SUBCONTRACTOR COST OR PRICING DATA (OCT 2010)

(a) Before awarding any subcontract expected to exceed the threshold for submission of certified cost or pricing data at FAR 15.403-4, on the date of agreement on price or the date of award, whichever is later; or before pricing any subcontract modification involving a pricing adjustment expected to exceed the threshold for submission of certified cost or pricing data at FAR 15.403-4, the Contractor shall require the subcontractor to submit certified cost or pricing data (actually or by specific identification in writing), in accordance with FAR 15.408, Table 15-2 (to include any information reasonably required to explain the subcontractor's estimating process such as the judgmental factors applied and the mathematical or other methods used in the estimate, including those used in projecting from known data, and the nature and amount of any contingencies included in the price), unless an exception under FAR 15.403-1 applies.

(b) The Contractor shall require the subcontractor to certify in substantially the form prescribed in FAR 15.406-2 that, to the best of its knowledge and belief, the data submitted under paragraph (a) of this clause were accurate, complete, and current as of the date of agreement on the negotiated price of the subcontract or subcontract modification.

(c) In each subcontract that exceeds the threshold for submission of certified cost or pricing data at FAR 15.403-4, when entered into, the Contractor shall insert either --

(1) The substance of this clause, including this paragraph (c), if paragraph (a) of this clause requires submission of certified cost or pricing data for the subcontract; or

(2) The substance of the clause at FAR 52.215-13, Subcontractor Certified Cost or Pricing Data -- Modifications.

(End of Clause)

Clause #12: 52.215-13 SUBCONTRACTOR COST OR PRICING DATA --
MODIFICATIONS (OCT 2010)

(a) The requirements of paragraphs (b) and (c) of this clause shall --

(1) Become operative only for any modification to this contract involving a pricing adjustment expected to exceed the threshold for submission of certified cost or pricing data at FAR 15.403-4; and

(2) Be limited to such modifications.

(b) Before awarding any subcontract expected to exceed the threshold for submission of certified cost or pricing data at FAR 15.403-4, on the date of agreement on price or the date of award, whichever is later; or before pricing any subcontract modification involving a pricing adjustment expected to exceed the threshold for submission of certified cost or pricing data at FAR 15.403-4, the Contractor shall require the subcontractor to submit certified cost or pricing data (actually or by specific identification in writing), in accordance with FAR 15.408, Table 15-2 (to include any information reasonably required to explain the subcontractor's estimating process such as the judgmental factors applied and the mathematical or other methods used in the estimate, including those used in projecting from known data, and the nature and amount of any contingencies included in the price), unless an exception under FAR 15.403-1 applies.

(c) The Contractor shall require the subcontractor to certify in substantially the form prescribed in FAR 15.406-2 that, to the best of its knowledge and belief, the data submitted under paragraph (b) of this clause were accurate, complete, and current as of the date of agreement on the negotiated price of the subcontract or subcontract modification.

(d) The Contractor shall insert the substance of this clause, including this paragraph (d), in each subcontract that exceeds the threshold for submission of certified cost or pricing data at FAR 15.403-4 on the date of agreement on price or the date of award, whichever is later.

(End of Clause)

Clause # 13: 52.219-8 Utilization of Small Business Concerns (JUL 2013)

(a) It is the policy of the United States that small business concerns, veteran-owned small business concerns, service-disabled veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns, and women-owned small business concerns shall have the maximum practicable opportunity to participate in performing contracts let by any Federal agency, including contracts and subcontracts for subsystems, assemblies, components, and related services for major systems. It is further the policy of the United States that its prime contractors establish procedures to ensure the timely payment of amounts due pursuant to the terms of their subcontracts with small business concerns, veteran-owned small business concerns, service-disabled veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns, and women-owned small business concerns.

(b) The Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with efficient contract performance. The Contractor further agrees to cooperate in any studies or surveys as may be conducted by the United States Small Business Administration or the awarding agency of the United States as may be necessary to determine the extent of the Contractor's compliance with this clause.

(c) Definitions. As used in this contract--

"HUBZone small business concern" means a small business concern that appears on the List of Qualified HUBZone Small Business Concerns maintained by the Small Business Administration.

"Service-disabled veteran-owned small business concern"--

(1) Means a small business concern--

(i) Not less than 51 percent of which is owned by one or more service-disabled veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more service-disabled veterans; and

(ii) The management and daily business operations of which are controlled by one or more service-disabled veterans or, in the case of a service-disabled veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran.

(2) Service-disabled veteran means a veteran, as defined in 38 U.S.C. 101(2), with a disability that is service-connected, as defined in 38 U.S.C. 101(16).

"Small business concern" means a small business as defined pursuant to Section 3 of the Small Business Act and relevant regulations promulgated pursuant thereto.

"Small disadvantaged business concern" means a small business concern that represents, as part of its offer, that--

(1)

(i) It has received certification as a small disadvantaged business concern consistent with 13 CFR 124, Subpart E;

(ii) No material change in disadvantaged ownership and control has occurred since its certification;

(iii) Where the concern is owned by one or more individuals, the net worth of each individual upon whom the certification is based does not exceed \$750,000 after taking into account the applicable exclusions set forth at 13 CFR 124.104(c)(2); and

(iv) It is identified, on the date of its representation, as a certified small disadvantaged business in the Dynamic Small Business Search database maintained by the Small Business Administration, or

(2) It represents in writing that it qualifies as a small disadvantaged business (SDB) for any Federal subcontracting program, and believes in good faith that it is owned and controlled by one or more socially and economically disadvantaged individuals and meets the SDB eligibility criteria of 13 CFR 124.1002.

"Veteran-owned small business concern" means a small business concern--

(1) Not less than 51 percent of which is owned by one or more veterans (as defined at 38 U.S.C. 101(2)) or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and

(2) The management and daily business operations of which are controlled by one or more veterans.

"Women-owned small business concern" means a small business concern--

(1) That is at least 51 percent owned by one or more women, or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and

(2) Whose management and daily business operations are controlled by one or more women.

(d)

(1) Contractors acting in good faith may rely on written representations by their subcontractors regarding their status as a small business concern, a veteran-owned small business concern, a service-disabled veteran-owned small business concern, a small disadvantaged business concern, or a women-owned small business concern.

(2) The Contractor shall confirm that a subcontractor representing itself as a HUBZone small business concern is certified by SBA as a HUBZone small business concern by accessing

the System for Award Management database or by contacting the SBA. Options for contacting the SBA include-

(i) HUBZone small business database search application Web page at
http://dsbs.sba.gov/dsbs/search/dsp_searchhubzone.cfm ; or
<http://www.sba.gov/hubzone> ;

(ii) In writing to the Director/HUB, U.S. Small Business Administration, 409 3rd Street, SW., Washington DC 20416; or

(iii) The SBA HUBZone Help Desk at hubzone@sba.gov .

(End of clause)

Clause # 14: 52.219-9 "Small Business Subcontracting Plan"
(JUL 2013) Alternate II (OCT 2001)

(a) This clause does not apply to small business concerns.

(b) Definitions. As used in this clause-

"Alaska Native Corporation (ANC)" means any Regional Corporation, Village Corporation, Urban Corporation, or Group Corporation organized under the laws of the State of Alaska in accordance with the Alaska Native Claims Settlement Act, as amended (43 U.S.C. 1601, et seq.) and which is considered a minority and economically disadvantaged concern under the criteria at 43 U.S.C. 1626(e)(1). This definition also includes ANC direct and indirect subsidiary corporations, joint ventures, and partnerships that meet the requirements of 43 U.S.C. 1626 (e)(2).

"Commercial item" means a product or service that satisfies the definition of commercial item in section 2.101 of the Federal Acquisition Regulation.

"Commercial plan" means a subcontracting plan (including goals) that covers the offeror's fiscal year and that applies to the entire production of commercial items sold by either the entire company or a portion thereof (e.g., division, plant, or product line).

"Electronic Subcontracting Reporting System (eSRS)" means the Government wide, electronic, web-based system for small business subcontracting program reporting. The eSRS is located at <http://www.esrs.gov>.

"Indian tribe" means any Indian tribe, band, group, pueblo, or community, including native villages and native groups (including corporations organized by Kenai, Juneau, Sitka, and Kodiak) as defined in the Alaska Native Claims Settlement Act (43 U.S.C.A. 1601 et seq.),

that is recognized by the Federal Government as eligible for services from the Bureau of Indian Affairs in accordance with 25 U.S.C. 1452(c). This definition also includes Indian-owned economic enterprises that meet the requirements of 25 U.S.C. 1452(e).

"Individual contract plan" means a subcontracting plan that covers the entire contract period (including option periods), applies to a specific contract, and has goals that are based on the offeror's planned subcontracting in support of the specific contract except that indirect costs incurred for common or joint purposes may be allocated on a prorated basis to the contract.

"Master plan" means a subcontracting plan that contains all the required elements of an individual contract plan, except goals, and may be incorporated into individual contract plans, provided the master plan has been approved.

"Subcontract" means any agreement (other than one involving an employer-employee relationship) entered into by a Federal Government prime Contractor or subcontractor calling for supplies or services required for performance of the contract or subcontract.

(c) Proposals submitted in response to this solicitation shall include a subcontracting plan that separately addresses subcontracting with small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns. If the offeror is submitting an individual contract plan, the plan must separately address subcontracting with small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns with a separate part for the basic contract and separate parts for each option (if any). The plan shall be included in and made a part of the resultant contract. The subcontracting plan shall be negotiated within the time specified by the Contracting Officer. Failure to submit and negotiate a subcontracting plan shall make the offeror ineligible for award of a contract.

(d) The offeror's subcontracting plan shall include the following:

(1) Goals, expressed in terms of percentages of total planned subcontracting dollars, for the use of small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns as subcontractors. The offeror shall include all subcontracts that contribute to contract performance, and may include a proportionate share of products and services that are normally allocated as indirect costs. In accordance with 43 U.S.C. 1626:

(i) Subcontracts awarded to an ANC or Indian tribe shall be counted towards the subcontracting goals for small business and small disadvantaged business (SDB) concerns, regardless of the size or Small Business Administration certification status of the ANC or Indian tribe.

(ii) Where one or more subcontractors are in the subcontract tier between the prime contractor and the ANC or Indian tribe, the ANC or Indian tribe shall designate the appropriate contractor(s) to count the subcontract towards its small business and small disadvantaged business subcontracting goals.

(A) In most cases, the appropriate Contractor is the Contractor that awarded the subcontract to the ANC or Indian tribe.

(B) If the ANC or Indian tribe designates more than one Contractor to count the subcontract toward its goals, the ANC or Indian tribe shall designate only a portion of the total subcontract award to each Contractor. The sum of the amounts designated to various Contractors cannot exceed the total value of the subcontract.

(C) The ANC or Indian tribe shall give a copy of the written designation to the Contracting Officer, the prime Contractor, and the subcontractors in between the prime Contractor and the ANC or Indian tribe within 30 days of the date of the subcontract award.

(D) If the Contracting Officer does not receive a copy of the ANC's or the Indian tribe's written designation within 30 days of the subcontract award, the Contractor that awarded the subcontract to the ANC or Indian tribe will be considered the designated Contractor.

(2) A statement of—

(i) Total dollars planned to be subcontracted for an individual contract plan; or the offeror's total projected sales, expressed in dollars, and the total value of projected subcontracts to support the sales for a commercial plan;

(ii) Total dollars planned to be subcontracted to small business concerns (including ANC and Indian tribes);

(iii) Total dollars planned to be subcontracted to veteran-owned small business concerns;

(iv) Total dollars planned to be subcontracted to service-disabled veteran-owned small business;

(v) Total dollars planned to be subcontracted to HUBZone small business concerns;

(vi) Total dollars planned to be subcontracted to small disadvantaged business concerns (including ANCs and Indian tribes); and

(vii) Total dollars planned to be subcontracted to women-owned small business concerns.

(3) A description of the principal types of supplies and services to be subcontracted, and an identification of the types planned for subcontracting to --

(i) Small business concerns,

(ii) Veteran-owned small business concerns;

(iii) Service-disabled veteran-owned small business concerns;

(iv) HUBZone small business concerns;

(v) Small disadvantaged business concerns, and

(vi) Women-owned small business concerns.

(4) A description of the method used to develop the subcontracting goals in paragraph (d)(1) of this clause.

(5) A description of the method used to identify potential sources for solicitation purposes (e.g., existing company source lists, the System for Award Management (SAM), veterans service organizations, the National Minority Purchasing Council Vendor Information Service, the Research and Information Division of the Minority Business Development Agency in the Department of Commerce, or small, HUBZone, small disadvantaged, and women-owned small business trade associations). A firm may rely on the information contained in SAM as an accurate representation of a concern's size and ownership characteristics for the purposes of maintaining a small, veteran-owned small, service-disabled veteran-owned small, HUBZone small, small disadvantaged, and women-owned small business source list. Use of SAM as its source list does not relieve a firm of its responsibilities (e.g., outreach, assistance, counseling, or publicizing subcontracting opportunities) in this clause.

(6) A statement as to whether or not the offeror included indirect costs in establishing subcontracting goals, and a description of the method used to determine the proportionate share of indirect costs to be incurred with --

(i) Small business concerns (including ANC and Indian tribes);

(ii) Veteran-owned small business concerns;

(iii) Service-disabled veteran-owned small business concerns;

(iv) HUBZone small business concerns;

(v) Small disadvantaged business concerns (including ANC and Indian tribes); and

(vi) Women-owned small business concerns.

(7) The name of the individual employed by the offeror who will administer the offeror's subcontracting program, and a description of the duties of the individual.

(8) A description of the efforts the offeror will make to assure that small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns have an equitable opportunity to compete for subcontracts.

(9) Assurances that the offeror will include the clause of this contract entitled "Utilization of Small Business Concerns" in all subcontracts that offer further subcontracting opportunities, and that the offeror will require all subcontractors (except small business concerns) that receive subcontracts in excess of \$650,000 (\$1.5 million for construction of any public facility with further subcontracting possibilities) to adopt a plan similar to the plan that complies with the requirements of this clause.

(10) Assurances that the offeror will --

(i) Cooperate in any studies or surveys as may be required;

(ii) Submit periodic reports so that the Government can determine the extent of compliance by the offeror with the subcontracting plan;

(iii) Submit the Individual Subcontracting Report (ISR) and/or the Summary Subcontract Report (SSR), in accordance with the paragraph (1) of this clause using the Electronic Subcontracting Reporting System (eSRS) at <http://www.esrs.gov>. The reports shall provide information on subcontract awards to small business concerns (including ANCs and Indian tribes that are not small businesses), veteran-owned small business concerns, service-disabled veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns (including ANCs and Indian tribes that have not been certified by the Small Business Administration as small disadvantaged businesses), women-owned small business concerns, and Historically Black Colleges and Universities and Minority Institutions. Reporting shall be in accordance with this clause, or as provided in agency regulations;

(iv) Ensure that its subcontractors with subcontracting plans agree to submit the ISR and/or the SSR using eSRS;

(v) Provide its prime contract number, its DUNS number, and the e-mail address of the offeror's official responsible for acknowledging receipt of or rejecting the ISRs, to all first-tier subcontractors with subcontracting plans so they can enter this information into the eSRS when submitting their ISRs; and

(vi) Require that each subcontractor with a subcontracting plan provide the prime contract number, its own DUNS number, and the e-mail address of the subcontractor's official responsible for acknowledging receipt of or rejecting the ISRs, to its subcontractors with subcontracting plans.

(11) A description of the types of records that will be maintained concerning procedures that have been adopted to comply with the requirements and goals in the plan, including establishing source lists; and a description of the offeror's efforts to locate small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns and award subcontracts to them. The records shall include at least the following (on a plant-wide or company-wide basis, unless otherwise indicated):

(i) Source lists (e.g., SAM), guides, and other data that identify small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns.

(ii) Organizations contacted in an attempt to locate sources that are small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, or women-owned small business concerns.

(iii) Records on each subcontract solicitation resulting in an award of more than \$150,000, indicating --

(A) Whether small business concerns were solicited and if not, why not;

(B) Whether veteran-owned small business concerns were solicited and, if not, why not;

(C) Whether service-disabled veteran-owned small business concerns were solicited and, if not, why not;

(D) Whether HUBZone small business concerns were solicited and, if not, why not;

(E) Whether small disadvantaged business concerns were solicited and if not, why not;

(F) Whether women-owned small business concerns were solicited and if not, why not; and

(G) If applicable, the reason award was not made to a small business concern.

(iv) Records of any outreach efforts to contact --

(A) Trade associations;

(B) Business development organizations;

(C) Conferences and trade fairs to locate small, HUBZone small, small disadvantaged, and women-owned small business sources; and

(D) Veterans service organizations.

(v) Records of internal guidance and encouragement provided to buyers through --

(A) Workshops, seminars, training, etc., and

(B) Monitoring performance to evaluate compliance with the program's requirements.

(vi) On a contract-by-contract basis, records to support award data submitted by the offeror to the Government, including the name, address, and business size of each subcontractor. Contractors having commercial plans need not comply with this requirement.

(e) In order to effectively implement this plan to the extent consistent with efficient contract performance, the Contractor shall perform the following functions:

(1) Assist small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns by arranging solicitations, time for the preparation of bids, quantities, specifications, and delivery schedules so as to facilitate the participation by such concerns. Where the Contractor's lists of potential small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business subcontractors are excessively long, reasonable effort shall be made to give all such small business concerns an opportunity to compete over a period of time.

(2) Provide adequate and timely consideration of the potentialities of small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns in all "make-or-buy" decisions.

(3) Counsel and discuss subcontracting opportunities with representatives of small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business firms.

(4) Confirm that a subcontractor representing itself as a HUBZone small business concern is identified as a certified HUBZone small business concern by accessing the SAM database or by contacting SBA.

(5) Provide notice to subcontractors concerning penalties and remedies for misrepresentations of business status as small, veteran-owned small business, HUBZone small, small disadvantaged or women-owned small business for the purpose of obtaining a subcontract that is to be included as part or all of a goal contained in the Contractor's subcontracting plan.

(6) For all competitive subcontracts over the simplified acquisition threshold in which a small business concern received a small business preference, upon determination of the successful

subcontract offeror, the Contractor must inform each unsuccessful small business subcontract offeror in writing of the name and location of the apparent successful offeror prior to award of the contract.

(f) A master plan on a plant or division-wide basis that contains all the elements required by paragraph (d) of this clause, except goals, may be incorporated by reference as a part of the subcontracting plan required of the offeror by this clause; provided --

(1) The master plan has been approved;

(2) The offeror ensures that the master plan is updated as necessary and provides copies of the approved master plan, including evidence of its approval, to the Contracting Officer; and

(3) Goals and any deviations from the master plan deemed necessary by the Contracting Officer to satisfy the requirements of this contract are set forth in the individual subcontracting plan.

(g) A commercial plan is the preferred type of subcontracting plan for contractors furnishing commercial items. The commercial plan shall relate to the offeror's planned subcontracting generally, for both commercial and Government business, rather than solely to the Government contract. Once the Contractor's commercial plan has been approved, the Government will not require another subcontracting plan from the same Contractor while the plan remains in effect, as long as the product or service being provided by the Contractor continues to meet the definition of a commercial item. A contractor with a commercial plan shall comply with the reporting requirements stated in paragraph (d)(10) of this clause by submitting one SSR in eSRS for all contracts covered by its commercial plan. This report shall be acknowledged or rejected in eSRS by the Contracting Officer who approved the plan. This report shall be submitted within 30 days after the end of the Government's fiscal year.

(h) Prior compliance of the offeror with other such subcontracting plans under previous contracts will be considered by the Contracting Officer in determining the responsibility of the offeror for award of the contract.

(i) A contract may have no more than one plan. When a modification meets the criteria in 19.702 for a plan, or an option is exercised, the goals associated with the modification or option shall be added to those in the existing subcontract plan.

(j) Subcontracting plans are not required from subcontractors when the prime contract contains the clause at 52.212-5, Contract Terms and

Conditions Required to Implement Statutes or Executive Orders-
Commercial Items, or when the subcontractor provides a commercial item
subject to the clause at 52.244-6, Subcontracts for Commercial Items,
under a prime contract.

(k) The failure of the Contractor or subcontractor to comply in good
faith with-

(1) The clause of this contract entitled "Utilization Of Small
Business Concerns;" or

(2) An approved plan required by this clause, shall be a material
breach of the contract.

(1) The Contractor shall submit ISRs and SSRs using the web-based eSRS
at <http://www.esrs.gov>. Purchases from a corporation, company, or
subdivision that is an affiliate of the prime Contractor or
subcontractor are not included in these reports. Subcontract award
data reported by prime Contractors and subcontractors shall be limited
to awards made to their immediate next-tier subcontractors. Credit
cannot be taken for awards made to lower tier subcontractors unless
the Contractor or subcontractor has been designated to receive a small
business or small disadvantaged business credit from an ANC or Indian
tribe. Only subcontracts involving performance in the United States or
its outlying areas should be included in these reports with the
exception of subcontracts under a contract awarded by the State
Department or any other agency that has statutory or regulatory
authority to require subcontracting plans for subcontracts performed
outside the United States and its outlying areas.

(1) ISR. This report is not required for commercial plans. The
report is required for each contract containing an individual
subcontract plan.

(i) The report shall be submitted semi-annually during
contract performance for the periods ending March 31 and
September 30. A report is also required for each contract
within 30 days of contract completion. Reports are due 30
days after the close of each reporting period, unless
otherwise directed by the Contracting Officer. Reports are
required when due, regardless of whether there has been any
subcontracting activity since the inception of the contract
or the previous reporting period.

(ii) When a subcontracting plan contains separate goals for
the basic contract and each option, as prescribed by FAR
19.704(c), the dollar goal inserted on this report shall be
the sum of the base period through the current option; for
example, for a report submitted after the second option is
exercised, the dollar goal would be the sum of the goals

for the basic contract, the first option, and the second option.

(iii) The authority to acknowledge receipt or reject the SSR resides--

(A) In the case of the prime Contractor, with the Contracting Officer; and

(B) In the case of a subcontract with a subcontracting plan, with the entity that awarded the subcontract.

(2) SSR.

(i) Reports submitted under individual contract plans--

(A) This report encompasses all subcontracting under prime contracts and subcontracts with the awarding agency, regardless of the dollar value of the subcontracts.

(B) The report may be submitted on a corporate, company or subdivision (e.g. plant or division operating as a separate profit center) basis, unless otherwise directed by the agency.

(C) If a prime contractor and/or subcontractor is performing work for more than one executive agency, a separate report shall be submitted to each executive agency covering only that agency's contracts, provided at least one of that agency's contracts is over \$650,000 (over \$1.5 million for construction of a public facility) and contains a subcontracting plan. For DoD, a consolidated report shall be submitted for all contracts awarded by military departments/agencies and/or subcontracts awarded by DoD prime Contractors.

(D) The consolidated SSR shall be submitted annually for the twelve month period ending September 30. The report is due 30 days after the close of the reporting period.

(E) Subcontract awards that are related to work for more than one executive agency shall be appropriately allocated.

(F) The authority to acknowledge or reject SSRs in eSRS, including SSRs submitted by subcontractors with subcontracting plans, resides with the Government

agency awarding the prime contracts unless stated otherwise in the contract.

(ii) Reports submitted under a commercial plan--

(A) The report shall include all subcontract awards under the commercial plan in effect during the Government's fiscal year.

(B) The report shall be submitted annually, within thirty days after the end of the Government's fiscal year.

(C) If a Contractor has a commercial plan and is performing work for more than one executive agency, the Contractor shall specify the percentage of dollars attributable to each agency from which contracts for commercial items were received.

(D) The authority to acknowledge or reject SSRs for commercial plans resides with the Contracting Officer who approved the commercial plan.

(iii) All reports submitted at the close of each fiscal year (both individual and commercial plans) shall include a Year-End Supplementary Report for Small Disadvantaged Businesses. The report shall include subcontract awards, in whole dollars, to small disadvantaged business concerns by North American Industry Classification System (NAICS) Industry Subsector. If the data are not available when the year-end SSR is submitted, the prime Contractor and/or subcontractor shall submit the Year-End Supplementary Report for Small Disadvantaged Businesses within 90 days of submitting the year-end SSR. For a commercial plan, the Contractor may obtain from each of its subcontractors a predominant NAICS Industry Subsector and report all awards to that subcontractor under its predominant NAICS Industry Subsector.

(End of Clause)

Clause # 15: 52.219-16 "Liquidated Damages - Subcontracting Plan"
(JAN 1999)

(a) "Failure to make a good faith effort to comply with the subcontracting plan", as used in this clause, means a willful or intentional failure to perform in accordance with the requirements of the subcontracting plan approved under the clause in this contract entitled "Small Business Subcontracting Plan," or willful or intentional action to frustrate the plan.

(b) Performance shall be measured by applying the percentage goals to the total actual subcontracting dollars or, if a commercial plan is involved, to the pro rata share of actual subcontracting dollars attributable to Government contracts covered by the commercial plan. If, at contract completion, or in the case of a commercial plan, at the close of the fiscal year for which the plan is applicable, the Contractor has failed to meet its subcontracting goals and the Contracting Officer decides in accordance with paragraph (c) of this clause that the Contractor failed to make a good faith effort to comply with its subcontracting plan, established in accordance with the clause in this contract entitled "Small Business Subcontracting Plan," the Contractor shall pay the Government liquidated damages in an amount stated. The amount of probable damages attributable to the Contractor's failure to comply shall be an amount equal to the actual dollar amount by which the Contractor failed to achieve each subcontract goal.

(c) Before the Contracting Officer makes a final decision that the Contractor has failed to make such good faith effort, the Contracting Officer shall give the Contractor written notice specifying the failure and permitting the Contractor to demonstrate what good faith efforts have been made and to discuss the matter. Failure to respond to the notice may be taken as an admission that no valid explanation exists. If, after consideration of all the pertinent data, the Contracting Officer finds that the Contractor failed to make a good faith effort to comply with the subcontracting plan, the Contracting Officer shall issue a final decision to that effect and require that the Contractor pay the Government liquidated damages as provided in paragraph (b) of this clause.

(d) With respect to commercial plans; the Contracting Officer who approved the plan will perform the functions of the Contracting Officer under this clause on behalf of all agencies with contracts covered by that commercial plan.

(e) The Contractor shall have the right of appeal, under the clause in this contract entitled, Disputes, from any final decision of the Contracting Officer.

(f) Liquidated damages shall be in addition to any other remedies that the Government may have.

(End of Clause)

Clause # 16: Reserved

Clause # 17: Reserved

Clause # 18: 52.222-3 Convict Labor (JUN 2003)

(a) Except as provided in paragraph (b) of this clause, the Contractor shall not employ in the performance of this contract any person undergoing a sentence of imprisonment imposed by any court of a State, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, or the U.S. Virgin Islands.

(b) The Contractor is not prohibited from employing persons--

(1) On parole or probation to work at paid employment during the term of their sentence;

(2) Who have been pardoned or who have served their terms; or

(3) Confined for violation of the laws of any of the States, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, or the U.S. Virgin Islands who are authorized to work at paid employment in the community under the laws of such jurisdiction, if--

(i) The worker is paid or is in an approved work training program on a voluntary basis;

(ii) Representatives of local union central bodies or similar labor union organizations have been consulted;

(iii) Such paid employment will not result in the displacement of employed workers, or be applied in skills, crafts, or trades in which there is a surplus of available gainful labor in the locality, or impair existing contracts for services;

(iv) The rates of pay and other conditions of employment will not be less than those paid or provided for work of a similar nature in the locality in which the work is being performed; and

(v) The Attorney General of the United States has certified that the work-release laws or regulations of the jurisdiction involved are in conformity with the requirements of Executive Order 11755, as amended by Executive Orders 12608 and 12943.

(End of Clause)

Clause # 19: 52.222-4 Contract Work Hours and Safety Standards Act -
Overtime Compensation (JUL 2005)

(a) Overtime requirements. No Contractor or subcontractor employing laborers or mechanics (see Federal Acquisition Regulation 22.300) shall require or permit them to work over 40 hours in any workweek unless they are paid at least 1 and 1/2 times the basic rate of pay for each hour worked over 40 hours.

(b) Violation; liability for unpaid wages; liquidated damages. The responsible Contractor and subcontractor are liable for unpaid wages if they violate the terms in paragraph (a) of this clause. In addition, the Contractor and subcontractor are liable for liquidated damages payable to the Government. The Contracting Officer will assess liquidated damages at the rate of \$10 per affected employee for each calendar day on which the employer required or permitted the employee to work in excess of the standard workweek of 40 hours without payment of the overtime wages required by the Contract Work Hours and Safety Standards Act.

(c) Withholding for unpaid wages and liquidated damages. The Contracting Officer will withhold from payments due under the contract sufficient funds required to satisfy any Contractor or subcontractor liabilities for unpaid wages and liquidated damages. If amounts withheld under the contract are insufficient to satisfy Contractor or subcontractor liabilities, the Contracting Officer will withhold payments from other Federal or Federally assisted contracts held by the same Contractor that are subject to the Contract Work Hours and Safety Standards Act.

(d) Payrolls and basic records.

(1) The Contractor and its subcontractors shall maintain payrolls and basic payroll records for all laborers and mechanics working on the contract during the contract and shall make them available to the Government until 3 years after contract completion. The records shall contain the name and address of each employee, social security number, labor classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. The records need not duplicate those required for construction work by Department of Labor regulations at 29 CFR 5.5(a)(3) implementing the Davis-Bacon Act.

(2) The Contractor and its subcontractors shall allow authorized representatives of the Contracting Officer or the Department of Labor to inspect, copy, or transcribe records maintained under paragraph (d)(1) of this clause. The Contractor or subcontractor also shall allow authorized representatives of the Contracting Officer or Department of Labor to interview employees in the workplace during working hours.

(e) Subcontracts. The Contractor shall insert the provisions set forth in paragraphs (a) through (d) of this clause in subcontracts may require or involve the employment of laborers and mechanics and require subcontractors to include these provisions in any such lower-tier subcontracts. The Contractor shall be responsible for compliance by any subcontractor or lower-tier subcontractor with the provisions set forth in paragraphs (a) through (d) of this clause.

(End of Clause)

Clause # 20: 52.222-26 Equal Opportunity (MAR 2007)

(a) Definition. "United States," as used in this clause, means the 50 States, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, and Wake Island.

(b)

(1) If, during any 12-month period (including the 12 months preceding the award of this contract), the Contractor has been or is awarded nonexempt Federal contracts and/or subcontracts that have an aggregate value in excess of \$10,000, the Contractor shall comply with this clause, except for work performed outside the United States by employees who were not recruited within the United States. Upon request, the Contractor shall provide information necessary to determine the applicability of this clause.

(2) If the Contractor is a religious corporation, association, educational institution, or society, the requirements of this clause do not apply with respect to the employment of individuals of a particular religion to perform work connected with the carrying on of the Contractor's activities (41 CFR 60-1.5).

(c)

(1) The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. However, it shall not be a violation of this clause for the Contractor to extend a publicly announced preference in employment to Indians living on or near an Indian reservation, in connection with employment opportunities on or near an Indian reservation, as permitted by 41 CFR 60-1.5.

(2) The Contractor shall 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. This shall include, but not be limited to --

- (i) Employment;
- (ii) Upgrading;
- (iii) Demotion;
- (v) Transfer;
- (v) Recruitment or recruitment advertising;
- (vi) Layoff or termination;
- (vii) Rates of pay or other forms of compensation; and
- (viii) Selection for training, including apprenticeship.

(3) The Contractor shall post in conspicuous places available to employees and applicants for employment the notices to be provided by the Contracting Officer that explain this clause.

(4) The Contractor shall, 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.

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

(6) The Contractor shall comply with Executive Order 11246, as amended, and the rules, regulations, and orders of the Secretary of Labor.

(7) The Contractor shall furnish to the contracting agency all information required by Executive Order 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor. The Contractor shall also file Standard Form 100 (EEO-1), or any successor form, as prescribed in 41 CFR part 60-1. Unless the Contractor has filed within the 12 months preceding the date of contract award, the Contractor shall, within 30 days after

contract award, apply to either the regional Office of Federal Contract Compliance Programs (OFCCP) or the local office of the Equal Employment Opportunity Commission for the necessary forms.

(8) The Contractor shall permit access to its premises, during normal business hours, by the contracting agency or the (OFCCP) for the purpose of conducting on-site compliance evaluations and complaint investigations. The Contractor shall permit the Government to inspect and copy any books, accounts, records (including computerized records), and other material that may be relevant to the matter under investigation and pertinent to compliance with Executive Order 11246, as amended, and rules and regulations that implement the Executive Order.

(9) If the OFCCP determines that the Contractor is not in compliance with this clause or any rule, regulation, or order of the Secretary of Labor, this contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts, under the procedures authorized in Executive Order 11246, as amended. In addition, sanctions may be imposed and remedies invoked against the Contractor as provided in Executive Order 11246, as amended, in the rules, regulations, and orders of the Secretary of Labor, or as otherwise provided by law.

(10) The Contractor shall include the terms and conditions of this clause in every subcontract or purchase order that is not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor.

(11) The Contractor shall take such action with respect to any subcontract or purchase order as the contracting officer may direct as a means of enforcing these terms and conditions, including sanctions for noncompliance; provided, that if the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of any direction, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.

(d) Notwithstanding any other clause in this contract, disputes relative to this clause will be governed by the procedures in 41 CFR 60-1.1.

(End of Clause)

Clause # 21: 52.222-35 "Equal Opportunity for Veterans (SEP 2010)

(a) Definitions. As used in this clause--

"All employment openings" means all positions except executive and senior management, those positions that will be filled from within the Contractor's organization, and positions lasting 3 days or less. This term includes full-time employment, temporary employment of more than 3 days duration, and part-time employment.

"Armed Forces service medal veteran" means any veteran who, while serving on active duty in the U.S. military, ground, naval, or air service, participated in a United States military operation for which an Armed Forces service medal was awarded pursuant to Executive Order 12985 (61 FR 1209).

"Disabled veteran" means--

(1) A veteran of the U.S. military, ground, naval, or air service, who is entitled to compensation (or who but for the receipt of military retired pay would be entitled to compensation) under laws administered by the Secretary of Veterans Affairs; or

(2) A person who was discharged or released from active duty because of a service-connected disability.

"Executive and senior management" means--

(1) Any employee--

(i) Compensated on a salary basis at a rate of not less than \$455 per week (or \$380 per week, if employed in American Samoa by employers other than the Federal Government), exclusive of board, lodging or other facilities;

(ii) Whose primary duty consists of the management of the enterprise in which the individual is employed or of a customarily recognized department or subdivision thereof;

(iii) Who customarily and regularly directs the work of two or more other employees; and

(iv) Who has the authority to hire or fire other employees or whose suggestions and recommendations as to the hiring or firing and as to the advancement and promotion or any other change of status of other employees will be given particular weight; or

(2) Any employee who owns at least a bona fide 20-percent equity interest in the enterprise in which the employee is employed, regardless of whether the business is a corporate or other type of organization, and who is actively engaged in its management.

"Other protected veteran" means a veteran who served on active duty in the U.S. military, ground, naval, or air service, during a war or in a campaign or expedition for which a campaign badge has been authorized under the laws administered by the Department of Defense.

"Positions that will be filled from within the Contractor's organization" means employment openings for which the Contractor will give no consideration to persons outside the Contractor's organization (including any affiliates, subsidiaries, and parent companies) and includes any openings the Contractor proposes to fill from regularly established "recall" lists. The exception does not apply to a particular opening once an employer decides to consider applicants outside of its organization.

"Qualified disabled veteran" means a disabled veteran who has the ability to perform the essential functions of the employment positions with or without reasonable accommodation.

"Recently separated veteran" means any veteran during the three-year period beginning on the date of such veteran's discharge or release from active duty in the U.S. military, ground, naval or air service.

(b) General.

(1) The Contractor shall not discriminate against any employee or applicant for employment because the individual is a disabled veteran, recently separated veteran, other protected veterans, or Armed Forces service medal veteran, regarding any position for which the employee or applicant for employment is qualified. The Contractor shall take affirmative action to employ, advance in employment, and otherwise treat qualified individuals, including qualified disabled veterans, without discrimination based upon their status as a disabled veteran, recently separated veteran, Armed Forces service medal veteran, and other protected veteran in all employment practices including the following:

(i) Recruitment, advertising, and job application procedures.

(ii) Hiring, upgrading, promotion, award of tenure, demotion, transfer, layoff, termination, right of return from layoff and rehiring.

(iii) Rate of pay or any other form of compensation and changes in compensation.

(iv) Job assignments, job classifications, organizational structures, position descriptions, lines of progression, and seniority lists.

(v) Leaves of absence, sick leave, or any other leave.

(vi) Fringe benefits available by virtue of employment, whether or not administered by the Contractor.

(vii) Selection and financial support for training, including apprenticeship, and on-the-job training under 38 U.S.C. 3687, professional meetings, conferences, and other related activities, and selection for leaves of absence to pursue training.

(viii) Activities sponsored by the Contractor including social or recreational programs.

(ix) Any other term, condition, or privilege of employment.

(2) The Contractor shall comply with the rules, regulations, and relevant orders of the Secretary of Labor issued under the Vietnam Era Veterans' Readjustment Assistance Act of 1972 (the Act), as amended (38 U.S.C. 4211 and 4212).

(3) The Department of Labor's regulations require contractors with 50 or more employees and a contract of \$100,000 or more to have an affirmative action program for veterans. See 41 CFR part 60-300, subpart C.

(c) Listing openings.

(1) The Contractor shall immediately list all employment openings that exist at the time of the execution of this contract and those which occur during the performance of this contract.

including those not generated by this contract, and including those occurring at an establishment of the Contractor other than the one where the contract is being performed, but excluding those of independently operated corporate affiliates, at an appropriate employment service delivery system where the opening occurs. Listing employment openings with the State workforce agency job bank or with the local employment service delivery system where the opening occurs shall satisfy the requirement to list jobs with the appropriate employment service delivery system.

(2) The Contractor shall make the listing of employment openings with the appropriate employment service delivery system at least concurrently with using any other recruitment source or effort and shall involve the normal obligations of placing a bona fide job order, including accepting referrals of veterans and nonveterans. This listing of employment openings does not require hiring any particular job applicant or hiring from any particular group of job applicants and is not intended to relieve the Contractor from any requirements of Executive orders or regulations concerning nondiscrimination in employment.

(3) Whenever the Contractor becomes contractually bound to the listing terms of this clause, it shall advise the State workforce agency in each State where it has establishments of the name and location of each hiring location in the State. As long as the Contractor is contractually bound to these terms and has so advised the State agency, it need not advise the State agency of subsequent contracts. The Contractor may advise the State agency when it is no longer bound by this contract clause.

(d) Applicability. This clause does not apply to the listing of employment openings that occur and are filled outside the 50 States, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, and Wake Island.

(e) Postings.

(1) The Contractor shall post-employment notices in conspicuous places that are available to employees and applicants for employment.

(2) The employment notices shall--

(i) State the rights of applicants and employees as well as the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified employees and applicants who are disabled veterans, recently separated veterans, Armed Forces service medal veterans, and other protected veterans; and

(ii) Be in a form prescribed by the Director, Office of Federal Contract Compliance Programs, and provided by or through the Contracting Officer.

(3) The Contractor shall ensure that applicants or employees who are disabled veterans are informed of the contents of the notice (e.g., the Contractor may have the notice read to a visually disabled veteran, or may lower the posted notice so that it can be read by a person in a wheelchair).

(4) The Contractor shall notify each labor union or representative of workers with which it has a collective bargaining agreement, or other contract understanding, that the Contractor is bound by the terms of the Act and is committed to take affirmative action to employ, and advance in employment, qualified disabled veterans, recently separated veterans, other protected veterans, and Armed Forces service medal veterans.

(f) Noncompliance. If the Contractor does not comply with the requirements of this clause, the Government may take appropriate actions under the rules, regulations, and relevant orders of the Secretary of Labor. This includes implementing any sanctions imposed on a contractor by the Department of Labor for violations of this clause (52.222-35, Equal Opportunity for Veterans). These sanctions (see 41 CFR 60-300.66) may include--

- (1) Withholding progress payments;
- (2) Termination or suspension of the contract; or
- (3) Debarment of the contractor.

(g) Subcontracts. The Contractor shall insert the terms of this clause in subcontracts of \$100,000 or more unless exempted by rules, regulations, or orders of the Secretary of Labor. The Contractor shall act as specified by the Director, Office of Federal Contract Compliance Programs, to enforce the terms, including action for noncompliance.

(End of Clause)

Clause # 22: 52.222-36 "Affirmative Action for Workers with Disabilities" (OCT 2010)

(a) General.

(1) Regarding any position for which the employee or applicant for employment is qualified, the Contractor shall not discriminate against any employee or applicant because of physical or mental disability. The Contractor agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified individuals with disabilities without discrimination based upon their physical or mental disability in all employment practices such as --

(i) Recruitment, advertising, and job application procedures;

(ii) Hiring, upgrading, promotion, award of tenure, demotion, transfer, layoff, termination, right of return from layoff, and rehiring;

(iii) Rates of pay or any other form of compensation and changes in compensation;

(iv) Job assignments, job classifications, organizational structures, position descriptions, lines of progression, and seniority lists;

(v) Leaves of absence, sick leave, or any other leave;

(vi) Fringe benefits available by virtue of employment, whether or not administered by the Contractor;

(vii) Selection and financial support for training, including apprenticeships, professional meetings, conferences, and other related activities, and selection for leaves of absence to pursue training;

(viii) Activities sponsored by the Contractor, including social or recreational programs; and

(ix) Any other term, condition, or privilege of employment.

(2) The Contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Rehabilitation Act of 1973 (29 U.S.C. 793) (the Act), as amended.

(b) Postings.

(1) The Contractor agrees to post employment notices stating --

(i) The Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified individuals with disabilities; and

(ii) The rights of applicants and employees.

(2) These notices shall be posted in conspicuous places that are available to employees and applicants for employment. The Contractor shall ensure that applicants and employees with disabilities are informed of the contents of the notice (e.g., the Contractor may have the notice read to a visually disabled individual, or may lower the posted notice so that it might be read by a person in a wheelchair). The notices shall be in a form prescribed by the Deputy Assistant Secretary for Federal Contract Compliance of the U.S. Department of Labor (Deputy Assistant Secretary) and shall be provided by or through the Contracting Officer.

(3) The Contractor shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of Section 503 of the Act and is

committed to take affirmative action to employ, and advance in employment, qualified individuals with physical or mental disabilities.

(c) Noncompliance. If the Contractor does not comply with the requirements of this clause, appropriate actions may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.

(d) Subcontracts. The Contractor shall include the terms of this clause in every subcontract or purchase order in excess of \$15,000 unless exempted by rules, regulations, or orders of the Secretary. The Contractor shall act as specified by the Deputy Assistant Secretary to enforce the terms, including action for noncompliance.

(End of Clause)

Clause # 23: RESERVED

Clause # 24: 52.233-1 "Disputes"(JUL 2002) Alternate I (Dec 1991)

(a) This contract is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. 601-613).

(b) Except as provided in the Act, all disputes arising under or relating to this contract shall be resolved under this clause.

(c) "Claim," as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract. However, a written demand or written assertion by the Contractor seeking the payment of money exceeding \$100,000 is not a claim under the Act until certified. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the Act. The submission may be converted to a claim under the Act, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

(d)

(1) A claim by the Contractor shall be made in writing and, unless otherwise stated in this contract, submitted within 6 years after accrual of the claim to the Contracting Officer for a written decision. A claim by the Government against the

Contractor shall be subject to a written decision by the Contracting Officer.

(2)

(i) The contractor shall provide the certification specified in paragraph (d)(2)(iii) of this clause when submitting any claim exceeding \$100,000.

(ii) The certification requirement does not apply to issues in controversy that have not been submitted as all or part of a claim.

(iii) The certification shall state as follows: "I certify that the claim is made in good faith; that the supporting data are accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the contract adjustment for which the Contractor believes the Government is liable; and that I am duly authorized to certify the claim on behalf of the Contractor."

(3) The certification may be executed by any person duly authorized to bind the Contractor with respect to the claim.

(e) For Contractor claims of \$100,000 or less, the Contracting Officer must, if requested in writing by the Contractor, render a decision within 60 days of the request. For Contractor-certified claims over \$100,000, the Contracting Officer must, within 60 days, decide the claim or notify the Contractor of the date by which the decision will be made.

(f) The Contracting Officer's decision shall be final unless the Contractor appeals or files a suit as provided in the Act.

(g) If the claim by the Contractor is submitted to the Contracting Officer or a claim by the Government is presented to the Contractor, the parties, by mutual consent, may agree to use alternative dispute resolution (ADR). If the Contractor refuses an offer for ADR, the Contractor shall inform the Contracting Officer, in writing, of the Contractor's specific reasons for rejecting the offer.

(h) The Government shall pay interest on the amount found due and unpaid from

(1) the date that the Contracting Officer receives the claim (certified, if required); or

(2) the date that payment otherwise would be due, if that date is later, until the date of payment.

With regard to claims having defective certifications, as defined in FAR 33.201, interest shall be paid from the date that the Contracting Officer initially receives the claim. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury as provided in the Act, which is applicable to the period during which the Contracting Officer receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

(i) The Contractor shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under or relating to the contract, and comply with any decision of the Contracting Officer.

(End of Clause)

Clause # 25: RESERVED

Clause # 26: 52.249-6 "Termination (Cost - Reimbursement)" (MAY 2004)

(a) The Government may terminate performance of work under this contract in whole or, from time to time, in part, if --

(1) The Contracting Officer determines that a termination is in the Government's interest; or

(2) The Contractor defaults in performing this contract and fails to cure the default within 10 days (unless extended by the Contracting Officer) after receiving a notice specifying the default. "Default" includes failure to make progress in the work so as to endanger performance.

(b) The Contracting Officer shall terminate by delivering to the Contractor a Notice of Termination specifying whether termination is for default of the Contractor or for convenience of the Government, the extent of termination, and the effective date. If, after termination for default, it is determined that the Contractor was not in default or that the Contractor's failure to perform or to make progress in performance is due to causes beyond the control and without the fault or negligence of the Contractor as set forth in the Excusable Delays clause, the rights and obligations of the parties will be the same as if the termination was for the convenience of the Government.

(c) After receipt of a Notice of Termination, and except as directed by the Contracting Officer, the Contractor shall immediately proceed with the following obligations, regardless of any delay in determining or adjusting any amounts due under this clause:

(1) Stop work as specified in the notice.

(2) Place no further subcontracts or orders (referred to as subcontracts in this clause), except as necessary to complete the continued portion of the contract.

(3) Terminate all subcontracts to the extent they relate to the work terminated.

(4) Assign to the Government, as directed by the Contracting Officer, all right, title, and interest of the Contractor under the subcontracts terminated, in which case the Government shall have the right to settle or to pay any termination settlement proposal arising out of those terminations.

(5) With approval or ratification to the extent required by the Contracting Officer, settle all outstanding liabilities and termination settlement proposals arising from the termination of subcontracts, the cost of which would be reimbursable in whole or in part, under this contract; approval or ratification will be final for purposes of this clause.

(6) Transfer title (if not already transferred) and, as directed by the Contracting Officer, deliver to the Government --

(i) The fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced or acquired for the work terminated;

(ii) The completed or partially completed plans, drawings, information, and other property that, if the contract had been completed, would be required to be furnished to the Government; and

(iii) The jigs, dies, fixtures, and other special tools and tooling acquired or manufactured for this contract, the cost of which the Contractor has been or will be reimbursed under this contract.

(7) Complete performance of the work not terminated.

(8) Take any action that may be necessary, or that the Contracting Officer may direct, for the protection and preservation of the property related to this contract that is in the possession of the Contractor and in which the Government has or may acquire an interest.

(9) Use its best efforts to sell, as directed or authorized by the Contracting Officer, any property of the types referred to in subparagraph (c)(6) of this clause; provided, however, that the Contractor

(i) is not required to extend credit to any purchaser and

(ii) may acquire the property under the conditions prescribed by, and at prices approved by, the Contracting Officer.

The proceeds of any transfer or disposition will be applied to reduce any payments to be made by the Government under this contract, credited to the price or cost of the work, or paid in any other manner directed by the Contracting Officer.

(d) The Contractor shall submit complete termination inventory schedules no later than 120 days from the effective date of termination, unless extended in writing by the Contracting Officer upon written request of the Contractor within this 120-day period.

(e) After expiration of the plant clearance period as defined in Subpart 49.001 of the Federal Acquisition Regulation, the Contractor may submit to the Contracting Officer a list, certified as to quantity and quality, of termination inventory not previously disposed of, excluding items authorized for disposition by the Contracting Officer. The Contractor may request the Government to remove those items or enter into an agreement for their storage. Within 15 days, the Government will accept the items and remove them or enter into a storage agreement. The Contracting Officer may verify the list upon removal of the items, or if stored, within 45 days from submission of the list, and shall correct the list, as necessary, before final settlement.

(f) After termination, the Contractor shall submit a final termination settlement proposal to the Contracting Officer in the form and with the certification prescribed by the Contracting Officer. The Contractor shall submit the proposal promptly, but no later than 1 year from the effective date of termination, unless extended in writing by the Contracting Officer upon written request of the Contractor within this 1-year period. However, if the Contracting Officer determines that the facts justify it, a termination settlement proposal may be received and acted on after 1 year or any extension. If the Contractor fails to submit the proposal within the time allowed, the Contracting Officer may determine, on the basis of information available, the amount, if any, due the Contractor because of the termination and shall pay the amount determined.

(g) Subject to paragraph (f) of this clause, the Contractor and the Contracting Officer may agree on the whole or any part of the amount to be paid (including an allowance for fee) because of the termination. The contract shall be amended, and the Contractor paid the agreed amount.

(h) If the Contractor and the Contracting Officer fail to agree in whole or in part on the amount of costs and/or fee to be paid because of the termination of work, the Contracting Officer shall determine, on the basis of information available, the amount, if any, due the Contractor, and shall pay that amount, which shall include the following:

(1) All costs reimbursable under this contract, not previously paid, for the performance of this contract before the effective date of the termination, and those costs that may continue for a reasonable time with the approval of or as directed by the Contracting Officer; however, the Contractor shall discontinue those costs as rapidly as practicable.

(2) The cost of settling and paying termination settlement proposals under terminated subcontracts that are properly chargeable to the terminated portion of the contract if not included in subparagraph (h)(1) of this clause.

(3) The reasonable costs of settlement of the work terminated, including --

(i) Accounting, legal, clerical, and other expenses reasonably necessary for the preparation of termination settlement proposals and supporting data;

(ii) The termination and settlement of subcontracts (excluding the amounts of such settlements); and

(iii) Storage, transportation, and other costs incurred, reasonably necessary for the preservation, protection, or disposition of the termination inventory. If the termination is for default, no amounts for the preparation of the Contractor's termination settlement proposal may be included.

(4) A portion of the fee payable under the contract, determined as follows:

(i) If the contract is terminated for the convenience of the Government, the settlement shall include a percentage of the fee equal to the percentage of completion of work contemplated under the contract, but excluding subcontract effort included in subcontractors' termination proposals, less previous payments for fee.

(ii) If the contract is terminated for default, the total fee payable shall be such proportionate part of the fee as the total number of articles (or amount of services) delivered to and accepted by the Government is to the total

number of articles (or amount of services) of a like kind required by the contract.

(5) If the settlement includes only fee, it will be determined under subparagraph (h) (4) of this clause.

(i) The cost principles and procedures in Part 31 of the Federal Acquisition Regulation, in effect on the date of this contract, shall govern all costs claimed, agreed to, or determined under this clause.

(j) The Contractor shall have the right of appeal, under the Disputes clause, from any determination made by the Contracting Officer under paragraph (f), (h), or (l) of this clause, except that if the Contractor failed to submit the termination settlement proposal within the time provided in paragraph (f) and failed to request a time extension, there is no right of appeal. If the Contracting Officer has made a determination of the amount due under paragraph (f), (h) or (l) of this clause, the Government shall pay the Contractor --

(1) The amount determined by the Contracting Officer if there is no right of appeal or if no timely appeal has been taken; or

(2) The amount finally determined on an appeal.

(k) In arriving at the amount due the Contractor under this clause, there shall be deducted --

(1) All unliquidated advance or other payments to the Contractor, under the terminated portion of this contract;

(2) Any claim which the Government has against the Contractor under this contract; and

(3) The agreed price for, or the proceeds of sale of materials, supplies, or other things acquired by the Contractor or sold under this clause and not recovered by or credited to the Government.

(l) The Contractor and Contracting Officer must agree to any equitable adjustment in fee for the continued portion of the contract when there is a partial termination. The Contracting Officer shall amend the contract to reflect the agreement.

(m)

(1) The Government may, under the terms and conditions it prescribes, make partial payments and payments against costs incurred by the Contractor for the terminated portion of the contract, if the Contracting Officer believes the total of these

payments will not exceed the amount to which the Contractor will be entitled.

(2) If the total payments exceed the amount finally determined to be due, the Contractor shall repay the excess to the Government upon demand, together with interest computed at the rate established by the Secretary of the Treasury under 50 U.S.C. App. 1215(b)(2). Interest shall be computed for the period from the date the excess payment is received by the Contractor to the date the excess is repaid. Interest shall not be charged on any excess payment due to a reduction in the Contractor's termination settlement proposal because of retention or other disposition of termination inventory until 10 days after the date of the retention or disposition, or a later date determined by the Contracting Officer because of the circumstances.

(n) The provisions of this clause relating to fee are inapplicable if this contract does not include a fee.

(End of Clause)

Clause # 27: 52.249-14 "Excusable Delays" (APR 1984)

(a) Except for defaults of subcontractors at any tier, the Contractor shall not be in default because of any failure to perform this contract under its terms if the failure arises from causes beyond the control and without the fault or negligence of the Contractor. Examples of these causes are

- (1) acts of God or of the public enemy,
- (2) acts of the Government in either its sovereign or contractual capacity,
- (3) fires,
- (4) floods,
- (5) epidemics,
- (6) quarantine restrictions,
- (7) strikes,
- (8) freight embargoes, and
- (9) unusually severe weather.

In each instance, the failure to perform must be beyond the control and without the fault or negligence of the Contractor. "Default" includes failure to make progress in the work so as to endanger performance.

(b) If the failure to perform is caused by the failure of a subcontractor at any tier to perform or make progress, and if the cause of the failure was beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either, the Contractor shall not be deemed to be in default, unless --

(1) The subcontracted supplies or services were obtainable from other sources;

(2) The Contracting Officer ordered the Contractor in writing to purchase these supplies or services from the other source; and

(3) The Contractor failed to comply reasonably with this order.

(c) Upon request of the Contractor, the Contracting Officer shall ascertain the facts and extent of the failure. If the Contracting Officer determines that any failure to perform results from one or more of the causes above, the delivery schedule shall be revised, subject to the rights of the Government under the termination clause of this contract.

(End of Clause)

DOE APPROVED RESOURCES

Page 1 of 1

General

DOE constructed the TA-3 Generating Plant which was placed in service in 1951, as well as various 115 kV transmission facilities. In FY2003, NNSA entered into commitments to rehabilitate Unit 3 at the TA-3 and also to add a 20 MW Combustion Turbine at the TA-3 Plant. Congressional Line Item funding for the design and construction of the STA 115 kV Switching Station and the STA-WTA 115 kV line is authorized for FY2005. Also, the DOE has an allocation of Western Area Power Administration Salt Lake City Integrated Projects (Western) firm and peaking power and has arranged for Western to secure long-term supplies of renewable energy. In addition, DOE shall arrange for Resource Accounting Pool repayment of energy deliveries associated with DOE's allocation of Western's peaking capacity. The scheduling of such energy purchases shall be the responsibility of the Manager of Operations or his designated representative. All of the foregoing resources are included as either Approved Resources or SPARs under this contract.

Each of the above-identified resources is set forth in a separate schedule to this Exhibit A.

Schedule 1.1

Revision 2

Page 1 of 2

TA-3 GENERATING PLANT UNITS 1, 2 and 3

Description: The DOE Los Alamos TA-3 Generating Plant includes two 5.5 MW automatic extraction turbine generators, and one 10 MW conventional turbine generator. In FY2003, DOE entered into a commitment to rehabilitate the 10-MW unit and increase the rated capability to 12.5 MW. Upon completion of the capacity upgrades, the nameplate capacity of Units 1, 2 and 3 will be 23.5 MW. All boilers are dual fuel with natural gas as the primary fuel and oil as the standby fuel. Pending completion of the Norton - STA - WTA Line Project, TA-3 Units 1, 2 and 3 shall be designated as an Approved Resource. Commencing the first month after the date the Norton - STA - WTA Line Project is operational, TA-3 Units 1, 2 and 3 shall be designated as a SPAR. TA-3 Units 1, 2 and 3 are to be maintained in a ready standby mode to provide added reliability and site security.

Monthly Fixed Charges-Approved Resource Status: The original plant investment was fully amortized in August of 1998. In FY 2003, DOE commenced a project to rehabilitate Unit 3 at a cost of approximately \$6,000,000. DOE funded this project and the parties agree to amortize the \$6,000,000 upgrade at a monthly rate of \$50,000 until the earlier of July 1, 2013 or the first month after the effective date that the Norton - STA - WTA transmission line becomes operational (i.e., the designated date that TA-3 Units 1, 2 and 3 will become a SPAR). Prior to such date the \$50,000 amortization charge may be adjusted upon completion of the project and with subsequent replacements and additions. Replacements and additions of single items, not to exceed \$20,000, shall be separately charged as an operating expense on an actual cost incurred basis.

Annual Adjustment of Fixed Charge: In the event of extraordinary additions or replacements of single items, in excess of \$20,000, are completed prior to the date that the SPAR designation becomes effective, the parties may agree to treat specific additions or replacements as capital improvements and to revise the fixed charges to reflect such additions or replacements. An adjusted Monthly Fixed

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Charge as agreed upon by the parties shall become effective upon (1) written modification to this Exhibit A, Schedule 1.1 or (2) the approval by the Contracting Officer and County Authority of such revised charge within the Resource Accounting Pool's 24 month budget.

Monthly Fixed Charges - SPAR Status: Once the SPAR designation becomes effective and to the extent that TA-3 Units 1, 2, and 3 are utilized for Resource Pool capacity purposes, NNSA will be given a capacity credit based on PNM's Tariff Schedule 5 (Spinning Reserve Service) as periodically updated for the operational period. The application rates as of November 2004 are \$9.36 per kW-month, \$2.16 per kW-week, \$0.31 per kW-day, and \$0.012816 per kW-hour. These rates shall be subject to periodic review and change.

Non-Fuel Operating and Maintenance Expenses - Approved Resource Status: The parties agree that all operating and maintenance expenses allocable to electric power production are includable herein. The methodology for accomplishing this assignment of operating and maintenance responsibility to electrical energy production shall be set forth in an Approved Operating Procedure.

Non-Fuel Operating and Maintenance Expenses - SPAR Status: The parties agree that all usage-related operating and maintenance expenses allocable to electric power production are recoverable through the Resource Accounting Pool. The methodology for accomplishing this assignment of operating and maintenance responsibility to electrical energy production shall be set forth in an Approved Operating Procedure. Whenever one or more of the TA-3 units is scheduled by the Operational Center for Resource Pool purposes, DOE shall receive a credit for the fuel and non-fuel operations and maintenance (O&M) associated with the period of scheduled operation. The non-fuel O&M credit shall initially be set once the TA-3 Unit 3 rehabilitation project is completed. This credit will be subject to periodic review and adjustment to provide funds equal to the projection of non-fuel usage-based costs to match the anticipated down-stream unit maintenance, repair and renewal costs as addressed in the Operating Procedures.

Fuel Expense: The cost of fuel at the TA-3 generating plant units 1, 2, and 3 is to be allocated between electric energy production and heating on an incremental cost basis, with the electrical energy cost responsibility being assigned the incremental quantity of fuel associated with electrical energy production from this resource.

SCHEDULE 1.2

Page 1 of 1

TA-3 GENERATING PLANT COMBUSTION TURBINE

Description: The NNSA has completed contractual arrangements for the addition of a 20 MW Combustion Turbine at the Los Alamos TA-3 Generating Plant. When available for operations the unit will be incorporated in the Resource Accounting Pool as a SPAR. The Combustion Turbine will be natural gas fired and will to be maintained in a ready standby mode primarily for LANL security and elevated reliability needs.

Monthly Fixed Charges: NNSA accepted full responsibility for the front-end, third party, arrangements to fund the Combustion Turbine. To the extent that the Combustion Turbine is utilized for Resource Pool capacity purposes, NNSA will be given a capacity credit based on PNM's Tariff Schedule 5 (Spinning Reserve Service) as periodically updated for the operational period. The applicable rates as of November 2004 are \$9.36 per kW-month, \$2.16 per kW-week, \$0.31 per kW-day, and \$0.012816 per kW-hour. These rates shall be subject to periodic review and change.

Non-Fuel Operating and Maintenance Expenses: The parties agree that all usage-related operating and maintenance expenses allocable to electric power production are recoverable through the Resource Accounting Pool. The methodology for accomplishing this assignment of operating and maintenance responsibility to electrical energy production shall be set forth in an Approved Operating Procedure. Whenever the Combustion Turbine is scheduled by the Operational Center for Resource Pool purposes, DOE shall receive a credit for the fuel and non-fuel operations and maintenance (O&M) associated with the period of scheduled operation. The non-fuel O&M credit shall initially be set at \$17/MWh and be subject to periodic review and adjustment to provide funds equal to the manufacturer's projection of non-fuel usage-based costs to match the anticipated down-stream unit maintenance, repair and renewal costs as addressed in the Operating Procedures.

Fuel Expense: The cost of fuel for operation of the TA-3 Combustion Turbine is to be fully allocated to electric energy production on an actual cost basis, with the electrical energy cost responsibility being assigned the full quantity of metered fuel associated with operation of this resource.

SCHEDULE 2

Page 1 of 2

DOE PURCHASED POWER CONTRACTS

DOE Interagency Agreement No. DE-AC04-89AL45747 (87-SLC-0026)

The parties agree that Western's allocation of Salt Lake City Area/Integrated Projects (SLCA/IP) power and energy per Interagency Agreement No. DE-AC04-89AL45747, which expires on September 30, 2019, unless extended, is an Approved Resource. All wheeling charges necessary to deliver the power and energy are included herein. In addition, any new Western allocation and associated wheeling charges shall be includable herein and shall be an Approved Resource. DOE, from time to time, arranges for the purchases of energy to repay energy obtained with DOE's allocation of Western's peaking capacity. The scheduling of such energy purchases shall be the responsibility of the Manager of Operations or his designated representative. It is agreed that such purchased energy costs as well as costs associated with related wheeling are includable herein.

Western offers, when available, monthly and seasonal surplus capacity without energy. When economically beneficial to both parties, such capacity may be utilized and will be includable herein.

DOE Intra-agency Agreement No. DE-AI04-99AL66006

DOE entered into an Intra-agency Electric Services agreement with Western, designated as Agreement No. DE-AI04-99AL66006. This agreement provides for a variety of services from Western, including purchases of long-term energy supply and assistance in the resolution of transmission related issues with PNM. Under this arrangement, Western is proceeding to secure long-term renewable energy supplies for LANL to meet the renewable energy goals established for LANL. Within limits defined below, costs associated with renewable energy purchases are includable in the Resource Accounting Pool as a SPAR.

Monthly Fixed Charges: Unless the renewable power source is available on a firm basis, the renewable energy supply will be treated as a non-firm energy resource with no capacity credit. If the renewable

DOE PURCHASED POWER CONTRACTS

energy is received on a firm basis, the associated firm fixed costs will be assigned to the Resource Pool to the extent that the resulting average energy supply costs are not in excess of the maximum level provided below.

Renewable Energy Expense: The actual renewable energy supply cost for non-firm renewable energy to be secured by Western for NNSA up to a mutually acceptable ceiling price per MWh at points of input into the PNM transmission system, not counting PNM-NITSA cost, is to be fully allocated to electric energy expense.

Should renewable energy be firmed by Western through use of the NNSA 15 MW of Western peaking capacity, the net energy costs shall be allowed to the extent that the combined monthly fixed costs and renewable energy supply costs do not exceed a mutually acceptable ceiling price per NWh at points of input into the PNM transmission system. Credits, if any, obtained through firming of renewable energy for other New Mexico customers of Western shall be reflected in the determination of the net allowable energy costs assignable to the Pool.

These mutual acceptable ceiling prices shall be subject to periodic review and change as part of the annual budget process to reflect the projected annual Four Corners' competitive market prices for non-firm and firm energy. Adjusted rates as agreed upon by the parties shall become effective upon (1) written modification to this exhibit or (2) the approval by the Contracting Officer and County Authority of such revised charge within the Resource Accounting Pool's 24-month budget.

Transmission Delivery Costs: Any PNM NITSA costs and/or Western transmission delivery costs, including additional ancillary fees and losses associated with the delivery of renewable energy through the PNM transmission system, will be treated as Resource Pool transmission costs.

Short Term Power Purchases

Short-term purchases as may be required due to unanticipated load increases and unit outages shall be included herein.

SCHEDULE 3

Revision 2

Page 1 of 3

NNSA TRANSMISSION AND SUBSTATION FACILITIES

Description

The NNSA Los Alamos Transmission and Substation Facilities includable as Approved Resources are as follows:

- (a) 115 kV Line Terminal facilities at the ETA Switching Station, the WTA Switching Station, the TA53 Switching Station, the STA Switching Station and the associated STA and Norton line terminal facilities at the STA and Norton switching stations.
- (b) Transmission network lines from ETA to WTA, WTA to TA-3, ETA to TA-53, TA-53 to TA-3, ETA to the dead-end structure on the east side of the Rio Grande crossing, STA to WTA and STA to ETA.
- (c) TA-3 Transformation and related facilities.
- (d) 115 kV Capacitor Banks and related facilities.

In addition, The NNSA Static Var Compensator (SVC) located at the ECA Substation is includable as a SPAR.

Monthly Fixed Charge - Approved Resources

The parties agree that the monthly fixed charge associated with the NNSA Transmission and Substation Facilities includable herein is \$19,500. This amount is based upon the net book value as of July 1, 2003. This amount will be appropriately adjusted upon completion of the additional NNSA line and associated line terminal equipment. Replacements and additions of single items, not to exceed \$20,000, shall be separately charged as an operating expense on an actual cost incurred basis.

Monthly Fixed Charge - SPARs

The parties agree that the amount of fixed charges for SVC allocable to the Pool shall be equivalent to the capacity credit attributed to the SCV under PNM's Network Integration

SCHEDULE 3

Revision 2

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NNSA TRANSMISSION AND SUBSTATION FACILITIES

Transmission Service Agreement (NITSA). Until at least September 30, 2007, the parties agree that the transmission import rating credit for the SVC is 10 MW as established by separate agreement with PNM. Thereafter, under the PNM NITSA

with LAC, the amount of capacity credit is subject to review and possible change. This allocable SVC Pool cost shall remain in effect to the extent that PNM provides transmission service credit under the NITSA with LAC for the SVC.

The SVC fixed charge allocable to the Resource Pool shall be the difference between the actual NITSA invoice amount and the amount that would be assigned under the NITSA formula without the SVC capacity credit.

The parties agree that transmission rights attributed to the SVC is established in a transmission service agreement between PNM and LAC on behalf of NNSA. LAC agrees not to enter into a transmission service agreement with PNM, which would have terms and conditions prohibiting the reassignment of such agreement. LAC further agrees to reassign, at NNSA request, the LAC/PNM transmission service agreement and associated transmission rights only to NNSA, or its designee. NNSA agrees not to request reassignment of the LAC/PNM transmission service agreement and associated transmission rights so long as the bond indentures associated with LAC's purchases of San Juan unit 4 generating unit, and the El Vado and Abiquiu Hydroelectric generating facilities are not accelerated within the term of the ECA.

Annual Adjustment of Fixed Charges

In the event of extraordinary additions or replacements of single items, in excess of \$20,000, the parties may agree to treat specific additions or replacements as capital improvements and negotiate a revision of the fixed charge. An adjusted monthly fixed charge as agreed upon by the parties shall become effective upon (1) written modification to this exhibit or (2) the approval by the Contracting Officer and County Authority of

SCHEDULE 3

Revision 2

Page 3 of 3

NNSA TRANSMISSION AND SUBSTATION FACILITIES

such revised charge within the Resource Accounting Pool's 24-month budget.

Operating and Maintenance Expenses

The parties agree that all operating and maintenance expenses associated with the approved Transmission and Substation Facilities are includable herein.

Revision 1

Page 1 of 4

COUNTY APPROVED RESOURCES

General

The county has acquired at 7.2 percent (35.88 MW) ownership share of the San Juan Unit 4 generating station, and has arranged to deliver the San Juan power to Los Alamos. The County owns and operates hydroelectric plants at El Vado and Abiquiu. The El Vado Plant with a rated capacity of 8 MW was completed for initial operation in May, 1988. The first 6.3 MW unit at the Abiquiu Plant commenced initial operation in April 1990, and the second 6.3 MW unit commenced initial operation in December 1990. A third Abiquiu unit, rated at 3 MW is currently being added with a projected in-service date of March, 2011. In addition, a Solar Project, rated up to 2.5 MW, is being added at the TA-61 Site at Los Alamos with a projected in-service date in 2011. The County has a 1.4 MW winter/1.0 MW summer allocation of Western SLCA/IP under Contract No. 87-SLC-0027 which expires on September 30, 2024. In addition, the County has contracted with Lincoln Electric System (LES) for a life of the project participation of 4.35 percent (10 MW) from the Laramie River Station (LRS), and has entered into various transmission agreements to provide for the delivery of the LRS power to the Los Alamos area. San Juan Unit 4 ownership, the El Vado ownership, the Abiquiu ownership, the Solar Project ownership and/or purchase power contract(s), the Western contract power, LES contract power and all related transmission arrangements are Approved Resources under this contract.

Each of the above-identified resources are set forth as separate schedules to this Exhibit B. The County of Los Alamos (the County) may, with an eighteen (18) month notice to the National Nuclear Security Administration (NNSA) Contracting Officer, remove all or a portion of individual production assets from the Pool provided the associated removed load would be served through market purchases and costs thereof shared accordingly. Should the County take on new assets, the cost of such assets will be the sole responsibility of the County unless negotiated and agreed to by the NNSAS Contracting Officer.

A monthly capacity charge for each County Approved Generating Resource shall be calculated by the following formula:

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Monthly Capacity Charge = (1/MO) (DS + RR + FDE + Adj) x AR x ADR
x DF

Where

MO = Total months or parts thereof that the Approved Resource is anticipated at the beginning of the County Fiscal Year by the County to operate during such County Fiscal Year.

DS = "Debt Services for Approved Resources" shall mean the net amount of annual payments of principal (whether due at maturity or through retirement from mandatory sinking fund installments or through mandatory extraordinary redemptions prior to maturity as a result of, among other things, failure to renew this contract), and interest on any obligations (bonds, notes, letter of credit and other credit facilities, subordinated indebtedness or other evidence of indebtedness) owed by the

County on any obligation of the county issued to finance or refinance Approved Resources, including, without limitation, any obligation issued by the county under either Indenture, less all relative interest earnings, from Bond Fund Earnings, Bond Reserve Fund Earnings, Rate Stabilization Reserve Fund Earnings and Replacement Reserve Fund Earnings held under such Indentures, regardless of whether or not earnings from these funds are otherwise restricted. For purposes hereof, the interest earnings are limited to those that would be allowed to flow to the County under Internal Revenue Service Arbitrage restrictions. As of July 1, 1991, the DOE recognizes that the county has carry-forward arbitrage credits in the approximate amount of \$450,000 which may be applied to offset future arbitrage interest earnings in excess of that allowable under arbitrage restrictions. Such unused arbitrage credits of approximately \$450,000 shall remain the sole property of the County and not be Page

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includable in the interest earnings credited to the Pool.

RR = Current annual budget for renewals and replacements.

FDE = Annual budget for fixed demand related expenses recorded in Federal Energy Regulatory Commission (FERC) Accounts 408, 431, 500, 502, 505, 506, 507, 510, & 511, and such other accounts which reflect expenses consistent with the Contract Cost Principles and Procedures as set forth in 48 CFR Subparagraph 31.6 (OMB Circular No. A-87).

Adj = The adjustment factor shall be (i) to restore amounts withdrawn from funds or accounts held under the Bond Indenture due to an unanticipated excess of costs over revenues allocable to such resource for the preceding Fiscal Year or (ii) to credit to the pool amounts collected in the preceding year in excess of the costs to the pool allocable to such resource (except as otherwise mutually agreed by the parties, for so long as monthly payments are owing under Paragraph 6. of Exhibit C, any such excess funds shall be applied to the reduction of the principal amount referenced in said Paragraph 6. in lieu of crediting the pool).

AR = The availability ratio which is defined below:

$$T = \frac{(A + B)}{T}$$

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Where

- T = Total hours during billing period.
- A = Number of total hours of down time scheduled for normal maintenance in billing period.
- B = The sum of all periods of unscheduled down time for more than 72 consecutive hours during the billing period.
- ADR = The Average Demand Ratio shall be the sum of the estimated maximum capacity scheduled and allocable for Los Alamos area loads for all of the months of the fiscal year divided by 12 times the rated capacity of the resource.
- DF = The Demand Factor shall be one for every month except any month in which there is no capacity from the resource allocable to Los Alamos area loads, in which case DF shall be zero.

If Debt Service for Approved Resources includes payments of principal on an accelerated basis and the DOE pays its share thereof as required by the terms of this contract, the County agrees that it will share, in a fair and equitable manner and upon such terms as shall be agreed to by the County and DOE, the benefits of the County's Approved Resources paid for early by such acceleration. Such benefits may include, but are not necessarily limited to, energy delivered to DOE at the County's cost or sharing of the proceeds accrued to the County through sales associated with such resources.

If the County borrows funds to avoid having to pass on all or a major share of the incremental costs of accelerated debt retirement to its retail customers, repayment of such borrowed funds shall be the sole responsibility of the County and shall not be recoverable from the Pool.

SCHEDULE 1

Page 1 of 1

COUNTY LARAMIE RIVER RESOURCE

Description

The County has contracted with Lincoln Electric System (LES) for a life of the project participation of 4.35 percent (10 MW) of LES original entitlement from the Laramie River Station (LRS). LRS is a coal-fired generating plant located in Wheatland, Wyoming. LES power and energy as well as related transmission arrangements for the LES power are includable herein.

Monthly Participation Charge

The parties agree that the monthly participation charge as set forth in the agreement between the County and LES are includable herein.

SCHEDULE 2

Page 1 of 2

COUNTY SAN JUAN UNIT 4 PARTICIPATION

Description

The County has arranged to purchase a 7.2 percent (35.88) MW ownership share of the San Juan Generating Station Unit 4 operated by Public Service Company of New Mexico (PNM). The San Juan Unit 4 is a coal-fired steam turbine located in San Juan County in New Mexico. San Juan Unit 4 power, energy and related hazard sharing arrangements are includable as an Approved Resource.

Determination of Monthly Capacity Charge

The monthly capacity charge shall be computed by the County in accordance with the formula set forth in the General section of Exhibit B. The calculation for San Juan Unit 4 shall include MO=11 and ADR=1 under normal conditions.

These factors may be adjusted by the Operating Committee consistent with the methodology set forth in the General section of Exhibit B and based on new engineering data, load data, plant capacity other technical data as may become available.

Determination of Monthly Energy Charge

A monthly energy charge for San Juan shall be developed in accordance with the following formula:

$$\text{Monthly Energy Charge} = [\text{PNM} - \text{DR}] (\text{TE} - \text{ES}) / \text{TE}$$

Where

PNM = Total Charges invoiced by PNM during
billing month for San Juan
Participation.

DR = Monthly invoiced amount for Demand
Related FERC accounts 408, 431, 500,

502, 506, 507, 510, and 511, and such
other accounts which reflect expenses

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consistent with the Contract Cost Principles and Procedures as set forth in 48 CFR Subparagraph 31.6 (OMB Circular No. A-87).

TE = Total energy scheduled from Los Alamos County's share of San Juan Plant.

ES = Energy sales are those sales to third parties that can be identified with the San Juan Capacity not scheduled as part of the maximum capacity scheduled to Los Alamos area loads during the billing month. For the purpose of this formula, any deliverables to third parties for the indirect use in conjunction with the coordinated operation of DOE and the County, e.g., repayment of Western peaking power, balancing of inadvertent accounts of repayment in kind of emergency energy, are to be treated as if the delivery had been made directly to Los Alamos.

SCHEDULE 3.1

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EL VADO PROJECT

Description

The parties agree that the El Vado Project is an Approved Resource under this contract. The El Vado Project, located on the El Vado Reservoir 55 miles northwest of Los Alamos, has one 8 MW hydroelectric generating unit and commenced initial operation in May, 1988.

Determination of Monthly Capacity Charge

The monthly capacity charge shall be computed by the County in accordance with the formula set forth in the General section of Exhibit B. The calculation for the El Vado Project shall include MO=12 and ADR=1 under normal conditions.

These factors may be adjusted by the Operating Committee consistent with the methodology set forth in the General section of Exhibit B and based on new engineering data, load data, plant capacity or other technical data as may become available.

Determination of Monthly Energy Charge

A monthly energy charge for hydroelectric production shall be developed in accordance with the following formula:

$$\text{Monthly Energy Charge} = (\text{FERC}) \times (\text{TE} - \text{ES}) / \text{TE}$$

Where

FERC = Total Charges incurred by county, that are properly chargeable to FERC Account Nos. 408, 535 through 545, and such other accounts which reflect expenses consistent with the Contract Cost Principles and Procedures as set forth in 48 CFR Subparagraph 31.6 (OMB circular No. A-87).

TE = Total Energy scheduled from the El Vado Project, as metered at the 69 kV bus at the plant.

ES = Energy Sales from the hydroelectric units to third parties that can be identified with El Vado

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capacity not scheduled to Los Alamos during the billing month. For the purpose of this formula, any deliveries to third parties for the indirect use in conjunction with the coordinated operation of DOE and the County, e.g., repayment of Western Peaking power, balancing of inadvertent accounts or repayment in kind of emergency energy, are to be treated as if the deliveries were made directly to Los Alamos.

SCHEDULE 3.2

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ABIQUIU PROJECT

Description

The parties agree that the Abiquiu Project is an Approved Resource under this contract. The Abiquiu Project, located on the Abiquiu Reservoir 28 miles northwest of Los Alamos, has two hydroelectric generating units with a combined capacity of 12.6 MW. The first 6.3 MW unit at the Abiquiu Project commenced initial operation in March, 1989, and the second 6.3 MW unit commenced operation April, 1990. Upon completion and acceptance by the County for commercial operation, the parties agree that a third unit at the Abiquiu Project also referred to as a low flow turbine-generator unit ("LFT"), shall be included in the Approved Resource. This LFT is to have a rated capacity of 3.0 MW and is expected to increase the average annual output of the Abiquiu Project by approximately 6.47 GWh. The project of designing and constructing the LFT (the "LFT Project") has been untaken by the County and the parties understand and agree that all LFT Project related expenditures will be funded, beginning June 1, 2009, through County issuance of 15 year revenue bonds in the approximate amount of \$10 million.

The LFT Project related debt shall not be subject to acceleration prior to the expiration of the ECA.

Subject to the conditions that follow, the Parties agree to the addition of a third unit (which shall be a low flow turbine-generator), with a rated capacity of 3.0 MW, and expected average annual output of 7.5 GWh, at the Abiquiu Plant as an Approved Resource. The Parties agree to the addition of the third unit provided that the unit can be placed in operation at an installed cost of approximately \$4.0 million. The Parties also agree to not less than a ten-year debt-service retirement schedule for the incremental bonded indebtedness associated with funding the Abiquiu 3rd Unit. A 15-year debt-service retirement schedule is acceptable if the 3rd unit and the Norton - STA Line are funded by the same County bond-issue. Unless the parties agree to terms and conditions that continue load ration sharing of Abiquiu Unit 3 energy production beyond the date of expiration of the ECA, the Abiquiu 3rd unit related debt will not be subject to acceleration prior to the expiration of the ECA.

Determination of Monthly Capacity Charge

The monthly capacity charge shall be computed by the County in accordance with the formula set forth in the General section of Exhibit B except as further defined or modified below.

1. Prior to completion of the third unit, the AR Factor shall be calculated assuming the Abiquiu Project is a single 12.6 MW unit. After completion of the third unit, the AR Factor shall be calculated assuming the Abiquiu Project is a single 15.6 MW unit.
2. The monthly capacity charge calculation for the Abiquiu Project shall include a MO=12 and ADR=1 under normal conditions. These factors may be adjusted by the Operating Committee consistent with the methodology set forth in the General section of Exhibit B and based on new engineering data, load data, plant capacity or other technical data as may become available.
3. The DF factor shall be one for every month except in (a) any month when capacity is available to the Los Alamos area load from only one of the Abiquiu units the DF shall be .8467 and (b) any month when no capacity is available to the Los Alamos load area from both Abiquiu units the DF shall be zero.

Determination of Monthly Energy Charge

A monthly energy charge for hydroelectric production shall be developed in accordance with the following formula:

$$\text{Monthly Energy Charge} = (\text{FERC}) \times (\text{TE} - \text{ES}) / \text{TE}$$

Where

FERC = Total charge incurred by County, on and after the date that a given hydroelectric unit is declared available for commercial operation, that are properly chargeable to FERC Account Nos. 408, 535 through 545, and such other accounts which reflect expenses consistent

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with the contract Cost Principles and Procedures as set forth in 48 CFR Subparagraph 31.6 (OMB Circular No. A-87).

TE = Total energy scheduled from the Abiquiu Plant, as metered at the 69 kV bus at the plant.

ES = Energy sales from the hydroelectric units to third parties that can be identified with Abiquiu capacity not scheduled to Los Alamos during the billing month. For purpose of this formula, any deliveries to third parties for the indirect use in conjunction with the coordinated operation of DOE and the County, e.g., repayment of Western Peaking power, balancing of inadvertent accounts or repayment in kind of emergency energy, are to be treated as if the deliveries were made directly to Los Alamos.

SCHEDULE 4

Revision 2

Page 1 of 2

COUNTY TRANSMISSION ARRANGEMENTS

Description

The following agreements for transmission of power and modifications thereto for the County's Approved Resources and provision for alternate transmission paths in case of failures in the normal path are included herein:

- (a) PNM Interconnection Agreement
- (b) Plains/Tri-State Interconnection Agreement & TSA
- (c) Western Transmission Agreement
- (d) Northern Rio Arriba Cooperative (NORA) Interconnection Agreement & TSA
- (e) Jemez Interconnection Agreement
- (f) El Vado - Spills Switchyard 69 kV line (The El Vado - Spills Switchyard 69 kV Line and associated line terminal equipment that connects the El Vado Plant to the NORA system is assigned to the Resource Pool as part of the cost of the El Vado Plant).
- (g) PNM/LAC Network Integration Transmission Service Agreement (NITSA)

The parties agree that the County will fund the Norton - STA Line section and the associated line terminals at Norton and STA (Norton - STA Project) and agree that NNSA will have on-going ownership, operating and maintenance responsibility. When completed, this line shall be considered an Approved Resource.

Monthly Charge

The parties recognize that the monthly charge associated with the transmission interconnection agreements will be dependent in part on actual power deliveries. The parties agree that all such charges are includable herein.

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Upon completion of the Norton - STA Project the associated debt service cost and cost allocation principles of Attachment A, Exhibit B, Schedule 6, shall become effective for purposes of the Resource Accounting Pool. The recovery of NNSA on-going ownership, operation and maintenance cost associated with the Norton - STA Project is provided for in Attachment A, Exhibit A, Schedule 3.

SCHEDULE 5

Page 1 of 2

COUNTY PURCHASED POWER CONTRACTS

County Contract No. 87-SLC-0027

The parties agree that Western's allocation of SLCA/IP power and energy per Contract No. 87-SLC-0027 which expires September 30, 2024, unless extended, is an Approved Resource. In addition, any new Western allocation shall be an Approved Resource. Any wheeling charges necessary to deliver the power and energy are includable herein.

Western offers, when available, monthly and seasonal surplus capacity and energy. When economically beneficial to both parties, such capacity may be utilized and will be includable herein.

Short Term Purchase Power

Short term purchases as may be required and as have been approved by the parties in the 24-month budget forecast are includable herein.

Emergency Power for County Approved Resources

Through power pool membership, reserve sharing groups, regional transmission organizations, and power purchase agreements the County will be providing for emergency and replacement power and energy. Emergency and replacement power purchases shall be includable herein.

The following agreements for transmission of power and modifications thereto for the County's Approved Resources and provision for alternate transmission paths in case of failures in the normal path are included herein:

- (a) PNM Interconnection Agreement
- (b) Plains/Tri-State Interconnection Agreement & TSA
- (c) Western Transmission Agreement
- (d) Northern Rio Arriba Cooperative (NORA) Interconnection Agreement & TSA

- (h) Jemez Interconnection Agreement
- (i) El Vado - Spills Switchyard 69 kV line (The El Vado - Spills Switchyard 69 kV Line and associated line terminal equipment that connects the El Vado Plant to the NORA system is assigned to the Resource Pool as part of the cost of the El Vado Plant).
- (j) PNM/LAC Network Integration Transmission Service Agreement (NITSA)

The parties agree that the County will fund the Norton - STA Line section and the associated line terminals at Norton and STA (Norton - STA Project) and agree that NNSA will have on-going ownership, operating and maintenance responsibility. When completed, this line shall be considered an Approved Resource.

Monthly Charge

The parties recognize that the monthly charge associated with the transmission interconnection agreements will be dependent in part on actual power deliveries. The parties agree that all such charges are includable herein.

Upon completion of the Norton - STA Project the associated debt service cost and cost allocation principles of Attachment A, Exhibit B, Schedule 6, shall become effective for purposes of the Resource Accounting Pool. The recovery of NNSA on-going ownership, operation and maintenance cost associated with the Norton - STA Project is provided for in Attachment A, Exhibit A, Schedule 3.

Long-Term Purchase Power

The parties agree that the 36-month contract with Southwestern Public Service Company dated October 31, 2003 for purchase of firm energy equal to Western CRSP allocations to the Eastern New Mexico Distribution Cooperatives is an Approved Resource. Any wheeling charges necessary to deliver the power and energy are included herein. This contract shall not be extended without the prior approval of the Operating Committee and the responsible contracting authorities.

Schedule 6

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LOS ALAMOS SOLAR PROJECT

Description

The County is in the process of developing a photovoltaic generating project, called the Los Alamos Solar Project (LASP), on federal land at LANL site TA-61 which has formerly served as the sanitary landfill for the County of Los Alamos. This land is owned by the DOE but is under a long term special use permit to the County. The parties agree that the LASP will become an Approved Resource under this contract except for portions of the project related to research and development under County contract. The LASP is to include up to 2.5 MW of photovoltaic generation with an optional battery system. The total power purchase contract value is not to exceed \$10.2 million over twenty (20) years.


Output from the LASP will be used to serve Resource Pool Loads. The cost allocation to the Resource Pool and any termination provisions associated with the construction of the LASP and/or any associated power purchase agreements are subject to Operating Committee approval.

(Pre-project activities and related expenditures for the Los Alamos Solar Project through September 30, 2010 are properly accounted for under the Resource Pool Accounting Procedures and are fully recoverable through the Resource Pool.)

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MISCELLANEOUS COSTS OF MUTUAL BENEFIT

In order to provide for the coordinated operation of the DOE and County resource planning, the parties recognize that there are certain other costs which are not appropriately includable as costs of the Approved Resources, but which are mutually beneficial to both parties. The list of other costs includable herein is as follows:

1. Expenses associated with the coordination of the combined operation of the Approved Resources, include funding and operating the load dispatch center and the employment of a Manager of Operations. Effective January 1, 2009, the monthly allocation of Scheduling Agent Services will be done in a two step process. First, all of the Scheduling Agent Services costs will be totaled. The portion allocable to KAFB/SNL will be determined by the ratio of (i) the total energy use by KAFB/SNL to (ii) the combined LAC/LANL and KAFB/SNL energy use for the billing month, multiplied by the total cost. The costs determined by this formula are allocable to KAFB/SNL will then be billed directly to the Western Area Power Administration. Second, all remaining Scheduling Agent Services costs will be included in the monthly LAC/LANL settlement sheet and allocated 100% demand.
2. Expenses related to power pool, reserve sharing group and regional reliability group membership and meetings shall be includable herein. The parties agree that for the purposes of Exhibit E, these costs will be allocated 50 percent demand and 50 percent energy.
-  3. Studies and meetings associated with the planning for future resources and facilities as scheduled in the approved 24 month budget forecast. The parties agree that for the purposes of Exhibit E, these costs will be allocated 50 percent demand and 50 percent energy.
4. Cost of owning, maintaining and reading meters; rendering invoices and data management. The parties agree that for the purposes of Exhibit E, these costs will be allocated as customer costs.
5. Letter of Credit costs after adjustment for the portion attributable to the County's financing of the White Rock distribution system. The parties agree that for the purposes of Exhibit E, these costs will be allocated 100 percent demand.



6. In accordance with the requirements of the New Mexico Public Service Commission in its Order approving the San Juan Sale, the County was required to compensate PNM in the amount of \$4,000,000 for added risks to PNM's customers by reason of the San Juan Sale. In consideration of this payment, a monthly amount of \$50,000 shall be allowed hereunder. The parties agree to review the basis of this monthly amount each 36 months during the term of this contract. In the event the Bank of America reference rate has varied more than 25 percent from the rate in effect upon the effective date of this contract or as revised for any subsequent adjustment period, the parties agree to equitably adjust the monthly amount. Subject to further adjustment as provided below, the monthly allowance shall continue for 120 months. The parties agree that for the purposes of Exhibit E, the monthly allowance will be allocated 50 percent demand and 50 percent energy. As noted in the Adjustment Factor in Exhibit B, amounts over and above the monthly allowance described in this paragraph may be paid from excess funds in the Resource Accounting Pool. When any such additional payments are made, the number of monthly allowances hereunder shall be appropriately reduced by treating any excess payments as a reduction in principal. (The original term for payments under this item was July 1, 1985 through June 30, 1995).
7. Pursuant to a DOE Office of Inspector General report entitled "Interim Audit of Certain Costs under Contract No. DE-AC04-85AL26078 - Los Alamos County, Los Alamos, New Mexico," dated February 11, 1991, the County was found to have over-collected from the power pool in the amount of \$2,547,977. The parties agree that \$884,224 of these over-collections shall be applied as reductions in the principal amount of the County General Fund Loan with the timing of repayment assumed to have occurred July 1, 1990.

Prior to the time that the El Vado and Abiquiu hydroelectric units became used for Pool purposes, the County was required to pay \$1,694,535 in debt service for these units from its own funds. This amount is subject to audit and, if necessary, adjustment. The parties agree that the remaining \$1,663,753 of the over-collections shall be applied as an offset of this \$1,694,535 of debt service. The remaining balance, \$30,782, shall be applied as an addition to the unpaid principal of the County General Fund Loan with the timing of this addition to occur July 1, 1991. (The two adjustments to the General Fund loan under this item resulted in the loan being fully amortized as of July 1993).

Page 3 of 3

8. Any restricted interest on bonds earned commencing July 1, 1991, which the County is obligated to apply toward payment of construction related costs of Pool Approved Resources, shall be recoverable from the Pool over a ten year period following the procedure set up in this Exhibit C, Miscellaneous Costs of Mutual Benefit, item 6, for the General Fund Loan. For purposes of Exhibit E such costs will be allocated with the demand allocator.
9. Cost of owning and maintaining supervisory control and data acquisition (SCADA) equipment acquired in part by DOE and in part by the County are, in part, includable herein, to allow recovery of such acquisition costs, including interest at the County General Fund Loan rate, over five years. The parties agree that \$2,587 of DOE monthly costs and \$23,278 of County quarterly costs, for SCADA facilities are includable herein through June 1993. For purposes of Exhibit E, such costs will be allocated with the demand allocator.

* Access to backup center on LAC property

*

EXHIBIT D

Page 1 of 1

METHOD FOR THE COST DETERMINATION OF DOE DISTRIBUTION FACILITIES

GENERAL

This exhibit identifies the method utilized for determination of the Facilities Charge to be assessed Los Alamos County for the County's use of distribution facilities which are now or in the future may be installed by the DOE.

METHOD

The parties agree that the County will be assessed \$2,046 monthly for use of DOE distribution facilities. Whenever any facilities are added or deleted from the facilities described below, the parties will determine a new monthly assessment.

Duct and cable between TA-3 and County

Distribution line to serve Royal Crest Trailer Court

OPTION

It is recognized that the major share of these facilities represents the cost of Duct and Cable between TA-3 and County 13kV switching station. This investment and related maintenance expense should properly be the exclusive responsibility of the County, and the parties agree to examine the feasibility of having the County acquire these facilities from DOE.

MONTHLY SETTLEMENT SHEET

COST INCURRED BY

Page 1 of 3

		LOS ALAMOS COUNTY					DOE				COMBINED			
Line No.	Item	FERC Acco unts	Demand	Energy	Customer	Total	Demand	Energy	Customer	Total	Demand	Energy	Custom er	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	BILLING UNITS		KW	KWH			KW	KWH			KW	KWH		
	San Juan													
2	KW Monthly Capacity													
	Charge		100%								100%			
3	KWH Monthly Energy													
	Charge			100%								100%		
	El Vado & Abiquiu			100%								100%		
4	KW Monthly Capacity													
	Charge													
5	KWH Monthly Energy													
	Charge			100%								100%		
	TA-3													
6	KW Monthly Capacity						100%				100%			
	Charge													
7	KWH Monthly Energy													
	Charge							100%				100%		
8	Operation Expense	500	100%				100%				100%			
9		501		100%				100%				100%		
10		502	100%				100%				100%			
11		503-504		100%				100%				100%		
12		505-508	100%				100%				100%			
13		510	100%				100%				100%			
14		511	100%				100%				100%			
15		512-514		100%				100%				100%		
16	PURCHASED POWER	555	As Billed				As Billed				As Billed			

MONTHLY SETTLEMENT SHEET

COST INCURRED BY

Page 2 of 3

LOS ALAMOS COUNTY

DOE

COMBINED

Line No.	Item	FERC Accounts	Demand	Energy	Customer	Total	Demand	Energy	Customer	Total	Demand	Energy	Customer	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
	OTHER SUPPLY EXPENSE													
17	System Control & Load Dispatch	556	100%				100%				100%			
18	Other Expenses	557	100%				100%				100%			
19	TRANSMISSION EXPENSE	560-573	100%				100%				100%			
	MISCELLANEOUS COST OF MUTUAL BENEFIT													
20	Dispatch Center		100%				100%				100%			
21	Pool Membership & Meetings		50%	50%			50%	50%			50%	50%		
22	Planning Meetings		50%	50%			50%	50%			50%	50%		
23	Billing & Data Management				100%				100%				100%	
24	Letter of Credit		100%								100%			
25	Stipulation Costs		50%	50%							50	50%		
26	FIXED CHARGES		100%				100%				100%			

MONTHLY SETTLEMENT SHEET

COST INCURRED BY

Page 3 of 3

Line No.	Item	FERC Acco unts	LOS ALAMOS COUNTY				DOE				COMBINED			
			Demand	Energy	Customer	Total	Demand	Energy	Customer	Total	Demand	Energy	Customer	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
27	COST OF SERVICE INTO POOL		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
28	COUNTY ALLOCATION FACTORS										<u>Cty KW</u> Tot KW	<u>Cty KWh</u> Tot KWH	0.5	
29	COUNTY POWER COST										<u>Line 27</u> Line 28	<u>Line 27</u> Line 28	Line 27 X .5	
30	COUNTY RESOURCE COST										<u>Line 27</u> Col (c)	<u>Line 27</u> Col (d)	<u>Line 27</u> Col (e)	<u>Line 27</u> Col (f)
31	DOE ALLOCATION FACTOR										<u>DOE KW</u> Tot KW	<u>DOE Kwh</u> Tot KWH	0.5	
32	DOE POWER COST										<u>Line 27</u> Line 31	<u>Line 27</u> Line 31	Line 27 X .5	
33	DOE RESOURCE COST										<u>Line 27</u> Col (g)	<u>Line 27</u> Col (h)	<u>Line 27</u> Col (i)	<u>Line 27</u> Col (j)
34	NET PAYMENT [Greater of (Line 30 - Line 29) or (Line 33 - Line 32)]										-	-	-	-
35	ADJUSTMENT FOR DOE DISTRIBUTION FACILITIES (From Exhibit D)										-	-	-	-
36	NET ADJUSTED PAYMENT										-	-	-	-

MONTHLY SETTLEMENT SHEET
COST INCURRED BY

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Revision 1

Page 1 of 4

**METHOD FOR COMPUTING AND ALLOCATING 1994A
REFUNDED FINANCING SAVINGS**

General

Contract modification A005 included an Exhibit F which set forth the methodology to be used to determine the amount and how the savings would be shared. This exhibit sets forth a revised Exhibit F which modifies the determination of the Pool's allocation of the 1994A refunded financing savings and the method to equally share the savings between the DOE and the County.

Pool 1994A Refinancing Savings to be Shared Equally

The parties agree that the Pool's share of the average annual debt service savings on the refunded portion of the 1994A refinancing is \$334,492 ($\$347,130 \times .963706$ [the Pool ratio for the refunded bonds]). The determination of the refunded share of the debt service savings is shown on the schedule at the end of this exhibit. The Pool's shared savings adjustment shall remain in effect until the earlier of the termination of this agreement, refinancing of the refunded 1994A bonds or the repayment of the refunded 1994A bonds in June 2015.

Equal Sharing of Pool Refinancing Savings

The Pool debt service savings on the refunded portion of the 1994A bonds shall be shared equally by the DOE and the County. The County's savings will be realized through the invoice demand allocation of the Monthly Capacity Charges for the bond financed County Approved Resources and a direct credit to the monthly invoice such that the sum of the two adjustments result in an equal sharing of the savings.

At the end of each Pool fiscal year reconciliation shall be prepared to determine an adjustment necessary to effect an equal sharing of the Pool refinancing savings between the DOE and the County. The County adjustment shall be equal to \$167,246 ($\$334,492/2$) minus the actual achieved County Pool refinancing savings. The adjustment shall be made in the first month of the following contract year.

New Borrowing

The 1994A bond issue included new money borrowing of \$1 million. Of this borrowing \$400 thousand is to be used on water and sewer projects and will be amortized over a seven year period. Both the \$400 thousand and the \$600 thousand of new

borrowing for Pool hydro projects are to be excluded from the computation of Pool refinancing savings.

The new borrowing for water and sewer projects increased bond reserve fund requirements by \$45,858. These bond reserve funds will be held by the trustee until all bonds are retired in 2015. In return for the Pool receiving all of the benefits of the water and sewer reserves, Pool debt service will be increased and water and sewer debt service will be decreased by \$7,825/year over a seven year period (1995-2001). The \$7,825 is based on the level debt service on the bond reserve fund balance, seven year replacement period and a 4.65% interest rate.

Summary of Treasury Interest Rates

<u>Year</u>	<u>Three Month Bills</u>	<u>Six Month Bills</u>	<u>One Year Notes</u>	<u>Two Year Notes</u>	<u>Three Year Notes</u>
1986	5.97	6.02	6.45	6.86	7.06
1987	5.78	6.03	6.77	7.42	7.68
1988	6.67	6.91	7.65	8.10	8.26
1989	8.11	8.03	8.53	8.57	8.55
1990	7.50	7.46	7.89	8.16	8.26
1991	5.38	5.44	5.86	6.49	6.82
1992	3.43	3.54	3.89	4.77	5.30
1993	3.00	3.12	3.43	4.05	4.44
1994	4.25	4.64	5.32	5.94	6.27
Average	5.57	5.69	6.20	6.71	6.96

Average of one and two year treasury notes 6.46%.

Source: Interest Rates - Money & Capital Markets table from the Federal Reserve Bulletins.

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DE-AC AL26078
Attachment A, Part III
Exhibit F

Contract No. DE-AC04-85AL26078

Page 3 of 4

Summary of Annual Net Savings
Incorporated County of Los Alamos, New Mexico
Utility System Revenue Bonds, Series 1994A
Refunding Portion
Summary of Annual Net Savings

Refunded Debt					Refunding Debt				
Period		BRA Earnings @ 6.46%	DSA Float Earnings	Rate Stabilization Earnings @	Net Debt			BRA Earnings @ 7.20%	Rate Stabilization Earnings
Ending	Debt Service	& Liquidation	5.57%	6.18%	Service	Debt Service	& Liquidation	6.28%	6.65%
07/01/95	8,510,892.50	581,848.37	141,395.52	190,881.84	7,596,766.77	8,374,890.79	757,690.60	145,753.91	205,390.54
07/01/96	9,566,282.50	603,981.66	143,378.56	198,138.28	8,620,784.00	9,426,255.00	786,562.60	173,645.34	213,207.05
07/01/97	9,562,255.00	603,981.66	145,519.21	198,138.28	8,614,615.85	9,420,235.00	786,562.60	175,686.07	213,207.05
07/01/98	9,547,525.00	603,981.66	147,721.33	198,138.28	8,597,683.73	9,408,255.00	786,562.60	177,805.84	213,207.05
07/01/99	9,541,752.50	603,981.66	150,317.50	198,138.28	8,589,315.06	9,400,975.00	786,562.60	180,222.59	213,207.05
07/01/00	9,534,352.50	603,981.66	153,103.66	198,138.28	8,579,128.90	9,393,725.00	786,562.60	182,875.24	213,207.05
07/01/01	9,523,837.50	603,981.66	156,091.56	198,138.28	8,565,626.00	9,382,950.00	786,562.60	185,638.76	213,207.05
07/01/02	9,511,356.25	603,981.66	159,364.15	198,138.28	8,549,872.16	9,370,685.00	786,562.60	188,618.30	213,207.05
07/01/03	9,501,431.25	603,981.66	162,985.53	198,138.28	8,536,325.78	9,358,615.00	786,562.60	191,835.88	213,207.05
07/01/04	9,490,918.75	603,981.66	166,878.58	198,138.28	8,521,920.23	9,350,515.00	786,562.60	195,419.40	213,207.05
07/01/05	9,478,293.75	603,981.66	171,083.64	198,138.28	8,505,090.17	9,334,835.00	786,562.60	199,060.76	213,207.05
07/01/06	9,471,650.00	603,981.66	175,688.82	198,138.28	8,493,841.24	9,330,535.00	786,562.60	203,322.00	213,207.05

DE-AC AL26078
Attachment A, Part III
Exhibit F

Contract No. DE-AC04-85AL26078

07/01/07	9,451,193.75	603,981.66	180,487.65	198,138.28	8,468,586.16	9,310,385.00	786,562.60	207,454.37	213,207.05
07/01/08	9,439,587.50	603,981.66	185,830.14	198,138.28	8,451,637.42	9,298,540.00	786,562.60	212,166.40	213,207.05
07/01/09	9,417,368.75	603,981.66	191,444.02	198,138.28	8,423,804.79	9,277,640.00	786,562.60	216,995.46	213,207.05
07/01/10	9,402,212.50	603,981.66	197,638.83	198,138.28	8,402,453.73	9,262,240.00	786,562.60	222,288.97	213,207.05
07/01/11	9,381,406.25	603,981.66	204,272.86	198,138.28	8,375,013.45	9,239,400.00	786,562.60	227,799.15	213,207.05
07/01/12	9,367,043.75	603,981.66	211,550.27	198,138.28	8,353,373.54	9,225,800.00	786,562.60	233,822.72	213,207.05
07/01/13	9,346,025.00	603,981.66	219,266.82	198,138.28	8,324,638.24	9,203,500.00	786,562.60	239,967.96	213,207.05
07/01/14	9,320,443.75	603,981.66	171,592.34	198,138.28	8,346,731.47	9,176,600.00	786,562.60	246,367.02	213,207.05
07/01/15	9,296,812.50	9,507,798.88		99,069.14	(310,055.52)	11,463,900.00	11,514,402.56		213,207.05
	197,662,641.25	21,565,298.79	3,435,610.99	4,054,578.30	168,607,153.17	197,010,475.79	27,216,782.56	4,006,746.14	4,469,531.54

Twenty-one

Note:

Adjusted Se

Savings adjusted to reduce savings due to bond fund monies in the first period and increase savings by accrued interest, also in the first period as follows:

Debt Service

Savings:

First Period Refunded Gross Debt Service: 9,570,892.50

SUBCONTRACTING PLAN

- I. GOALS. The goals for subcontracting with Small Businesses (SB), Small Disadvantaged Businesses (SDB), and Women-Owned Small Businesses (WOSB) for the Los Alamos County (County) are expressed in both dollars and percentages for direct expenditures in support of this contract.

The percentage goal is a percentage of the total dollars planned for subcontracting, not the total dollar amount of the contract. The definition of a subcontract is any agreement the contractor enters into for supplies and/or services for contractor performance that will not be conducted with their own labor forces. (This includes all agreements with Large Businesses (LB) as well as SB, SDB, and WOSB concerns.)

- a. The total estimated dollar value of all planned subcontracting under this contract for the term July 1, 1997 through June 30, 2000 is \$226,492,180.
- b. The following dollar and percentage goals (expressed in relation to the total planned subcontracting dollars) are applicable to the term cited above.
- (1) SB concerns. Total dollars planned to be subcontracted to SB concerns:
- \$226,492. 0.10 percent of total planned subcontracting dollars under this contract will go to subcontractors who are SB concerns.
- (2) SDB concerns. Total dollars planned to be subcontracted to SDB concerns:
- \$15,854. This dollar amount is included in the amount shown under I. b.(1), above, as a subset. 0.007 percent of total planned subcontracting dollars under this contract will go to subcontractors who are SB concerns owned and controlled by socially and economically disadvantaged individuals.
- (3) WOSB concerns. Total dollars planned to be subcontracted to WOSB concerns:
- \$6,794. This dollar amount is included in the amount shown under I. b. (1), above, as a subset.

0.003 percent of total planned subcontracting dollars under this contract will go to subcontractors who are WOSB concerns.

- c. PRINCIPLE PRODUCTS AND/OR SERVICE. The following principal products and/or services will be subcontracted under this contract, and the distribution amongst SB, SDB, WOSB and LB concerns is as follows:

<u>Product/Service Description</u>	<u>Planned Subcontractor</u>	<u>Subcontractor Business Size</u>	<u>Subcontract Dollar Amount</u>
Debt Service	Norwest Bank	Large	\$78,954,558
SJGS Operation	PNM	Large	61,982,120
Control Area -			
Transmission	PNM	Large	15,649,810
Other Transmission	Utilities	Large	8,149,770
LSR Capacity	Lincoln Electric	Large	17,716,200
Purchased Power	Utilities	Large	18,283,490
Other LB	Various Commitments	Large	22,629,110
Other LB	Projection	Large	2,877,982
Other SB	Projection	Small	226,492
Other SDB	Projection	Small Dis.	15,854
Other WOSB	Projection	Women-Owned	6,794
Total			\$226,492,180*

*Calculations for County Projected Subcontracting Activity @ 25% of Total Project Subcontracting Opportunities (DOE's portion is @ 75% of Total Project Subcontracting Opportunities):

Total Project Subcontracting Opportunities

<u>Product/Service Description</u>	<u>Subcontract Ten Year Value</u>	<u>DOE Share @ 75%</u>	<u>County Share @ 25%</u>
Debt Service	\$78,954,558	\$59,215,919	\$19,738,640
SJGS Operation	61,982,120	46,486,590	15,495,530
Control Area -			
Transmission	15,649,810	11,737,358	3,912,453
Other Transmission	8,149,770	6,112,328	2,037,443
LSR Capacity	17,716,200	13,287,150	4,429,050
Purchased Power	18,283,490	13,712,618	4,570,873
Other LB Commitments	22,629,110	16,971,833	5,657,277
Other LB Projections	2,877,982	2,158,487	719,495

Page 3 of 7

Other SB Projections	226,492	169,869	56,623
Other SDB Projections	15,854	11,891	3,963
Other WOSB Projections	6,794	5,096	1,698
Total	\$226,492,180	\$169,869,135	\$56,623,045

II. ADMINISTRATOR. The following individual will administer the subcontracting plan:

Name: Glen Woodwel
Title: Purchasing Agent
Telephone: (505) 662- 8115

This individual's specific duties, as they relate to the contractor's subcontracting program for general overall responsibility for the County's Small Business Program development, preparation, and execution of individual subcontracting plans, and for monitoring performance relative to contractual subcontracting requirements contained in this plan, including but not limited to:

- a. Developing and maintaining bidder lists of SB, SDB and WOSB concerns from all possible sources;
- b. Ensuring that procurement packages are structured to permit SB, SDB and WOSB concerns to participate to the maximum extent possible;
- c. Assuring inclusion of SB, SDB and WOSB concerns in all solicitations for product or services that they are capable of providing;
- d. Reviewing solicitations to remove statements, clauses, etc., that may tend to restrict or prohibit SB, SDB and WOSB participation;
- e. Ensuring that the bid proposal review board documents its reasons for not selecting low bids submitted by SB, SDB and WOSB concerns;
- f. Ensuring the establishment and maintenance of records of solicitations and subcontract award activity;
- g. Attending or arranging for attendance of company counselors at Business Opportunity Workshops, Minority Business Enterprise Seminars, Trade Fairs, etc.;
- h. Conducting or arranging for motivational training for purchasing personnel pursuant to the intent of P.L. 95-507;
- i. Monitoring attainment of proposed goals;
- j. Preparing and submitting periodic subcontracting

reports as required pursuant to contract clause 52.219-9 SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED SMALL BUSINESS SUBCONTRACTING PLAN (AUG 1996);

- k. Coordinating county activities during the conduct of compliance review by Federal agencies; and
- l. Coordinating the conduct of county activities involving its SB, SDB and WOSB concerns subcontracting program.

III. OUTREACH EFFORTS. The following outreach activities planned to be undertaken in order to assure that SB, SDB and WOSB firms have an equitable opportunity to compete for contracts in support of this contract:

- 1. County will send staff to State-level trade fairs or conferences that identifies SB, SDB and WOSB concerns (such as Governor's Conference on Minority Vendors). Specific dates or locations are not known at this time.
- 2. Many socioeconomic firms have already been identified through previous efforts required under the DOE/County Fire Contract. The County will also be relying on the Business Directory published by the New Mexico Minority and Small Business Procurement Assistance Program (NMMSBPP).
- 3. The County participates in SB, SDB AND WOSB vendor outreach programs sponsored by Los Alamos Economic Development Corporations, New Mexico Minority and Small Business Procurement Program, and Los Alamos National Laboratory.
- 4. The County will be using the Business Directory published by NMMSBPP, as well as our existing files to identify SB, SDB and WOSB concerns sources.
- 5. The County maintains a source list of SB, SDB AND WOSB concerns to further the opportunities of socioeconomic concerns. The County plans on conducting internal efforts, via staff meetings, seminars, attendance at minority business fairs, etc., to educate the technical and procurement personnel on the requirements of this plan.

- IV. SUBCONTRACTING PLAN FLOWDOWN. The County agrees that the clause entitled "52.219-8 Utilization of Small, Small Disadvantaged and Women-Owned Small Business Concerns (Oct 1995)" will be included in all subcontracts which offer further subcontracting opportunities, and all subcontractors except SB concerns who receive subcontracts in excess of \$500,000 or \$1,000,000 for construction of a public facility will be required to adopt and comply with a subcontracting plan similar to this one.

Such plans will be reviewed by comparing them with the provisions of the clause, "52.219-9 Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan (Aug 1996)", and assuring that all minimum requirements of an acceptable subcontracting plan have been satisfied.

The acceptability of percentage and dollar goals shall be determined on a case-by-case basis depending on the supplies/services involved, the availability of potential SB, SDB and WOSB subcontractors, and prior experience. Once approved and implemented, plans will be monitored through the submission of periodic reports, and/or, as time and availability of funds permit, periodic visits to subcontractors' facilities to review applicable records and subcontracting program progress.

- V. REPORTS AND SURVEYS. The County will submit the Standard Form 294 (1-90 version) on a semiannual basis and Standard Form 295 on an annual basis and agrees to submit such periodic reports and cooperate in any studies or surveys as may be required by the contracting agency or the Small Business Administration in order to determine the extent of compliance by the bidder with the subcontracting plan and with the clause entitled "52.219-8 Utilization of Small, Small Disadvantaged and Women-Owned Small Business Concerns (Oct 1995)" contained in the contract.

- VI. RECORDS AND PROCEDURES.

- (a) On a contract-by-contract basis, records to support subcontract award data will include the name and address of subcontractor as well as the size and type of business that received the award.
- (b) On a contract-by-contract basis, records on all subcontract solicitations over \$100,000 will indicate on each solicitation (1) whether SB, SDB or WOSB concerns were

Page 7 of 7

solicited, and if not, why not; and, (2) reasons for the failure of solicited SB, SDB or WOSB concerns to receive the subcontract award.

- (c) Records to support outreach efforts. What activities did the contractor participate in during the term of the contract? What other efforts, as Section III outlines, were conducted by the contractor?
- (d) Records to support internal activities to guide and encourage buyers, if any.

SUBMITTED BY:

Signed: _____
Typed Name: John Arrowsmith
Title: Deputy Utilities Manager - Finance
Date: _____

PLAN CONCURRED ON BY:

Lillian Retallack
Small and Disadvantaged
Business Utilization Specialist
Department of Energy

Date: _____

PLAN ACCEPTED BY:

Michael G. Loera
Contracting Officer
Department of Energy

Date: _____



Department of Energy
 Albuquerque Operations Office
 P. O. Box 5400
 Albuquerque, New Mexico 87185-5400

RECEIVED
 UTILITIES DEPARTMENT

MAY 6 10 15 AM '98

May 5, 1998

Mr. Chris Ortega
 Utilities Manager
 Los Alamos County
 Department of Public Utilities
 901 Trinity Drive
 P.O. Drawer 1030
 Los Alamos, New Mexico 87544

Dear Mr. Ortega:

As requested, enclosed are three signed original Modification No. A008 to our Electric Coordination Agreement No. DE-AC04-85AL26078. Please destroy the originals provided to you earlier per our discussion.

This modification revises Attachment A, Article II - Statement of Services, Paragraph (b)(4); and incorporates a new Exhibit A, Schedule 1, Rev. 2, and Exhibit G, Rev. 1; and revises Item 15 G of the SF-26, to reflect the total value of the contract for Pool Years 1985 through June 2007; and incorporates all applicable Exhibits and Schedules.

Please note that the Revision 1 to the Subcontracting Plan (Exhibit G), page 6 of 6, has been signed by AL's Small Business Representative and I, and requires signature by the Incorporated County of Los Alamos (County) representative (Mr. John Arrowsmith) responsible for negotiating the subcontracting goals.

Please have all three originals signed by your representative on behalf of the Incorporated County of Los Alamos and return two signed originals to the undersigned. Upon receipt of the signed originals, I will distribute a copy to the cognizant Department of Energy and LANL representatives for their information.

Should you have any questions or desire further information, I can be reached at (505) 845-4302.

Sincerely,

Michael G. Loera
 Contracting Officer
 Leader, Energy, Science and
 Technology Support Team
 Contracts and Procurement Division

Document Number
 D12965



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AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE	PAGE OF PAGES 1 43	
AMENDMENT/MODIFICATION NO. <div style="text-align: center; font-weight: bold;">A008</div>		3. EFFECTIVE DATE <div style="text-align: center; font-weight: bold;">See Block 16C</div>	4. REQUISITION/PURCHASE REQ. NO. <div style="text-align: center;">Not Applicable</div>	5. PROJECT NO. (If applicable)
6. ISSUED BY <div style="font-size: small;">U.S. Department of Energy Albuquerque Operations Office Contracts and Procurement Division P.O. Box 5400 Albuquerque, NM 87185-5400</div>	CODE	7. ADMINISTERED BY (If other than Item 6) <div style="text-align: center; font-weight: bold;">Michael G. Loera (505) 845-4302</div>		CODE
8. NAME AND ADDRESS OF CONTRACTOR (No., street, country, State, and ZIP Code) <div style="font-weight: bold; padding-top: 10px;">Incorporated County of Los Alamos P.O. Box 30 Los Alamos, NM 87544</div>		(✓)	9A. AMENDMENT OF SOLICITATION NO.	
			9B. DATED (SEE ITEM 11)	
		X	10A. MODIFICATION OF CONTRACT/ORDER NO. <div style="font-weight: bold; padding-top: 5px;">DE-AC04-85AL26078</div>	
			10B. DATED (SEE ITEM 13) <div style="text-align: center; font-weight: bold;">July 1, 1985</div>	
CODE	FACILITY CODE			
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS				
<input type="checkbox"/> The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers <input type="checkbox"/> Is extended. <input type="checkbox"/> Is not extended.				
<div style="font-size: x-small;">Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods: (a) By completing items 8 and 25, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.</div>				
12. ACCOUNTING AND APPROPRIATION DATA (If required) <div style="text-align: center; font-weight: bold;">Not Applicable</div>				
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS , IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.				
(✓)	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN CONTRACT ORDER NO. IN ITEM 10A.			
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103 (b).			
X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: Mutual Agreement of the Parties			
	D. OTHER (Specify type of modification and authority)			
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input checked="" type="checkbox"/> is required to sign this document and return <u> 3 </u> copies to the issuing office.				
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) <div style="font-weight: bold; padding-top: 10px;">See page 2</div>				
<div style="font-size: x-small;">Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.</div>				
15A. NAME AND TITLE OF SIGNER (Type or print) <div style="font-size: small;">Lawry Mann, Chair Los Alamos County Council</div>		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) <div style="text-align: center; font-weight: bold;">Michael G. Loera Contracting Officer</div>		
15B. CONTRACTOR/OFFEROR <div style="font-size: x-large; font-family: cursive;">Lawry Mann</div> <div style="font-size: x-small;">(Signature of person authorized to sign)</div>	15C. DATE SIGNED <div style="font-size: x-large; font-family: cursive;">5/19/98</div>	16B. UNITED STATES OF AMERICA BY <div style="font-size: x-large; font-family: cursive;">Michael G. Loera</div> <div style="font-size: x-small;">(Signature of Contracting Officer)</div>	16C. DATE SIGNED <div style="font-size: x-large; font-family: cursive;">5/5/98</div>	

Contract No. DE-AC04-85AL26078
Modification A008
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Electric Energy and Power Coordination Agreement

This modification revises Attachment A, Article II - Statement of Services, Paragraph (b)(4); and incorporates a new Exhibit A, Schedule 1, Rev. 2, and Exhibit G, Rev. 1; and revises Item 15 G of the SF-26, to reflect the total value of the contract for Pool Years 1985 through June 2007; and incorporates all applicable Exhibits and Schedules.

The agreement and attachments are hereby replaced in their entirety.

Accordingly:

1. Revise SF-26 as follows:

Item 15 G, total Amount of Contract is revised to read \$377,305,941 and covers the Pool Contract Years July 1, 1985 through June 30, 2007.

2. Add the following Index of Attachment A as follows:

PART I - THE SCHEDULE - INDEX

SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS

ARTICLE #	ARTICLE TITLE	PAGE
I	- SCHEDULE DEFINITIONS.....	6
II	- STATEMENT OF SERVICES.....	7
III	- TERM.....	13
IV	- OPERATING COMMITTEE.....	13
V	- RECIPROCAL PERMITS.....	14
VI	- UNCONTROLLABLE FORCES.....	15
VII	- COOPERATION OF THE PARTIES.....	15
VIII	- WAIVERS.....	15
IX	- NOTICES.....	15
X	- TERMINATION OF EXISTING CONTRACT.....	16
XI	- TAXES.....	16

PART II - CONTRACT CLAUSES - INDEX

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SECTION I - CONTRACT CLAUSES

<u>Clause #</u>	<u>Clause Title</u>	<u>Page</u>
1	52.202-1 DEFINITIONS (OCT 1995)	17
2	52.203-5 CONVENANT AGAINST CONTINGENT FEES (APR 1984)	19
3	<u>RESERVED</u>	
4	<u>RESERVED</u>	
5	52.203-3 GRATUITIES (APR 1984)	19
6	52.204-1 APPROVAL OF CONTRACT (DEC 1989)	20
7	<u>RESERVED</u>	
8	52.215-2 AUDIT AND RECORDS --NEGOTIATION (AUG 1996)	20
9	52.215-22 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (OCT 1995)	22
10	52.215-23 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA -- MODIFICATIONS (OCT 1995)	23
11	52.215-24 SUBCONTRACTOR COST OR PRICING DATA (OCT 1995)	25
12	52.215-25 SUBCONTRACTOR COST OR PRICING DATA -- MODIFICATIONS (OCT 1995)	25
13	52.219-8 UTILIZATION OF SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED SMALL BUSINESS CONCERNS(OCT 1995)	26
14	<u>RESERVED</u>	
15	<u>RESERVED</u>	
16	52.222-3 CONVICT LABOR (AUG 1996)	27

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PART II - CONTRACT CLAUSES - INDEX

SECTION I - CONTRACT CLAUSES

<u>Clause #</u>	<u>Clause Title</u>	<u>Page</u>
17	52.222-4 CONTRACT WORK HOURS AND SAFETY STANDARDS ACT -- OVERTIME COMPENSATION (JUL 1995)	28
18	52.222-26 EQUAL OPPORTUNITY (APR 1984)	29
19	52.222-35 AFFIRMATIVE ACTION FOR SPECIAL DISABLED AND VIETNAM ERA VETERANS (APR 1984)	31
20	52.222-36 AFFIRMATIVE ACTION FOR HANDICAPPED WORKERS (APR 1984)	34
21	52.223-2 CLEAN AIR AND WATER (APR 1984)	35
22	52.233-1 DISPUTES (OCT 1995) Alternate I (DEC 1991)	36
23	52.219-9 SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED SMALL BUSINESS SUBCONTRACTING PLAN (AUG 1996)	38
24	52.219-16 LIQUIDATED DAMAGES -- SUBCONTRACTING PLAN (OCT 1995)	41
25	<u>52.252-4 ALTERATIONS IN CONTRACT (APR 1984)</u>	42

PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACHMENTS

SECTION J - LIST OF ATTACHMENTS

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3. Attachment A is revised in its entirety to read as follows:

ELECTRIC ENERGY AND POWER
COORDINATION AGREEMENT

This CONTRACT, effective July 1, 1985, by and between the UNITED STATES OF AMERICA (hereinafter called "Government"), represented by the United States Department of Energy (hereinafter called "DOE"), and the INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO (hereinafter called "County" or "Contractor").

WITNESSETH THAT:

WHEREAS, DOE is authorized pursuant to the Department of Energy Organization Act (Public Law 95-91) and other applicable law, including the Atomic Energy Act of 1954, as amended, to provide or otherwise arrange for utility facilities and services; and

WHEREAS, DOE owns and operates electric generation, transmission and distribution facilities and its Albuquerque Operations Office has entered into purchase power agreements with the Department of Energy's Western Area Power Administration (hereinafter called "Western") and with Public Service Company of New Mexico (hereinafter called "PNM") for the purpose of meeting the electric power and energy requirements of DOE in Los Alamos, New Mexico; and

WHEREAS, the County owns and operates an electric distribution system for purposes of distributing electric power and energy to customers within Los Alamos County; and

WHEREAS, the County has authority to acquire and operate electric generation facilities under Sections 3-24-1 and 3-24-11 to 3-24-18 NMSA 1978 (MEGA legislation); and

WHEREAS, DOE and the County have jointly identified and evaluated a number of alternative sources of power and energy which could be used more advantageously than current power and energy arrangements; and

WHEREAS, DOE and the County recognize that acquisition by the County of an ownership interest in power generation and transmission facilities affords the best opportunity for controlling future power costs; and

WHEREAS, the County has authority to issue bonds to provide the necessary funds to acquire an ownership interest in power generation and transmission facilities; and

WHEREAS, DOE and the County have determined that it is to their mutual benefit to satisfy their requirements by combining their power generation and transmission resources to distribute power and energy on an economic dispatch basis;

NOW, THEREFORE, the parties agree as set forth in the following parts of this contract:

PART I - THE SCHEDULE

SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS

ARTICLE I - SCHEDULE DEFINITIONS

In addition to the terms defined in Clause 1 of Part II, Section I, the following terms are defined for purposes of this contract:

- (a) "Approved Operating Procedures" means the policies, rules and guidelines approved by the Contracting Officer and the County Authority for the coordinated operation of the Approved Resources and the Resource Accounting Pool.
- (b) "Approved Resources" means the electric utility resources contributed by each party pursuant to this contract and utilized by the Operating Committee pursuant to the Approved Operating Procedures.
- (c) "County Authority" means the Utility Board and the County Council or their duly authorized representative for purposes of this contract.
- (d) "Indentures" means, (i) until such time as the same shall have been discharged and satisfied by the refunding or defeasance of all bonds issued thereunder for purposes of financing or refinancing any Approved Resources of the County, the Indenture of Trust dated as of December 1, 1984 between the County and The Bank of New York, as the same has been supplemented and amended to the effective date of this Contract, and as the same may hereafter be supplemented or amended, and (ii) until such time as the same shall have been discharged and satisfied by the refunding or defeasance of all bonds issued thereunder for the purposes of financing or refinancing (including refunding of bonds issued under the Indenture of Trust mentioned in clause (i) above) any Approved Resources of the County, the Indenture of Trust dated as of January 1, 1994 between the County and Norwest Bank Minnesota, National Association (or its successors), as the same may be supplemented and amended from time-to-time, including, without limitation, as supplemented and amended by the First Supplemental Indenture of Trust dated as of March 1, 1994 between the County and said National Association providing for the issuance by the County of its Utility System Revenue Bonds, Series 1994A.
- (e) "Los Alamos Service Area" means that area within and adjacent to the geographic boundary of Los Alamos County receiving service from the electric systems of either the County or DOE.
- (f) "Manager of Operations" means a person responsible to the Operating Committee having authority to act on its behalf regarding matters in those areas that are specified within the Approved Operating Procedures.

(g) "Operating Committee" means those persons designated by the Contracting Officer and the County Authority to have responsibility for the coordinated operation of the Approved Resources and the Resource Accounting Pool in accordance with Approved Operating Procedures.

(h) "Resource Accounting Pool" means that accounting method wherein costs of the consolidated County/DOE operation are recorded and apportioned between the parties pursuant to this contract.

(i) "Pool Fiscal Year" means a twelve month period from July 1 through June 30.

(j) "Resource Planning Horizon" means a rolling five year period following the current Pool Fiscal Year for capacity and energy planning.

(k) "Monthly Demand Projections" means a forecast of monthly demands including internal Los Alamos system losses for each month of the Resource Planning Horizon submitted annually by each party prior to the end of the current Pool Fiscal Year.

(l) "Long-Term Capacity Resources" includes allocations of Western hydroelectric power, San Juan ownership and the Laramie River Station Participation Power Sales Agreement as well as the level of monthly output that can reasonably be anticipated from TA-3 and the County's hydroelectric units during each month of the Resource Planning Horizon.

(m) "Minimum Long-Term Capacity Requirements" means the highest monthly amount of Long-Term Capacity Resources that is equal to 120% of the Los Alamos Pool Monthly Demand Projections in all months of the Resource Planning Horizon.

(n) "Short-Term Capacity Resources" means the portion of Approved Resources beyond those resources defined as Long-Term Capacity Resources that may be operationally available from time to time. The Short-Term Capacity Resources include variable amounts that may be available on a month by month basis as well as amounts of purchased power from third party suppliers on a short-term contractual basis of 12 months or less. Short-Term Capacity Resources generally will be utilized to meet specific short-term operational needs.

(o) "Excess Long-Term Capacity" means capacity in excess of the lowest amount of Long-Term Capacity Resources required to satisfy the Minimum Long-Term Capacity Requirements in all months within the Resource Planning Horizon."

ARTICLE II - STATEMENT OF SERVICES

(a) Resources

(1) Contribution and Usage of Power and Energy. Exhibits A and B identify the respective Approved Resources to be contributed by DOE and the County for electrical service to the Los Alamos Service Area. Each party shall be separately responsible for all arrangements necessary for the acquisition, transportation, operation (including fuel costs) and maintenance of its respective resources. All power and energy requirements of DOE and the County within the Los Alamos Service Area and during the term of this contract shall be first satisfied from the Approved Resources. Notwithstanding the foregoing, pursuant to Approved Operating Procedures, other resources may be used to furnish the loads of the parties otherwise required to be first served from the Approved Resources when such other resources are found to be economically beneficial to both parties.

The County and DOE agree to give notice to one another of meetings or proceedings with third parties involving matters that could significantly alter established Resource Accounting Pool cost responsibilities. The County and DOE agree to designate representatives who are to be notified of such meetings and proceedings. Said representatives shall consult one another to determine whether the party receiving notice should attend. Such notice should be given to the other party at least forty-eight (48) hours prior to the meeting.

(2) Priorities. For purposes of establishing priority of deliveries in the event of curtailment of Approved Resources, the approved resources shall be divided into two categories. The first shall include those facilities for which the County has outstanding bonded indebtedness and the second shall include all remaining County and DOE Approved Resources. The County shall have exclusive control of establishing the priority of use for the first category of resources and the second category shall be allocated in accordance with a priority plan approved by the Contracting Officer and the County Authority. The Operating Committee will develop and periodically review such priority plan to assure that the second category of resources are allocated to give priority to human needs, health, safety, and security needs.

(3) Continuity of Service.

a. Each party will use every reasonable means consistent with prudent utility practices to provide its Approved Resources on a regular and uninterrupted basis, but neither party shall be liable to the other for failure, suspension, diminution, or other variations of service occasioned by any cause beyond its control and without willful misconduct or gross negligence. Such causes may include, but are not restricted to, acts specified in Article VI hereof.

b. The parties recognize that temporary interruptions or reductions may be necessary for the purpose of maintenance, repairs, replacements, installation of equipment, or inspection. Either party will give the Operating Committee, except in case of emergency, reasonable advance

notice of such temporary interruptions or reductions and will minimize to the extent practicable the duration of such interruptions or reductions.

(4) Additional Approved Resources. In the event either Party desires to add additional Approved Resources beyond those defined in Exhibits A and B, or the County issues additional bonds to finance or otherwise fund the Additional Approved Resources, such additions may be incorporated into this contract by modification, provided the parties mutually agree upon the terms and conditions for the addition of such Approved Resources. Further, the terms and conditions for such agreement shall be agreed upon prior to issuance of such bonds.

The parties recognize that according to forecasted load projections additional transmission facilities may be required as Approved Resources under the Pool. The parties agree that the Approved Resources should be added, if lawful, as soon as practical to reliably serve current and projected power requirements.

(b) Resource Costs and Payments

(1) Accounting for Resource Costs. The costs of providing the Approved Resources described in Paragraph (a)(1) above shall be accounted for in the Resource Accounting Pool. The costs and charges allowable for inclusion in the Resource Accounting Pool are set forth in Exhibits A through E. The uniform system of accounts as approved from time to time by the Federal Energy Regulatory Commission (FERC) shall be used to record costs for Approved Resources.

A cost incurred audit of charges to the Resource Accounting Pool will be performed annually. This audit will be completed by an independent auditor acceptable to both parties unless it can be demonstrated that an audit can be completed by the Defense Contract Audit Agency or the DOE Office of Inspector General within one year of the end of the Pool Fiscal Year to be audited. If the audit is performed by an independent auditor, the costs of such audit will be included in the Resource Accounting Pool.

Either party may request a review, in addition to the annual audit, of the expenses that have been included in the Resource Accounting Pool and the party making the request will be responsible for all costs associated with such review. The allowability of DOE's variable and miscellaneous costs (those which are not a fixed charge or established by formula) shall be consistent with DOE's full cost recovery policy as set forth in 10 CFR Part 1009 except that no DOE added factor shall apply. The allowability of the County's variable and miscellaneous costs (those which are not a fixed charge or established by formula) shall be consistent with the Contract Cost Principles and Procedures as set forth in 48 CFR Subparagraph 31.6 (OMB Circular No. A-87).

(2) Miscellaneous Costs.

a. Except as provided herein, all costs associated with personnel, procurement, management and administration that are not directly related to the combined operation of Approved Resources shall be borne separately by each party. All individuals directly involved in Pool activities shall maintain hourly time records as support for charges reimbursed by the Pool. Exhibit C sets forth miscellaneous costs of mutual benefit to the parties that will be allowable in the Resource Accounting Pool. Additions, deletions or changes of miscellaneous costs to the Resource Accounting Pool may be made upon agreement of the Contracting Officer and County Authority by exchange of correspondence without formal modification of this contract. Exhibit C will be updated as the contract is periodically modified to reflect recurring cost items.

b. Each party shall bear all costs associated with its respective 115/13 kV transformation and 13 kV distribution facilities. At several locations, however, it is advantageous to connect load to the distribution network of the other party, and thereby avoid an unnecessary duplication of facilities. Exhibit D provides the facilities charge for monthly cost of service responsibility associated with the County's use of DOE's distribution facilities. Such costs are to be accounted for as part of the Resource Accounting Pool.

(3) Allocation of Resource Costs. Costs included in the Resource Accounting Pool pursuant to (1) and (2) above shall be classified as demand related, energy related, or customer related (or a combination thereof) consistent with the classification shown in Exhibit E. Demand related costs shall be allocated each month between the two parties based on the ratio of each party's billing demand to the sum of both parties' billing demands for the applicable month. Billing demand for each party is the higher of that party's actual demand at the time of the coincidental monthly system peak during the billing month, or 83% of that party's actual demand at the time of the highest coincidental monthly system peak during the preceding eleven months. The above method shall apply to the Approved Resources that exist as of July 1, 1997, and shall remain in effect until June 30, 2000. Beginning on July 1, 1999, the parties shall evaluate fixed cost exposure and benefits associated with new loads and resources, including new transmission and purchase power arrangements, and no later than June 30, 2000, the parties shall modify this contract to set forth the allocation procedures for recovery of costs through the Pool.

Energy related costs shall be allocated based on the ratio of a party's energy consumption during the month to the combined total consumption for the month. Customer related costs shall be allocated equally between the parties.

The parties agree to annually assess, in good faith, requirements for Long-Term Capacity Resources and Short-Term Capacity Resources, through evaluation of historical experience, Monthly Demand Projections and Minimum Long-Term Capacity Requirements. A similar review shall also be made at other

times whenever a previously unanticipated load reduction or load increase of 5 MW or more occurs or is projected to occur. Through such capacity assessments, the parties agree to determine if Excess Long-Term Capacity exists.

If Excess Long-Term Capacity is determined to exist throughout the Resource Planning Horizon, each party agrees to pursue available options to dispose of their excess portion of the appropriate Long-Term Capacity Resource(s). If an offer is received, acceptable to both parties, the disposition of the excess capacity will be so handled.

Alternatively, if an offer, projected to produce a net savings to the Pool throughout the full Resource Planning Horizon, is received that is acceptable to one party and not the other, the parties shall develop specific terms and conditions to reapportion cost responsibilities and revenue benefits, such that the party that determines the offer is unacceptable shall be assigned the associated cost responsibility and revenue benefits.

The County shall not be required to accept any offer (or penalized hereunder for refusing to accept an offer) to dispose of Long-Term Capacity Resources if the acceptance of such offer would adversely affect the status of any outstanding County Bonds as exempt for inclusion in gross income for federal income tax purposes. If the parties are unable to dispose of such Excess Long-Term Capacity, then the cost associated with the Approved Resource shall continue to be shared as a Pool cost.

(4) Refinancing Benefits and Costs.

a. The annual savings in debt service payments associated with the County's Approved Pool Resources by reason of replacement of the County's 1986A Revenue Bonds through refinancing shall be designated as Refinancing Savings. The parties agree to an equal sharing of said Refinancing Savings. Under the method of Allocation of Resource Costs of ARTICLE II (b) (3) above, the County will realize a portion of its equal share of the Refinancing Savings from the demand allocation method for assigning fixed costs. The parties agree that the remainder of the County's share of Refinancing Savings shall be provided to the County through direct assignment of an amount of interest earnings from Bond Fund investments to the County. This method for sharing savings is further defined in Attachment A, Exhibit F.

(5) Net Cost Responsibility and Payment. The parties' costs and charges as allowed in the Resource Accounting Pool and the parties' allocated share of costs of the Resource Accounting Pool shall be determined monthly in accordance with the Approved Operating Procedures. Exhibit E illustrates the method for calculating the cost of electric service to the parties and the related net payment. An invoice will be sent within 15 calendar days after the end of the billing period, and paid by the receiving party within 20 days after receipt of said invoice. A late fee of 1% per month will be assessed* for each month, or part thereof, that the payment is late.

(c) Administration of Contract

(1) Administration. The responsibilities of the Contracting Officer and the County Authority shall include, but are not necessarily limited to, the following:

a. Designation of the Operating Committee size and appointment of their respective representatives.

b. Approval of all additions to, or deletions of, Approved Resources.

c. Approval and modification of Approved Operating Procedures, which shall include policies for disposal of surplus power, economy energy transactions, reserve sharing arrangements, short term power purchases, emergency power purchases, and negotiations and agreements related thereto.

d. Resolution of issues that cannot be resolved by the Operating Committee. Any issue that cannot be resolved by the Contracting Officer and County Authority shall be resolved under the provisions of the Disputes Clause.

(2) Metering

a. All metering equipment shall be of standard manufacture and adequate to establish accurately the monthly watt-hour requirements of each party and to provide a reasonably accurate determination of each party's contribution to the coincidental monthly demand.

b. Unless otherwise agreed, DOE shall be responsible to furnish, install, maintain, and calibrate all meters at the Norton and ETA substations, and the County shall similarly be responsible for all meters at the White Rock substation, Royal Crest Trailer Court and the County switchgear. All meter reading shall be in accordance with the Approved Operating Procedures. In the event that any meter fails to register or registers incorrectly, the quantity of service delivered through it shall be estimated based upon the best available information or historic and/or current usage.

c. For the purpose of determining cost allocation factors for the Resource Accounting Pool, all metered quantities shall be adjusted for losses to reflect usage quantities at the system input points, which shall initially be defined as the Norton end of the Norton-ETA 115 kV line, the ETA end of the BA-ETA 115 kV line, and the net TA-3 power plant output as metered at the points of connection to the TA-3 13 kV bus.

ARTICLE III - TERM

The contract shall become effective July 1, 1985, and shall expire ten years from the effective date of Modification A007, unless extended as provided herein. When the original contract term, or any extended term thereof, shall have seven years remaining, the contract shall be modified to extend the contract term for an additional three year period when each party shall give written notice to the other not later than 30 days in advance of such anniversary date of its intention to extend the contract term.

It is recognized by both parties that, under the circumstances set-forth in the Indentures, an acceleration of the retirement of debt before July 01, 2015 can take place (for example, upon the term of this Contract being less than 7 years) which will result in an increase in the Debt Service for Approved Resources as defined in Section J, Exhibit B, COUNTY APPROVED RESOURCES, General from what would otherwise be the case. The parties agree to use their best efforts to negotiate necessary modifications to this contract separately from the three-year renewals of the contract in order to minimize the risk of triggering the accelerated debt retirement provisions of the above described Indentures.

ARTICLE IV - OPERATING COMMITTEE

(a) Establishment. The parties hereby agree to establish an Operating Committee, which shall, pursuant to policies and directions in the Approved Operating Procedures, accomplish planning, resource scheduling, and accounting procedures for the cooperative operation of the Approved Resources hereunder.

The Operating Committee will be composed of equal representation from each party and its number of members may vary from time to time.

(b) Duties and Responsibilities. The Operating Committee's duties and responsibilities include the general monitoring and control over the planning and operation of the Approved Resources and the Resource Accounting Pool. The Operating Committee shall approve the appointment of a Manager of Operations pursuant to the Approved Operating Procedures. Specific duties and responsibilities of the Operating Committee, some of which may be delegated to the Manager of Operations, shall include, but not be limited to, the following:

(1) Coordinate power and energy requirements of the various users within the Los Alamos Service Area to assure optimum utilization of the Approved Resources.

(2) Plan and schedule use of Approved Resources to assure that user requirements are satisfied in a reliable and efficient manner.

(3) Maintain the Resource Accounting Pool for the purpose of determining the appropriate allocation of costs to the parties. A separate

checking account and accounting system shall be established by the County for the collection and disbursement of all funds related to Pool Approved Resources. All determinations of the Operating Committee shall be subject to periodic audit by the Contracting Officer and County Authority or their respective designees.

(4) On an annual basis, complete for review and approval by the Contracting Officer and County Authority a detailed 24-month budget forecast of all cost components that comprise the Resource Accounting Pool.

(5) On an annual basis, conduct reviews and studies, and recommend necessary modifications of the Approved Operating Procedures for review and approval by the Contracting Officer and County Authority.

(6) Develop and periodically update a service priority plan pursuant to Paragraph (a)(2) of Article II.

(7) Refer issues that cannot be resolved to Contracting Officer and County Authority. During the period of resolution, the Manager of Operations will proceed according to Approved Operating Procedures.

ARTICLE V - RECIPROCAL PERMITS

(a) DOE hereby grants to the County, free of any rental or similar charge, a revocable access permit to the delivery points for any proper purpose under this contract, including use of the site or sites agreed upon by the parties hereto for the installation, operation and maintenance of the facilities of the County required to be located upon DOE's premises. Authorized representatives of the County will be allowed access to the facilities of the County located within the DOE premises at suitable times to perform the obligations of the County with respect to these facilities. It is expressly understood that the DOE may limit or restrict the right of access herein granted in any manner considered to be necessary for the national security.

(b) The County hereby grants to DOE, free of any rental or similar charge, a revocable access permit to the delivery points for any proper purpose under this contract, including use of the site or sites agreed upon by the parties hereto for the installation, operation, and maintenance of the facilities of DOE required to be located upon County premises. Authorized representatives of DOE will be allowed access to the facilities of DOE located within County premises at suitable times to perform the obligations of DOE with respect to these facilities.

(c) Any facilities installed pursuant to this contractual permit shall be and remain the property of the party installing them notwithstanding that the same may have been affixed to the premises, and each party shall have a reasonable time after the expiration of this permit in which to remove its facilities so installed; provided, however, that each party shall have the

option of abandoning any of its facilities in place and/or leaving such facilities in place until service comparable to that provided for hereunder is otherwise obtained. Either party may require that facilities that have been installed by the other party remain in service until a reasonable amount of time has been allowed for the affected party to replace those facilities.

ARTICLE VI - UNCONTROLLABLE FORCES

Neither party shall be considered to be in default with 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, 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.

ARTICLE VII - COOPERATION OF THE PARTIES

If, in the maintenance of their respective Approved Resources and the utilization thereof for the purposes of this 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, consistent with the policies and principles set forth in Paragraph (b)(1) of Article II.

ARTICLE VIII - WAIVERS

Any waiver at any time by either party hereto of its rights with respect to a 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.

ARTICLE IX - NOTICES

Any notice, demand or request required or authorized by this contract shall be deemed properly given if hand delivered and/or mailed, postage prepaid, to the Contracting Officer on behalf of DOE at the address shown on the signature

page hereof, and to the County Utilities Manager on behalf of the County at the address shown on the signature page hereof. The designation of the person to be notified or the address of such person may be changed at any time by similar notice.

ARTICLE X - TERMINATION OF EXISTING CONTRACT

Upon the effective date of this contract, Contract No. DE-SC04-77AL03935 between the parties shall automatically terminate without further notice and be of no further force and effect, provided that such termination shall be without prejudice to any matters arising under said contract prior to such termination date.

ARTICLE XI - TAXES

(a) The County agrees to notify the DOE Contracting Officer of any State tax, fee, or charge levied or purported to be levied on or collected from the County with respect to the Agreement, any transaction thereunder, or property in the custody or control of the County and constituting an allowable item of cost if due and payable, but which the County has reason to believe, or the Contracting Officer has advised the County, is or may be inapplicable or invalid; and the County further agrees to refrain from paying any such tax, fee, or charge when so instructed in writing by the Contracting Officer. Any State tax, fee, or charge paid with the approval of the Contracting Officer or on the basis of advice from the Contracting Officer that such tax, fee, or charge is applicable and valid, and which would otherwise be an allowable item of cost, shall not be disallowed as an item of cost by reason of any subsequent ruling or determination that such tax, fee, or charge was in fact inapplicable or invalid.

(b) The County agrees to take such action jointly with the Government as may be required or approved by the Contracting Officer to cause any State tax, fee, or charge which would be an allowable cost to be paid under protest; and to take such action jointly with the Government as may be required or approved by the Contracting Officer to seek recovery of any payments made, including assignments to the Government or its designee of all rights to an abatement or refund thereof.

(c) The Government shall hold the County harmless from penalties and interest incurred through compliance with this clause and shall fully reimburse the County on a monthly basis for any costs incurred for retention of outside counsel or consultants when the need for such counsel or consultants is mutually agreed to by the parties. All recoveries or credits in respect of the foregoing taxes, fees, and charges (including interest) shall inure to and be for the sole benefit of the Government.

PART II - CONTRACT CLAUSES

SECTION I - CONTRACT CLAUSES

Clause # 1: 52.202-1 DEFINITIONS (OCT 1995)

(a) "Head of the agency" (also called "agency head") or "Secretary" means the Secretary (or Attorney General, Administrator, Governor, Chairperson, or other chief official, as appropriate) of the agency, including any deputy or assistant chief official of the agency; and the term "authorized representative" means any person, persons, or board (other than the Contracting Officer) authorized to act for the head of the agency or Secretary.

(b) Commercial component means any component that is a commercial item.

(c) Commercial item means-

(1) Any item, other than real property, that is of a type customarily used for nongovernmental purposes and that-

(i) Has been sold, leased, or licensed to the general public; or

(ii) Has been offered for sale, lease, or license to the general public;

(2) Any item that evolved from an item described in paragraph (c)(1) of this clause through advances in technology or performance and that is not yet available in the commercial marketplace, but will be available in the commercial marketplace in time to satisfy the delivery requirements under a Government solicitation;

(3) Any item that would satisfy a criterion expressed in paragraphs (c)(1) or (c)(2) of this clause, but for-

(i) Modifications of a type customarily available in the commercial marketplace; or

(ii) Minor modifications of a type not customarily available in the commercial marketplace made to meet Federal Government requirements.

"Minor" modifications means modifications that do not significantly alter the nongovernmental function or essential physical characteristics of an item or component, or change the purpose of a process. Factors to be considered in determining whether a modification is minor include the value and size of the modification and the comparative value and size of the final product. Dollar values and percentages may be used as guideposts, but are not conclusive evidence that a modification is minor;

(4) Any combination of items meeting the requirements of paragraphs (c)(1), (2), (3), or (5) of this clause that are of a type customarily combined and sold in combination to the general public;

(5) Installation services, maintenance services, repair services, training services, and other services if such services are procured for support of an item referred to in paragraphs (c)(1), (2), (3), or (4) of this clause, and if the source of such services-

(i) Offers such services to the general public and the Federal Government contemporaneously and under similar terms and conditions; and

(ii) Offers to use the same work force for providing the Federal Government with such services as the source uses for providing such services to the general public;

(6) Services of a type offered and sold competitively in substantial quantities in the commercial marketplace based on established catalog or market prices for specific tasks performed under standard commercial terms and conditions. This does not include services that are sold based on hourly rates without an established catalog or market price for a specific service performed;

(7) Any item, combination of items, or service referred to in subparagraphs (c)(1) through (c)(6), notwithstanding the fact that the item, combination of items, or service is transferred between or among separate divisions, subsidiaries, or affiliates of a Contractor; or

(8) A nondevelopmental item, if the procuring agency determines the item was developed exclusively at private expense and sold in substantial quantities, on a competitive basis, to multiple State and local Governments.

(d) Component means any item supplied to the Federal Government as part of an end item or of another component.

(e) Nondevelopmental item means -

(1) Any previously developed item of supply used exclusively for governmental purposes by a Federal agency, a State or local government, or a foreign government with which the United States has a mutual defense cooperation agreement;

(2) Any item described in paragraph (e)(1) of this definition that requires only minor modification or modifications of a type customarily available in the commercial marketplace in order to meet the requirements of the procuring department or agency; or

(3) Any item of supply being produced that does not meet the requirements of paragraph (e)(1) or (e)(2) solely because the item is not yet in use.

(f) "Contracting Officer" means a person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. The term includes certain authorized representatives of the Contracting Officer acting within the limits of their authority as delegated by the Contracting Officer.

(g) Except as otherwise provided in this contract, the term "subcontracts" includes, but is not limited to, purchase orders and changes and modifications to purchase orders under this contract.

(End of clause)

Clause # 2: 52.203-5 COVENANT AGAINST CONTINGENT FEES (APR 1984)

(a) The Contractor warrants that no person or agency has been employed or retained to solicit or obtain this contract upon an agreement or understanding for a contingent fee, except a bona fide employee or agency. For breach or violation of this warranty, the Government shall have the right to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration, or otherwise recover, the full amount of the contingent fee.

(b) "Bona fide agency," as used in this clause, means an established commercial or selling agency, maintained by a contractor for the purpose of securing business, that neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds itself out as being able to obtain any Government contract or contracts through improper influence.

"Bona fide employee," as used in this clause, means a person, employed by a contractor and subject to the contractor's supervision and control as to time, place, and manner of performance, who neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds out as being able to obtain any Government contract or contracts through improper influence.

"Contingent fee," as used in this clause, means any commission, percentage, brokerage, or other fee that is contingent upon the success that a person or concern has in securing a Government contract.

"Improper influence," as used in this clause, means any influence that induces or tends to induce a Government employee or officer to give consideration or to act regarding a Government contract on any basis other than the merits of the matter.

(End of clause)

Clause # 3: RESERVED

Clause # 4: RESERVED

Clause # 5: 52.203-3 GRATUITIES (APR 1984)

(a) The right of the Contractor to proceed may be terminated by written notice if, after notice and hearing, the agency head or a designee determines that the Contractor, its agent, or another representative --

(1) Offered or gave a gratuity (e.g., an entertainment or gift) to an officer, official, or employee of the Government; and

(2) Intended, by the gratuity, to obtain a contract or favorable treatment under a contract.

(b) The facts supporting this determination may be reviewed by any court having lawful jurisdiction.

(c) If this contract is terminated under paragraph (a) above, the Government is entitled --

- (1) To pursue the same remedies as in a breach of the contract; and
- (2) In addition to any other damages provided by law, to exemplary damages of not less than 3 nor more than 10 times the cost incurred by the Contractor in giving gratuities to the person concerned, as determined by the agency head or a designee. (This subparagraph (c)(2) is applicable only if this contract uses money appropriated to the Department of Defense.)

(d) The rights and remedies of the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

(End of clause)

Clause # 6: 52.204-1 APPROVAL OF CONTRACT (DEC 1989)

This contract is subject to the written approval of the Contracting Officer and shall not be binding until so approved.

(End of clause)

Clause # 7: RESERVED

Clause # 8: 52.215-2 AUDIT AND RECORDS -- NEGOTIATION (AUG 1996)

(a) As used in this clause, records includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or in any other form.

(b) Examination of costs. If this is a cost-reimbursement, incentive, time-and-materials, labor-hour, or price redeterminable contract, or any combination of these, the Contractor shall maintain and the Contracting Officer, or an authorized representative of the Contracting Officer, shall have the right to examine and audit all records and other evidence sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred directly or indirectly in performance of this contract. This right of examination shall include inspection at all reasonable times of the Contractor's plants, or parts of them, engaged in performing the contract.

(c) Cost or pricing data. If the Contractor has been required to submit cost or pricing data in connection with any pricing action relating to this contract, the Contracting Officer, or an authorized representative of the Contracting Officer, in order to evaluate the accuracy, completeness, and currency of the cost or pricing data, shall have the right to examine and audit all of the Contractor's records, including computations and projections, related to-

- (1) The proposal for the contract, subcontract, or modification;

(2) The discussions conducted on the proposal(s), including those related to negotiating;

(3) Pricing of the contract, subcontract, or modification; or

(4) Performance of the contract, subcontract or modification.

(d) Comptroller General-

(1) The Comptroller General of the United States, or an authorized representative, shall have access to and the right to examine any of the Contractor's directly pertinent records involving transactions related to this contract or a subcontract hereunder.

(2) This paragraph may not be construed to require the Contractor or subcontractor to create or maintain any record that the Contractor or subcontractor does not maintain in the ordinary course of business or pursuant to a provision of law.

(e) Reports. If the Contractor is required to furnish cost, funding, or performance reports, the Contracting Officer or an authorized representative of the Contracting Officer shall have the right to examine and audit the supporting records and materials, for the purpose of evaluating (1) the effectiveness of the Contractor's policies and procedures to produce data compatible with the objectives of these reports and (2) the data reported.

(f) Availability. The Contractor shall make available at its office at all reasonable times the records, materials, and other evidence described in paragraphs (a), (b), (c), (d), and (e) of this clause, for examination, audit, or reproduction, until 3 years after final payment under this contract or for any shorter period specified in Subpart 4.7, Contractor Records Retention, of the Federal Acquisition Regulation (FAR), or for any longer period required by statute or by other clauses of this contract. In addition-

(1) If this contract is completely or partially terminated, the records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement; and

(2) Records relating to appeals under the Disputes clause or to litigation or the settlement of claims arising under or relating to this contract shall be made available until such appeals, litigation, or claims are finally resolved.

(g) The Contractor shall insert a clause containing all the terms of this clause, including this paragraph (a), in all subcontracts under this contract that exceed the simplified acquisition threshold, and-

(1) That are cost-reimbursement, incentive, time-and-materials, labor-hour, or price-redeterminable type or any combination of these;

(2) For which cost or pricing data are required; or

(3) That require the subcontractor to furnish reports as discussed in paragraph (e) of this clause.

The clause may be altered only as necessary to identify properly the contracting parties and the Contracting Officer under the Government prime contract.

(End of clause)

Clause # 9: 52.215-22 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA
(OCT 1995)

(a) If any price, including profit or fee, negotiated in connection with this contract, or any cost reimbursable under this contract, was increased by any significant amount because (1) the Contractor or a subcontractor furnished cost or pricing data that were not complete, accurate, and current as certified in its Certificate of Current Cost or Pricing Data, (2) a subcontractor or prospective subcontractor furnished the Contractor cost or pricing data that were not complete, accurate, and current as certified in the Contractor's Certificate of Current Cost or Pricing Data, or (3) any of these parties furnished data of any description that were not accurate, the price or cost shall be reduced accordingly and the contract shall be modified to reflect the reduction.

(b) Any reduction in the contract price under paragraph (a) above due to defective data from a prospective subcontractor that was not subsequently awarded the subcontract shall be limited to the amount, plus applicable overhead and profit markup, by which (1) the actual subcontract or (2) the actual cost to the Contractor, if there was no subcontract, was less than the prospective subcontract cost estimate submitted by the Contractor; provided, that the actual subcontract price was not itself affected by defective cost or pricing data.

(c)(1) If the Contracting Officer determines under paragraph (a) of this clause that a price or cost reduction should be made, the Contractor agrees not to raise the following matters as a defense:

(i) The Contractor or subcontractor was a sole source supplier or otherwise was in a superior bargaining position and thus the price of the contract would not have been modified even if accurate, complete, and current cost or pricing data had been submitted.

(ii) The Contracting Officer should have known that the cost or pricing data in issue were defective even though the Contractor or subcontractor took no affirmative action to bring the character of the data to the attention of the Contracting Officer.

(iii) The contract was based on an agreement about the total cost of the contract and there was no agreement about the cost of each item procured under the contract.

(iv) The Contractor or subcontractor did not submit a Certificate of Current Cost or Pricing Data.

(2)(i) Except as prohibited by subdivision (c)(2)(ii) of this clause, an offset in an amount determined appropriate by the Contracting Officer based upon the facts shall be allowed against the amount of a contract price reduction if-

(A) The Contractor certifies to the Contracting Officer that, to the best of the Contractor's knowledge and belief, the Contractor is entitled to the offset in the amount requested; and

(B) The Contractor proves that the cost or pricing data were available before the date of agreement on the price of the contract (or price of the modification) and that the data were not submitted before such date.

(ii) An offset shall not be allowed if-

(A) The understated data was known by the Contractor to be understated when the Certificate of Current Cost or Pricing Data was signed; or

(B) The Government proves that the facts demonstrate that the contract price would not have increased in the amount to be offset even if the available data had been submitted before the date of agreement on price.

(d) If any reduction in the contract price under this clause reduces the price of items for which payment was made prior to the date of the modification reflecting the price reduction, the Contractor shall be liable to and shall pay the United States at the time such overpayment is repaid-

(1) Simple interest on the amount of such overpayment to be computed from the date(s) of overpayment to the Contractor to the date the Government is repaid by the Contractor at the applicable underpayment rate effective for each quarter prescribed by the Secretary of the Treasury under 26 U.S.C. 6621(a)(2); and

(2) A penalty equal to the amount of the overpayment, if the Contractor or subcontractor knowingly submitted cost or pricing data which were incomplete, inaccurate, or noncurrent.

(End of clause)

Clause #10: 52.215-23 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA -- MODIFICATIONS (OCT 1995)

(a) This clause shall become operative only for any modification to this contract involving a pricing adjustment expected to exceed the threshold for submission of cost or pricing data at FAR 15.804-2(a)(1), except that this clause does not apply to any modification if an exception under FAR 15.804-1 applies.

(b) If any price, including profit or fee, negotiated in connection with any modification under this clause, or any cost reimbursable under this contract, was increased by any significant amount because (1) the Contractor or a subcontractor furnished cost or pricing data that were not complete, accurate, and current as certified in its Certificate of Current Cost or Pricing Data, (2) a subcontractor or prospective subcontractor furnished the Contractor cost or pricing data that were not complete, accurate, and current as certified in the Contractor's Certificate of Current Cost or Pricing Data, or (3) any of these parties furnished data of any description that were not accurate, the price or cost shall be reduced accordingly and the contract shall be modified to reflect the reduction. This right to a price reduction is limited to that

resulting from defects in data relating to modifications for which this clause becomes operative under paragraph (a) of this clause.

(c) Any reduction in the contract price under paragraph (b) of this clause due to defective data from a prospective subcontractor that was not subsequently awarded the subcontract shall be limited to the amount, plus applicable overhead and profit markup, by which (1) the actual subcontract or (2) the actual cost to the Contractor, if there was no subcontract, was less than the prospective subcontract cost estimate submitted by the Contractor; provided, that the actual subcontract price was not itself affected by defective cost or pricing data.

(d)(1) If the Contracting Officer determines under paragraph (b) of this clause that a price or cost reduction should be made, the Contractor agrees not to raise the following matters as a defense:

(i) The Contractor or subcontractor was a sole source supplier or otherwise was in a superior bargaining position and thus the price of the contract would not have been modified even if accurate, complete, and current cost or pricing data had been submitted.

(ii) The Contracting Officer should have known that the cost or pricing data in issue were defective even though the Contractor or subcontractor took no affirmative action to bring the character of the data to the attention of the Contracting Officer.

(iii) The contract was based on an agreement about the total cost of the contract and there was no agreement about the cost of each item procured under the contract.

(iv) The Contractor or subcontractor did not submit a Certificate of Current Cost or Pricing Data.

(2)(i) Except as prohibited by subdivision (d)(2)(ii) of this clause, an offset in an amount determined appropriate by the Contracting Officer based upon the facts shall be allowed against the amount of a contract price reduction if

(A) The Contractor certifies to the Contracting Officer that, to the best of the Contractor's knowledge and belief, the Contractor is entitled to the offset in the amount requested; and

(B) The Contractor proves that the cost or pricing data were available before the date of agreement on the price of the contract (or price of the modification) and that the data were not submitted before such date.

(ii) An offset shall not be allowed if

(A) The understated data was known by the Contractor to be understated when the Certificate of Current Cost or Pricing Data was signed; or

(B) The Government proves that the facts demonstrate that the contract price would not have increased in the amount to be offset even if the available data had been submitted before the date of agreement on price.

(e) If any reduction in the contract price under this clause reduces the price of items for which payment was made prior to the date of the modification reflecting the price reduction, the Contractor shall be liable to and shall pay the United States at the time such overpayment is repaid

(1) Simple interest on the amount of such overpayment to be computed from the date(s) of overpayment to the Contractor to the date the Government is repaid by the Contractor at the applicable underpayment rate effective for each quarter prescribed by the Secretary of the Treasury under 26 U.S.C. 6621(a)(2); and

(2) A penalty equal to the amount of the overpayment, if the Contractor or subcontractor knowingly submitted cost or pricing data which were incomplete, inaccurate, or noncurrent.

(End of clause)

Clause #11: 52.215-24 SUBCONTRACTOR COST OR PRICING DATA (OCT 1995)

(a) Before awarding any subcontract expected to exceed the threshold for submission of cost or pricing data at FAR 15.804-2(a)(1), on the date of agreement on price or the date of award, whichever is later; or before pricing any subcontract modification involving a pricing adjustment expected to exceed the threshold for submission of cost or pricing data at FAR 15.804-2(a)(1), the Contractor shall require the subcontractor to submit cost or pricing data (actually or by specific identification in writing), unless an exception under FAR 15.804-1 applies.

(b) The Contractor shall require the subcontractor to certify in substantially the form prescribed in subsection 15.804-4 of the Federal Acquisition Regulation (FAR) that, to the best of its knowledge and belief, the data submitted under paragraph (a) of this clause were accurate, complete, and current as of the date of agreement on the negotiated price of the subcontract or subcontract modification.

(c) In each subcontract that exceeds the threshold for submission of cost or pricing data at FAR 15.804-2(a)(1), when entered into, the Contractor shall insert either

(1) The substance of this clause, including this paragraph (c), if paragraph (a) of this clause requires submission of cost or pricing data for the subcontract; or

(2) The substance of the clause at FAR 52.215-25, Subcontractor Cost or Pricing Data-Modifications.

(End of clause)

Clause #12: 52.215-25 SUBCONTRACTOR COST OR PRICING DATA -- MODIFICATIONS (OCT 1995)

(a) The requirements of paragraphs (b) and (c) of this clause shall (1) become operative only for any modification to this contract involving a pricing adjustment expected to exceed the threshold for submission of cost or pricing data at (FAR) 48 CFR 15.804-2(a)(1); and (2) be limited to such modifications.

(b) Before awarding any subcontract expected to exceed the threshold for submission of cost or pricing data at FAR 15.804-2(a)(1), on the date of agreement on price or the date of award, whichever is later; or before pricing any subcontract modification involving a pricing adjustment expected to exceed the threshold for submission of cost or pricing data at FAR 15.804-2(a)(1), the Contractor shall require the subcontractor to submit cost or pricing data (actually or by specific identification in writing), unless an exception under FAR 15.804-1 applies.

(c) The Contractor shall require the subcontractor to certify in substantially the form prescribed in subsection 15.804-4 of the Federal Acquisition Regulation (FAR) that, to the best of its knowledge and belief, the data submitted under paragraph (b) of this clause were accurate, complete, and current as of the date of agreement on the negotiated price of the subcontract or subcontract modification.

(d) The Contractor shall insert the substance of this clause, including this paragraph (d), in each subcontract that exceeds the threshold for submission of cost or pricing data at FAR 15.804-2(a)(1) on the date of agreement on price or the date of award, whichever is later.

(End of clause)

Clause #13: 52.219-8 UTILIZATION OF SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED SMALL BUSINESS CONCERNS (OCT 1995)

(a) It is the policy of the United States that small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals and small business concerns owned and controlled by women shall have the maximum practicable opportunity to participate in performing contracts let by any Federal agency, including contracts and subcontracts for subsystems, assemblies, components, and related services for major systems. It is further the policy of the United States that its prime contractors establish procedures to ensure the timely payment of amounts due pursuant to the terms of their subcontracts with small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals and small business concerns owned and controlled by women.

(b) The Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with efficient contract performance. The Contractor further agrees to cooperate in any studies or surveys as may be conducted by the United States Small Business Administration or the awarding agency of the United States as may be necessary to determine the extent of the Contractor's compliance with this clause.

(c) As used in this contract, the term "small business concern" shall mean a small business as defined pursuant to section 3 of the Small Business Act and relevant regulations promulgated pursuant thereto. The term "small business

concern owned and controlled by socially and economically disadvantaged individuals" shall mean a small business concern (1) which is at least 51 percent unconditionally owned by one or more socially and economically disadvantaged individuals; or, in the case of any publicly owned business, at least 51 per centum of the stock of which is unconditionally owned by one or more socially and economically disadvantaged individuals; and (2) whose management and daily business operations are controlled by one or more of such individuals. This term also means a small business concern that is at least 51 percent unconditionally owned by an economically disadvantaged Indian tribe or Native Hawaiian Organization, or a publicly owned business having at least 51 percent of its stock unconditionally owned by one of these entities which has its management and daily business controlled by members of an economically disadvantaged Indian tribe or Native Hawaiian Organization, and which meets the requirements of 13 CFR 124. The Contractor shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent Asian Americans, and other minorities, or any other individual found to be disadvantaged by the Administration pursuant to section 8(a) of the Small Business Act. The Contractor shall presume that socially and economically disadvantaged entities also include Indian Tribes and Native Hawaiian Organizations.

(d) The term "small business concern owned and controlled by women" shall mean a small business concern (i) which is at least 51 percent owned by one or more women, or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women, and (ii) whose management and daily business operations are controlled by one or more women; and

(e) Contractors acting in good faith may rely on written representations by their subcontractors regarding their status as a small business concern, a small business concern owned and controlled by socially and economically disadvantaged individuals or a small business concern owned and controlled by women.

(End of clause)

Clause #14: RESERVED

Clause #15: RESERVED

Clause #16: 52.222-3 CONVICT LABOR (AUG 1996)

The Contractor agrees not to employ in the performance of this contract any person undergoing a sentence of imprisonment which has been imposed by any court of a State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands. This limitation, however, shall not prohibit the employment by the Contractor in

the performance of this contract of persons on parole or probation to work at paid employment during the term of their sentence or persons who have been pardoned or who have served their terms. Nor shall it prohibit the employment by the Contractor in the performance of this contract of persons confined for violation of the laws of any of the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands who are authorized to work at paid employment in the community under the laws of such jurisdiction, if--

(a)(1) The worker is paid or is in an approved work training program on a voluntary basis;

(2) Representatives of local union central bodies or similar labor union organizations have been consulted;

(3) Such paid employment will not result in the displacement of employed workers, or be applied in skills, crafts, or trades in which there is a surplus of available gainful labor in the locality, or impair existing contracts for services; and

(4) The rates of pay and other conditions of employment will not be less than those paid or provided for work of a similar nature in the locality in which the work is being performed; and

(b) The Attorney General of the United States has certified that the work-release laws or regulations of the jurisdiction involved are in conformity with the requirements of Executive Order 11755, as amended by Executive Orders 12608 and 12943.

(End of clause)

Clause #17: 52.222-4 CONTRACT WORK HOURS AND SAFETY STANDARDS ACT --
OVERTIME COMPENSATION (JUL 1995)

(a) Overtime requirements. No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics (see Federal Acquisition Regulation (FAR) 22.300) shall require or permit any such laborers or mechanics in any workweek in which the individual is employed on such work to work in excess of 40 hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than 1 1/2 times the basic rate of pay for all hours worked in excess of 40 hours in such workweek.

(b) Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the provisions set forth in paragraph (a) of this clause, the Contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In addition, such Contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions set forth in paragraph (a) of this clause in the sum of \$10 for each calendar day on which such individual was required or permitted to work

in excess of the standard workweek of 40 hours without payment of the overtime wages required by provisions set forth in paragraph (a) of this clause.

(c) Withholding for unpaid wages and liquidated damages. The Contracting Officer shall upon his or her own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the Contractor or subcontractor under any such contract or any other Federal contract with the same Prime Contractor, or any other Federally-assisted contract subject to the Contract Work Hours and Safety Standards Act which is held by the same Prime Contractor, such sums as may be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for unpaid wages and liquidated damages as provided in the provisions set forth in paragraph (b) of this clause.

(d) Payrolls and basic records.

(1) The Contractor or subcontractor shall maintain payrolls and basic payroll records during the course of contract work and shall preserve them for a period of 3 years from the completion of the contract for all laborers and mechanics working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. Nothing in this paragraph shall require the duplication of records required to be maintained for construction work by Department of Labor regulations at 29 CFR 5.5(a)(3) implementing the Davis-Bacon Act.

(2) The records to be maintained under paragraph (d)(1) of this clause shall be made available by the Contractor or subcontractor for inspection, copying, or transcription by authorized representatives of the Contracting Officer or the Department of Labor. The Contractor or subcontractor shall permit such representatives to interview employees during working hours on the job.

(e) Subcontracts. The Contractor or subcontractor shall insert in any subcontracts, exceeding \$100,000, the provisions set forth in paragraphs (a) through (e) of this clause and also a clause requiring the subcontractors to include these provisions in any lower tier subcontracts. The Prime Contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the provisions set forth in paragraphs (a) through (e) of this clause.

(End of clause)

Clause #18: 52.222-26 EQUAL OPPORTUNITY (APR 1984)

(a) If, during any 12-month period (including the 12 months preceding the award of this contract), the Contractor has been or is awarded nonexempt Federal contracts and/or subcontracts that have an aggregate value in excess of \$10,000, the Contractor shall comply with subparagraphs (b)(1) through (11)

below. Upon request, the Contractor shall provide information necessary to determine the applicability of this clause.

(b) During performing this contract, the Contractor agrees as follows:

(1) The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

(2) The Contractor shall 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. This shall include, but not be limited to, (i) employment, (ii) upgrading, (iii) demotion, (iv) transfer, (v) recruitment or recruitment advertising, (vi) layoff or termination, (vii) rates of pay or other forms of compensation, and (viii) selection for training, including apprenticeship.

(3) The Contractor shall post in conspicuous places available to employees and applicants for employment the notices to be provided by the Contracting Officer that explain this clause.

(4) The Contractor shall, 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.

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

(6) The Contractor shall comply with Executive Order 11246, as amended, and the rules, regulations, and orders of the Secretary of Labor.

(7) The Contractor shall furnish to the contracting agency all information required by Executive Order 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor. Standard Form 100 (EEO-1), or any successor form, is the prescribed form to be filed within 30 days following the award, unless filed within 12 months preceding the date of award.

(8) The Contractor shall permit access to its books, records, and accounts by the contracting agency or the Office of Federal Contract Compliance Programs (OFCCP) for the purposes of investigation to ascertain the Contractor's compliance with the applicable rules, regulations, and orders.

(9) If the OFCCP determines that the Contractor is not in compliance with this clause or any rule, regulation, or order of the Secretary of Labor, this contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts, under the procedures authorized in Executive Order 11246, as amended. In addition, sanctions may be imposed and remedies invoked against the Contractor as provided in Executive Order 11246, as amended, the rules, regulations, and orders of the Secretary of Labor, or as otherwise provided by law.

(10) The Contractor shall include the terms and conditions of subparagraph (b)(1) through (11) of this clause in every subcontract or purchase order that is not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor.

(11) The Contractor shall take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing these terms and conditions, including sanctions for noncompliance; provided, that if the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of any direction, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.

(c) Notwithstanding any other clause in this contract, disputes relative to this clause will be governed by the procedures in 41 CFR 60-1.1.

(End of clause)

Clause #19: 52.222-35 AFFIRMATIVE ACTION FOR SPECIAL DISABLED AND VIETNAM ERA VETERANS (APR 1984)

(a) Definitions.

"Appropriate office of the State employment service system," as used in this clause, means the local office of the Federal-State national system of public employment offices assigned to serve the area where the employment opening is to be filled, including the District of Columbia, Guam, Puerto Rico, Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands.

"Openings that the Contractor proposes to fill from within its own organization," as used in this clause, means employment openings for which no one outside the Contractor's organization (including any affiliates subsidiaries, and the parent companies) will be considered and includes any openings that the Contractor proposes to fill from regularly established "recall" lists.

"Openings that the Contractor proposes to fill under a customary and traditional employer-union hiring arrangement," as used in this clause, means employment openings that the Contractor proposes to fill from union halls, under their customary and traditional employer-union hiring relationship.

"Suitable employment openings," as used in this clause --

(1) Includes, but is not limited to, openings that occur in jobs categorized as --

- (i) Production and nonproduction;
- (ii) Plant and office;
- (iii) Laborers and mechanics;
- (iv) Supervisory and nonsupervisory;
- (v) Technical; and
- (vi) Executive, administrative, and professional positions compensated on a salary basis of less than \$25,000 a year; and

(2) Includes full-time employment, temporary employment of over 3 days, and part-time employment, but not openings that the Contractor proposes to fill from within its own organization or under a customary and traditional employer-union hiring arrangement, nor openings in an educational institution that are restricted to students of that institution.

(b) General. (1) Regarding any position for which the employee or applicant for employment is qualified, the Contractor shall not discriminate against the individual because the individual is a special disabled or Vietnam Era veteran. The Contractor agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified special disabled and Vietnam Era veterans without discrimination based upon their disability or veterans' status in all employment practices such as --

- (i) Employment;
- (ii) Upgrading;
- (iii) Demotion or transfer;
- (iv) Recruitment;
- (v) Advertising;
- (vi) Layoff or termination;
- (vii) Rates of pay or other forms of compensation; and
- (viii) Selection for training, including apprenticeship.

(2) The Contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Vietnam Era Veterans' Readjustment Assistance Act of 1972 (the Act), as amended.

(c) Listing openings. (1) The Contractor agrees to list all suitable employment openings existing at contract award or occurring during contract performance, at an appropriate office of the State employment service system in the locality where the opening occurs. These openings include those occurring at any Contractor facility, including one not connected with performing this contract. An independent corporate affiliate is exempt from this requirement.

(2) State and local government agencies holding Federal contracts of \$10,000 or more shall also list all their suitable openings with the appropriate office of the State employment service.

(3) The listing of suitable employment openings with the State employment service system is required at least concurrently with using any other recruitment source or effort and involves the obligations of placing a bona fide job order, including accepting referrals of veterans and nonveterans. This listing does not require hiring any particular job applicant or hiring from any particular group of job applicants and is not intended to relieve the Contractor from any requirements of Executive orders or regulations concerning nondiscrimination in employment.

(4) Whenever the Contractor becomes contractually bound to the listing terms of this clause, it shall advise the State employment service

system, in each State where it has establishments, of the name and location of each hiring location in the State. As long as the Contractor is contractually bound to these terms and has so advised the State system, it need not advise the State system of subsequent contracts. The Contractor may advise the State system when it is no longer bound by this contract clause.

(5) Under the most compelling circumstances, an employment opening may not be suitable for listing, including situations when (i) the Government's needs cannot reasonably be supplied, (ii) listing would be contrary to national security, or (iii) the requirement of listing would not be in the Government's interest.

(d) Applicability.

(1) This clause does not apply to the listing of employment openings which occur and are filled outside the 50 States, the District of Columbia, Puerto Rico, Guam, Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands.

(2) The terms of paragraph (c) above of this clause do not apply to openings that the Contractor proposes to fill from within its own organization or under a customary and traditional employer-union hiring arrangement. This exclusion does not apply to a particular opening once an employer decides to consider applicants outside of its own organization or employer-union arrangement for that opening.

(e) Postings. (1) The Contractor agrees to post employment notices stating (i) the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified special disabled veterans and veterans of the Vietnam era, and (ii) the rights of applicants and employees.

(2) These notices shall be posted in conspicuous places that are available to employees and applicants for employment. They shall be in a form prescribed by the Director, Office of Federal Contract Compliance Programs, Department of Labor (Director), and provided by or through the Contracting Officer.

(3) The Contractor shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of the Act, and is committed to take affirmative action to employ, and advance in employment, qualified special disabled and Vietnam Era veterans.

(f) Noncompliance. If the Contractor does not comply with the requirements of this clause, appropriate actions may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.

(g) Subcontracts. The Contractor shall include the terms of this clause in every subcontract or purchase order of \$10,000 or more unless exempted by rules, regulations, or orders of the Secretary. The Contractor shall act as specified by the Director to enforce the terms, including action for noncompliance.

(End of clause)

Clause #20: 52.222-36 AFFIRMATIVE ACTION FOR HANDICAPPED WORKERS (APR 1984)

(a) General. (1) Regarding any position for which the employee or applicant for employment is qualified, the Contractor shall not discriminate against any employee or applicant because of physical or mental handicap. The Contractor agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as --

- (i) Employment;
- (ii) Upgrading;
- (iii) Demotion or transfer;
- (iv) Recruitment;
- (v) Advertising;
- (vi) Layoff or termination;
- (vii) Rates of pay or other forms of compensation; and
- (viii) Selection for training, including apprenticeship.

(2) The Contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Rehabilitation Act of 1973 (29 U.S.C. 793) (the Act), as amended.

(b) Postings. (1) The Contractor agrees to post employment notices stating (i) the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified handicapped individuals and (ii) the rights of applicants and employees.

(2) These notices shall be posted in conspicuous places that are available to employees and applicants for employment. They shall be in a form prescribed by the Director, Office of Federal Contract Compliance Programs, Department of Labor (Director), and provided by or through the Contracting Officer.

(3) The Contractor shall notify each labor union or representative of workers with which it has a collective bargaining agreement, or other contract understanding, that the Contractor is bound by the terms of Section 503 of the Act and is committed to take affirmative action to employ, and advance in employment, qualified physically and mentally handicapped individuals.

(c) Noncompliance. If the Contractor does not comply with the requirements of this clause, appropriate actions may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.

(d) Subcontracts. The Contractor shall include the terms of this clause in every subcontract or purchase order in excess of \$2,500 unless exempted by rules, regulations, or orders of the Secretary. The Contractor shall act as

specified by the Director to enforce the terms, including action for noncompliance.

(End of clause)

Clause #21: 52.223-2 CLEAN AIR AND WATER (APR 1984)

(a) "Air Act," as used in this clause, means the Clean Air Act (42 U.S.C. 7401 et seq.).

"Clean air standards," as used in this clause, means --

(1) Any enforceable rules, regulations, guidelines, standards, limitations, orders, controls, prohibitions, work practices, or other requirements contained in, issued under, or otherwise adopted under the Air Act or Executive Order 11738;

(2) An applicable implementation plan as described in section 110(d) of the Air Act (42 U.S.C. 7410(d));

(3) An approved implementation plan as described in section 111(c) or section 111(d) of the Air Act (42 U.S.C. 7411(c) or (d)); or

(4) An approved implementation procedure under section 112(d) of the Air Act (42 U.S.C. 7412(d)).

"Clean water standards," as used in this clause, means any enforceable limitation, control, condition, prohibition, standard, or other requirement promulgated under the Water Act or contained in a permit issued to a discharger by the Environmental Protection Agency (EPA) or by a State under an approved program, as authorized by section 402 of the Water Act (33 U.S.C. 1342), or by local government to ensure compliance with pretreatment regulations as required by section 307 of the Water Act (33 U.S.C. 1317).

"Compliance," as used in this clause, means compliance with --

(1) Clean air or water standards; or

(2) A schedule or plan ordered or approved by a court of competent jurisdiction, the Environmental Protection Agency (EPA), or an air or water pollution control agency under the requirements of the Air Act or Water Act and related regulations.

"Facility," as used in this clause, means any building, plant, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Contractor or subcontractor, used in the performance of a contract or subcontract. When a location or site of operations includes more than one building, plant, installation, or structure, the entire location or site shall be deemed a facility except when the Administrator, or a designee, of the Environmental Protection Agency (EPA) determines that independent facilities are collocated in one geographical area.

"Water Act," as used in this clause, means Clean Water Act (33 U.S.C. 1251, et seq.).

(b) The Contractor agrees -- (1) To comply with the requirements of section 114 of the Clean Air Act (42 U.S.C. 7414) and section 308 of the Clean Water Act (33 U.S.C. 1318) relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in section 114 and

section 308 of the Air Act and the Water Act, and all regulations and guidelines issued to implement those acts before the award of this contract;

(2) That no portion of the work required by this prime contract will be performed in a facility listed on the EPA List of Violating Facilities on the date when this contract was awarded unless and until the EPA eliminates the name of the facility from the listing;

(3) To use best efforts to comply with clean air standards and clean water standards at the facility in which the contract is being performed; and

(4) To insert the substance of this clause into any nonexempt subcontract, including this subparagraph (b)(4).

(End of clause)

Clause #22: 52.233-1 DISPUTES (OCT 1995) Alternate I (DEC 1991)

(a) This contract is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. 601-613).

(b) Except as provided in the Act, all disputes arising under or relating to this contract shall be resolved under this clause.

(c) "Claim," as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract. A claim arising under a contract, unlike a claim relating to that contract, is a claim that can be resolved under a contract clause that provides for the relief sought by the claimant. However, a written demand or written assertion by the Contractor seeking the payment of money exceeding \$100,000 is not a claim under the Act until certified as required by subparagraph (d)(2) of this clause. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the Act. The submission may be converted to a claim under the Act, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

(d)(1) A claim by the Contractor shall be made in writing and, unless otherwise stated in this contract, submitted within 6 years after accrual of the claim to the Contracting Officer for a written decision. A claim by the Government against the Contractor shall be subject to a written decision by the Contracting Officer.

(2)(i) Contractors shall provide the certification specified in subparagraph (d)(2)(iii) of this clause when submitting any claim- (A) Exceeding \$100,000; or (B) Regardless of the amount claimed when using -

(1) Arbitration conducted pursuant to 5 U.S.C. 575-580; or

(2) Any other alternative means of dispute resolution (ADR) techniques that the agency elects to handle in accordance with the Administrative Dispute Resolution Act (ADRA).

(ii) The certification requirement does not apply to issues in controversy that have not been submitted as all or part of a claim.

(iii) The certification shall state as follows: "I certify that the claim is made in good faith; that the supporting data are accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the contract adjustment for which the Contractor believes the Government is liable; and that I am duly authorized to certify the claim on behalf of the Contractor."

(3) The certification may be executed by any person duly authorized to bind the Contractor with respect to the claim.

(e) For Contractor claims of \$100,000 or less, the Contracting Officer must, if requested in writing by the Contractor, render a decision within 60 days of the request. For Contractor-certified claims over \$100,000, the Contracting Officer must, within 60 days, decide the claim or notify the Contractor of the date by which the decision will be made.

(f) The Contracting Officer's decision shall be final unless the Contractor appeals or files a suit as provided in the Act.

(g) If the claim by the Contractor is submitted to the Contracting Officer or a claim by the Government is presented to the Contractor, the parties, by mutual consent, may agree to use ADR. If the Contractor refuses an offer for alternative disputes resolution, the Contractor shall inform the Contracting Officer, in writing, of the Contractor's specific reasons for rejecting the request. When using arbitration conducted pursuant to 5 U.S.C. 575-580, or when using any other ADR technique that the agency elects to handle in accordance with the ADRA, any claim, regardless of amount, shall be accompanied by the certification described in subparagraph (d)(2)(iii) of this clause, and executed in accordance with subparagraph (d)(3) of this clause.

(h) The Government shall pay interest on the amount found due and unpaid from (1) the date the Contracting Officer receives the claim (certified, if required); or (2) the date that payment otherwise would be due, if that date is later, until the date of payment. With regard to claims having defective certifications, as defined in (FAR) 48 CFR 33.201, interest shall be paid from the date that the Contracting Officer initially receives the claim. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury as provided in the Act, which is applicable to the period during which the Contracting Officer receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

(i) The Contractor shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under or relating to the contract, and comply with any decision of the Contracting Officer.

(End of clause)

Summary of Annual Net Savings
Incorporated County of Los Alamos, New Mexico
Utility System Revenue Bonds, Series 1994A
Refunding Portion
Summary of Annual Net Savings

Refunded Debt						Refunding Debt						Net Savings	
Period Ending	Debt Service	BRA Earnings @ 6.46% & Liquidation	DSA Float Earnings 5.57%	Rate Stabilization Earnings @ 6.18%	Net Debt Service	Debt Service	BRA Earnings @ 7.20% & Liquidation	DSA Float Earnings 6.28%	Rate Stabilization Earnings @ 6.65%	Net Debt Service	Gross Savings	Net Savings w/add'l BRA Earnings & DSA	Net PV Savings w/add'l BRA Earnings & DSA
07/01/95	8,510,892.50	581,848.37	141,395.52	190,881.84	7,596,766.77	8,374,890.79	757,690.60	145,753.91	205,390.54	7,266,055.74	136,001.71	330,711.03	364,964.08
07/01/96	9,566,282.50	603,981.66	143,378.56	198,138.28	8,620,784.00	9,426,255.00	786,562.60	173,645.34	213,207.05	8,252,840.01	140,027.50	367,943.99	401,811.49
07/01/97	9,562,255.00	603,981.66	145,519.21	198,138.28	8,614,615.85	9,420,235.00	786,562.60	175,686.07	213,207.05	8,244,779.28	142,020.00	369,836.57	383,090.67
07/01/98	9,547,525.00	603,981.66	147,721.33	198,138.28	8,597,683.73	9,408,255.00	786,562.60	177,805.84	213,207.05	8,230,679.51	139,270.00	367,004.21	361,647.52
07/01/99	9,541,752.50	603,981.66	150,317.50	198,138.28	8,589,315.06	9,400,975.00	786,562.60	180,222.59	213,207.05	8,220,982.76	140,777.50	368,332.30	344,916.21
07/01/00	9,534,352.50	603,981.66	153,103.66	198,138.28	8,579,128.90	9,393,725.00	786,562.60	182,875.24	213,207.05	8,211,080.11	140,627.50	368,048.78	328,097.82
07/01/01	9,523,837.50	603,981.66	156,091.56	198,138.28	8,565,626.00	9,382,950.00	786,562.60	185,638.76	213,207.05	8,197,541.59	140,887.50	368,084.41	312,520.59
07/01/02	9,511,356.25	603,981.66	159,364.15	198,138.28	8,549,872.16	9,370,685.00	786,562.60	188,618.30	213,207.05	8,182,297.05	140,671.25	367,575.10	297,653.83
07/01/03	9,501,431.25	603,981.66	162,985.53	198,138.28	8,536,325.78	9,358,615.00	786,562.60	191,835.88	213,207.05	8,167,009.47	142,816.25	369,316.31	285,071.22
07/01/04	9,490,918.75	603,981.66	166,878.58	198,138.28	8,521,920.23	9,350,515.00	786,562.60	195,419.40	213,207.05	8,155,325.95	140,403.75	366,594.29	270,845.67
07/01/05	9,478,293.75	603,981.66	171,083.64	198,138.28	8,505,090.17	9,334,835.00	786,562.60	199,060.76	213,207.05	8,136,004.59	143,458.75	369,085.58	260,195.52
07/01/06	9,471,650.00	603,981.66	175,688.82	198,138.28	8,493,841.24	9,330,535.00	786,562.60	203,322.00	213,207.05	8,127,443.35	141,115.00	366,397.88	247,814.42
07/01/07	9,451,193.75	603,981.66	180,487.65	198,138.28	8,468,586.16	9,310,385.00	786,562.60	207,454.37	213,207.05	8,103,160.98	140,808.75	365,425.17	236,917.80
07/01/08	9,439,587.50	603,981.66	185,830.14	198,138.28	8,451,637.42	9,298,540.00	786,562.60	212,166.40	213,207.05	8,086,603.95	141,047.50	365,033.47	227,124.61
07/01/09	9,417,368.75	603,981.66	191,444.02	198,138.28	8,423,804.79	9,277,640.00	786,562.60	216,995.46	213,207.05	8,060,874.89	139,728.75	362,929.90	217,190.70
07/01/10	9,402,212.50	603,981.66	197,638.83	198,138.28	8,402,453.73	9,262,240.00	786,562.60	222,288.97	213,207.05	8,040,181.38	139,972.50	362,272.35	208,550.88
07/01/11	9,381,406.25	603,981.66	204,272.86	198,138.28	8,375,013.45	9,239,400.00	786,562.60	227,799.15	213,207.05	8,011,831.20	142,006.25	363,182.25	200,991.68
07/01/12	9,367,043.75	603,981.66	211,550.27	198,138.28	8,353,373.54	9,225,800.00	786,562.60	233,822.72	213,207.05	7,992,207.63	141,243.75	361,165.91	192,983.19
07/01/13	9,346,025.00	603,981.66	219,266.82	198,138.28	8,324,638.24	9,203,500.00	786,562.60	239,967.96	213,207.05	7,963,762.39	142,525.00	360,875.85	185,991.89
07/01/14	9,320,443.75	603,981.66	171,592.34	198,138.28	8,346,731.47	9,176,600.00	786,562.60	246,367.02	213,207.05	7,930,463.33	143,843.75	416,268.14	195,425.55
07/01/15	9,296,812.50	9,507,798.88		99,069.14	(310,055.52)	11,463,900.00	11,514,402.56		213,207.05	(263,709.61)	(2,167,087.50)	(46,345.91)	(13,666.80)
	197,662,641.25	21,565,298.79	3,435,610.99	4,054,578.30	168,607,153.17	197,010,475.79	27,216,782.56	4,006,746.14	4,469,531.54	161,317,415.55	652,165.46	7,289,737.58	5,510,138.54

Twenty-one Year Average

347,130.36

Note:

Adjusted Semi-Annual Savings

Savings adjusted to reduce savings due to bond fund monies in the first period and increase savings by accrued interest, also in the first period as follows:

Debt Service Reduction:

Net Savings
\$ 7,289,738

PV Savings
\$ 5,510,139

Savings:

\$ 7,289,738 \$ 5,510,139

First Period Refunded Gross Debt Service: 9,570,892.50
-Bond Fund Monies (1,060,000.00)
Adjusted Refunded First Period Debt Service: 8,510,892.50

First Period Refunding Gross Debt Service: 9,654,997.50
-Accrued Interest (1,280,106.71)
Adjusted Refunding First Period Debt Service: 8,374,890.79

Adjusted First Period Savings (Refunded-Refunding): 136,001.71

Clause #23: 52.219-9 SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED SMALL BUSINESS SUBCONTRACTING PLAN (AUG 1996)

(a) This clause does not apply to small business concerns.

(b) "Commercial product," as used in this clause, means a product in regular production that is sold in substantial quantities to the general public and/or industry at established catalog or market prices. It also means a product which, in the opinion of the Contracting Officer, differs only insignificantly from the Contractor's commercial product.

"Subcontract," as used in this clause, means any agreement (other than one involving an employer-employee relationship) entered into by a Federal Government prime Contractor or subcontractor calling for supplies or services required for performance of the contract or subcontract.

(c) The offeror, upon request by the Contracting Officer, shall submit and negotiate a subcontracting plan, where applicable, which separately addresses subcontracting with small business concerns, with small disadvantaged business concerns and with women-owned small business concerns. If the offeror is submitting an individual contract plan, the plan must separately address subcontracting with small business concerns, small disadvantaged business concerns, and women-owned small business concerns with a separate part for the basic contract and separate parts for each option (if any). The plan shall be included in and made a part of the resultant contract. The subcontracting plan shall be negotiated within the time specified by the Contracting Officer. Failure to submit and negotiate the subcontracting plan shall make the offeror ineligible for award of a contract.

(d) The offeror's subcontracting plan shall include the following:

(1) Goals, expressed in terms of percentages of total planned subcontracting dollars, for the use of small business concerns, small disadvantaged business concerns and women-owned small business concerns as subcontractors. The offeror shall include all subcontracts that contribute to contract performance, and may include a proportionate share of products and services that are normally allocated as indirect costs.

(2) A statement of-

- (i) Total dollars planned to be subcontracted;
- (ii) Total dollars planned to be subcontracted to small business concerns;
- (iii) Total dollars planned to be subcontracted to small disadvantaged business concerns; and
- (iv) Total dollars planned to be subcontracted to women-owned small business concerns.

(3) A description of the principal types of supplies and services to be subcontracted, and an identification of the types planned for subcontracting to (i) small business concerns, (ii) small disadvantaged business concerns and (iii) women-owned small business concerns.

(4) A description of the method used to develop the subcontracting goals in paragraph (d)(1) of this clause.

(5) A description of the method used to identify potential sources for solicitation purposes (e.g., existing company source lists, the Procurement Automated Source System (PASS) of the Small Business Administration, the National Minority Purchasing Council Vendor Information Service, the Research and Information Division of the Minority Business Development Agency in the Department of Commerce, or small, small disadvantaged and women-owned small business concerns trade associations). A firm may rely on the information contained in PASS as an accurate representation of a concern's size and ownership characteristics for purposes of maintaining a small business source list. A firm may rely on PASS as its small business source list. Use of the PASS as its source list does not relieve a firm of its responsibilities (e.g., outreach, assistance, counseling, publicizing subcontracting opportunities) in this clause.

(6) A statement as to whether or not the offeror included indirect costs in establishing subcontracting goals, and a description of the method used to determine the proportionate share of indirect costs to be incurred with (i) small business concerns, (ii) small disadvantaged business concerns, and (iii) women-owned small business concerns.

(7) The name of the individual employed by the offeror who will administer the offeror's subcontracting program, and a description of the duties of the individual.

(8) A description of the efforts the offeror will make to assure that small, small disadvantaged and women-owned small business concerns have an equitable opportunity to compete for subcontracts.

(9) Assurances that the offeror will include the clause in this contract entitled "Utilization of Small, Small Disadvantaged and Women-Owned Small Business Concerns" in all subcontracts that offer further subcontracting opportunities, and that the offeror will require all subcontractors (except small business concerns) who receive subcontracts in excess of \$500,000 (\$1,000,000 for construction of any public facility) to adopt a plan similar to the plan agreed to by the offeror.

(10) Assurances that the offeror will (i) cooperate in any studies or surveys as may be required, (ii) submit periodic reports in order to allow the Government to determine the extent of compliance by the offeror with the subcontracting plan, (iii) submit Standard Form (SF) 294, Subcontracting Report for Individual Contracts, and/or SF 295, Summary Subcontract Report, in accordance with the instructions on the forms, and (iv) ensure that its subcontractors agree to submit Standard Forms 294 and 295.

(11) A recitation of the types of records the offeror will maintain to demonstrate procedures that have been adopted to comply with the requirements and goals in the plan, including establishing source lists; and a description of its efforts to locate small, small disadvantaged and women-owned small business concerns and award subcontracts to them. The records shall include at least the following (on a plant-wide or company-wide basis, unless otherwise indicated):

(i) Source lists (e.g., PASS), guides, and other data that identify small, small disadvantaged and women-owned small business concerns.

(ii) Organizations contacted in an attempt to locate sources that are small, small disadvantaged or women-owned small business concerns.

(iii) Records on each subcontract solicitation resulting in an award of more than \$100,000, indicating (A) whether small business concerns were solicited and if not, why not, (B) whether small disadvantaged business concerns were solicited and if not, why not, (C) whether women-owned small business concerns were solicited and if not, why not, and (D) if applicable, the reason award was not made to a small business concern.

(iv) Records of any outreach efforts to contact (A) trade associations, (B) business development organizations, and (C) conferences and trade fairs to locate small, small disadvantaged and women-owned small business sources.

(v) Records of internal guidance and encouragement provided to buyers through (A) workshops, seminars, training, etc., and (B) monitoring performance to evaluate compliance with the program's requirements.

(vi) On a contract-by-contract basis, records to support award data submitted by the offeror to the Government, including the name, address, and business size of each subcontractor. Contractors having company or division-wide annual plans need not comply with this requirement.

(e) In order to effectively implement this plan to the extent consistent with efficient contract performance, the Contractor shall perform the following functions:

(1) Assist small, small disadvantaged and women-owned small business concerns by arranging solicitations, time for the preparation of bids, quantities, specifications, and delivery schedules so as to facilitate the participation by such concerns. Where the contractor's lists of potential small, small disadvantaged and women-owned small business subcontractors are excessively long, reasonable effort shall be made to give all such small business concerns an opportunity to compete over a period of time.

(2) Provide adequate and timely consideration of the potentialities of small, small disadvantaged and women-owned small business concerns in all "make-or-buy" decisions.

(3) Counsel and discuss subcontracting opportunities with representatives of small, small disadvantaged and women-owned small business firms.

(4) Provide notice to subcontractors concerning penalties and remedies for misrepresentations of business status as small, small disadvantaged or women-owned small business for the purpose of obtaining a subcontract that is to be included as part or all of a goal contained in the Contractor's subcontracting plan.

(f) A master subcontracting plan on a plant or division-wide basis which contains all the elements required by paragraph (d) of this clause, except goals, may be incorporated by reference as a part of the subcontracting plan required of the offeror by this clause; provided, (1) the master plan has been approved, (2) the offeror ensures that the master plan is updated as necessary and provides copies of the approved master plan, including evidence of its approval, to the Contracting Officer, and (3) goals and any deviations from the master plan deemed necessary by the Contracting Officer to satisfy the

requirements of this contract are set forth in the individual subcontracting plan.

(g)(1) If a commercial product is offered, the subcontracting plan required by this clause may relate to the offeror's production generally, for both commercial and noncommercial products, rather than solely to the Government contract. In these cases, the offeror shall, with the concurrence of the Contracting Officer, submit one company-wide or division-wide annual plan.

(2) The annual plan shall be reviewed for approval by the agency awarding the offeror its first prime contract requiring a subcontracting plan during the fiscal year, or by an agency satisfactory to the Contracting Officer.

(3) The approved plan shall remain in effect during the offeror's fiscal year for all of the offeror's commercial products.

(h) Prior compliance of the offeror with other such subcontracting plans under previous contracts will be considered by the Contracting Officer in determining the responsibility of the offeror for award of the contract.

(i) The failure of the Contractor or subcontractor to comply in good faith with (1) the clause of this contract entitled "Utilization Of Small, Small Disadvantaged and Women-Owned Small Business Concerns," or (2) an approved plan required by this clause, shall be a material breach of the contract.

(End of clause)

Clause #24: 52.219-16 LIQUIDATED DAMAGES -- SUBCONTRACTING PLAN (OCT 1995)

(a) Failure to make a good faith effort to comply with the subcontracting plan, as used in this clause, means a willful or intentional failure to perform in accordance with the requirements of the subcontracting plan approved under the clause in this contract entitled "Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan," or willful or intentional action to frustrate the plan.

(b) If, at contract completion, or in the case of a commercial product plan, at the close of the fiscal year for which the plan is applicable, the Contractor has failed to meet its subcontracting goals and the Contracting Officer decides in accordance with paragraph (c) of this clause that the Contractor failed to make a good faith effort to comply with its subcontracting plan, established in accordance with the clause in this contract entitled "Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan," the Contractor shall pay the Government liquidated damages in an amount stated. The amount of probable damages attributable to the Contractor's failure to comply, shall be an amount equal to the actual dollar amount by which the Contractor failed to achieve each subcontract goal or, in the case of a commercial products plan, that portion of the dollar amount allocable to Government contracts by which the Contractor failed to achieve each subcontract goal.

(c) Before the Contracting Officer makes a final decision that the Contractor has failed to make such good faith effort, the Contracting Officer shall give the Contractor written notice specifying the failure and permitting the Contractor to demonstrate what good faith efforts have been made. Failure to respond to the notice may be taken as an admission that no valid explanation exists. If, after consideration of all the pertinent data, the Contracting Officer finds that the Contractor failed to make a good faith effort to comply with the subcontracting plan, the Contracting Officer shall issue a final decision to that effect and require that the Contractor pay the Government liquidated damages as provided in paragraph (b) of this clause.

(d) With respect to commercial product plans; i.e., company-wide or division-wide subcontracting plans approved under paragraph (g) of the clause in this contract entitled "Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan," the Contracting Officer of the agency that originally approved the plan will exercise the functions of the Contracting Officer under this clause on behalf of all agencies that awarded contracts covered by that commercial product plan.

(e) The Contractor shall have the right of appeal, under the clause in this contract entitled, Disputes, from any final decision of the Contracting Officer.

(f) Liquidated damages shall be in addition to any other remedies that the Government may have.

(End of clause)

Clause #25: 52.252-4 ALTERATIONS IN CONTRACT (APR 1984)

Portions of this contract are altered as follows:

FAR 52.202-1 "Definitions (October 1995)," is modified as follows (ref. DEAR 952.202-1):

(a) Substitute the following for paragraph (a):

"The term "Head of Agency" means the Secretary, Deputy Secretary or Under Secretary of the DOE and the Chairman, Federal Energy Regulatory Commission."

(b) The following shall be added as paragraph (d):

(d) The term "DOE" means the Department of Energy and "FERC" means the Federal Energy Regulatory Commission.

PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACHMENTS

SECTION J - LIST OF ATTACHMENTS

<u>Exhibit</u>	<u>Title</u>	<u>Pages</u>
A	DOE Approved Resources	1
	Schedule 1 - DOE TA-3 Generating Plant, Rev.2	1
	Schedule 2 - DOE Purchased Power Contracts	1
	Schedule 3 - DOE 115 kV Transmission and Substation Facilities, Rev.1	1
B	County Approved Resources	3
	Schedule 1 - County Laramie River Resource	1
	Schedule 2 - County San Juan Unit 4 Participation	2
	Schedule 3.1 - El Vado Project	1
	Schedule 3.2 - Abiquiu Project	2
	Schedule 4 - County Transmission Arrangements	1
	Schedule 5 - County Purchased Power Contracts	1
C	Miscellaneous Costs of Mutual Benefit	2
D	Method for the Cost Determination of DOE Distribution Facilities	1
E	Monthly Settlement Sheet	3
F	Method for Computing and Allocating Refinancing Savings, Rev. 1	3
G	Subcontracting Plan, Rev. 1	6

Contract No. DE-AC04-85AL26078
Modification A008

Attachment A
Exhibit A
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EXHIBIT A
TO CONTRACT NO. DE-AC04-85AL26078

DOE APPROVED RESOURCES

General

DOE constructed the TA-3 Generating Plant which was placed in service in 1951, as well as various 115 kV transmission facilities. Also, the DOE has an allocation of Western Area Power Administration Salt Lake City Integrated Projects (Western) firm and peaking power. In addition, DOE shall arrange for Resource Accounting Pool repayment of energy deliveries associated with DOE's allocation of Western's peaking capacity. The scheduling of such energy purchases shall be the responsibility of the Manager of Operations or his designated representative. All of the foregoing are included as Approved Resources under this contract.

Each of the above identified resources is set forth in a separate schedule to this Exhibit A.

TA-3 GENERATING PLANT

Description: The DOE Los Alamos TA-3 Generating Plant includes two 5.5 MW automatic extraction turbine generators, and one 11.5 MW conventional turbine generator. The combined nameplate capacity of this plant is 22.5 MW. All boilers are dual fuel with natural gas as the primary fuel and oil as the standby fuel. TA-3 will be maintained in a ready standby mode until adequate transmission is in place to provide firm service for forecasted power requirements throughout the Resource Planning Horizon.

Monthly Fixed Charges: The parties agree that the monthly fixed charge associated with the DOE TA-3 generating plant includable herein is \$26,597. This amount is based upon the net book value as of July 1, 1985, and subsequent additions. The remaining plant investment as of July 1, 1997 will be fully amortized in August of 1998. Replacements and additions of single items, not to exceed \$20,000, shall be separately charged as an operating expense on an actual cost incurred basis.

Annual Adjustment of Fixed Charge: In the event of extraordinary additions or replacements of single items, in excess of \$20,000, the parties may agree to treat specific additions or replacements as capital improvements and to revise the fixed charges to reflect such additions or replacements. An adjusted Monthly Fixed Charge as agreed upon by the parties shall become effective upon (1) written modification to this Exhibit A, Schedule 1 or (2) the approval by the Contracting Officer and County Authority of such revised charge within the Resource Accounting Pool's 24 month budget.

Non-Fuel Operating and Maintenance Expenses: The parties agree that all operating and maintenance expenses allocable to electric power production are includable herein. The methodology for accomplishing this assignment of operating and maintenance responsibility to electrical energy production shall be set forth in an Approved Operating Procedure.

Fuel Expense: The cost of fuel at the TA-3 generating plant is to be allocated between electric energy production and heating on an incremental cost basis, with the electrical energy cost responsibility being assigned the incremental quantity of fuel associated with this resource.

EXHIBIT A, SCHEDULE 2

DOE PURCHASED POWER CONTRACTS

DOE Interagency Agreement No. DE-AC04-89AL45747

The parties agree that Western's allocation of Salt Lake City Area/Integrated Projects (SLCA/IP) power and energy per Interagency Agreement No. DE-AC04-8945747 which expires on September 30, 2004, unless extended, is an Approved Resource. Any wheeling charges necessary to deliver the power and energy are included herein. In addition, any new Western allocation and associated wheeling charges shall be includable herein and shall be an Approved Resource. DOE, from time to time, arranges for the purchases of energy to repay energy obtained with DOE's allocation of Western's peaking capacity. The scheduling of such energy purchases shall be the responsibility of the Manager of Operations or his designated representative. It is agreed that such purchased energy costs as well as costs associated with related wheeling are includable herein.

Western offers, when available, monthly and seasonal surplus capacity without energy. When economically beneficial to both parties, such capacity may be utilized and will be includable herein.

Apart from the above agreement, DOE is proceeding to finalize a Non-Firm Electric Services agreement with Western, designated as Interagency Agreement No. DE-AI04-91AL63807. Under the Non-Firm Electric Services agreement, Western will provide a range of services, including (a) breakdown or emergency service for DOE's TA-3 Plant as well as for the county's San Juan Plant, the Laramie River Station, El Vado Plant and Abiquiu Plant resources, (b) purchases of non-firm energy from DOE and county resources by Western, (c) interchange energy, and (d) economy energy sales.

Short Term Purchases Power

Short term purchases as may be required and as have been approved by the parties in the 24-month budget forecast are includable herein.

DOE 115 KV TRANSMISSION AND SUBSTATION FACILITIES

Description

The DOE Los Alamos 115 kV Transmission and Substation Facilities includable as Approved Resources are as follow:

- (a) ETA Switching Station
- (b) 115 kV Transmission ETA to TA-3, ETA to TA-53 (Meson), and TA-53 to TA-3
- (c) 115 kV Transmission ETA to Norton
- (d) TA-3 Transformation and related facilities
- (e) Capacitor Banks and related facilities

Monthly Fixed Charge

The parties agree that the monthly fixed charge associated with the DOE 115 KV Transmission and Substation Facilities, other than the Static Var Compensator (SVC), includable herein is \$19,500. This amount is based upon the net book value as of July 1, 1985, and subsequent additions.. Replacements and additions of single items, not to exceed \$20,000, shall be separately charged as an operating expense on an actual cost incurred basis.

Once a determination of the transmission import rating of the SVC is determined, this Exhibit A, Schedule 3, will be amended to provide for an assignment of an annual fixed cost arising from the SVC amortized over thirty (30) years, if transmission rights are obtained at no additional cost to the Pool.

Annual Adjustment of Fixed Charges

In the event of extraordinary additions or replacements of single items, in excess of \$20,000, the parties may agree to treat specific additions or replacements as capital improvements and negotiate a revision of the fixed charge. An adjusted monthly fixed charge as agreed upon by the parties shall become effective upon (1) written modification to this exhibit or (2) the approval by the Contracting Officer and County Authority of such revised charge within the Resource Accounting Pool's 24-month budget.

Operating and Maintenance Expenses

The parties agree that all operating and maintenance expenses associated with the approved 115 kV Transmission and Substation Facilities are includable herein. In addition, direct operating costs of the DOE's SVC are includable herein.

EXHIBIT B
TO CONTRACT NO. DE-AC04-85AL26078

COUNTY APPROVED RESOURCES

General

The county has acquired at 7.2 percent (35.88 MW) ownership share of the San Juan Unit 4 generating station, and has arranged to deliver the San Juan power to Los Alamos. The County owns and operates hydroelectric plants at El Vado and Abiquiu. The El Vado Plant with a rated capacity of 8 MW was completed for initial operation in May, 1988. The first 6.3 MW unit at the Abiquiu Plant commenced initial operation in April 1990, and the second 6.3 MW unit commenced initial operation in December 1990.

The county has a 1.4 MW winter/1.0 MW summer allocation of Western SLCA/IP under Contract No. 87-SLC-0027 which expires on September 30, 2004. In addition, the county has contracted with Lincoln Electric System (LES) for a life of the project participation of 4.35 percent (10 MW) from the Laramie River Station (LRS), and has entered into various transmission agreements to provide for the delivery of the LRS power to the Los Alamos area. San Juan Unit 4 ownership, the El Vado ownership, the Abiquiu ownership, the Western contract power, LES contract power and all related transmission arrangements are Approved Resources under this contract.

Each of the above-identified resources are set forth as separate schedules to this Exhibit B.

A monthly capacity charge for each County Approved Generating Resource for which the county has outstanding bonded indebtedness shall be calculated by the following formula:

$$\text{Monthly Capacity Charge} = (1/\text{MO}) (\text{DS} + \text{RR} + \text{FDE} + \text{Adj}) \times \text{AR} \times \text{ADR} \times \text{DF}$$

Where

MO = Total months or parts thereof that the Approved Resource is anticipated at the beginning of the County Fiscal Year by the County to operate during such County Fiscal Year.

DS = "Debt Services for Approved Resources" shall mean the net amount of annual payments of principal (whether due at maturity or through retirement from mandatory sinking fund installments or through mandatory extraordinary redemptions prior to maturity as a result of, among other things, failure to renew this contract), and interest on any obligations (bonds, notes, letter of credit and other credit facilities, subordinated indebtedness or other evidence of indebtedness) owed by the

County on any obligation of the county issued to finance or refinance Approved Resources, including, without limitation, any obligation issued by the county under either Indenture, less all relative interest earnings, from Bond Fund Earnings, Bond Reserve Fund Earnings, Rate Stabilization Reserve Fund Earnings and Replacement Reserve Fund Earnings held under such Indentures, regardless of whether or not earnings from these funds are otherwise restricted. For purposes hereof, the interest earnings are limited to those that would be allowed to flow to the County under Internal Revenue Service Arbitrage restrictions. As of July 1, 1991, the DOE recognizes that the county has carry-forward arbitrage credits in the approximate amount of \$450,000 which may be applied to offset future arbitrage interest earnings in excess of that allowable under arbitrage restrictions. Such unused arbitrage credits of approximately \$450,000 shall remain the sole property of the County and not be includable in the interest earnings credited to the Pool.

RR = Current annual budget for renewals and replacements.

FDE = Annual budget for fixed demand related expenses recorded in Federal Energy Regulatory Commission (FERC) Accounts 408, 431, 500, 502, 505, 506, 507, 510, & 511, and such other accounts which reflect expenses consistent with the Contract Cost Principles and Procedures as set forth in 48 CFR Subparagraph 31.6 (OMB Circular No. A-87).

Adj = The adjustment factor shall be (i) to restore amounts withdrawn from funds or accounts held under the Bond Indenture due to an unanticipated excess of costs over revenues allocable to such resource for the preceding Fiscal Year or (ii) to credit to the pool amounts collected in the preceding year in excess of the costs to the pool allocable to such resource (except as otherwise mutually agreed by the parties, for so long as monthly payments are owing under Paragraph 6. of Exhibit C, any such excess funds shall be applied to the reduction of the principal amount referenced in said Paragraph 6. in lieu of crediting the pool).

AR = The availability ratio which is defined below:

$$T = \frac{(A + B)}{T}$$

Where

- T = Total hours during billing period.
- A = Number of total hours of down time scheduled for normal maintenance in billing period.
- B = The sum of all periods of unscheduled down time for more than 72 consecutive hours during the billing period.
- ADR = The Average Demand Ratio shall be the sum of the estimated maximum capacity scheduled and allocable for Los Alamos area loads for all of the months of the fiscal year divided by 12 times the rated capacity of the resource.
- DF = The Demand Factor shall be one for every month except any month in which there is no capacity from the resource allocable to Los Alamos area loads, in which case DF shall be zero.

If Debt Service for Approved Resources includes payments of principal on an accelerated basis and the DOE pays its share thereof as required by the terms of this contract, the County agrees that it will share, in a fair and equitable manner and upon such terms as shall be agreed to by the County and DOE, the benefits of the County's Approved Resources paid for early by such acceleration. Such benefits may include, but are not necessarily limited to, energy delivered to DOE at the County's cost or sharing of the proceeds accrued to the County through sales associated with such resources.

If the County borrows funds to avoid having to pass on all or a major share of the incremental costs of accelerated debt retirement to its retail customers, repayment of such borrowed funds shall be the sole responsibility of the County and shall not be recoverable from the Pool.

EXHIBIT B, SCHEDULE 1

LARAMIE RIVER RESOURCE

Description

The County has contracted with Lincoln Electric System (LES) for a life of the project participation of 4.35 percent (10 MW) of LES original entitlement from the Laramie River Station (LRS). LRS is a coal-fired generating plant located in Wheatland, Wyoming, LES power and energy as well as related transmission arrangements for the LES power are includable herein.

Monthly Participation Charge

The parties agree that the monthly participation charge as set forth in the agreement between the County and LES are includable herein.

EXHIBIT B, SCHEDULE 2

COUNTY SAN JUAN UNIT 4 PARTICIPATION

Description

The County has arranged to purchase a 7.2 percent (35.88) MW ownership share of the San Juan Generating Station Unit 4 operated by Public Service Company of New Mexico (PNM). The San Juan Unit 4 is a coal-fired steam turbine located in San Juan County in New Mexico. San Juan Unit 4 power, energy and related hazard sharing arrangements are includable as an Approved Resource.

Determination of Monthly Capacity Charge

The monthly capacity charge shall be computed by the County in accordance with the formula set forth in the General section of Exhibit B. The calculation for San Juan Unit 4 shall include MO=11 and ADR=1 under normal conditions.

These factors may be adjusted by the Operating Committee consistent with the methodology set forth in the General section of Exhibit B and based on new engineering data, load data, plant capacity other technical data as may become available.

Determination of Monthly Energy Charge

A monthly energy charge for San Juan shall be developed in accordance with the following formula:

$$\text{Monthly Energy Charge} = [\text{PNM} - \text{DR}] (\text{TE} - \text{ES}) / \text{TE}$$

Where

PNM = Total Charges invoiced by PNM during billing month for San Juan Participation.

DR = Monthly invoiced amount for Demand Related FERC accounts 408, 431, 500, 502, 506, 507, 510, and 511, and such other accounts which reflect expenses consistent with the Contract Cost Principles and Procedures as set forth in 48 CFR Subparagraph 31.6 (OMB Circular No. A-87).

TE = Total energy scheduled from Los Alamos County's share of San Juan Plant.

ES = Energy sales are those sales to third parties that can be identified with the San Juan Capacity not scheduled as part of the maximum capacity scheduled to Los Alamos area loads during the billing month. For the purpose of this formula, any deliverables to third parties for the indirect use in conjunction with the coordinated operation of DOE and the County, e.g., repayment of Western peaking power, balancing of inadvertent accounts of repayment in kind of emergency energy, are to be treated as if the delivery had been made directly to Los Alamos.

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EXHIBIT B, SCHEDULE 3.1
EL VADO PROJECT

Description

The parties agree that the El Vado Project is an Approved Resource under this contract. The El Vado Project, located on the El Vado Reservoir 55 miles northwest of Los Alamos, has one 8 MW hydroelectric generating unit and commenced initial operation in May, 1988.

Determination of Monthly Capacity Charge

The monthly capacity charge shall be computed by the County in accordance with the formula set forth in the General section of Exhibit B. The calculation for the El Vado Project shall include MO=12 and ADR=1 under normal conditions.

These factors may be adjusted by the Operating Committee consistent with the methodology set forth in the General section of Exhibit B and based on new engineering data, load data, plant capacity or other technical data as may become available.

Determination of Monthly Energy Charge

A monthly energy charge for hydroelectric production shall be developed in accordance with the following formula:

$$\text{Monthly Energy Charge} = (\text{FERC}) \times (\text{TE} - \text{ES}) / \text{TE}$$

Where

FERC = Total Charges incurred by county, that are properly chargeable to FERC Account Nos. 408, 535 through 545, and such other accounts which reflect expenses consistent with the Contract Cost Principles and Procedures as set forth in 48 CFR Subparagraph 31.6 (OMB circular No. A-87).

TE = Total Energy scheduled from the El Vado Project, as metered at the 69 kV bus at the plant.

ES = Energy Sales from the hydroelectric units to third parties that can be identified with El Vado capacity not scheduled to Los Alamos during the billing month. For the purpose of this formula, any deliveries to third parties for the indirect use in conjunction with the coordinated operation of DOE and the County, e.g., repayment of Western Peaking power, balancing of inadvertent accounts or repayment in kind of emergency energy, are to be treated as if the deliveries were made directly to Los Alamos.

EXHIBIT B, SCHEDULE 3.2

ABIQUIU PROJECT

Description

The parties agree that the Abiquiu Project is an Approved Resource under this contract. The Abiquiu Project, located on the Abiquiu Reservoir 28 miles northwest of Los Alamos, has two hydroelectric generating units with a combined capacity of 12.6 MW. The first 6.3 MW unit at the Abiquiu Project commenced initial operation in April, 1990, and the second 6.3 MW unit commenced operation December, 1990.

Determination of Monthly Capacity Charge

The monthly capacity charge shall be computed by the County in accordance with the formula set forth in the General section of Exhibit B except as further defined or modified below.

1. The AR Factor shall be calculated assuming the Abiquiu Project is a single 12.6 MW unit.
2. The monthly capacity charge calculation for the Abiquiu Project shall include a MO=12 and ADR=1 under normal conditions. These factors may be adjusted by the Operating Committee consistent with the methodology set forth in the General section of Exhibit B and based on new engineering data, load data, plant capacity or other technical data as may become available.
3. The DF factor shall be one for every month except in (a) any month when capacity is available to the Los Alamos area load from only one of the two Abiquiu units the DF shall be .8467 and (b) any month when no capacity is available to the Los Alamos load area from both Abiquiu units the DF shall be zero.

Determination of Monthly Energy Charge

A monthly energy charge for hydroelectric production shall be developed in accordance with the following formula:

$$\text{Monthly Energy Charge} = (\text{FERC}) \times (\text{TE} - \text{ES}) / \text{TE}$$

Where

FERC = Total charge incurred by County, on and after the date that a given hydroelectric unit is declared available for commercial operation, that are properly chargeable to FERC Account Nos. 408, 535 through 545, and such other accounts

which reflect expenses consistent with the contract Cost Principles and Procedures as set forth in 48 CFR Subparagraph 31.6 (OMB Circular No. A-87).

- TE = Total energy scheduled from the Abiquiu Plant, as metered at the 69 kV bus at the plant.
- ES = Energy sales from the hydroelectric units to third parties that can be identified with Abiquiu capacity not scheduled to Los Alamos during the billing month. For purpose of this formula, any deliveries to third parties for the indirect use in conjunction with the coordinated operation of DOE and the County, e.g., repayment of Western Peaking power, balancing of inadvertent accounts or repayment in kind of emergency energy, are to be treated as if the deliveries were made directly to Los Alamos.

EXHIBIT B, SCHEDULE 4

COUNTY TRANSMISSION ARRANGEMENTS

Description

The following agreements for transmission of power for the County's Approved Resources and provision for transmission paths in case of failures in the normal path are included herein:

- (a) PNM Interconnection Agreement
- (b) Plains Interconnection Agreement
- (c) Western Transmission Agreement
- (d) NORA Interconnection Agreement
- (e) Jemez Interconnection Agreement

The County will investigate possibilities for participation in construction of transmission facilities in lieu of wheeling charges. The parties agree that, if after such investigations, the construction of facilities is found to be economically and operationally more advantageous than alternative wheeling arrangements, and the County elect to proceed with construction, such additions shall be made in accordance with the provision of Article II(a)(4), Additional Approved Resources.

Monthly Charge

The parties recognize that the monthly charge associated with the transmission arrangements will be dependent in part on actual power deliveries and invoiced amounts for related operations and maintenance services pursuant to contract service arrangements as well as renewals and replacements. The parties agree that all such charges are includable herein.

EXHIBIT B, SCHEDULE 5

COUNTY PURCHASED POWER CONTRACTS

County Contract No. 87-SLC-0027

The parties agree that Western's allocation of SLCA/IP power and energy per Contract No. 87-SLC-0027 which expires September 30, 2004, unless extended, is an Approved Resource. In addition, any new Western allocation shall be an Approved Resource. Any wheeling charges necessary to deliver the power and energy are includable herein.

Western offers, when available, monthly and seasonal surplus capacity without energy. When economically beneficial to both parties, such capacity may be utilized and will be includable herein.

The parties are proceeding to finalize an area control agreement with Western. Any related charges related to such area control agreement will be includable herein.

Short Term Purchase Power

Short term purchases as may be required and as have been approved by the parties in the 24-month budget forecast are includable herein.

Emergency Power for County Approved Resources

Through power pool membership and interconnection arrangements the County will be providing for emergency power and energy for the County Approved Resources. Emergency power purchases shall be includable herein.

EXHIBIT C
TO CONTRACT NO. DE-AC04-85AL26078
MISCELLANEOUS COSTS OF MUTUAL BENEFIT

In order to provide for the coordinated operation of the DOE and County resources and to provide for future resource planning, the parties recognize that there are certain other costs which are not appropriately includable as costs of the Approved Resources, but which are mutually beneficial to both parties. The list of other costs includable herein is as follows:

1. Expenses associated with the coordination of the combined operation of the Approved Resources, including funding and operating the load dispatch center and the employment of a Manager of Operations. The parties agree that for the purposes of Exhibit E, these costs will be allocated 100 percent demand.
2. Power pool membership and meetings as scheduled in the approved 24 month budget forecast. The parties agree that for the purposes of Exhibit E, these costs will be allocated 50 percent demand and a 50 percent energy.
3. Studies and meetings associated with the planning for future resources and facilities as scheduled in the approved 24 month budget forecast. The parties agree that for the purposes of Exhibit E, these costs will be allocated 50 percent demand and 50 percent energy.
4. Cost of owning, maintaining and reading meters; rendering invoices and data management. The parties agree that for the purposes of Exhibit E, these costs will be allocated as customer costs.
5. Letter of Credit costs after adjustment for the portion attributable to the County's financing of the White Rock distribution system. The parties agree that for the purposes of Exhibit E, these costs will be allocated 100 percent demand.
6. In accordance with the requirements of the New Mexico Public Service Commission in its Order approving the San Juan Sale, the County was required to compensate PNM in the amount of \$4,000,000 for added risks to PNM's customers by reason of the San Juan Sale. In consideration of this payment, a monthly amount of \$50,000 shall be allowed hereunder. The parties agree to review the basis of this monthly amount each 36 months during the term of this contract. In the event the Bank of America reference rate has varied more than 25 percent from the rate in effect upon the effective date of this contract or as revised for any subsequent

adjustment period, the parties agree to equitably adjust the monthly amount. Subject to further adjustment as provided below, the monthly allowance shall continue for 120 months. The parties agree that for the purposes of Exhibit E, the monthly allowance will be allocated 50 percent demand and 50 percent energy. As noted in the Adjustment Factor in Exhibit B, amounts over and above the monthly allowance described in this paragraph may be paid from excess funds in the Resource Accounting Pool. When any such additional payments are made, the number of monthly allowances hereunder shall be appropriately reduced by treating any excess payments as a reduction in principal.

7. Pursuant to a DOE Office of Inspector General report entitled "Interim Audit of Certain Costs Under Contract No. DE-AC04-85AL26078 - Los Alamos County, Los Alamos, New Mexico," dated February 11, 1991, the County was found to have overcollected from the power pool in the amount of \$2,547,977. The parties agree that \$884,224 of these overcollections shall be applied as reductions in the principal amount of the County General Fund Loan with the timing of repayment assumed to have occurred July 1, 1990.

Prior to the time that the El Vado and Abiquiu hydroelectric units became used for Pool purposes, the County was required to pay \$1,694,535 in debt service for these units from its own funds. This amount is subject to audit and, if necessary, adjustment. The parties agree that the remaining \$1,663,753 of the overcollections shall be applied as an offset of this \$1,694,535 of debt service. The remaining balance, \$30,782, shall be applied as an addition to the unpaid principal of the County General Fund Loan with the timing of this addition to occur July 1, 1991.

8. Any restricted interest on bonds earned commencing July 1, 1991, which the County is obligated to apply toward payment of construction related costs of Pool Approved Resources, shall be recoverable from the Pool over a ten year period following the procedure set up in this Exhibit C, Miscellaneous Costs of Mutual Benefit, item 6, for the General Fund Loan. For purposes of Exhibit E such costs will be allocated with the demand allocator.
9. Cost of owning and maintaining supervisory control and data acquisition (SCADA) equipment acquired in part by DOE and in part by the County are, in part, includable herein, to allow recovery of such acquisition costs, including interest at the County General Fund Loan rate, over five years. The parties agree that \$2,587 of DOE monthly costs and \$23,278 of County quarterly costs, for SCADA facilities are includable herein through June 1993. For purposes of Exhibit E, such costs will be allocated with the demand allocator.

EXHIBIT D
TO CONTRACT NO. DE-AC04-85AL26078

METHOD FOR THE COST DETERMINATION
OF DOE DISTRIBUTION FACILITIES

GENERAL

This exhibit identifies the method utilized for determination of the Facilities Charge to be assessed Los Alamos County for the County's use of distribution facilities which are now or in the future may be installed by the DOE.

METHOD

The parties agree that the County will be assessed \$2,046 monthly for use of DOE distribution facilities. Whenever any facilities are added or deleted from the facilities described below, the parties will determine a new monthly assessment.

Duct and cable between TA-3 and County

Distribution line to serve Royal Crest Trailer Court

OPTION

It is recognized that the major share of these facilities represents the cost of Duct and Cable between TA-3 and County 13kV switching station. This investment and related maintenance expense should properly be the exclusive responsibility of the County, and the parties agree to examine the feasibility of having the County acquire these facilities from DOE.

EXHIBIT E
TO CONTRACT NO. DE-AC04-85AL26078
MONTHLY SETTLEMENT SHEET

COST INCURRED BY

Line No.	Item	FERC Acco unts	LOS ALAMOS COUNTY				DOE				COMBINED			
			Demand	Energy	Customer	Total	Demand	Energy	Customer	Total	Demand	Energy	Customer	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	BILLING UNITS San Juan		KW	KWH			KW	KWH			KW	KWH		
2	KW Monthly Capacity Charge		100%								100%			
3	KWH Monthly Energy Charge			100%								100%		
4	El Vado & Abiquiu KW Monthly Capacity Charge		100%								100%			
5	KWH Monthly Energy Charge			100%								100%		
6	TA-3 KW Monthly Capacity Charge						100%				100%			
7	KWH Monthly Energy Charge							100%				100%		
8	Operation Expense	500	100%				100%				100%			
9		501		100%				100%				100%		
10		502	100%				100%				100%			
11		503-504		100%				100%				100%		
12		505-508	100%				100%				100%			
13		510	100%				100%				100%			
14		511	100%				100%				100%			
15		512-514		100%				100%				100%		
16	PURCHASED POWER	555	As Billed				As Billed				As Billed			

EXHIBIT E
TO CONTRACT NO. DE-AC04-85AL26078
MONTHLY SETTLEMENT SHEET

COST INCURRED BY

Line No.	Item	LOS ALAMOS COUNTY					DOE				COMBINED			
		FERC Accounts	Demand	Energy	Customer	Total	Demand	Energy	Customer	Total	Demand	Energy	Customer	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
	OTHER SUPPLY EXPENSE													
17	System Control & Load													
	Dispatch	556	100%				100%				100%			
18	Other Expenses	557	100%				100%				100%			
19	TRANSMISSION EXPENSE	560-573	100%				100%				100%			
	MISCELLANEOUS COST OF													
	MUTUAL BENEFIT													
20	Dispatch Center		100%				100%				100%			
21	Pool Membership &													
	Meetings		50%	50%			50%	50%			50%	50%		
22	Planning Meetings		50%	50%			50%	50%			50%	50%		
23	Billing & Data													
	Management				100%				100%				100%	
24	Letter of Credit		100%								100%			
25	Stipulation Costs		50%	50%							50	50%		
26	FIXED CHARGES		100%				100%				100%			

EXHIBIT E
TO CONTRACT NO. DE-AC04-85AL26078
MONTHLY SETTLEMENT SHEET

COST INCURRED BY

Line No.	Item	FERC Acco unts	LOS ALAMOS COUNTY				DOE				COMBINED			
			Demand	Energy	Customer	Total	Demand	Energy	Customer	Total	Demand	Energy	Customer	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
27	COST OF SERVICE INTO POOL		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
28	COUNTY ALLOCATION FACTORS										<u>Cty KW</u> <u>Tot KW</u>	<u>Cty KWh</u> <u>Tot KWH</u>	0.5	
29	COUNTY POWER COST										<u>Line 27</u> <u>Line 28</u>	<u>Line 27</u> <u>Line 28</u>	Line 27 X .5	
30	COUNTY RESOURCE COST										<u>Line 27</u> <u>Col (c)</u>	<u>Line 27</u> <u>Col (d)</u>	<u>Line 27</u> <u>Col (e)</u>	<u>Line 27</u> <u>Col (f)</u>
31	DOE ALLOCATION FACTOR										<u>DOE KW</u> <u>Tot KW</u>	<u>DOE Kwh</u> <u>Tot KWH</u>	0.5	
32	DOE POWER COST										<u>Line 27</u> <u>Line 31</u>	<u>Line 27</u> <u>Line 31</u>	Line 27 X .5	
33	DOE RESOURCE COST										<u>Line 27</u> <u>Col (g)</u>	<u>Line 27</u> <u>Col (h)</u>	<u>Line 27</u> <u>Col (i)</u>	<u>Line 27</u> <u>Col (j)</u>
34	NET PAYMENT [Greater of (Line 30 - Line 29) or (Line 33 - Line 32)]										-	-	-	-
35	ADJUSTMENT FOR DOE DISTRIBUTION FACILITIES (From Exhibit D)										-	-	-	-
36	NET ADJUSTED PAYMENT										-	-	-	-

EXHIBIT F, Rev. 1

METHOD FOR COMPUTING AND ALLOCATING 1994A REFUNDED
FINANCING SAVINGS

General

Contract modification A005 included an Exhibit F which set forth the methodology to be used to determine the amount and how the savings would be shared. This exhibit sets forth a revised Exhibit F which modifies the determination of the Pool's allocation of the 1994A refunded financing savings and the method to equally share the savings between the DOE and the County.

Pool 1994A Refinancing Savings to be Shared Equally

The parties agree that the Pool's share of the average annual debt service savings on the refunded portion of the 1994A refinancing is \$334,492 ($\$347,130 \times .963706$ [the Pool ratio for the refunded bonds]). The determination of the refunded share of the debt service savings is shown on the schedule at the end of this exhibit. The Pool's shared savings adjustment shall remain in effect until the earlier of the termination of this agreement, refinancing of the refunded 1994A bonds or the repayment of the refunded 1994A bonds in June 2015.

Equal Sharing of Pool Refinancing Savings

The Pool debt service savings on the refunded portion of the 1994A bonds shall be shared equally by the DOE and the County. The County's savings will be realized through the invoice demand allocation of the Monthly Capacity Charges for the bond financed County Approved Resources and a direct credit to the monthly invoice such that the sum of the two adjustments result in an equal sharing of the savings.

At the end of each Pool fiscal year a reconciliation shall be prepared to determine an adjustment necessary to effect an equal sharing of the Pool refinancing savings between the DOE and the County. The County adjustment shall be equal to \$167,246 ($\$334,492/2$) minus the actual achieved County Pool refinancing savings. The adjustment shall be made in the first month of the following contract year.

New Borrowing

The 1994A bond issue included a new money borrowing of \$1 million. Of this borrowing \$400 thousand is to be used on water and sewer projects and will be amortized over a seven year period. Both the \$400 thousand and the \$600 thousand of new borrowing for Pool hydro projects are to be excluded from the computation of Pool refinancing savings.

The new borrowing for water and sewer projects increased bond reserve fund requirements by \$45,858. These bond reserve funds will be held by the trustee until all bonds are retired in 2015. In return for the Pool receiving all of the benefits of the water and sewer reserves, Pool debt service will be increased and water and sewer debt service will be decreased by \$7,825/year over a seven year period (1995-2001). The \$7,825 is based on the level debt service on the bond reserve fund balance, seven year replacement period and a 4.65% interest rate.

Summary of Treasury Interest Rates

<u>Year</u>	<u>Three Month Bills</u>	<u>Six Month Bills</u>	<u>One Year Notes</u>	<u>Two Year Notes</u>	<u>Three Year Notes</u>
1986	5.97	6.02	6.45	6.86	7.06
1987	5.78	6.03	6.77	7.42	7.68
1988	6.67	6.91	7.65	8.10	8.26
1989	8.11	8.03	8.53	8.57	8.55
1990	7.50	7.46	7.89	8.16	8.26
1991	5.38	5.44	5.86	6.49	6.82
1992	3.43	3.54	3.89	4.77	5.30
1993	3.00	3.12	3.43	4.05	4.44
1994	4.25	4.64	5.32	5.94	6.27
Average	5.57	5.69	6.20	6.71	6.96

Average of one and two year treasury notes 6.46%.

Source: Interest Rates - Money & Capital Markets table from the Federal Reserve Bulletins.

SUBCONTRACTING PLAN

- I. GOALS. The goals for subcontracting with Small Businesses (SB), Small Disadvantaged Businesses (SDB), and Women-Owned Small Businesses (WOSB) for the Los Alamos County (County) are expressed in both dollars and percentages for direct expenditures in support of this contract.

The percentage goal is a percentage of the total dollars planned for subcontracting, not the total dollar amount of the contract. The definition of a subcontract is any agreement the contractor enters into for supplies and/or services for contractor performance that will not be conducted with their own labor forces. (This includes all agreements with Large Businesses (LB) as well as SB, SDB, and WOSB concerns.)

- a. The total estimated dollar value of all planned subcontracting under this contract for the term July 1, 1997 through June 30, 2000 is \$226,492,180.
- b. The following dollar and percentage goals (expressed in relation to the total planned subcontracting dollars) are applicable to the term cited above.

- (1) SB concerns. Total dollars planned to be subcontracted to SB concerns:

\$226,492. 0.10 percent of total planned subcontracting dollars under this contract will go to subcontractors who are SB concerns.

- (2) SDB concerns. Total dollars planned to be subcontracted to SDB concerns:

\$15,854. This dollar amount is included in the amount shown under I. b.(1), above, as a subset. 0.007 percent of total planned subcontracting dollars under this contract will go to subcontractors who are SB concerns owned and controlled by socially and economically disadvantaged individuals.

- (3) WOSB concerns. Total dollars planned to be subcontracted to WOSB concerns:

\$6,794. This dollar amount is included in the amount shown under I. b.(1), above, as a subset. 0.003 percent of total planned subcontracting dollars under this contract will go to subcontractors who are WOSB concerns.

- c. PRINCIPLE PRODUCTS AND/OR SERVICE. The following principal products and/or services will be subcontracted under this contract, and the distribution amongst SB, SDB, WOSB and LB concerns is as follows:

<u>Product/Service Description</u>	<u>Planned Subcontractor</u>	<u>Subcontractor Business Size</u>	<u>Subcontract Dollar Amount</u>
Debt Service	Norwest Bank	Large	\$78,954,558
SJGS Operation	PNM	Large	61,982,120
Control Area - Transmission	PNM	Large	15,649,810
Other Transmission	Utilities	Large	8,149,770
LSR Capacity	Lincoln Electric	Large	17,716,200
Purchased Power	Utilities	Large	18,283,490
Other LB	Various Commitments	Large	22,629,110
Other LB	Projection	Large	2,877,982
Other SB	Projection	Small	226,492
Other SDB	Projection	Small Dis.	15,854
Other WOSB	Projection	Women-Owned	6,794
Total			\$226,492,180*

*Calculations for County Projected Subcontracting Activity @ 25% of Total Project Subcontracting Opportunities (DOE's portion is @ 75% of Total Project Subcontracting Opportunities):
Total Project Subcontracting Opportunities

<u>Product/Service Description</u>	<u>Subcontract Ten Year Value</u>	<u>DOE Share @ 75%</u>	<u>County Share @ 25%</u>
Debt Service	\$78,954,558	\$59,215,919	\$19,738,640
SJGS Operation	61,982,120	46,486,590	15,495,530
Control Area - Transmission	15,649,810	11,737,358	3,912,453
Other Transmission	8,149,770	6,112,328	2,037,443
LSR Capacity	17,716,200	13,287,150	4,429,050
Purchased Power	18,283,490	13,712,618	4,570,873
Other LB Commitments	22,629,110	16,971,833	5,657,277
Other LB Projections	2,877,982	2,158,487	719,495
Other SB Projections	226,492	169,869	56,623
Other SDB Projections	15,854	11,891	3,963
Other WOSB Projections	6,794	5,096	1,698
Total	\$226,492,180	\$169,869,135	\$56,623,045

II. ADMINISTRATOR. The following individual will administer the subcontracting plan:

Name: Glen Woodwel
Title: Purchasing Agent
Telephone: (505) 662- 8115

This individual's specific duties, as they relate to the contractor's subcontracting program for general overall responsibility for the County's Small Business Program development, preparation, and execution of individual subcontracting plans, and for monitoring performance relative to contractual subcontracting requirements contained in this plan, including but not limited to:

- a. Developing and maintaining bidders lists of SB, SDB and WOSB concerns from all possible sources;
- b. Ensuring that procurement packages are structured to permit SB, SDB and WOSB concerns to participate to the maximum extent possible;
- c. Assuring inclusion of SB, SDB and WOSB concerns in all solicitations for product or services that they are capable of providing;
- d. Reviewing solicitations to remove statements, clauses, etc., that may tend to restrict or prohibit SB, SDB and WOSB participation;
- e. Ensuring that the bid proposal review board documents its reasons for not selecting low bids submitted by SB, SDB and WOSB concerns;
- f. Ensuring the establishment and maintenance of records of solicitations and subcontract award activity;
- g. Attending or arranging for attendance of company counselors at Business Opportunity Workshops, Minority Business Enterprise Seminars, Trade Fairs, etc.;
- h. Conducting or arranging for motivational training for purchasing personnel pursuant to the intent of P.L. 95-507;
- i. Monitoring attainment of proposed goals;
- j. Preparing and submitting periodic subcontracting reports as required pursuant to contract clause 52.219-9 SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED SMALL BUSINESS SUBCONTRACTING PLAN (AUG 1996);

- k. Coordinating county activities during the conduct of compliance review by Federal agencies; and
- l. Coordinating the conduct of county activities involving its SB, SDB and WOSB concerns subcontracting program.

III. OUTREACH EFFORTS. The following outreach activities planned to be undertaken in order to assure that SB, SDB and WOSB firms have an equitable opportunity to compete for contracts in support of this contract:

1. County will send staff to State-level trade fairs or conferences that identify SB, SDB and WOSB concerns (such as Governor's Conference on Minority Vendors). Specific dates or locations are not known at this time.
2. Many socioeconomic firms have already been identified through previous efforts required under the DOE/County Fire Contract. The County will also be relying on the Business Directory published by the New Mexico Minority and Small Business Procurement Assistance Program (NMMSBPP).
3. The County participates in SB, SDB AND WOSB vendor outreach programs sponsored by Los Alamos Economic Development Corporations, New Mexico Minority and Small Business Procurement Program, and Los Alamos National Laboratory.
4. The County will be using the Business Directory published by NMMSBPP, as well as our existing files to identify SB, SDB and WOSB concerns sources.
5. The County maintains a source list of SB, SDB AND WOSB concerns to further the opportunities of socioeconomic concerns. The County plans on conducting internal efforts, via staff meetings, seminars, attendance at minority business fairs, etc., to educate the technical and procurement personnel on the requirements of this plan.

IV. SUBCONTRACTING PLAN FLOWDOWN. The County agrees that the clause entitled "52.219-8 Utilization of Small, Small Disadvantaged and Women-Owned Small Business Concerns (Oct 1995)" will be included in all subcontracts which offer further subcontracting opportunities, and all subcontractors except SB concerns who receive subcontracts in excess of \$500,000 or \$1,000,000 for construction of a public facility will be required to adopt and comply with a subcontracting plan similar to this one.

Such plans will be reviewed by comparing them with the provisions of the clause, "52.219-9 Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan (Aug 1996)" , and assuring that all minimum requirements of an acceptable subcontracting plan have been satisfied.

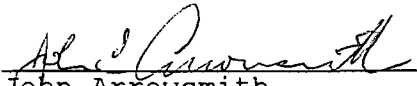
The acceptability of percentage and dollar goals shall be determined on a case-by-case basis depending on the supplies/services involved, the availability of potential SB, SDB and WOSB subcontractors, and prior experience. Once approved and implemented, plans will be monitored through the submission of periodic reports, and/or, as time and availability of funds permit, periodic visits to subcontractors' facilities to review applicable records and subcontracting program progress.

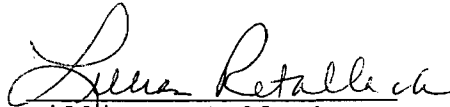
- V. REPORTS AND SURVEYS. The County will submit the Standard Form 294 (1-90 version) on a semiannual basis and Standard Form 295 on an annual basis and agrees to submit such periodic reports and cooperate in any studies or surveys as may be required by the contracting agency or the Small Business Administration in order to determine the extent of compliance by the bidder with the subcontracting plan and with the clause entitled "52.219-8 Utilization of Small, Small Disadvantaged and Women-Owned Small Business Concerns (Oct 1995)" contained in the contract.

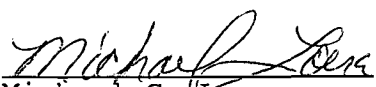
VI. RECORDS AND PROCEDURES.

- (a) On a contract-by-contract basis, records to support subcontract award data will include the name and address of subcontractor as well as the size and type of business that received the award.
- (b) On a contract-by-contract basis, records on all subcontract solicitations over \$100,000 will indicate on each solicitation (1) whether SB, SDB or WOSB concerns were solicited, and if not, why not; and, (2) reasons for the failure of solicited SB, SDB or WOSB concerns to receive the subcontract award.
- (c) Records to support outreach efforts. What activities did the contractor participate in during the term of the contract? What other efforts, as Section III outlines, were conducted by the contractor?
- (d) Records to support internal activities to guide and encourage buyers, if any.

SUBMITTED BY:

Signed: 
Typed Name: John Arrowsmith
Title: Deputy Utilities Manager - Finance
Date: 5/19/98

PLAN CONCURRED ON BY: 
Lillian Retallack
Small and Disadvantaged
Business Utilization Specialist
Department of Energy
Date: 5/4/98

PLAN ACCEPTED BY: 
Michael G. Loera
Contracting Officer
Department of Energy
Date: 5/4/98



Department of Energy
Albuquerque Operations Office
P. O. Box 5400
Albuquerque, New Mexico 87185-5400

June 29, 2000

Mr. Chris Ortega
Utilities Manager
Los Alamos County
Department of Public Utilities
901 Trinity Drive
P.O. Drawer 1030
Los Alamos, New Mexico 87544

Dear Mr. Ortega:

Enclosed for your records are fully executed Modifications No. M009 (1-original) and A010 (2-originals) to our Electric Coordination Agreement No. DE-AC04-85AL26078. I have retained an original of each modification for my records and will forward a copy to my LANL representatives.

Should you have any questions or desire further information, I can be reached at (505) 845-4302.

Sincerely,

A handwritten signature in black ink, which appears to read "Michael G. Loera", is positioned above the typed name.

Michael G. Loera
Contracting Officer
Contract Management Branch
Management and Operating Contracts Division



AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE		PAGE OF PAGE 1 72 Mf	
AMENDMENT/MODIFICATION NO. M009		3. EFFECTIVE DATE See Block 16C		4. REQUISITION/PURCHASE REQ. NO. Not Applicable	
6. ISSUED BY U.S. Department of Energy Albuquerque Operations Office Management and Operating Contracts Division P.O. Box 5400 Albuquerque, NM 87185-5400		7. ADMINISTERED BY (If other than Item 6) Michael G. Loera (505) 845-4302		5. PROJECT NO. (If applicable)	
8. NAME AND ADDRESS OF CONTRACTOR (No., street, country, State, and ZIP Code)		(✓)		9A. AMENDMENT OF SOLICITATION NO.	
Incorporated County of Los Alamos					
P.O. Box 30				9B. DATED (SEE ITEM 11)	
Los Alamos, NM 87544					
		X		10A. MODIFICATION OF CONTRACT/ORDER NO. DE-AC04-85AL26078	
CODE		FACILITY CODE		10B. DATED (SEE ITEM 13) July 1, 1985	

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers ☐ is extended. ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods:

(a) By completing items 8 and 25, and returning ____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

Not Applicable

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(✓)	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103 (b).
X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: Mutual Agreement of the Parties
	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor ☐ is not, ☒ is required to sign this document and return 3 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible)

See page 2

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) D. Christopher Ortega Utilities Manager Los Alamos County		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Michael G. Loera Contracting Officer	
15B. CONTRACTOR/OFFEROR <i>D. Christopher Ortega</i> (Signature of person authorized to sign)		15C. DATE SIGNED 5-22-80	
		16B. UNITED STATES OF AMERICA BY <i>Michael Loera</i> (Signature of Contracting Officer)	
		16C. DATE SIGNED 5-24-2000	

Contract No. DE-AC04-85AL26078

Modification No. M009

Page 2 of 2 *mj*

This Modification No. M009 revises the Electric Coordination Agreement (ECA) Attachment A, Part I "The Schedule", to create a separate Article XII "Static Var Compensator (SVC)" to provide for the sharing of allocable SVC costs; revises Exhibit A, Schedule 3 "DOE 115 KV Transmission and Substation Facilities" to remove all references to the SVC; and, revises Exhibit B, Schedule 4 "County Transmission Arrangements" to recognize the Incorporated County of Los Alamos (County) Contractual Agreement for the additional 10 MW of transmission rights as an Approved Resource.

Accordingly:

1. Part I "The Schedule" is revised to incorporate the following Article XII "Static Var Compensator (SVC)":

Article XII Static Var Compensator (SVC)

In accordance with ECA Modification No. A008, DOE has negotiated with the Public Service Company of New Mexico (PNM) to receive 10 MW of additional transmission service without added charge, except for ancillary services.

mj In recognition of the above, the County, for the benefit of the parties, agrees to execute with PNM an assignable Service Agreement for Firm Point to Point Transmission Service, dated 5/23/00 (TSA). The County agrees to only assign the TSA to the DOE or its designee, at DOE's request, and to seek and receive DOE's approval prior to modifying or terminating the TSA.

In recognition of the TSA and SVC, the parties agree to the following:

- To allocate to the Resource Accounting Pool \$20,700 per month attributable to the SVC fixed costs. However, if the TSA service is curtailed because of the unavailability of the SVC then the monthly allocation shall be prorated based upon the number of days during the month the TSA service is available.
- That ancillary services costs, related to the SVC, are allocable to the Resource Accounting Pool;
- That direct operating costs of the SVC are includable Resource Accounting Pool costs; and,
- That SVC single item replacement costs are includable Resource Accounting Pool costs, provided that any such costs are less than or equal to \$20,000, per occurrence.
- The TSA is an Approved Resource.
- The SVC is not an Approved Resource.

This Article shall remain in effect so long as the TSA is in effect between the County and PNM or PNM's successor.

1. Exhibit A, Schedule 3, Rev. 1 is deleted in its entirety and replaced with Exhibit A, Schedule 3, Rev. 2 which is attached to this modification.
2. Exhibit B, Schedule 4 is deleted in its entirety and replaced with Exhibit B, Schedule 4, Rev. 1 which is attached to this modification.

DOE 115 KV TRANSMISSION AND SUBSTATION FACILITIES

Description

The DOE Los Alamos 115 kV Transmission and Substation Facilities includable as Approved Resources are as follow:

- (a) ETA Switching Station
- (b) 115 kV Transmission ETA to TA-3, ETA to TA-53 (Meson), and TA-53 to TA-3
- (c) 115 kV Transmission ETA to Norton
- (d) TA-3 Transformation and related facilities
- (e) Capacitor Banks and related facilities

Monthly Fixed Charge

The parties agree that the monthly fixed charge associated with the DOE 115 KV Transmission and Substation Facilities includable herein is \$19,500. This amount is based upon the net book value as of July 1, 1985, and subsequent additions. Replacements and additions of single items, not to exceed \$20,000, shall be separately charged as an operating expense on an actual cost incurred basis.

Annual Adjustment of Fixed Charges

In the event of extraordinary additions or replacements of single items, in excess of \$20,000, the parties may agree to treat specific additions or replacements as capital improvements and negotiate a revision of the fixed charge. An adjusted monthly fixed charge as agreed upon by the parties shall become effective upon (1) written modification to this exhibit or (2) the approval by the Contracting Officer and County Authority of such revised charge within the Resource Accounting Pool's 24-month budget.

Operating and Maintenance Expenses

The parties agree that all operating and maintenance expenses associated with the approved 115 kV Transmission and Substation Facilities are includable herein.

COUNTY TRANSMISSION ARRANGEMENTS

Description

The following agreements for transmission of power for the County's Approved Resources and provision for transmission paths in case of failures in the normal path are included herein:

- (a) PNM Interconnection Agreement
- (b) Plains Interconnection Agreement
- (c) Western Transmission Agreement
- (d) NORA Interconnection Agreement
- (e) Jemez Interconnection Agreement
- (f) PNM/LAC Service Agreement for 10 MW Firm Point to Point Transmission Service (TSA)

The County will investigate possibilities for participation in construction of transmission facilities in lieu of wheeling charges. The parties agree that, if after such investigations, the construction of facilities is found to be economically and operationally more advantageous than alternative wheeling arrangements, and the County elects to proceed with construction, such additions shall be made in accordance with the provision of Article II (a) (4), Additional Approved Resources.

Monthly Charge

The parties recognize that the monthly charge associated with the transmission arrangements will be dependent in part on actual power deliveries and invoiced amounts for related operations and maintenance services pursuant to contract service arrangements as well as renewals and replacements. The parties agree that all such charges are includable herein.

EXCEPTION TO SF 30, APPROVED BY NARS 5/79

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT				1. CONTRACT ID CODE		PAGE OF PAGE 1 2	
2. AMENDMENT/MODIFICATION NO. A010		3. EFFECTIVE DATE June 30, 2000		4. REQUISITION/PURCHASE REQ. NO.		5. PROJECT NO. (If applicable)	
6. ISSUED BY U.S. Department of Energy Albuquerque Operations Office Management & Operating Contracts Division P.O. Box 5400 Albuquerque, NM 87185-5400		CODE		7. ADMINISTERED BY (If other than Item 6) Michael G. Loera (505) 845-4302		CODE	
8. NAME AND ADDRESS OF CONTRACTOR (No., street, country, State, and ZIP Code) Incorporated County of Los Alamos P.O. Box 30 Los Alamos, NM 87544				(✓)		9A. AMENDMENT OF SOLICITATION NO.	
						9B. DATED (SEE ITEM 11)	
				X		10A. MODIFICATION OF CONTRACT/ORDER NO. DE-AC04-85AL26078	
CODE				FACILITY CODE		10B. DATED (SEE ITEM 13) July 1, 1985	

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended. is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods:

(a) By completing Items 8 and 25, and returning ____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

ACCOUNTING AND APPROPRIATION DATA (If required)

Not Applicable

**13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS ,
IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.**

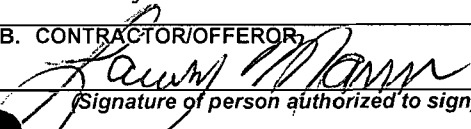

(✓)	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103 (b).
X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: Section B. Article III – "Term" and Mutual Agreement of the Parties
	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor ☐ is not, ☒ is required to sign this document and return 3 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible)

See page 2

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Lawry Mann County Council Chairman		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Michael G. Loera Contracting Officer	
15B. CONTRACTOR/OFFEROR  (Signature of person authorized to sign)	15C. DATE SIGNED 6-28-2000	16B. UNITED STATES OF AMERICA BY  (Signature of Contracting Officer)	16C. DATE SIGNED 6-29-2000

Electric Energy and Power Coordination Agreement

This modification extends the term of the agreement by three additional years, revises certain other conditions, and increases the Agreement's estimated dollar value. Accordingly:

1. Revise Standard Form 26, Item 15 G, as follows::

The total amount of contract is increased from \$377,305,941 by **\$68,644,264** to **\$445,950,205** and covers the Pool Contract term July 1, 1985 through June 30, 2010.

2. ARTICLE II - STATEMENT OF SERVICES, (b) Resource Costs and Payments, (3) Allocation of Resource Costs, first paragraph, is revised to read as follows:

(i) Costs included in the Resource Accounting Pool pursuant to (1) and (2) above shall be classified as demand related, energy related, or customer related (or a combination thereof) consistent with the classification shown in Exhibit E. Demand related costs shall be allocated each month between the two parties based on the ratio of each party's billing demand to the sum of both parties' billing demands for the applicable month.

(ii) For the period July 1, 1997 through June 30, 2001, the following Billing demand shall apply to the Approved Resources that exist during the July 1, 1997 through June 30, 2001 time period: Billing demand for each party is the higher of that party's actual demand at the time of the coincidental monthly system peak during the billing month, or 83% of that party's actual demand at the time of the highest coincidental monthly system peak during the preceding eleven months.

(iii) For the period July 1, 2001 through June 30, 2003, the following Billing demand shall apply to the Approved Resources that exist during the July 1, 2001 through June 30, 2003 time period: Demand related costs shall be allocated based on the ratio of a party's demand to the total system demand at the time of the coincidental monthly system peak during the current applicable month.

(iv) Beginning on July 1, 1999, the parties shall evaluate fixed cost exposure and benefits associated with new loads and resources, including new transmission and purchase power arrangements, and no later than June 30, 2001, the parties shall modify this contract to set forth the allocation procedures for recovery of costs through the Pool.

3. Revise Article III – Term, first paragraph, revise the first paragraph to read as follows:

The contract shall become effective July 1, 1985, and shall expire ten years from the effective date of this Modification No. **A010** unless extended as provided herein. When the original contract term, or any extended term thereof, shall have seven years remaining, the contract shall be modified to extend the contract term for an additional three year period when each party shall give written notice to the other not later than 30 days in advance of such anniversary date of its intention to extend the contract term.



Department of Energy
Albuquerque Operations Office
P. O. Box 5400
Albuquerque, New Mexico 87185-5400
July 09, 2001

Mr. Chris Ortega
Utilities Manager
Los Alamos County
Department of Public Utilities
901 Trinity Drive
P.O. Drawer 1030
Los Alamos, New Mexico 87544

Dear Mr. Ortega:

Enclosed for your record is a fully executed Modification No. M011 to the Electric Coordination Agreement No. DE-AC04-85AL26078. I have forwarded a copy of the modification to my DOE and LANL representatives.

Should you have any questions or desire further information, I can be reached at (505) 845-4302.

Sincerely,

A handwritten signature in cursive script that reads "Michael Loera".

Michael G. Loera
Contracting Officer
Contract Management Branch
Management and Operating Contracts Division

Enclosure



Printed on recycled paper

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT				1. CONTRACT ID CODE		PAGE OF PAGE 1 2	
2. AMENDMENT/MODIFICATION NO. M011		3. EFFECTIVE DATE July 1, 2001		4. REQUISITION/PURCHASE REQ. NO.		5. PROJECT NO. (If applicable)	
6. ISSUED BY U.S. Department of Energy Albuquerque Operations Office Management & Operating Contracts Division P.O. Box 5400 Albuquerque, NM 87185-5400		7. ADMINISTERED BY (If other than Item 6) Michael G. Loera (505) 845-4302		CODE		CODE	
8. NAME AND ADDRESS OF CONTRACTOR (No., street, country, State, and ZIP Code) Incorporated County of Los Alamos P.O. Box 30 Los Alamos, NM 87544				(✓)		9A. AMENDMENT OF SOLICITATION NO.	
						9B. DATED (SEE ITEM 11)	
				X		10A. MODIFICATION OF CONTRACT/ORDER NO. DE-AC04-85AL26078	
						10B. DATED (SEE ITEM 13) July 1, 1985	
CODE		FACILITY CODE					
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS							
The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended. is not extended.							
Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods:							
(a) By completing Items 8 and 25, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.							
12. ACCOUNTING AND APPROPRIATION DATA (If required)							
Not Applicable							
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS ,							
IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.							
(✓) A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN CONTRACT ORDER NO. IN ITEM 10A.							
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying off appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103 (b).							
X C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: Modification A010, Section B. Article II - "Statement of Services" and Mutual Agreement of the Parties							
D. OTHER (Specify type of modification and authority)							
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input checked="" type="checkbox"/> is required to sign this document and return <u>3</u> copies to the issuing office.							
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible)							
See page 2							
Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.							
15A. NAME AND TITLE OF SIGNER (Type or print) Sharon Stover Council Chair				16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Michael G. Loera Contracting Officer			
15B. CONTRACTOR/OFFEROR Sharon Stover (Signature of person authorized to sign)		15C. DATE SIGNED 6-27-01		16B. UNITED STATES OF AMERICA BY Michael Loera (Signature of Contracting Officer)		16C. DATE SIGNED 07-09-01	

Electric Energy and Power Coordination Agreement

This modification revises the Billing Demand allocation conditions.

Accordingly:

1. ARTICLE II - STATEMENT OF SERVICES, (b) Resource Costs and Payments, (3) Allocation of Resource Costs, first paragraph, is revised to read as follows:

(i) Costs included in the Resource Accounting Pool pursuant to (1) and (2) above shall be classified as demand related, energy related, or customer related (or a combination thereof) consistent with the classification shown in Exhibit E. Demand related costs shall be allocated each month between the two parties based on the ratio of each party's billing demand to the sum of both parties' billing demands for the applicable month.

(ii) For the period July 1, 1997 through June 30, 2001, the following Billing demand shall apply to the Approved Resources that exist during the July 1, 1997 through June 30, 2001 time period:

Billing demand for each party is the higher of that party's actual demand at the time of the coincidental monthly system peak during the billing month, or 83% of that party's actual demand at the time of the highest coincidental monthly system peak during the preceding eleven months.

(iii) For the period commencing July 1, 2001 and thereafter, the following Billing demand shall apply to the Approved Resources that exist as of the June 30, 2001 time period:

Billing demand shall be each party's actual demand at the time of the coincidental monthly system peak during the billing month. However, if in any month when the combined demand of the parties is less than 100 MW then the following demand ratchet provision shall apply:

The billing demand of each party shall be the higher of a) that party's actual demand at the time of the coincidental monthly peak during the billing month, or b) 83% of that party's actual demand at the time of the highest coincidental peak during the preceding eleven months. Provided, however, if any such resulting computation under b) yields a computed demand greater than 68 MW for DOE, then 68 MW shall become the DOE billing demand. Likewise, if any such resulting computation under b) yields a computed demand greater than 15 MW for the County, then 15 MW shall become the County billing demand.

The above method shall continue in effect until the outstanding debt on Pool Resources has been retired. The parties may negotiate a different cost allocation procedure for any future Pool Resources funded by the County, or for the fixed costs associated with any additional long-term power purchase or transmission commitment made to expand Pool Resources.



Department of Energy
National Nuclear Security Administration
Service Center



June 27, 2003

Mr. Chris Ortega
Utilities Manager
Department of Public Utilities
Incorporated County of Los Alamos
901 Trinity Drive
PO Drawer 1030
Los Alamos, NM 87544

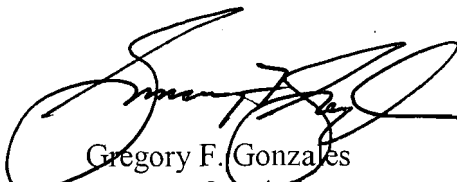
RECEIVED
UTILITIES DEPARTMENT
2003 JUL -1 P 1:20

Dear Mr. Ortega:

Enclosed for your records is the executed original of Modification Number A012 to contract number DE-AC04-85AL26078. This contract is identified as the Electric Coordination Agreement between the National Nuclear Security Administration and the Incorporated County of Los Alamos. This modification extends the Electric Coordination Agreement by three years and establishes a new term through June 30, 2013.

Should you have any questions regarding this letter, I may be reached at 505-845-5420.

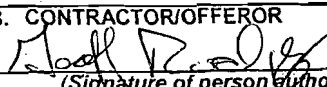
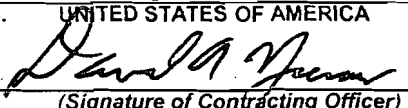
Sincerely,



Gregory F. Gonzales
Contract Specialist

Cc:

Nick Logothetis, NNSA Service Center
David A. Nienow, Contracting Officer, NNSA

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT				1. CONTRACT ID CODE		PAGE OF PAGES 1 / 7	
AMENDMENT/MODIFICATION NO. A012		3. EFFECTIVE DATE July 1, 2003		4. REQUISITION/PURCHASE REQ. NO.		5. PROJECT NO. (If applicable)	
6. ISSUED BY U.S. Department of Energy NNSA Service Center Acquisition and Financial Assistance Dept. P.O. Box 5400 Albuquerque, NM 87185-5400		CODE		7. ADMINISTERED BY (If other than Item 6) Gregory F. Gonzales (505) 845-5420		CODE	
8. NAME AND ADDRESS OF CONTRACTOR (No., street, country, State, and ZIP Code)				(✓)		9A. AMENDMENT OF SOLICITATION NO.	
Incorporated County of Los Alamos P.O. Box 30 Los Alamos, NM 87544							
						9B. DATED (SEE ITEM 11)	
				X		10A. MODIFICATION OF CONTRACT/ORDER NO. DE-AC04-85AL26078	
						10B. DATED (SEE ITEM 13) July 1, 1985	
CODE		FACILITY CODE					
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS							
The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended. is not extended.							
Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods: (a) By completing Items 8 and 25, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.							
ACCOUNTING AND APPROPRIATION DATA (If required) <div style="text-align: center;">Not Applicable</div>							
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS , IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.							
(✓) A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN CONTRACT ORDER NO. IN ITEM 10A.							
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103 (b).							
X C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: Section B. Article III - "Term" and Mutual Agreement of the Parties							
D. OTHER (Specify type of modification and authority)							
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input checked="" type="checkbox"/> is required to sign this document and return <u> 3 </u> copies to the issuing office.							
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible. See page 2							
15A. NAME AND TITLE OF SIGNER (Type or print) Geoff Rodgers Los Alamos County Council Chairman				16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) David A. Nienow Contracting Officer			
15B. CONTRACTOR/OFFEROR  (Signature of person authorized to sign)		15C. DATE SIGNED 6/16/03		16B. UNITED STATES OF AMERICA BY  (Signature of Contracting Officer)		16C. DATE SIGNED 6/29/03	

Electric Energy and Power Coordination Agreement

This modification revises Article III by extending the term of the agreement by three additional years and adding future negotiations for an extension of the ECA, updates Exhibits B and C, and revises Standard Form 26 by increasing the Agreement's estimated dollar value. Accordingly:

1. Revise Article III – Term, first paragraph, to read as follows:

The contract shall become effective July 1, 1985, and shall expire ten years from the effective date of this Modification No. A012, unless extended as provided herein. When the original contract term, or any extended term thereof, shall have seven years remaining, the contract shall be modified to extend the contract term for an additional three year period when each party shall give written notice to the other not later than 30 days in advance of such anniversary date of its intention to extend the contract term.

Add the following as the last paragraph to Article III, to read as follows:

Future Negotiations for an extension of the ECA

At least one year prior to the year 2006 renewal date of this agreement, the parties agree to engage in good faith negotiations with the goal of reaching mutually acceptable terms and conditions for the continuation of the joint resource pool operations beyond the term of the outstanding debt on the County's approved resources.

2. Revise Standard Form 26, Item 15 G, as follows:

The total amount of contract is increased from \$445,950,205 by \$58,507,457 to \$504,457,665 and covers the Pool Contract term July 1, 1985 through June 30, 2013.

3. Replaces Part I, Section B, Article II, (c) (2) Metering, paragraphs a., b. and c. to read as follows:

(2) Metering

a. All metering equipment shall be of standard manufacture and adequate to establish accurately the monthly kilowatt-hour energy use of each party and to provide a reasonably accurate determination of each party's contribution to the coincidental monthly demand. All meters measuring loads greater than 25 kW shall measure and store 60 days of interval-by-interval load data.

b. Unless otherwise agreed, DOE shall furnish, install, maintain, and calibrate all meters at the Norton and ETA substations, and the County delivery points (Operating Procedure C7 – Metering Equipment). All meter reading shall be in accordance with the Approved Operating Procedures. In the event that any meter fails to register or registers incorrectly, the quantity of service delivered through it shall be estimated based upon the best available information or historic and/or current usage. The County shall have the right to inspect all meter installations and billing data derived from them.

c. For the purpose of determining cost allocation factors for the Resource Accounting Pool, all metered quantities shall be adjusted for losses to reflect usage quantities at the system input points, which shall be defined as the Norton end of the Norton-ETA 115 kV line, the ETA end of the BA-ETA 115 kV line, the Norton end of the proposed Norton-WTA line, and the net TA-3 power plant output as metered at the points of connection to the TA-3 13 kV bus.

4. Replaces Exhibit B, Schedules 4 and 5, as attached.
5. Replaces Exhibit C as attached.

EXHIBIT B, SCHEDULE 4

COUNTY TRANSMISSION ARRANGEMENTS

Description

The following agreements for interconnection and transmission of power from the County's Approved Resources and for control area services are included herein:

- (a) PNM/LAC Interconnection Agreement
- (b) Tri-State/LAC Interconnection Agreement
- (c) Western/LAC Transmission Agreement
- (d) NORA/LAC Interconnection Agreement
- (e) Jemez/LAC Interconnection Agreement
- (f) PNM/LAC Transmission Service & Operating Agreements
- (g) Tri-State/LAC Transmission Service Agreement

Changes to the listed service agreements which are necessary due to regulatory order, tariff revisions and or delivery point changes shall not require a modification of the ECA.

The County will investigate possibilities for participation in construction of transmission facilities in lieu of wheeling charges. The parties agree that, if after such investigations, the construction of facilities is found to be economically and operationally more advantageous than alternative wheeling arrangements, and the County elects to proceed with construction, such additions shall be made in accordance with the provision of Article II (a)(4), Additional Approved Resources.

Monthly Charge

The parties recognize that the monthly charge associated with the transmission arrangements will be dependent in part on actual power deliveries and invoiced amounts for related operations and maintenance services pursuant to contract service arrangements as well as renewals and replacements. The Parties agree that all such charges are includable herein.

EXHIBIT B, SCHEDULE 5

COUNTY PURCHASED POWER CONTRACTS

County Contract No. 87-SLC-0027

The parties agree that Western's allocation of SLCA/IP power and energy per Contract No. 87-SLC-0027 which expires September 30, 2024, unless extended, is an Approved Resource. In addition, any new Western allocation shall be an Approved Resource. Any wheeling charges necessary to deliver the power and energy are includable herein.

Western offers, when available, monthly and seasonal surplus capacity and energy. When economically beneficial to both parties, such capacity and energy may be utilized and will be includable herein.

Short Term Purchase Power

Short term purchases as may be required and as have been approved by the parties in the 24-month budget forecast are includable herein.

Emergency & Replacement Power

Through power pool membership, reserve sharing groups, regional transmission organizations, and power purchase agreements the County will be providing emergency and replacement power and energy. Emergency and replacement power purchases shall be includable herein.

EXHIBIT C
TO CONTRACT NO. DE-AC04-85AL26078
MISCELLANEOUS COSTS OF MUTUAL BENEFIT

In order to provide for the coordinated operation of the DOE and County resources and to provide for future resource planning, the parties recognize that there are certain other costs which are not appropriately includable as costs of the Approved Resources, but which are mutually beneficial to both parties. The list of other costs includable herein is as follows:

1. Expenses associated with the coordination of the combined operation of the Approved Resources, including funding and operating the load dispatch center and the employment of a Manager of Operations. The parties agree that for the purposes of Exhibit E, these costs will be allocated 100 percent demand.
2. Expenses related to power pool, reserve sharing group and regional reliability group membership and meetings shall be includable herein. The parties agree that for the purposes of Exhibit E, these costs will be allocated 50 percent demand and 50 percent energy.
3. Studies and meetings associated with the planning for future resources and facilities as scheduled in the approved 24 month budget forecast. The parties agree that for the purposes of Exhibit E, these costs will be allocated 50 percent demand and 50 percent energy.
4. Cost of owning, maintaining and reading meters; rendering invoices and data management. The parties agree that for the purposes of Exhibit E, these costs will be allocated as energy costs.
5. Letter of Credit costs after adjustment for the portion attributable to the County's financing of the White Rock distribution system. The parties agree that for the purposes of Exhibit E, these costs will be allocated 100 percent demand. *(This section is no longer applicable or this obligation has been fulfilled.)*
6. In accordance with the requirements of the New Mexico Public Service Commission in its Order approving the San Juan Sale, the County was required to compensate PNM in the amount of \$4,000,000 for added risks to PNM's customers by reason of the San Juan Sale. In consideration of this payment, a monthly amount of \$50,000 shall be allowed hereunder. The parties agree to review the basis of this monthly amount each 36 months during the term of this contract. In the event the Bank of America reference rate has varied more than 25-percent from the rate in effect upon the effective date of this contract or as revised for any subsequent adjustment period, the parties agree to equitably adjust the monthly amount. Subject to further adjustment as provided below, the monthly allowance shall continue for 120 months. The parties agree that for the purposes of Exhibit E, the monthly allowance will be allocated 50 percent demand and 50 percent energy. As noted in the Adjustment Factor in Exhibit B, amounts over and above the monthly allowance described in this paragraph may be paid from excess funds in the Resource Accounting Pool. When any such additional payments are made, the number of monthly allowances hereunder shall be appropriately reduced by treating any excess payments as a reduction in principal. (The

original term for payments under this item was July 1, 1985 through June 30, 1995). *(This section is no longer applicable or this obligation has been fulfilled.)*

7. Pursuant to a DOE Office of Inspector General report entitled "Interim Audit of Certain Costs Under Contract No. DE-AC04-85AL26078 - Los Alamos County, Los Alamos, New Mexico," dated February 11, 1991, the County was found to have overcollected from the power pool in the amount of \$2,547,977. The parties agree that \$884,224 of these overcollections shall be applied as reductions in the principal amount of the County General Fund Loan with the timing of repayment assumed to have occurred July 1, 1990.

Prior to the time that the El Vado and Abiquiu hydroelectric units became used for Pool purposes, the County was required to pay \$1,694,535 in debt service for these units from its own funds. This amount is subject to audit and, if necessary, adjustment. The parties agree that the remaining \$1,663,753 of the overcollections shall be applied as an offset of this \$1,694,535 of debt service. The remaining balance, \$30,782, shall be applied as an addition to the unpaid principal of the County General Fund Loan with the timing of this addition to occur July 1, 1991. (The two adjustments to the General Fund loan under this item resulted in that loan being fully amortized as of July 1993). *(This section is no longer applicable or this obligation has been fulfilled.)*

8. Any restricted interest on bonds earned commencing July 1, 1991, which the County is obligated to apply toward payment of construction related costs of Pool Approved Resources, shall be recoverable from the Pool over a ten year period following the procedure set up in this Exhibit C, Miscellaneous Costs of Mutual Benefit, item 6, for the General Fund Loan. For purposes of Exhibit E such costs will be allocated with the demand allocator. *(This section is no longer applicable or this obligation has been fulfilled.)*
9. Cost of owning and maintaining supervisory control and data acquisition (SCADA) equipment acquired in part by DOE and in part by the County are, in part, includable herein, to allow recovery of such acquisition costs, including interest at the County General Fund Loan rate, over five years. The parties agree that \$2,587 of DOE monthly costs and \$23,278 of County quarterly costs, for SCADA facilities are includable herein through June 1993. For purposes of Exhibit E, such costs will be allocated with the demand allocator. *(This section is no longer applicable or this obligation has been fulfilled.)*

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT				1. CONTRACT ID CODE		PAGE OF PAGES 1 / 25	
2. AMENDMENT/MODIFICATION NO. A013		3. EFFECTIVE DATE See Block 16C		4. REQUISITION/PURCHASE REQ. NO. Not Applicable		5. PROJECT NO. (If applicable)	
6. ISSUED BY U.S. Department of Energy Albuquerque Operations Office Contracts and Procurement Division P.O. Box 5400 Albuquerque, NM 87185-5400		CODE		7. ADMINISTERED BY (If other than Item 6) Sam Espinosa (505) 845-4302		CODE	
8. NAME AND ADDRESS OF CONTRACTOR (No., street, country, State, and ZIP Code) Incorporated County of Los Alamos P.O. Box 30 Los Alamos, NM 87544				(✓)		9A. AMENDMENT OF SOLICITATION NO.	
						9B. DATED (SEE ITEM 11)	
				X		10A. MODIFICATION OF CONTRACT/ORDER NO. DE-AC04-85AL26078	
CODE		FACILITY CODE				10B. DATED (SEE ITEM 13) July 1, 1985	

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended. ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods:

(a) By completing Items 8 and 25, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

Not Applicable

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS ,
IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(✓) A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN CONTRACT ORDER NO. IN ITEM 10A.

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103 (b).

X C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
Mutual Agreement of the Parties

D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor ☐ is not, ☒ is required to sign this document and return 3 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

See page 2

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) FRANCES M. BERTING		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Eusebio M. Espinosa Contracting Officer	
15B. CONTRACTOR/OFFEROR <u>Frances M. Berting</u> (Signature of person authorized to sign)	15C. DATE SIGNED 1/18/05	16B. UNITED STATES OF AMERICA BY <u>Eusebio M. Espinosa</u> (Signature of Contracting Officer)	16C. DATE SIGNED 3/1/05

Electric Energy and Power Coordination Agreement

This modification revises Attachment A, Article II - Statement of Services, Paragraph (b)(4); and incorporates a new Exhibit A, Schedule 1, Rev. 2, and Exhibit G, Rev. 1; and incorporates all applicable Exhibits and Schedules. In 2001, the National Nuclear Security Administration ("NNSA") was established and subsequently the NNSA Albuquerque Service Center was tasked to oversee the facilities that were previously under the Albuquerque, Nevada and Oakland operations offices of DOE. For purposes of this Agreement NNSA and DOE shall both mean the U. S. Department of Energy National Nuclear Security Administration.

Accordingly:

1. Replace definition (l) in Part I - The Schedule, Section B - Supplies or Services and Prices/Costs, Article I - Schedule Definitions with the following:
 - (l) "Long-Term Capacity Resources" includes allocations of Western hydroelectric power, power purchase contracts with durations greater than 12 months, San Juan ownership and the Laramie River Station Participation Power Sales Agreement as well as the level of monthly output that can reasonably be anticipated from TA-3 and the County's hydroelectric units during each month of the Resource Planning Horizon.
2. Add the following definition to Part I - The Schedule, Section B - Supplies or Services and Prices/Costs, Article I - Schedule Definitions:
 - (q) "Special Purpose Approved Resources" (SPAR) means the electric utility facilities and power contracts that have been incorporated into the ECA primarily to meet the special needs of one of the parties and utilized by the Operating Committee pursuant to the Approved Operating Procedures.
3. Replace Article II - Statement of Services (a) Resources, (4) Additional Approved Resources, second paragraph in its entirety with the following paragraphs:

The parties recognize additional transmission facilities are needed to meet service reliability needs of LANL. The parties agree that these facilities will be constructed and owned by NNSA and that a portion of the facilities will be funded by NNSA and a portion will be funded by the County. The parties agree that these Approved Resources should be added as soon as practical to reliably serve current and projected power requirements.

Pursuant to the terms and conditions set forth in Attachment A, Exhibit A, Schedule 3 the agreed upon transmission facilities to be funded by NNSA shall upon being placed in operation be included as an Approved Resource under the Resource Pool. NNSA, subject to receipt of line item budget funds, will fund three line terminals at the STA 115 kV Switchyard, the STA - WTA Line section and the WTA 115 kV line terminal. NNSA subject to completion of a pending resource swap agreement with Public Service Company of New Mexico (PNM) will acquire ownership responsibility for PNM owned line terminal equipment at ETA and the 4.5 mile section of the PNM owned RL Line between STA and ETA and PNM will acquire ownership responsibility of the .88 mile section between Norton and Buckman of the existing NNSA owned NL Line. The parties agree that when available for operation the cost recovery of these additional NNSA transmission facilities will be allowed through the Resource Accounting Pool pursuant to the operational and cost-recovery guidelines set forth in Attachment A, Exhibit A, Schedule 3.

The agreed upon transmission facilities to be funded by the County for ownership, operation and maintenance by NNSA include the Norton - STA Line and associated line terminal facilities at Norton and South Technical Area (STA). The parties are proceeding on the basis that the County will fund the Norton - STA Line section and the associated line terminals at Norton and STA with bond funds. The parties agree that the cost recovery related to County loan funds will be allowed through the Resource Accounting Pool pursuant to the cost-recovery guidelines set forth in Attachment A, Exhibit B, Schedule 6. The parties agree that apart from the debt service related to the County associated with the County funding, all other ownership, operation and maintenance costs related to the County funded Norton - STA Line and ancillary line terminal facilities shall be the responsibility of NNSA and recovered pursuant to cost recovery guidelines set forth in Attachment A, Exhibit A, Schedule 3.

The parties recognize additional on-site generating facilities are needed to meet service reliability needs of LANL and shall upon being placed in operation be included as SPARs under the Resource Pool. The agreed upon on-site generating facility is a 20 MW combustion turbine to be installed at the TA-3 Generating Plant. The parties agree that when operating for Resource Pool purposes, cost recovery will be provided through the Resource Accounting Pool pursuant to the operational and cost-recovery guidelines set forth in Attachment A, Exhibit A, Schedule 1.2.

The parties recognize that one or more renewable energy-supply sources are needed to meet the NNSA renewable energy requirements established for LANL. Such renewable energy supply contracts shall be included as SPARs under the Resource Pool. The parties agree to provide for cost recovery through the Resource

Accounting Pool pursuant to the operational and cost-recovery guidelines set forth in Exhibit A and/or B depending upon which party(s) contracts for the resource(s).

The parties recognize that NNSA is proceeding with the rebuild of Unit Number 3 at the TA-3 Plant that is expected to increase the rated capability of this unit from 10 MW to 12.5 MW. The parties agree that cost recovery of the TA-3 Unit 3 rehabilitation costs will be allowed through the Resource Accounting Pool pursuant to the operational and cost-recovery guidelines set forth in Attachment A, Exhibit A, Schedule 1.1. Commencing with the first month after the date that the Norton - STA - WTA transmission line and related terminal facilities are placed in operation, the TA-3 Plant will be designated as a SPAR, and revised TA-3 cost recovery procedures will become effective.

The parties recognize that the County, subject to the favorable completion of a competitive procurement process, may proceed with the addition of a third generating unit at the Abiquiu Hydroelectric Plant. The parties agree that this additional Abiquiu Unit, when placed in commercial operation, will be an Approved Resource under the Resource Pool. The parties agree to provide for cost recovery through the Resource Accounting Pool pursuant to the operational and cost-recovery guidelines set forth in Attachment A, Exhibit B, Schedule 3.2.

The parties recognize the need to provide flexibility to enter into power purchase arrangements to meet longer-term capacity needs. The parties agree that subject to the advance concurrence of the Contracting Authorities, that such authorized purchase power contracts will be Approved Resources under the Resource Pool. The parties agree to provide for cost recovery through the Resource Accounting Pool pursuant to the operational and cost-recovery guidelines set forth in Exhibit A and/or B depending upon which party(s) contracts for the resource(s).

4. Replace Article II - Statement of Services b) Resource Costs and Payments (4) Refinancing Benefits and Costs with the following:

(4) Refinancing Benefits and Costs

a. The annual savings in debt service payments associated with the County's Approved Pool Resources by reason of replacement of the County's 1986A Revenue Bonds and the replacement of the County's 1994A Revenue Bonds shall be designated as Refinancing Savings. The parties agree to an equal sharing of the portion of the Refinancing Savings that relate to the County's 1994A Revenue Bonds (1994A Savings) and a demand ratio sharing of the portion of the Refinancing Savings associated with the County's 2004A

Revenue Bonds (2004A Savings). Under the method of Allocation of Resource Costs of ARTICLE II (b) (3) above, the County will realize its share of the 2004A Savings and a portion of its equal share of the 1994A Savings from the demand allocation method for assigning fixed costs. The parties agree that the remainder of the County's share of the 1994A Savings shall be provided to the County through direct assignment of an amount of interest earnings from Bond Fund investments to the County. This method for sharing 1994A Savings is further defined in Attachment A, Exhibit F.

5. Replace Article II - Statement of Services c) Administration of Contract, (2) Metering, paragraph c. with the following:

c. For the purpose of determining cost allocation factors for the Resource Accounting Pool, all metered quantities shall be adjusted for losses to reflect usage quantities at the system input points, which shall initially be defined as the Norton end of the Norton-ETA 115 kV line, the ETA end of the BA-ETA 115 kV line, the net TA-3 power plant output, and the 20MW combustion turbine output as metered at the points of connection to the TA-3 13 kV bus. Upon completion of the STA 115 kV Switchyard, the addition of the Norton - STA and a pending transmission swap agreement with PNM, the system points of input will be redefined and ultimately become the Buckman end of the Buckman - ETA 115 kV Line, the STA end of the BA - STA 115 kV Line, the Norton end of the Norton - STA Line and the net TA-3 power plant output, and the 20MW combustion turbine output as metered at the points of connection to the TA-3 13 kV bus. (See B9).

6. Replace Article XII, Static Var Compensator (SVC), third paragraph, sixth bullet with the following:

- "The SVC is a SPAR."

7. Replace Exhibit A, To Contract No. DE-AC04-85AL26078, DOE Approved Resources, with the following:

EXHIBIT A
TO CONTRACT NO. DE-AC04-85AL26078

DOE APPROVED RESOURCES

General

DOE constructed the TA-3 Generating Plant which was placed in service in 1951, as well as various 115 kV transmission facilities. In FY2003, NNSA entered into commitments to rehabilitate Unit 3 at the TA-3 and also to add a 20 MW Combustion Turbine at the TA-3 Plant. Congressional Line Item funding for the design and construction of the STA 115 kV

Switching Station and the STA-WTA 115 kV line is authorized for FY2005. Also, the DOE has an allocation of Western Area Power Administration Salt Lake City Integrated Projects (Western) firm and peaking power and has arranged for Western to secure long-term supplies of renewable energy. In addition, DOE shall arrange for Resource Accounting Pool repayment of energy deliveries associated with DOE's allocation of Western's peaking capacity. The scheduling of such repayment energy shall be the responsibility of the Manager of Operations or his designated representative. All the foregoing resources are included as either Approved Resources or SPARs under this contract.

Each of the above-identified resources is set forth in a separate schedule to this Exhibit A.

EXHIBIT A, SCHEDULE 1.1

TA-3 GENERATING PLANT UNITS 1, 2 AND 3

Description: The DOE Los Alamos TA-3 Generating Plant includes two 5.5 MW automatic extraction turbine generators, and one 10 MW conventional turbine generator. In FY2003, DOE entered into a commitment to rehabilitate the 10-MW unit and increase the rated capability to 12.5 MW. Upon completion of the capacity upgrades, the nameplate capacity of Units 1, 2 and 3 will be 23.5 MW. All boilers are dual fuel with natural gas as the primary fuel and oil as the standby fuel. Pending completion of the Norton - STA - WTA Line Project, TA-3 Units 1, 2 and 3 shall be designated as an Approved Resource. Commencing the first month after the date the Norton - STA - WTA Line Project is operational, TA-3 Units 1, 2 and 3 shall be designated as a SPAR. TA-3 Units 1, 2 and 3 are to be maintained in a ready standby mode to provide added reliability and site security.

Monthly Fixed Charges-Approved Resource Status: The original plant investment was fully amortized in August of 1998. In FY 2003, DOE commenced a project to rehabilitate Unit 3 at a cost of approximately \$6,000,000. DOE funded this project and the parties agree to amortize the \$6,000,000 upgrade at a monthly rate of \$50,000 until the earlier of July 1, 2013 or the first month after the effective date that the Norton - STA - WTA transmission line becomes operational (i.e, the designated date that TA-3 Units 1, 2 and 3 will become a SPAR). Prior to such date the \$50,000 amortization charge may be adjusted upon completion of the project and with subsequent replacements and additions. Replacements and additions of single items, not to exceed \$20,000, shall be separately charged as an operating expense on an actual cost incurred basis.

Annual Adjustment of Fixed Charge: In the event of extraordinary additions or replacements of single items, in excess of \$20,000, are completed prior to the date that the SPAR designation becomes effective, the parties may agree to treat specific additions or replacements as capital improvements and to revise the fixed charges to reflect such additions or replacements. An adjusted Monthly Fixed Charge as agreed upon by the parties shall become effective upon (1) written modification to this Exhibit A, Schedule 1.1 or (2) the approval by the Contracting Officer and County Authority of such revised charge within the Resource Accounting Pool's 24 month budget.

Monthly Fixed Charges-SPAR Status: Once the SPAR designation becomes effective and to the extent that TA-3 Units 1, 2 and 3 are utilized for Resource Pool capacity purposes, NNSA will be given a capacity credit based on PNM's Tariff Schedule 5 (Spinning Reserve Service) as periodically updated for the operational period. The applicable rates as of November 2004 are \$9.36 per kW-month, \$2.16 per kW-week, \$0.31 per kW-day, and \$0.012816 per kW-hour. These rates shall be subject to periodic review and change.

Non-Fuel Operating and Maintenance Expenses - Approved Resource Status: The parties agree that all operating and maintenance expenses allocable to electric power production are includable herein. The methodology for accomplishing this assignment of operating and maintenance responsibility to electrical energy production shall be set forth in an Approved Operating Procedure.

Non-Fuel Operating and Maintenance Expenses - SPAR Status: The parties agree that all usage-related operating and maintenance expenses allocable to electric power production are recoverable through the Resource Accounting Pool. The methodology for accomplishing this assignment of operating and maintenance responsibility to electrical energy production shall be set forth in an Approved Operating Procedure. Whenever one or more of the TA-3 units is scheduled by the Operational Center for Resource Pool purposes, DOE shall receive a credit for the fuel and non-fuel operations and maintenance (O&M) associated with the period of scheduled operation. The non-fuel O&M credit shall initially be set once the TA-3 Unit 3 rehabilitation project is completed. This credit will be subject to periodic review and adjustment to provide funds equal to the projection of non-fuel usage-based costs to match the anticipated down-stream unit maintenance, repair and renewal costs as addressed in the Operating Procedures.

Fuel Expense: The cost of fuel at the TA-3 generating plant units 1, 2 and 3 is to be allocated between electric energy production and heating on an incremental cost basis, with the electrical energy cost responsibility being assigned the incremental

quantity of fuel associated with electrical energy production from this resource.

EXHIBIT A, SCHEDULE 1.2

TA-3 GENERATING PLANT COMBUSTION TURBINE

Description: The NNSA has completed contractual arrangements for the addition of a 20 MW Combustion Turbine at the Los Alamos TA-3 Generating Plant. When available for operations the unit will be incorporated in the Resource Accounting Pool as a SPAR. The Combustion Turbine will be natural gas fired and will be maintained in a ready standby mode primarily for LANL security and elevated reliability needs.

Monthly Fixed Charges: NNSA accepted full responsibility for the front-end, third party, arrangements to fund the Combustion Turbine. To the extent that the Combustion Turbine is utilized for Resource Pool capacity purposes, NNSA will be given a capacity credit based on PNM's Tariff Schedule 5 (Spinning Reserve Service) as periodically updated for the operational period. The applicable rates as of November 2004 are \$9.36 per kW-month, \$2.16 per kW-week, \$0.31 per kW-day, and \$0.012816 per kW-hour. These rates shall be subject to periodic review and change.

Non-Fuel Operating and Maintenance Expenses: The parties agree that all usage-related operating and maintenance expenses allocable to electric power production are recoverable through the Resource Accounting Pool. The methodology for accomplishing this assignment of operating and maintenance responsibility to electrical energy production shall be set forth in an Approved Operating Procedure. Whenever the Combustion Turbine is scheduled by the Operational Center for Resource Pool purposes, DOE shall receive a credit for the fuel and non-fuel operations and maintenance (O&M) associated with the period of scheduled operation. The non-fuel O&M credit shall initially be set at \$17/MWh and be subject to periodic review and adjustment to provide funds equal to the manufacturer's projection of non-fuel usage-based costs to match the anticipated down-stream unit maintenance, repair and renewal costs as addressed in the Operating Procedures.

Fuel Expense: The cost of fuel for operation of the TA-3 Combustion Turbine is to be fully allocated to electric energy production on an actual cost basis, with the electrical energy cost responsibility being assigned the full quantity of metered fuel associated with operation of this resource.

EXHIBIT A, SCHEDULE 2

DOE PURCHASED POWER CONTRACTS

DOE Interagency Agreement No. DE-AC04-89AL45747

The parties agree that Western's allocation of Salt Lake City Area/Integrated Projects (SLCA/IP) power and energy per Interagency Agreement No. DE-AC04-8945747, which expires on September 30, 2019, unless extended, is an Approved Resource. All wheeling charges necessary to deliver the power and energy are included herein. In addition, any new Western allocation and associated wheeling charges shall be includable herein and shall be an Approved Resource. DOE, from time to time, arranges for the purchases of energy to repay energy obtained with DOE's allocation of Western's peaking capacity. The scheduling of such energy purchases shall be the responsibility of the Manager of Operations or his designated representative. It is agreed that such purchased energy costs as well as costs associated with related wheeling are includable herein.

Western offers, when available, monthly and seasonal surplus capacity without energy. When economically beneficial to both parties, such capacity may be utilized and will be includable herein.

DOE Intra-agency Agreement DE-AI04-99AL-66006

DOE entered into an Intra-agency Electric Services agreement with Western, designated as Agreement No. DE-AI04-99AL-66006. This agreement provides for a variety of services from Western, including purchases of long-term energy supply and assistance in the resolution of transmission related issues with PNM. Under this arrangement, Western is proceeding to secure long-term renewable energy supplies for LANL to meet the renewable energy goals established for LANL. Within limits defined below, costs associated with renewable energy purchases are includable in the Resource Accounting Pool as a SPAR.

Monthly Fixed Charges: Unless the renewable power source is available on a firm basis, the renewable energy supply will be treated as a non-firm energy resource with no capacity credit. If the renewable energy is received on a firm basis, the associated firm fixed costs will be assigned to the Resource Pool to the extent that the resulting average energy supply costs are not in excess of the maximum level provided below.

Renewable Energy Expense: The actual renewable energy supply cost for non-firm renewable energy to be secured by Western for NNSA up to a mutually acceptable ceiling price per MWh at points

of input into the PNM transmission system, not counting PNM-NITSA cost, is to be allocated to electric energy expense.

Should renewable energy be firmed by Western through use of the NNSA 15 MW of Western peaking capacity, the net energy costs shall be allowed to the extent that the combined monthly fixed costs and renewable energy supply costs do not exceed a mutually acceptable ceiling price per MWh at points of input into the PNM transmission system. Credits, if any, obtained through firming of renewable energy for other New Mexico customers of Western shall be reflected in the determination of the net allowable energy costs assignable to the Pool.

These mutually acceptable ceiling prices shall be subject to periodic review and change as part of the annual budget process to reflect the projected annual Four Corners' competitive market prices for non-firm and firm energy. Adjusted rates as agreed upon by the parties shall become effective upon (1) written modification to this exhibit or (2) the approval by the Contracting Officer and County Authority of such revised charge within the Resource Accounting Pool's 24-month budget.

Transmission Delivery Costs: Any PNM NITSA costs and/or Western transmission delivery costs, including additional ancillary fees and losses associated with the delivery of renewable energy through the PNM transmission system, will be treated as Resource Pool transmission costs.

Short-Term Power Purchases

Short-term purchases as may be required due to unanticipated load increases and unit outages shall be included herein.

EXHIBIT A, SCHEDULE 3

NNSA TRANSMISSION AND SUBSTATION FACILITIES

Description

The NNSA Los Alamos Transmission and Substation Facilities includable as Approved Resources are as follows:

- (a) 115 kV Line Terminal facilities at the ETA Switching Station, the WTA Switching Station, the TA53 Switching Station and, when completed, the STA Substation and Norton terminal facilities.
- (b) Transmission Lines, including lines from ETA to WTA, WTA to TA-3, ETA to TA-53, TA-53 to TA-3, ETA to

Norton (or Buckman if and when the pending ownership transfer with PNM is completed) and when completed, the lines from STA to WTA, STA to ETA (if and when the pending ownership transfer with PNM is completed) and from Norton to STA.

(c) TA-3 Transformation and related facilities.

(d) 115 kV Capacitor Banks and related facilities.

In addition, The NNSA Static Var Compensator (SVC) located at the ECA Substation is includable as a SPAR.

Monthly Fixed Charge - Approved Resources

The parties agree that the monthly fixed charge associated with the NNSA Transmission and Substation Facilities includable herein is \$ 19,500. This amount is based upon the net book value as of July 1, 2003. This amount will be appropriately adjusted upon completion of the additional NNSA line and associated line terminal equipment. Replacements and additions of single items, not to exceed \$20,000, shall be separately charged as an operating expense on an actual cost incurred basis.

Monthly Fixed Charge - SPARs

The parties agree that the amount of fixed charges for the SVC allocable to the Pool shall be equivalent to the capacity credit attributed to the SVC under PNM's Network Integration Transmission Service Agreement (NITSA). Until at least September 30, 2007, the parties agree that the transmission import rating credit for the SVC is 10 MW as established by separate agreement with PNM. Thereafter, under the PNM NITSA with LAC, the amount of capacity credit is subject to review and possible change. This allocable SVC Pool cost shall remain in effect to the extent that PNM provides transmission service credit under the NITSA with LAC for the SVC.

The SVC fixed charge allocable to the Resource Pool shall be the difference between the actual NITSA invoice amount and the amount that would be assigned under the NITSA formula without the SVC capacity credit.

The parties agree that transmission rights attributed to the SVC is established in a transmission service agreement between PNM and LAC on behalf of NNSA. LAC agrees not to enter into a transmission service agreement with PNM, which would have terms and conditions prohibiting the reassignment of such agreement. LAC further agrees to reassign, at NNSA request, the LAC/PNM transmission service agreement and associated transmission rights only to NNSA, or its designee. NNSA agrees not to request

reassignment of the LAC/PNM transmission service agreement and associated transmission rights so long as the bond indentures associated with LAC's purchases of San Juan unit 4 generating unit, and the El Vado and Abiquiu Hydroelectric generating facilities are not accelerated within the term of the ECA.

Annual Adjustment of Fixed Charges

In the event of extraordinary additions or replacements of single items, in excess of \$20,000, the parties may agree to treat specific additions or replacements as capital improvements and negotiate a revision of the fixed charge. An adjusted monthly fixed charge as agreed upon by the parties shall become effective upon (1) written modification to this exhibit or (2) the approval by the Contracting Officer and County Authority of such revised charge within the Resource Accounting Pool's 24-month budget.

Operating and Maintenance Expenses

The parties agree that all operating and maintenance expenses associated with the approved Transmission and Substation Facilities are includable herein.

8. Replace Exhibit B, Schedule 3.2, Abiquiu Project in its entirety with the following:

EXHIBIT B, SCHEDULE 3.2

ABIQUIU PROJECT

Description

The parties agree that the Abiquiu Project is an Approved Resource under this contract. The Abiquiu Project, located on the Abiquiu Reservoir 28 miles northwest of Los Alamos, has two hydroelectric generating units with a combined capacity of 12.6 MW. The first 6.3 MW unit at the Abiquiu Project commenced initial operation in March, 1989, and the second 6.3 MW unit commenced operation April, 1990.

Subject to the conditions that follow, the parties agree to the addition of a third unit (which shall be a low flow turbine-generator), with a rated capacity of 3.0 MW and expected average annual output of 7.5 GWh, at the Abiquiu Plant as an Approved Resource. The parties agree to the addition of the third unit provided that the unit can be placed in operation at an installed cost of approximately \$4.0 million. The parties also agree to not less than a ten-year debt-service retirement schedule for the

incremental bonded indebtedness associated with funding the Abiquiu 3rd Unit. A 15-year debt-service retirement schedule is acceptable if the 3rd unit and the Norton - STA Line are funded by the same County bond-issue. Unless the parties agree to terms and conditions that continue load ratio sharing of Abiquiu Unit 3 energy production beyond the date of expiration of the ECA, the Abiquiu 3rd unit related debt will not be subject to acceleration prior to the expiration of the ECA.

Determination of Monthly Capacity Charge

The monthly capacity charge shall be computed by the County in accordance with the formula set forth in the General section of Exhibit B except as further defined or modified below.

1. Prior to completion of the third unit, the AR Factor shall be calculated assuming the Abiquiu Project is a single 12.6 MW unit. After completion of the third unit, the AR Factor shall be calculated assuming the Abiquiu Project is a single 15.6 MW unit.
2. The monthly capacity charge calculation for the Abiquiu Project shall include a MO=12 and ADR=1 under normal conditions. These factors may be adjusted by the Operating Committee consistent with the methodology set forth in the General section of Exhibit B and based on new engineering data, load data, plant capacity or other technical data as may become available.
3. The DF factor shall be one for every month except in (a) any month when capacity is available to the Los Alamos area load from only one of the Abiquiu units the DF shall be .8467 and (b) any month when no capacity is available to the Los Alamos load area from any of the Abiquiu units the DF shall be zero.

Determination of Monthly Energy Charge

A monthly energy charge for hydroelectric production shall be developed in accordance with the following formula:

$$\text{Monthly Energy Charge} = (\text{FERC}) \times (\text{TE} - \text{ES}) / \text{TE}$$

Where

FERC = Total charge incurred by County, on and after the date that a given hydroelectric unit is declared available for commercial operation, that are properly chargeable to FERC Account Nos. 408, 535 through 545, and such other

accounts which reflect expenses consistent with the contract Cost Principles and Procedures as set forth in 48 CFR Subparagraph 31.6 (OMB Circular No. A-87).

TE = Total energy scheduled from the Abiquiu Plant, as metered at the 69 kV bus at the plant.

ES = Energy sales from the hydroelectric units to third parties that can be identified with Abiquiu capacity not scheduled to Los Alamos during the billing month. For purpose of this formula, any deliveries to third parties for the indirect use in conjunction with the coordinated operation of DOE and the County, e.g., repayment of Western Peaking power, balancing of inadvertent accounts or repayment in kind of emergency energy, are to be treated as if the deliveries were made directly to Los Alamos.

9. Replace Exhibit B, Schedule 4, County Transmission Arrangements in its entirety with the following:

Exhibit B
SCHEDULE 4, Rev. 2

COUNTY TRANSMISSION ARRANGEMENTS

Description

The following agreements for transmission of power and modifications thereto for the County's Approved Resources and provision for alternate transmission paths in case of failures in the normal path are included herein:

- (a) PNM Interconnection Agreement
- (b) Plains/Tri-State Interconnection Agreement & TSA
- (c) Western Transmission Agreement
- (d) Northern Rio Arriba Cooperative (NORA) Interconnection Agreement & TSA
- (e) Jemez Interconnection Agreement
- (f) El Vado - Spills Switchyard 69 kV line (The El Vado - Spills Switchyard 69 kV Line and associated line terminal

equipment that connects the El Vado Plant to the NORA system is assigned to the Resource Pool as part of the cost of the El Vado Plant).

- (g) PNM/LAC Network Integration Transmission Service Agreement (NITSA)

The parties agree that the County will fund the Norton - STA Line section and the associated line terminals at Norton and STA (Norton - STA Project) and agree that NNSA will have on-going ownership, operating and maintenance responsibility. When completed, this line shall be considered an Approved Resource.

Monthly Charge

The parties recognize that the monthly charge associated with the transmission interconnection agreements will be dependent in part on actual power deliveries. The parties agree that all such charges are includable herein.

Upon completion of the Norton - STA Project the associated debt service cost and cost allocation principles of Attachment A, Exhibit B, Schedule 6, shall become effective for purposes of the Resource Accounting Pool. The recovery of NNSA on-going ownership, operation and maintenance cost associated with the Norton - STA Project is provided for in Attachment A, Exhibit A, Schedule 3.

10. Insert an additional paragraph ahead of the Short Term Purchase Power paragraph in Exhibit B, Schedule 5, County Purchased Power Contracts as follows:

Long-Term Purchase Power

The parties agree that the 36-month contract with Southwestern Public Service Company dated October 31, 2003 for purchase of firm energy equal to Western CRSP allocations to the Eastern New Mexico Distribution Cooperatives is an Approved Resource. Any wheeling charges necessary to deliver the power and energy are included herein. This contract shall not be extended without the prior approval of the Operating Committee and the responsible contracting authorities.

11. Insert Attachment A, Exhibit B, Schedule 6, County Transmission Arrangements as follows:

Contract No. DE-AC04-85AL26078

Modification A013
Attachment A
Exhibit B
Schedule 6

NORTON - STA TRANSMISSION LINE

SECTION 1. PURPOSE OF THE SCHEDULE

- 1.0 The purpose of this Schedule is to improve the reliability of the bulk transmission delivery service for all customers within the Los Alamos Service Area by the addition of an electric transmission line and related ancillary facilities.

SECTION 2. DESCRIPTION OF PROJECT

- 2.0 This new transmission line of approximately 10 miles in length will be routed between the Public Service Company of New Mexico (PNM) owned Norton Substation and the new Government-owned substation being constructed at the South Technical Area (STA) of LANL by the NNSA ("Norton-STA Line"). This Schedule establishes the rights and obligations of the parties with respect to the Norton-STA Line.

SECTION 3. TERM OF THE SCHEDULE

- 3.0 This Schedule shall not exceed the contract term of the ECA. Five years following the date of the bond sale this Schedule may be extended, at the discretion of the parties, to coincide with the then remaining term of the ECA. The intent is to provide an effective 15-year period to amortize the bonded indebtedness.
- 3.1 In the event that the parties elect not to renew the ECA to provide a full 15-year period to amortize the bonded indebtedness, then NNSA will be obligated to pay to the County, under an accelerated debt retirement schedule that will fully retire the debt over the remaining months of the ECA contract term then in effect; except, however, to the extent that the County is able to secure long-term cost recovery through network integration transmission service rates this obligation will be amended in part or in total.

SECTION 4. OBLIGATIONS OF THE COUNTY

- 4.0 County in exchange for life of the facility rights defined in Section 8 will fund the Norton-STA Line for ownership by NNSA, fund the agreed upon line terminal facilities costs for the interconnection with the Norton Substation and reimburse NNSA for the associated line terminal costs at the NNSA STA Substation.
- 4.1 County will issue bonds to finance the construction of the Norton-STA Line, including the associated line terminals and all other ancillary facilities at Norton Switching Station and STA Substation. Unless otherwise agreed the term of the bonds shall not exceed 15 years.
- 4.2 County will enter into appropriate contractual arrangements with PNM for interconnections of the STA Substation with PNM's BA-ETA 115 kV Line and the interconnection of the Norton-STA Line with PNM's Norton Substation.
- 4.3 Once the bonds are marketed, the County will determine the monthly debt service costs incurred by the County for the Norton-STA Line and related facilities, and bill the NNSA for "NNSA's Costs" pursuant to the provisions of this Schedule. For purposes of this Schedule, "NNSA's Costs" shall be determined according to the provisions of Section 6 of this Schedule, below, and further explained in Exhibit A to the Schedule.
- 4.4 County will designate a person to serve as the County's contact with NNSA ("County's Representative") with respect to all matters involving the Norton-STA Line.
- 4.5 The Norton - STA Line and associated termination and ancillary facilities are considered an approved resource and the County will bear its share of ownership, operation and maintenance costs on a monthly basis pursuant to the provisions of Section 6.5 of this Schedule.

SECTION 5. OBLIGATIONS OF NNSA

- 5.0 NNSA shall be responsible for the design, construction, operation, maintenance and ownership of the Norton-STA Line as well as the termination and ancillary facilities at the STA substation to connect the Norton-STA Line to the NNSA's transmission grid. The Norton-STA Line will be approximately ten miles in length at 345kV-design rating ("Ten Mile Segment"). The Norton - STA Line will be routed substantially in accordance with the environmental and route selection process completed by the NNSA. The NNSA shall provide the County opportunities to review and provide input on the design and construction of new

facilities; however, the NNSA will have the final responsibility for decisions as to the siting and construction of the Norton-STA Line to ensure compliance with the previously approved environmental and route selection documents. After project award, any design or construction modifications exceeding \$250,000 shall not be made without the prior review and concurrence by both parties. As a separate stand-alone project, NNSA will construct and own the STA-WTA Line, approximately eight miles in length, at 115kV design rating ("Eight Mile Segment"). Both the Ten Mile Segment and the Eight Mile Segment, upon completion will become Approved Resources pursuant to a modification to the ECA. The Ten Mile Segment will be energized at 115kV, until such time as the parties determine and agree that the Norton-STA Line will be energized at it's 345kV design rating. NNSA shall bill the costs of the Norton-STA Line termination and ancillary facilities at the STA Substation to the County.

- 5.1 NNSA shall have sole responsibility for incremental debt service costs associated with the construction of the Norton - STA line at 345 kV compared to the costs that would have been incurred had the line been constructed at 115 kV, less an amount equal to the NNSA pre-project cost attributed to the Norton-WTA (NW) Line Project. For purposes of this understanding, "incremental costs" shall mean all costs that are incurred because the Ten Mile Segment is constructed at a 345kV rating instead of at a 115kV design rating. In making this determination, the cost of constructing the river crossing span and related structures will be evaluated at 345 kV for both the 345 kV and 115 kV options. NNSA Pre-Project Credit shall mean an amount that equals the actual expenses incurred by NNSA: a) to complete the Norton-STA Line environmental assessment and approval process; b) to survey and define rights-of-way; and c) to complete the Norton-STA Line conceptual design engineering studies.
- 5.2 NNSA will support the County in its efforts to prepare all necessary documentation to complete the issuance of bonds or such other financial instruments as may be necessary to finance the Norton-STA Line. NNSA will support the County in its efforts to secure appropriate agreements with PNM for the interconnection of the Norton - STA Line and STA Substation with the PNM transmission network. In exchange for the County's financing of the Norton - STA Project, NNSA agrees to provide life of the facility rights through its Los Alamos transmission system as defined in Section 8.

- 5.3 NNSA shall designate a person to serve as NNSA's contact with the County ("NNSA's Contracting Officer") with respect to all matters involving the Norton-STA Line.

SECTION 6. MONTHLY COSTS OF THE TRANSMISSION LINE

- 6.0 The costs of the construction, operation and maintenance of the Norton-STA Line, less amounts, if any, of such costs recovered through network integration transmission service rate credits (NITS Credits) as described in Section 6.1 shall be allocated between County and NNSA monthly. The recovery of debt service related costs incurred through use of the County's bonding authority is addressed in this Section 6, and costs associated with the NNSA on-going operation, maintenance and ownership of the Norton-STA Line will be recovered as part of the monthly charges provided in Attachment A, Exhibit A, Schedule 3.
- 6.1 "NITS Credits" shall be the portion of the NW Line monthly revenue requirements included in and recovered from the Schedule for Network Integration Transmission Service between Public Service Company of New Mexico and the Incorporated County of Los Alamos dated August 1, 2002, or replacements thereof, and any amendments, modifications, and successor agreements thereto. To the extent that such NITS Credits are received by the County as a direct payment or are indirectly received in the form of a reduction in the monthly transmission service charges under the NITS Agreement, such NITS Credits will be appropriately applied to reduce the amounts of Norton-WTA (NW) Line monthly charges assigned to the parties pursuant to Sections 6.3 and 6.5, hereof.
- 6.2 "NNSA's Costs" shall be NNSA's allocated share of the base monthly debt service costs of the Norton-STA Line plus the full monthly debt service costs related to the incremental cost of constructing the line at 345 kV rather than 115 kV, less the adjustment for pre-project costs incurred by LANL. NNSA's allocated share shall be the ratio that NNSA's demand contribution bears to the sum of the monthly peak demands of the County and the NNSA in the Los Alamos Service Area. For purposes of determining the monthly demand ratio, NNSA's demand contribution shall be deemed to be the higher of NNSA's actual monthly demand at the time of the combined coincidental hourly peak demand of the County and NNSA or 65 MW.
- 6.3 "County's Costs" shall be the County's allocated share of the base monthly debt service costs of the Norton-STA Line. County's allocated share shall be the ratio that County's

demand contribution bears to the sum of the monthly peak demands of the County and the NNSA in the Los Alamos Service Area. For purposes of determining the monthly demand ratio, County's demand contribution shall be deemed to be the higher of the actual monthly demand at the time of the combined coincidental hourly peak demand of the County and the NNSA or 15 MW.

- 6.4 Financing costs of the Norton-STA Line to be recovered monthly from NNSA and the County will include, but not be limited to, the County's debt service for the construction of the Norton-STA Line and all ancillary facilities required to be constructed to make the Norton-STA Line operational and an amount equal to five percent (5%) of the levelized debt service associated with the Norton-STA Line, to provide the County with a return on its investment.
- 6.5 The monthly costs of the Norton-STA Line will be invoiced to the parties through the Electric Coordination Agreement until such time as that agreement terminates or the parties agree otherwise.
- 6.6 In the event that either of the parties disagrees with the assessment of a monthly cost for the Norton-STA Line, the parties shall resolve the dispute according to the provisions of Section 12 of this Schedule.

SECTION 7. ADMINISTRATION OF THE SCHEDULE AND RIGHT OF THE PARTIES TO AUDIT BOOKS AND RECORDS

- 7.0 The County and NNSA, through their respective representatives, shall be responsible for the administration of this Schedule and the resolution of any issues that arise thereunder. Any issue that cannot be resolved by the County's Representative and NNSA's Contracting Officer shall be resolved pursuant to the provisions of Section 12 of this Schedule.
- 7.1 An audit of the costs incurred and billed in connection with the Norton-STA Line will be conducted annually by an independent auditor acceptable to the parties, unless the parties agree otherwise. The costs of such annual audits will be recovered from the parties pursuant to the provisions of Section 6 of this Schedule.
- 7.2 Either party to this Schedule may request a review, in addition to the annual audit, of the expenses that have been included in the costs of the Norton-STA Line and charged to the parties pursuant to Section 6 of this Schedule during the prior twelve months. The requesting

party will be responsible for all costs associated with such review.

SECTION 8. TERMINATION OF THE ELECTRIC COORDINATION AGREEMENT

8.0 Upon expiration or termination of the Electric Coordination Agreement, the parties agree that the Norton-STA Line, as well as all existing and future NNSA or County owned transmission facilities located within the Los Alamos Service Area, will remain joint use resources throughout their respective asset lives, dedicated to meet the combined requirements of both the County and the NNSA within the Los Alamos Service Area. The parties understand and agree that this necessitates the continuation of arrangements for sharing the annual ownership, operation and maintenance costs of these transmission facilities, including the Norton-STA Line. Unless the parties agree to a different accounting mechanism, a Resource Accounting Pool identical to that established pursuant to the expired or terminated Electric Coordination Agreement will be continued in effect, as modified by the provisions of this Schedule.

8.1 This Schedule shall only affect the rights and obligations of the parties with respect to transmission facilities located within the Los Alamos Service Area and shall not impact any other facilities owned by either of the parties.

SECTION 9. RECIPROCAL PERMITS

9.0 NNSA hereby grants to the County, free of any rental or similar charge, a revocable access permit to the STA and WTA Substations for any proper purpose under this Schedule, including the use of the site or sites agreed upon by the parties for the installation, operation, and maintenance of the fiber optics communication equipment and electrical distribution facilities of the County required to be located upon NNSA's premises. Authorized representatives of the County with appropriate clearances and training from the NNSA or its representatives, will be allowed access to the fiber optics equipment and electric distribution facilities that pursuant to Section 16 may be located within the NNSA's premises, at suitable times to perform the obligations of the County with respect to these facilities. It is expressly understood that NNSA may limit or restrict the right of access herein granted in any manner considered to be necessary for national security or safety considerations.

9.1 The County hereby grants to NNSA, free of any rental or similar charge, a revocable access permit to the County

premises for any proper purpose under this Schedule, including use of site or sites agreed upon by the parties hereto for the installation, operation, and maintenance of the facilities of NNSA located within County premises at suitable times to perform the obligations of NNSA with respect to these facilities.

- 9.2 Any fiber optics terminal equipment and electrical distribution facilities installed pursuant to this Schedule shall be and remain the property of the party funding them, for the life of the facilities notwithstanding that same may have been affixed to the premises. Unless otherwise agreed upon in writing, any such facilities that are no longer being utilized shall be removed by and at the expense of the owner of such facility.

SECTION 10. UNCONTROLLABLE FORCES

- 10.0 Neither party to this Schedule shall be considered to be in default with respect to any obligation hereunder, if prevented from fulfilling such obligation by reason of uncontrollable forces. For purposes of this Schedule, the term "uncontrollable forces" shall mean any cause beyond the control of the party affected, including, but not limited to, 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 the 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.

SECTION 11. COOPERATION OF THE PARTIES

- 11.0 If, in the maintenance of the Norton-STA Line and the utilization thereof for the purposes of this Schedule, it becomes necessary by reason of any emergency or extraordinary condition for the NNSA to request the County to furnish personnel, materials, tools, and equipment for the accomplishment thereof, the County shall cooperate with the NNSA and render such assistance as the County determines is available. The NNSA, upon receipt of properly itemized bills from the County, shall reimburse the County for all costs, properly and reasonably incurred by it in such performance.

SECTION 12. DISPUTE RESOLUTION

- 12.0 In the event that the parties have a dispute over the interpretation or implementation of any term or provision of this Schedule, the County's Representative and the NNSA's Contracting Officer shall attempt to resolve the dispute. If the County's Representative and the NNSA's Contracting Officer are unable to resolve the outstanding issue, the parties may submit the dispute to arbitration, in addition to pursuing any other legal remedies available.

SECTION 13. TAXES

- 13.0 The County agrees to notify the NNSA's Contracting Officer of any State tax, fee, or charge levied or purported to be levied on or collected from the County with respect to this Schedule, any transaction thereunder, or property in the custody or control of the County and constituting an allowable item of cost if due and payable, but which the County has reason to believe, or the NNSA's Contracting Officer has advised the County, is or may be inapplicable or invalid; and the County further agrees, to the extent permitted by law, to refrain from paying any such tax, fee, or charge when so instructed in writing by the NNSA's Contracting Officer. Any State tax, fee or charge paid with the approval of NNSA's Contracting Officer or on the basis of advice from NNSA's Contracting Officer that such tax, fee, or charge is applicable and valid, and which would otherwise be an allowable item of cost, shall not be disallowed as an item of cost by reason of any subsequent ruling or determination that such tax, fee, or charge was in fact inapplicable or invalid.
- 13.1 The County agrees to take such action jointly with the Government as may be required or approved by the NNSA's Contracting Officer to cause any State tax, fee, or charge which would be an allowable cost to be paid under protest; and to take such action jointly with the Government as may be required or approved by the NNSA's Contracting Officer to seek recovery of any payments made; including assignments to the Government or its designee of all rights to an abatement or refund thereof.
- 13.2 The Government shall hold the County harmless from penalties and interest incurred through compliance with this section and shall fully reimburse the County on a monthly basis for any costs incurred for retention of outside counsel or consultants when the need for such counsel or consultants is mutually agreed to by the parties. All recoveries or credits in respect of the foregoing taxes, fees, and charges (including interest) shall be allocated between the parties based upon their original contribution.

SECTION 14. WAIVERS

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

SECTION 15. NOTICES

15.0 Any notice or request required or authorized by this Schedule shall be deemed properly given if hand delivered and/or mailed, postage prepaid, to the County's Representative or the NNSA's Contracting Officer at the addresses shown on the signature page hereof. The designation of the County's Representative and the NNSA's Contracting Officer may be changed at any time by similar notice to the other party.

SECTION 16. FIBER OPTICS AND ELECTRICAL DISTRIBUTION

16.0 The County will provide funding for NNSA to design, install and own optic fibers to be located in the transmission line static wires. To the extent that unused optic fibers remain after system protection, line and power operation requirements are met, the County shall have rights to use 20% of any remaining fiber pairs for other purposes. These rights shall extend through the STA to WTA portion of the line as well. All revenues, if any, derived from the lease of optic fibers by NNSA to third parties shall be directly credited to NNSA against the monthly cost of the line.

16.1 Subject to the advance agreement on the design, installation and related cost responsibility, the County may connect electric distribution step-down transformation, distribution feeders, fiber optic communication equipment and cable to the STA and/or WTA substations. The County recognizes that NNSA has no immediate plans to add a distribution step-down transformer at STA.

SECTION 17. FUNDING OPTIONS

17.0 NNSA has been appropriated Congressional Line Item funds for the STA - WTA Line portion of the original NW Project. Should the appropriated Congressional Line Item funds be rescinded prior to the County closing on a bond issue for this project, the parties agree to expand this Agreement and to proceed with a modification of the Electric Coordination Agreement (ECA) to also provide for the

inclusion of the STA - WTA Line in the ECA as an Approved Resource funded by the County.

- 17.1 The parties recognize that Congressional Line Item funds were also requested by NNSA for the Norton - STA section of the original NW Project, but Congressional Line Item funding to date is authorized only for the STA - WTA Line portion of the original NW Project. The parties recognize and agree that Congressional Line Item funds for the Norton STA Line are not likely to be authorized and accordingly the County should proceed with its efforts to secure bond funds for the Norton - STA Line. If the efforts by the County to secure bond funds are ended prior to bond issuance due to NNSA receiving an additional authorization of Congressional Line Item funds for the Norton - STA section of the NW Project, the parties agree that the County will be reimbursed by NNSA for all prudent and reasonable costs incurred by the County through its efforts to finance the Norton - STA Line, including any costs that the County reasonably incurs after notification that the Congressional Line Item funds are authorized. Such costs, to the extent reimbursed by NNSA, shall be included in the ECA as part of the Approved Resource costs for the Norton-STA Line.

SECTION 18. PROJECT OPTION

- 18.0 The parties understand that other Northern New Mexico transmission projects are under consideration by other utilities and independent developers. The parties agree to consider changes to the Norton-STA project in conjunction with such other projects if such modifications would be mutually beneficial to the parties.

12. Revise Exhibit E, Monthly Settlement Sheet, Line 4 to include 100% in Columns Energy (d) and Energy (l) and remove 100% from columns Demand (c) and Demand (k).

EXCEPTION TO SF 30, APPROVED BY NARS 579

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT				1. CONTRACT ID CODE		PAGE OF PAGES 1 / 7	
2. AMENDMENT/MODIFICATION NO. A014		3. EFFECTIVE DATE July 1, 2006		4. REQUISITION/PURCHASE REQ. NO.		5. PROJECT NO. (If applicable)	
8. ISSUED BY U.S. Department of Energy NNSA Service Center Acquisition and Financial Assistance Dept. P.O. Box 5400 Albuquerque, NM 87185-5400		CODE		7. ADMINISTERED BY (If other than item 6) Sam Espinosa (505) 845-4302		CODE	
B. NAME AND ADDRESS OF CONTRACTOR (No., street, country, State, and ZIP Code) Incorporated County of Los Alamos P.O. Box 30 Los Alamos, NM 87544				(✓)		9A. AMENDMENT OF SOLICITATION NO.	
						9B. DATED (SEE ITEM 11)	
				X		10A. MODIFICATION OF CONTRACT/ORDER NO. DE-AC04-85AL26078	
CODE				FACILITY CODE		10B. DATED (SEE ITEM 13) July 1, 1985	
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS							
The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers is extended. Is not extended.							
Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods: (a) By completing items 8 and 26, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.							
ACCOUNTING AND APPROPRIATION DATA (If required) Not Applicable							
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.							
(✓) A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN CONTRACT ORDER NO. IN ITEM 10A.							
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103 (b).							
X C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: Section B, Article III - "Term" and Mutual Agreement of the Parties							
D. OTHER (Specify type of modification and authority)							
E. IMPORTANT; Contractor <input type="checkbox"/> is not, <input checked="" type="checkbox"/> is required to sign this document and return <u>3</u> copies to the issuing office.							
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) See page 2							
15A. NAME AND TITLE OF SIGNER (Type or print) Michael G. Wheeler Council Chair				18A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Eusebio M. Espinosa Contracting Officer			
15B. CONTRACTOR/OFFEROR <i>Michael G. Wheeler</i> (Signature of person authorized to sign)		15C. DATE SIGNED 6-29-06		18B. UNITED STATES OF AMERICA BY <i>Eusebio M. Espinosa</i> (Signature of Contracting Officer)		18C. DATE SIGNED 7/5/06	

3D-105

STANDARD FORM 30

Contract No. DE-AC04-85AL26078
Modification A014

Electric Energy and Power Coordination Agreement

This modification revises Article III by extending the term of the agreement by two additional years, provides for renewal of a ten-year contract term on a rolling five-year cycle, provides for the addition of the Abiquiu Low Flow Turbine (LFT), provides for amortization of the cost of the San Juan Unit 4 environmental upgrades and revises Standard Form 26 by increasing the Agreement's estimated dollar value. Accordingly:

1. Revise Article III – Term, in its entirety, to read as follows:

The contract shall become effective July 1, 1985, and shall expire nine years from the effective date of this Modification No. A014, unless extended as provided herein. When the original contract term, or any extended term thereof, shall have five years remaining, the contract shall be modified to extend the contract term for an additional five year period when each party shall give written notice to the other not later than 30 days in advance of such anniversary date of its intention to extend the contract term.

It is recognized that the Los Alamos National Laboratory (LANL) provides jobs and benefits to Northern New Mexico and that a long term coordination of LANL - County power supply relationship is desirable. To that end it is the intent of the County to provide power to LANL for an initial period of five years commencing July 1, 2015 and ending June 30, 2020, as well as for subsequent five-year periods thereafter. Not less than 120 days prior to July 1, 2010 and 120 days prior to the five-year renewal dates thereafter the County shall provide its pricing for the five year extension period. County understands that NNSA is under no obligation to continue to buy electrical power from the County and that the County is under no obligation to sell power to NNSA, LANL, or their successors, beyond the term of the contract then in effect.

2. Revise Standard Form 26, Item 15 G, as follows:

The total amount of contract is increased from \$504,457,665 by \$43,141,565 to \$547,599,230 and covers the Pool Contract term July 1, 1985 through June 30, 2015.

3. Add paragraphs b. and c. to Article II – Statement of Services b) Resource Costs and Payments (4) Refinancing Benefits and Costs as follows:

- b. The Parties agree to an amortization of the San Juan Environmental upgrade costs over a 15 year period and that these costs shall be includable in the Resource Accounting Pool to the extent that the ECA continues during the amortization period.
- c. The Parties agree as provided in Exhibit B, Schedule 3.3, Abiquiu Project that upon completion and acceptance for commercial operation the Abiquiu LFT shall be an Approved Resource.
4. Replace Exhibit B, Schedule 3.2, Abiquiu Project in its entirety with the following:

Contract No. DE-AC04-85AL26078
Modification A014

EXHIBIT B, SCHEDULE 3.2

ABIQUIU PROJECT

Description

The parties agree that the Abiquiu Project is an Approved Resource under this contract. The Abiquiu Project, located on the Abiquiu Reservoir 28 miles northwest of Los Alamos, has two hydroelectric generating units with a combined capacity of 12.6 MW. The first 6.3 MW unit at the Abiquiu Project commenced initial operation in March, 1989, and the second 6.3 MW unit commenced operation April, 1990.

Upon completion and being accepted for commercial operation, the parties agree that a third unit at the Abiquiu Plant, also referred to as a low flow turbine-generator (LFT), shall be an Approved Resource. This LFT is to have a rated capacity of 3.0 MW and is expected to increase the average annual output of the Abiquiu Plant by 7.88 GWh. The parties understand and agree that the County is proceeding to issue approximately \$6.5 million of 15 year bonds for the cost of the LFT Project. The Abiquiu LFT related debt shall not be subject to acceleration prior to the expiration of the ECA.

Determination of Monthly Capacity Charge

The monthly capacity charge shall be computed by the County in accordance with the formula set forth in the General section of Exhibit B except as further defined or modified below.

1. Prior to completion of the third unit, the AR Factor shall be calculated assuming the Abiquiu Project is a single 12.6 MW unit. After completion of the third unit, the AR Factor shall be calculated assuming the Abiquiu Project is a single 15.6 MW unit.
2. The monthly capacity charge calculation for the Abiquiu Project shall include a MO=12 and ADR=1 under normal conditions. These factors may be adjusted by the Operating Committee consistent with the methodology set forth in the General section of Exhibit B and based on new engineering data, load data, plant capacity or other technical data as may become available.
3. The DF factor shall be one for every month except in (a) any month when capacity is available to the Los Alamos area load from only one of the Abiquiu units the DF shall be .8467 and (b) any month when no capacity is available to the Los Alamos load area from any of the Abiquiu units the DF shall be zero.

Determination of Monthly Energy Charge

A monthly energy charge for hydroelectric production shall be developed in accordance with the following formula:

$$\text{Monthly Energy Charge} = (\text{FERC}) \times (\text{TE} - \text{ES}) / \text{TE}$$

Where

FERC = Total charge incurred by County, on and after the date that a given hydroelectric unit is declared available for commercial operation, that are properly chargeable to FERC Account Nos. 408, 535 through 545, and such other accounts which reflect expenses consistent with

Contract No. DE-AC04-85AL26078
Modification A014

the contract Cost Principles and Procedures as set forth in 48 CFR Subparagraph 31.6 (OMB Circular No. A-87).

- TE = Total energy scheduled from the Abiquiu Plant, as metered at the 69 kV bus at the plant.
- ES = Energy sales from the hydroelectric units to third parties that can be identified with Abiquiu capacity not scheduled to Los Alamos during the billing month. For purpose of this formula, any deliveries to third parties for the indirect use in conjunction with the coordinated operation of DOE and the County, e.g., repayment of Western Peaking power, balancing of inadvertent accounts or repayment in kind of emergency energy, are to be treated as if the deliveries were made directly to Los Alamos.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE

PAGE OF PAGES

1 2

2. AMENDMENT/MODIFICATION NO.

M015

3. EFFECTIVE DATE

20 date signed JAN 29 P 2:58

4. REQUISITION/PURCHASE REQ. NO.

5. PROJECT NO. (If applicable)

6. ISSUED BY

CODE

7. ADMINISTERED BY (If other than Item 6)

CODE

DEPARTMENT OF ENERGY/NNSA SERVICE CENTER
PO BOX 5400
ALBUQUERQUE, NM 87185-5400
FRANCIS TING, 505-845-4912
FTING@DOEAL.GOV

DEPARTMENT OF ENERGY/NNSA SERVICE CENTER
PO BOX 5400
ALBUQUERQUE, NM 87185 5400
FRANCIS TING, 505-845-4912
FTING@DOEAL.GOV

8. NAME AND ADDRESS OF CONTRACTOR

(No., street, county, State and ZIP Code)

Incorporated County of Los Alamos
P.O. Box 30, Los Alamos, NM 87544

(X) 9A. AMENDMENT OF SOLICITATION NO.

ORIGINAL

9B. DATED (SEE ITEM 11)

10A. MODIFICATION OF CONTRACT/ORDER NO.

DE-AC04-85AL26078

10B. DATED (SEE ITEM 13)

July 1, 1985

CODE

FACILITY CODE

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers: ☐ is extended. ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment your desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA

(If required)

13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.



B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(h).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF MUTUAL AGREEMENT OF THE PARTIES

D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor ☐ is not. ☒ is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

See attached.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)

James W. Hall
Council Chair

16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)

FRANCIS TING

15B. CONTRACTOR/OFFEROR

James W. Hall
(Signature of person authorized to sign)

15C. DATE SIGNED

12/24/08

16B. UNITED STATES OF AMERICA

Francis Ting
(Signature of Contracting Officer)

16C. DATE SIGNED

1-15-09

NSN 7540-01-152-8070
Previous edition unusable

STANDARD FORM 30 (REV. 10-87)
Prescribed by GSA FAR (48 CFR) 53.243

This modification updates Exhibit C to recognize the transfer of power dispatch center employees from LANL to the County, to recognize the expansion of the Los Alamos power dispatch center function to provide real-time power dispatch services to Western Area Power Administration ("Western") to support Western in meeting its obligations to supply the full power requirements of Kirtland Air Force Base and Sandia National Laboratories ("KAFB/SNL") and revises Exhibits C to adjust the cost allocation procedures to allow for a reallocation of dispatch center costs in part to Western. The modification does not result in an increase in the Agreement's estimated costs since the number of dispatch center employees is initially unchanged, the labor costs related to the dispatch center employees that are transferred from DOE to the County will be reduced and the power dispatch center costs will be reduced by the portion (approximately 40%) that will be assigned to Western. As understood such costs will be recovered by Western from KAFB/SNL pursuant to terms and conditions set forth in Western's Intra-agency Agreement No. 98-SLC-0357 with DOE/NNSA and Western's Interagency Agreement No. 87-SLC-0029 with KAFB.

1. Add the definition of Scheduling Agent Services to Article I – Schedule Definitions to read as follows:

(r) "Scheduling Agent Services" means those facilities and County personnel that provide: (1) continuous real time monitoring of the loads and resources related to supplying the power requirements of LANL, the County, Kirtland Air Force Base & Sandia National Laboratories ("KAFB/SNL"); (2) supplemental short-term purchases to cover projected resource deficits; (3) short-term sales of capacity and energy excesses; (4) schedules for transmission deliveries for all power transactions; (5) hour by hour records as well as assist in the month end accounting and validation of monthly statements related to transmission services and short term power transactions as may be necessary to support the Resource Accounting Pool; (6) and adjust deliveries in the event of transmission or power supply emergencies to the extent practical to ensure continuity of service; and (7) assurance that power supply resources are scheduled and operated in a manner that minimizes costs without compromising service reliability.

Contract No. DE-AC04-85AL26078
Modification M015

2. Add new Subsection (d). to Article II – Statement of Services, (a) Resources, (b) Resource Cost and Payments, (c) Administration of Contract, as follows:

(d) Scheduling Agent Services

The County shall provide Scheduling Agent Services on behalf of Western, NNSA, and County, and shall be paid in accordance with Article II, Statement of Services b. 2.

3. Replace Item 1 of Exhibit C in its entirety with:

1. Expenses associated with the coordination of the combined operation of the Approved Resources, include funding and operating the load dispatch center and the employment of a Manager of Operations. Effective January 1, 2009, the monthly allocation of Scheduling Agent Services will be done in a two step process. First, all of the Scheduling Agent Services costs will be totaled. The portion allocable to KAFB/SNL will be determined by the ratio of (i) the total energy use by KAFB/SNL to (ii) the combined LAC/LANL and KAFB/SNL energy use for the billing month, multiplied by the total cost. The costs determined by this formula are allocable to KAFB/SNL will then be billed directly to the Western Area Power Administration. Second, all remaining Scheduling Agent Services costs will be included in the monthly LAC/LANL settlement sheet and allocated 100% demand.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE

PAGE OF PAGES

1 2

2. AMENDMENT/MODIFICATION NO.

M016

3. EFFECTIVE DATE

10 date signed

4. REQUISITION/PURCHASE REQ. NO.

5. PROJECT NO. (If applicable)

6. ISSUED BY

CODE

7. ADMINISTERED BY (If other than item 6)

CODE

DEPARTMENT OF ENERGY/NNSA SERVICE CENTER
PO BOX 5400
ALBUQUERQUE, NM 87185-5400
FRANCIS TING, 505-845-4912
FTING@DOEAL.GOV

DEPARTMENT OF ENERGY/NNSA SERVICE CENTER
PO BOX 5400
ALBUQUERQUE, NM 87185-5400
FRANCIS TING, 505-845-4912
FTING@DOEAL.GOV

8. NAME AND ADDRESS OF CONTRACTOR

(No., street, county, State and ZIP Code)

Incorporated County of Los Alamos
P.O.Box 30, Los Alamos, NM 87544

(X)

☐☒☐

9A. AMENDMENT OF SOLICITATION NO.

ORIGINAL

9B. DATED (SEE ITEM 11)

10A. MODIFICATION OF CONTRACT/ORDER NO.

DE-AC04-85AL26078

10B. DATED (SEE ITEM 13)

July 1, 1985

CODE

FACILITY CODE

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment your desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS.
IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

☐☐☒☐

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

MUTUAL AGREEMENT OF THE PARTIES

D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor ☐ is not, ☒ is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

1. Attachment A, Electric Energy and Power Coordination Agreement, Exhibit B, Schedule 3.2, Abiquiu Project, Description paragraphs are replaced with the Description paragraph shown on page 2 of this MOD M016.

2. Pre-project activities and related expenditures for the Low Flow Turbine- Generator Project at the Abiquiu Project through May 31, 2009 are properly accounted for under the Resource Pool Accounting Procedures and are fully recoverable through the Resource Pool.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)

Michael G. Wheeler
Council Chair

16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)

FRANCIS TING

15B. CONTRACTOR/OFFEROR

(Signature of person authorized to sign)

15C. DATE SIGNED

6/25/09

16B. UNITED STATES OF AMERICA

(Signature of Contracting Officer)

16C. DATE SIGNED

7-9-2009

EXHIBIT B, SCHEDULE 3.2
ABIQUIU PROJECT

The parties agree that the Abiquiu Project is an Approved Resource under this contract. The Abiquiu Project, located on the Abiquiu Reservoir 28 miles northwest of Los Alamos, has two hydroelectric generating units with a combined capacity of 12.6 MW. The first 6.3 MW unit at the Abiquiu Project commenced initial operation in March, 1989, and the second 6.3 MW unit commenced operation April, 1990. Upon completion and acceptance by the County for commercial operation, the parties agree that a third unit at the Abiquiu Project, also referred to as a low flow turbine-generator unit ("LFT"), shall be included in the Approved Resource. This LFT is to have a rated capacity of 3.0 MW and is expected to increase the average annual output of the Abiquiu Project by approximately 6.47 GWh. The project of designing and constructing the LFT (the "LFT Project") has been undertaken by the County and the parties understand and agree that all LFT Project related expenditures will be funded, beginning June 1, 2009, through County issuance of 15 year revenue bonds in the approximate amount of \$10 million. The LFT Project related debt shall not be subject to acceleration prior to the expiration of the ECA.

All other terms and conditions remain unchanged.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE

PAGE OF PAGES

1

6

2. AMENDMENT/MODIFICATION NO.

017

3. EFFECTIVE DATE

See Block 16C

4. REQUISITION/PURCHASE REQ. NO.

5. PROJECT NO. (If applicable)

6. ISSUED BY

CODE

05001

7. ADMINISTERED BY (If other than Item 6)

CODE

05001

NNSA Service Center
U.S. Department of Energy
NNSA Service Center
P.O. Box 5400
Albuquerque NM 87185-5400

NNSA Service Center
U.S. Department of Energy
NNSA Service Center
P.O. Box 5400
Albuquerque NM 87185-5400

ORIGINAL

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)

LOS ALAMOS, COUNTY
Attn: JOHN ARROWSMITH
P.O. BOX 30
LOS ALAMOS NM 875440030

(x) 9A. AMENDMENT OF SOLICITATION NO.

9B. DATED (SEE ITEM 11)

x 10A. MODIFICATION OF CONTRACT/ORDER NO.
DE-AC04-85AL26078

10B. DATED (SEE ITEM 13)

06/24/1985

CODE 069423424

FACILITY CODE

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended. ☐ is not extended.
Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

See Schedule

13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).

x

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
ARTICLE III "TERMS" AND MUTUAL AGREEMENT OF THE PARTIES

D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor ☐ is not. ☒ is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

Electrical Coordination Agreement

Period of Performance: 06/24/1985 to 06/30/2015

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)

16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)

15B. CONTRACTOR/OFFEROR

15C. DATE SIGNED

16B. UNITED STATES OF AMERICA

16C. DATE SIGNED

(Signature of person authorized to sign)

8/30/10

(Signature of Contracting Officer)

9-13-2010

NSN 7540-01-152-8070
Previous edition unusable

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

Electric Energy and Power Coordination Agreement

This modification revises ARTICLE I definition of Long-Term Capacity Resources, updates the ARTICLE II provision on Additional Approved Resources, updates the ARTICLE II provision on Metering, updates ARTICLE XII – STATIC VAR COMPENSATOR, adds a new ARTICLE XIII – RENEWABLE ENERGY CREDITS, updates the description section of EXHIBIT A, SCHEDULE 3, NNSA TRANSMISSION AND SUBSTATION FACILITIES, updates the description section of EXHIBIT B – COUNTY APPROVED RESOURCES, and replaces EXHIBIT B, SCHEDULE 6, NORTON-STA TRANSMISSION LINE in its entirety with EXHIBIT B – SCHEDULE 6 – LOS ALAMOS SOLAR PROJECT, as follows:

1. Replace paragraph (l) of ARTICLE I - SCHEDULE DEFINITIONS in its entirety, as follows:

(1) "Long-Term Capacity Resources" includes allocations of Western hydroelectric power, power purchase contracts with durations greater than 12 months, San Juan ownership and the Laramie River Station Participation Power Sales Agreement as well as the level of monthly output that can reasonably be anticipated from TA-3, the Los Alamos combustion turbine ("CT"), the County's hydroelectric units and the County's Solar Project during each month of the Resource Planning Horizon.

2. Replace subsection (4) Additional Approved Resources of ARTICLE II – STATEMENT OF WORK (a) Resources in its entirety, as follows:

(4) Additional Approved Resources. In the event either Party desires to add additional Approved Resources beyond those defined in Exhibits A and B, or the County issues additional bonds to finance or otherwise fund the Additional Approved Resources, such additions may be incorporated into this contract by modification, provided the parties mutually agree upon the terms and conditions for the addition of such Approved Resources. Further, the terms and conditions for such agreement shall be agreed upon prior to issuance of such bonds.

The Parties recognize under the terms of the County's Network Integrated Transmission Service Agreement ("NITSA") with Public Service Company of New Mexico ("PNM") that PNM has the utility responsibility to provide off-site transmission facilities on a timely basis to serve projected Los Alamos Area load growth and service reliability needs. In recognition of this PNM obligation, the Parties have requested PNM to evaluate the projected needs of the Los Alamos Service Area and complete all necessary system improvements required to address the growth and service reliability needs of Los Alamos and the surrounding area. Accordingly, the Parties agree that certain transmission project language added to the ECA with Modification 13 providing for the addition of the Norton – STA Line, related Norton – STA Line terminal facilities and the sharing of fiber optic communication paths on the Norton – STA Line is hereby deleted in its entirety. However, the Parties concur that the STA Substation, the West Technical Area ("WTA") Substation, the STA to WTA transmission line and associated tie lines are internal to the Los Alamos System shall remain as Approved Resources.

The parties recognize that one or more renewable energy-supply sources are needed to meet the NNSA renewable energy requirements established for LANL. Such renewable energy supply facilities and/or contracts shall be included as Approved Resources under the Resource Accounting Pool except as otherwise specified below. The parties agree to provide for cost recovery through the Resource Accounting Pool pursuant to the operational and cost-recovery

Contract No. DE-AC04-85AL26078
Modification 017

guidelines set forth in Exhibit A and/or B depending upon which party(s) contracts for such renewable energy-supply source(s).

The parties recognize that the County is proceeding with the addition of a third generating unit at the Abiquiu Hydroelectric Plant and a Solar Project at Los Alamos TA-61. The parties agree that this additional Abiquiu Unit and Solar Project, when placed in commercial operation, will be Approved Resources under the Resource Accounting Pool. The parties agree to provide for cost recovery through the Resource Accounting Pool pursuant to the operational and cost-recovery guidelines set forth in Attachment A, Exhibit B, Schedule 3.2.

The parties recognize the need to provide flexibility to enter into power purchase arrangements to meet longer-term capacity needs. The parties agree that subject to the advance concurrence of the Contracting Authorities, that such authorized purchase power contracts will be Approved Resources under the Resource Pool. The parties agree to provide for cost recovery through the Resource Accounting Pool pursuant to the operational and cost-recovery guidelines set forth in Exhibit A and/or B depending upon which party(s) contracts for the resource(s).

3. Replace paragraph c. (2) Metering of (c.) Administration of Contract of ARTICLE II – STATEMENT OF SERVICES in its entirety, as follows:

c. For the purpose of determining cost allocation factors for the Resource Accounting Pool, all metered quantities shall be adjusted for losses to reflect usage quantities at the system input points, which are defined as the dead-end structure on the east side of the Rio Grande river crossing of the Norton-ETA 115 kV line, the STA end of the BA - STA 115 kV Line, the net output of on-site generation, including the TA-3 steam power plant, the 25MW combustion turbine, the two 1 MW diesel engine generators and the Solar Project, as metered at the points of connection to the Los Alamos 13 kV system .

4. Replace ARTICLE XII – STATIC VAR COMPENSATOR (SVC) in its entirety, as follows:

ARTICLE XII – STATIC VAR COMPENSATOR (SVC)

In accordance with ECA Modification No. A008, DOE negotiated with the Public Service Company of New Mexico (PNM) to receive 10 MW of additional transmission service without added charge, except for ancillary services.

In recognition of the above, the County, for the benefit of the parties, initially executed with PNM an assignable Service Agreement for Firm Point to Point Transmission Service, dated May 23, 2000 (TSA), which was subsequently replaced with Network Integrated Transmission Service Agreement (NITSA), dated August 25, 2006. The County agrees to only assign the NITSA to the DOE or its designee, at DOE's request, and to seek and receive DOE's approval prior to modifying or terminating the NITSA.

In recognition of the NITSA and SVC, the parties agree to the following:

- To allocate to the Resource Accounting Pool a NITSA SVC credit equal to the product of 10,000 kW and the resulting average cost per kW for NITSA services for the billing month as compensation for the SVC fixed costs. However, if the SVC credit is curtailed because of the unavailability of the SVC then the monthly SVC credit allocation shall be prorated based upon the number of days during the month the SVC credit is available.

- That ancillary services costs, related to the SVC, are allocable to the Resource Accounting Pool;
- That direct operating costs of the SVC are includable Resource Accounting Pool costs;
- That SVC single item replacement costs are includable Resource Accounting Pool costs, provided that any such costs are less than or equal to \$20,000, per occurrence;
- The NITSA is an Approved Resource; and
- The SVC is a SPAR.

Studies to reaffirm the network benefit of the SVC are to be completed by PNM prior to September 30, 2011. Depending on the study results, PNM, the County and NNSA may agree a modification of the 10,000 kW credit amount and/or a further extension of a credit beyond the current September 30, 2011 expiration date of the SVC credit. This Article shall remain in effect so long as the SVC credit is continued under the NITSA between the County and PNM.

5. Add Article XIII as follows:

ARTICLE XIII – RENEWABLE ENERGY CREDITS

The parties tentatively agreed to proceed with the installation of two renewable energy-supply sources. These projects to be completed on federal lands are reasonably expected to qualify for double renewable energy credits ("RECs"), which are to be distributed to the parties at the end of each Contract Year using the ratio that each party's energy usage bears to the parties' combined total usage during that Contract Year.

Net Renewable Energy Credits (REC) arising from Approved Resources, SPARs or by direct purchase shall be distributed to the parties using the monthly energy allocator. Either party may sell their respective RECs subject to the other party's right of first refusal under the following terms and conditions:

During the term of this ECA or any extension thereof, County or DOE may sell its assigned RECs to a third party. However, if County is the prospective seller, County shall first offer the RECs to DOE or if DOE is the prospective seller DOE shall first offer to County. Such offer shall be on the same terms and conditions as are offered by the third party. The non-prospective seller shall have 45 days during which to accept the third party offer. If DOE is the prospective seller and County does not accept the third party offer within the 45 day period, DOE shall be free to accept the third-party offer. If County is the prospective seller and DOE does not accept the third party offer within the 45 day period, County shall be free to accept the third party offer.

If DOE is the prospective seller and County did not exercise its Right of First Refusal but DOE does not enter into an agreement with the third party on the same stated terms and conditions as the third party offer and close the transaction within 90 days, DOE's right to sell the RECs to the third party shall expire and the procedure described in this Section shall again be applicable.

If County is the prospective seller and DOE did not exercise its Right of First Refusal but County does not enter into an agreement with the third party on the same stated terms and conditions as the third party offer and close the transaction within 90 days, County's right to sell the RECs to the third party shall expire and the procedure described in this Section shall again be applicable.

The County's assigned RECs shall be made available to NNSA at prevailing market rates on a right-of-first refusal basis. The first renewable energy project is a three MW low-flow hydroelectric generating unit to be located on Corps of Engineers dam at the Abiquiu Reservoir which is tentatively scheduled for completion in March, 2011. The second renewable energy project is up to 2.5 MW of photo-voltaic solar panels to be located at the LANL TA-61 site ("Solar Project"). The Solar Project is tentatively scheduled for completion in 2011.

6. Replace the initial paragraph of EXHIBIT A, SCHEDULE 3, NNSA TRANSMISSION AND SUBSTATION FACILITIES in its entirety, as follows:

Description

The NNSA Los Alamos Transmission and Substation Facilities includable as Approved Resources are as follows:

- (a) 115 kV Line Terminal facilities at the ETA Switching Station, the WTA Switching Station, the TA53 Switching Station, the STA Switching Station and the associated STA and Norton line terminal facilities at the STA and Norton switching stations.
- (b) Transmission network lines from ETA to WTA, WTA to TA-3, ETA to TA-53, TA-53 to TA-3, ETA to the dead-end structure on the east side of the Rio Grande crossing, STA to WTA and STA to ETA.
- (c) TA-3 Transformation and related facilities.
- (d) 115 kV Capacitor Banks and related facilities.

In addition, The NNSA Static Var Compensator (SVC) located at the ECA Substation is includable as a SPAR.

7. Replace the initial paragraph of EXHIBIT B, COUNTY APPROVED RESOURCES in its entirety, as follows:

General

The County has acquired at 7.2 percent (35.88 MW) ownership share of the San Juan Unit 4 generating station, and has arranged to deliver the San Juan power to Los Alamos. The County owns and operates hydroelectric plants at El Vado and Abiquiu. The El Vado Plant with a rated capacity of 8 MW was completed for initial operation in May, 1988. The first 6.3MW unit at the Abiquiu Plant commenced initial operation in April 1990, and the second 6.3MW unit commenced initial operation in December 1990. A third Abiquiu unit, rated at 3 MW is currently

being added with a projected in-service date of March, 2011. In addition, a Solar Project, rated up to 2.5 MW, is being added at the TA-61 Site at Los Alamos with a projected in-service date in 2011. The County has a 1.4 MW winter/1.0 MW summer allocation of Western SLCA/IP under Contract No. 87-SLC-0027 which expires on September 30, 2024. In addition, the County has contracted with Lincoln Electric System (LES) for a life of the project participation of 4.35 percent (10 MW) from the Laramie River Station (LRS), and has entered into various transmission agreements to provide for the delivery of the LRS power to the Los Alamos area. San Juan Unit 4 ownership, the El Vado ownership, the Abiquiu ownership, the Solar Project ownership and/or purchase power contract(s), the Western contract power, LES contract power and all related transmission arrangements are Approved Resources under this contract.

8. Delete and replace Exhibit B, Schedule 6, Norton-STA Transmission Line in its entirety with Exhibit B, Schedule 6, as follows:

EXHIBIT B, SCHEDULE 6
LOS ALAMOS SOLAR PROJECT

Description

The County is in the process of developing a photovoltaic generating project, called the Los Alamos Solar Project (LASP), on federal land at LANL site TA-61 which has formerly served as the sanitary landfill for the County of Los Alamos. This land is owned by the DOE but is under a long term special use permit to the County. The parties agree that the LASP will become an Approved Resource under this contract except for portions of the project related to research and development under County contract. The LASP is to include up to 2.5 MW of photovoltaic generation with an optional battery system. The total power purchase contract value is not to exceed \$10.2 million over twenty (20) years.

Output from the LASP will be used to serve Resource Pool Loads. The cost allocation to the Resource Pool and any termination provisions associated with the construction of the LASP and/or any associated power purchase agreements are subject to Operating Committee approval.

(Pre-project activities and related expenditures for the Los Alamos Solar Project through September 30, 2010 are properly accounted for under the Resource Pool Accounting Procedures and are fully recoverable through the Resource Pool.)

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1 CONTRACT ID CODE	PAGE OF PAGES 1 9
2 AMENDMENT/MODIFICATION NO 018	3 EFFECTIVE DATE 07/01/2015	4 REQUISITION/PURCHASE REQ NO	5 PROJECT NO (if applicable)
6 ISSUED BY NNSA/Business Services Division U.S. Department of Energy Business Services Division P.O. Box 5400 Albuquerque NM 87185-5400	CODE 05001	7 ADMINISTERED BY (If other than item 6) NNSA/Business Services Division U.S. Department of Energy Business Services Division P.O. Box 5400 Albuquerque NM 87185-5400	CODE 05001
8 NAME AND ADDRESS OF CONTRACTOR (No street, county, State and ZIP Code) Incorporated County Of Los Alamos Attn: Robert K. Westervelt 1000 Central Ave Ste 300 LOS ALAMOS NM 87544		9A AMENDMENT OF SOLICITATION NO 9B DATED (SEE ITEM 12) 10A MODIFICATION OF CONTRACT/ORDER NO. DE-AC04-85A126078 10B DATED (SEE ITEM 12) 06/11/2012 YH 7/11/1985	
CODE 069423424	FACILITY CODE		

ORIGINAL

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers is extended () is not extended ()
 Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12 ACCOUNTING AND APPROPRIATION DATA (if required)

13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE	A THIS CHANGE ORDER IS ISSUED PURSUANT TO (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A
	B THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b)
X	C THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF Mutual Agreement of the Parties
	D OTHER (Specify type of modification and authority)

E IMPORTANT: Contractor ☐ is not ☒ is required to sign this document and return _____ copies to the issuing office

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings including solicitation/contract subject matter where feasible.)

SUBJECT: Bilateral Modification to extend the period of performance of the contract, to increase the total contract value, update Attachment A and to add required FAR clauses.

Fund: 00000 Appr Year: 0000 Allottee: 00 Report

Entity: 000000 Object Class: 00000 Program:

0000000 Project: 0000000 WFO: 0000000 Local Use:

0000000

FOB: Destination

Period of Performance: 07/01/1985 to 06/30/2020

Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A NAME AND TITLE OF SIGNER (Type or print) Geoff Rodgers Council Chair	16A NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Yolanda Robinson-Freeman
15B CONTRACTOR/OFFEROR Heath Rodgers (Signature of person authorized to sign)	16B UNITED STATES OF AMERICA Y. Robinson-Freeman (Signature of Contracting Officer)
15C DATE SIGNED 4-4-14	16C DATE SIGNED 4/8/2014

BODY FOR DE-AC04-85AL26078 018	PAGE 2	of 9	PAGES
<p>CONTRACT SPECIALIST</p> <p>JON HOLMBERG</p> <p>United States Department of Energy NNSA Contracts and Procurement Division Attn: Jon Holmberg, Bldg 388 / NA-APM-123.1 P. O. Box 5400 Albuquerque, NM 87185-5400</p> <p>Phone: 505-845-6347 E-Mail: jon.holmberg@nnsa.doe.gov</p> <p>CONTRACTING OFFICER'S REPRESENTATIVE</p> <p>GEORGE J. RAE Phone: 505-606-0397 E-Mail: george.rael@nnsa.doe.gov</p>			

DOLLAR TOTALS	PRIOR AMOUNT	CURRENT CHANGE	TOTAL AMOUNT
Award Value	\$ 950,000,000.00	\$ -36,346,585.00	\$ 913,653,415.00
Funding Obligation		\$ 0.00	\$ 0.00

BLOCK 14 CONTINUATION

SUBJECT: Bilateral modification to extend the period of performance of the contract, increase the total contract value, update Attachment A and add required FAR clauses.

SCHEDULE OF CHANGES

Electric Energy and Power Coordination Agreement

The purpose of this modification is to add a new five-year term to the contract and modify related contract conditions. Accordingly, the contract's Attachment A is revised to: (1) update Exhibit B, "County Approved Resources", (2) increase the total contract value, (3) Replace ARTICLE III - Term in its entirety to add an additional five-year term and five one-year options, (4) add FAR clauses 52.249-6, "Termination- Cost Reimbursement" and 52.249-14 "Excusable Delays" in full text.

1. SF-26, Item 15 G Total Amount of Contract, is replaced with the following:

The total contract value for the five-year term is increased from \$547,599,230.00 to \$913,653,415.00; an increase of \$366,054,185.00 and covers the Pool contract term July 1, 1985 through June 30, 2020.

The total contract value, after the inclusion of the five option years, is increased from \$913,653,415.00 to \$1,113,623,415.00; an increase of \$199,970,000.00 and covers the Pool contract term July 1, 1985 through June 30, 2025.

2. PART I - SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS, ARTICLE III - TERM is replaced in its entirety, with the following:

ARTICLE III- TERM

(a) The contract shall become effective July 1, 1985 and shall expire June 30, 2020.

(b) By mutual agreement of the parties, the period of performance may be extended in one-year increments (referred to herein as "options"), for a total of five years. These bilateral options, if exercised, would bring the term expiration date to June 30, 2025.

(c) The Contracting Officer shall provide a written notice informing the County of the Government's interest in exercising each option. The Contracting Officer's written notice shall be issued no later than 90 days prior to the scheduled conclusion date of the contract period of performance. The County shall inform the Government of its interest in exercising each option. Upon receipt of the County's written notice, the Contracting Officer will initiate a supplemental agreement modification to exercise the option, update the option term's estimated value (if needed), and extend the contract period of performance. The breakdown of the option years are listed below:

- Option Year 1: Term: July 01, 2020 through June 30, 2021; Value: \$ 37.60 M Est.
- Option Year 2: Term: July 01, 2021 through June 30, 2022; Value: \$ 38.73 M Est.
- Option Year 3: Term: July 01, 2022 through June 30, 2023; Value: \$ 40.00 M Est.
- Option Year 4: Term: July 01, 2023 through June 30, 2024; Value: \$ 41.20 M Est.
- Option Year 5: Term: July 01, 2024 through June 30, 2025; Value: \$ 42.44 M Est.

Total Option Years: \$ 199.97 M Est.

Total contract Ceiling \$ 1,113,623,415 Est.

(d) The parties recognize that NNSA is under no obligation to continue to buy electrical power from the County and that the County is under no obligation to sell power to NNSA beyond the term of the contract then in effect.

3. PART II - CONTRACT CLAUSES is revised to add the following FAR Clauses, 52.249 - 6 TERMINATION (COST - REIMBURSEMENT) (MAY 2004); and 52.249-14 - EXCUSABLE DELAYS (APR 1984).

FAR 52.249 - 6 TERMINATION (COST - REIMBURSEMENT)(MAY 2004)

SCHEDULE OF CHANGES

(a) The Government may terminate performance of work under this contract in whole or, from time to time, in part, if (1) The Contracting Officer determines that a termination is in the Government's interest; or (2) The Contractor defaults in performing this contract and fails to cure the default within 10 days (unless extended by the Contracting Officer) after receiving a notice specifying the default. Default includes failure to make progress in the work so as to endanger performance.

(b) The Contracting Officer shall terminate by delivering to the Contractor a Notice of Termination. The notice shall specify whether termination is for default of the Contractor or for convenience of the Government, the extent of termination, and the effective date. If, it is determined the Contractor's failure to perform or to make progress in performance is due to causes beyond the control and without the fault or negligence of the Contractor, as set forth in the Excusable Delays clause, the rights and obligations of the parties will be the same as if the termination was for the convenience of the Government (c) After receipt of a Notice of Termination, and except as directed by the Contracting Officer, the Contractor shall immediately proceed with the following obligations, regardless of any delay in determining or adjusting any amounts due under this clause:

(1) Stop work as specified in the notice.

(2) Place no further subcontracts or orders (referred to as subcontracts in this clause), except as necessary to complete the continued portion of the contract.

(3) Terminate all subcontracts to the extent they relate to the work terminated.

(4) Assign to the Government, as directed by the Contracting Officer, all right, title, and interest of the Contractor under the subcontracts terminated, in which case the Government shall have the right to settle or to pay any termination settlement proposal arising out of those terminations.

(5) With approval or ratification to the extent required by the Contracting Officer, settle all outstanding liabilities and termination settlement proposals arising from the termination of subcontracts, the cost of which would be reimbursable in whole or in part, under this contract; approval or ratification will be final for purposes of this clause.

(6) Transfer title (if not already transferred) and, as directed by the Contracting Officer, deliver to the Government (i) the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced or acquired for the work terminated, (ii) the completed or partially completed plans, drawings, information, and other property that, if the contract had been completed, would be required to be furnished to the Government, and (iii) the jigs, dies, fixtures, and other special tools and tooling acquired or manufactured for this contract, the cost of which the Contractor has been or will be reimbursed under this contract.

(7) Complete performance of the work not terminated.

(8) Take any action that may be necessary, or that the Contracting Officer may direct, for the protection and preservation of the property related to this contract that is in the possession of the Contractor and in which the Government has or may acquire an interest.

(9) Use its best efforts to sell, as directed or authorized by the Contracting Officer, any property of the types referred to in subparagraph (c)(6) of this clause; provided, however, that the Contractor (i) is not required to extend credit to any purchaser and (ii) may acquire the property under the conditions prescribed by, and at prices approved by, the Contracting Officer. The proceeds of any transfer or disposition will be applied to reduce any payments to be made by the Government under this contract, credited to the price or cost of the work, or paid in any other manner directed by the Contracting Officer.

(d) The Contractor shall submit complete termination inventory schedules no later than 120 days from the effective date of termination, unless extended in writing by the Contracting Officer upon written request of the Contractor within this 120-day period.

SCHEDULE OF CHANGES

(e) After expiration of the plant clearance period as defined in subpart 49.001 of the Federal Acquisition Regulation, the Contractor may submit to the Contracting Officer a list, certified as to quantity and quality, of termination inventory not previously disposed of, excluding items authorized for disposition by the Contracting Officer. The Contractor may request the Government to remove those items or enter into an agreement for their storage. Within 15 days, the Government will accept the items and remove them or enter into a storage agreement. The Contracting Officer may verify the list upon removal of the items, or if stored, within 45 days from submission of the list, and shall correct the list, as necessary, before final settlement.

(f) After termination, the Contractor shall submit a final termination settlement proposal to the Contracting Officer in the form and with the certification prescribed by the Contracting Officer. The Contractor shall submit the proposal promptly, but no later than 1 year from the effective date of termination, unless extended in writing by the Contracting Officer upon written request of the Contractor within this 1-year period. However, if the Contracting Officer determines that the facts justify it, a termination settlement proposal may be received and acted on after 1 year or any extension. If the Contractor fails to submit the proposal within the time allowed, the Contracting Officer may determine, on the basis of information available, the amount, if any, due the Contractor because of the termination and shall pay the amount determined.

(g) Subject to paragraph (f) of this clause, the Contractor and the Contracting Officer may agree on the whole or any part of the amount to be paid (including an allowance for fee) because of the termination. The contract shall be amended, and the Contractor paid the agreed amount.

(h) If the Contractor and the Contracting Officer fail to agree in whole or in part on the amount of costs and/or fee to be paid because of the termination of work, the Contracting Officer shall determine, on the basis of information available, the amount, if any, due the Contractor, and shall pay that amount, which shall include the following:

(1) All costs reimbursable under this contract, not previously paid, for the performance of this contract before the effective date of the termination, and those costs that may continue for a reasonable time with the approval of or as directed by the Contracting Officer; however, the Contractor shall discontinue these costs as rapidly as practicable.

(2) The cost of settling and paying termination settlement proposals under terminated subcontracts that are properly chargeable to the terminated portion of the contract if not included in subparagraph (h)(1) of this clause.

(3) The reasonable costs of settlement of the work terminated, including (i) Accounting, legal, clerical, and other expenses reasonably necessary for the preparation of termination settlement proposals and supporting data; (ii) The termination and settlement of subcontracts (excluding the amounts of such settlements); and (iii) Storage, transportation, and other costs incurred, reasonably necessary for the preservation, protection, or disposition of the termination inventory. If the termination is for default, no amounts for the preparation of the Contractor's termination settlement proposal may be included.

(4) A portion of the fee payable under the contract, determined as follows:

(i) If the contract is terminated for the convenience of the Government, the settlement shall include a percentage of the fee equal to the percentage of completion of work contemplated under the contract, but excluding subcontract effort included in subcontractors' termination proposals, less previous payments for fee.

(ii) If the contract is terminated for default, the total fee payable shall be such proportionate part of the fee as the total number of articles (or amount of services) delivered to and accepted by the Government is to the total number of articles (or amount of services) of a like kind required by the contract.

(5) If the settlement includes only fee, it will be determined under subparagraph (h)(4) of this clause.

(i) The cost principles and procedures in part 31 of the Federal Acquisition Regulation, in effect on the date of this contract, shall govern all costs claimed, agreed to, or determined under this clause.

SCHEDULE OF CHANGES

(j) The Contractor shall have the right of appeal, under the Disputes clause, from any determination made by the Contracting Officer under paragraph (f), (h), or (l) of this clause, except that if the Contractor failed to submit the termination settlement proposal within the time provided in paragraph (f) and failed to request a time extension, there is no right of appeal. If the Contracting Officer has made a determination of the amount due under paragraph (f), (h) or (l) of this clause, the Government shall pay the Contractor (1) the amount determined by the Contracting Officer if there is no right of appeal or if no timely appeal has been taken, or (2) the amount finally determined on an appeal.

(k) In arriving at the amount due the Contractor under this clause, there shall be deducted (1) All unliquidated advance or other payments to the Contractor, under the terminated portion of this contract; (2) Any claim which the Government has against the Contractor under this contract; and (3) The agreed price for, or the proceeds of sale of materials, supplies, or other things acquired by the Contractor or sold under this clause and not recovered by or credited to the Government.

(l) The Contractor and Contracting Officer must agree to any equitable adjustment in fee for the continued portion of the contract when there is a partial termination. The Contracting Officer shall amend the contract to reflect the agreement.

(m) (1) The Government may, under the terms and conditions it prescribes, make partial payments and payments against costs incurred by the Contractor for the terminated portion of the contract, if the Contracting Officer believes the total of these payments will not exceed the amount to which the Contractor will be entitled.

(2) If the total payments exceed the amount finally determined to be due, the Contractor shall repay the excess to the Government upon demand, together with interest computed at the rate established by the Secretary of the Treasury under 50 U.S.C. App. 1215(b)(2). Interest shall be computed for the period from the date the excess payment is received by the Contractor to the date the excess is repaid. Interest shall not be charged on any excess payment due to a reduction in the Contractor's termination settlement proposal because of retention or other disposition of termination inventory until 10 days after the date of the retention or disposition, or a later date determined by the Contracting Officer because of the circumstances.

(n) The provisions of this clause relating to fee are inapplicable if this contract does not include a fee.

(End of clause)

FAR 52.249-14 EXCUSABLE DELAYS (APR 1984)

(a) Except for defaults of subcontractors at any tier, the Contractor shall not be in default because of any failure to perform this contract under its terms if the failure arises from causes beyond the control and without the fault or negligence of the Contractor. Examples of these causes are

(1) acts of God or of the public enemy,

(2) acts of the Government in either its sovereign or contractual capacity,

(3) fires,

(4) floods,

(5) epidemics,

(6) quarantine restrictions,

(7) strikes,

(8) freight embargoes, and

SCHEDULE OF CHANGES

(9) unusually severe weather.

In each instance, the failure to perform must be beyond the control and without the fault or negligence of the Contractor. "Default" includes failure to make progress in the work so as to endanger performance.

(b) If the failure to perform is caused by the failure of a subcontractor at any tier to perform or make progress, and if the cause of the failure was beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either, the Contractor shall not be deemed to be in default, unless --

(1) The subcontracted supplies or services were obtainable from other sources;

(2) The Contracting Officer ordered the Contractor in writing to purchase these supplies or services from the other source; and

(3) The Contractor failed to comply reasonably with this order.

(c) Upon request of the Contractor, the Contracting Officer shall ascertain the facts and extent of the failure. If the Contracting Officer determines that any failure to perform results from one or more of the causes above, the delivery schedule shall be revised, subject to the rights of the Government under the termination clause of this contract.

(End of Clause)

5. PART III, "LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACHMENTS"

Exhibit B, "County Approved Resources," is revised as follows:

A. Revise the second paragraph as follows:

From: Each of the above-identified resources are set forth as separate schedules to this Exhibit B.

To: Each of the above-identified resources are set forth as separate schedules to this Exhibit B. The County of Los Alamos (the County) may, with eighteen (18) months notice to the National Nuclear Security Administration (NNSA) Contracting Officer, remove all or a portion of individual production assets from the Pool provided the associated removed load would be served through market purchases and costs thereof shared accordingly. Should the County take on new assets, the cost of such assets will be the sole responsibility of the County unless negotiated and agreed to by the NNSA Contracting Officer.

B. Revise the third paragraph as follows:

From: A monthly capacity charge for each County Approved Generating Resource for which the County has outstanding bonded indebtedness shall be calculated by the following formula:

To: A monthly capacity charge for each County Approved Generating Resource shall be calculated by the following formula:

SCHEDULE OF CHANGES

ITEM	SUPPLIES OR SERVICES	Qty Purch Unit	Unit Price Total Item Amount
0001	CLIN Change		\$913,653,415.00
		Lot	NTE -\$36,346,585.00
	<i>Noun:</i>	Electric Supply and Services	
	<i>Total Quantity:</i>	1	
	<i>New Total Item Amount:</i>	\$913,653,415.00	
	<i>Contract type:</i>	T - COST SHARING	
	<i>Inspection:</i>	DESTINATION	
	<i>Acceptance:</i>	DESTINATION	
	<i>FOB:</i>	DESTINATION	
	<i>Descriptive Data:</i>		
	Electric Generation and Transmission Services for Los Alamos National Laboratory.		
	Common Name Electric Coordination Agreement (ECA) between the Incorporated		
	County of Los Alamos and the Los Alamos Site Office.		

Option Year 1

0002	OPTION CLIN		
	<i>Noun:</i>	OPTION YEAR 1	
	<i>Contract type:</i>	T - COST SHARING	
	<i>Inspection:</i>	DESTINATION	
	<i>Acceptance:</i>	DESTINATION	
	<i>FOB:</i>	DESTINATION	
	<i>Descriptive Data:</i>		
	Option Year 1 Period of Performance: July 01, 2020 through June 30, 2021.		
	Option Year 1 Value: \$37,600,000.00 (Estimated)		

Option Year 2

0003	OPTION CLIN		
	<i>Noun:</i>	OPTION YEAR 2	
	<i>Contract type:</i>	T - COST SHARING	
	<i>Inspection:</i>	DESTINATION	
	<i>Acceptance:</i>	DESTINATION	
	<i>FOB:</i>	DESTINATION	
	<i>Descriptive Data:</i>		
	Option Year 2 Period of Performance: July 01, 2021 through June 30, 2022		
	Option Year 2 Value: \$38,730,000.00 (Estimated)		

Option Year 3

0004	OPTION CLIN		
	<i>Noun:</i>	OPTION YEAR 3	
	<i>Contract type:</i>	T - COST SHARING	
	<i>Inspection:</i>	DESTINATION	
	<i>Acceptance:</i>	DESTINATION	
	<i>FOB:</i>	DESTINATION	
	<i>Descriptive Data:</i>		
	Option Year 3 Period of Performance: July 01, 2022 through June 30, 2023		
	Option Year 3 Value: \$40,000,000.00 (Estimated)		

SCHEDULE OF CHANGES

ITEM	SUPPLIES OR SERVICES	Qty	Unit Price
		Purch Unit	Total Item Amount

Option Year 4

0005 OPTION CLIN

Noun: OPTION YEAR 4
Contract type: T - COST SHARING
Inspection: DESTINATION
Acceptance: DESTINATION
FOB: DESTINATION

Descriptive Data:

Option Year 4 Performance of Period: July 01,2023 through June 30,2024

Option Year 4 Value: \$41,200,000.00 (Estimated)

Option Year 5

0006 OPTION CLIN

Noun: OPTION YEAR 5
Contract type: T - COST SHARING
Inspection: DESTINATION
Acceptance: DESTINATION
FOB: DESTINATION

Descriptive Data:

Option Year 5 Period of Performance: July 01, 2024 through June 30, 2025

Option Year 5 Value: \$42,440,000.00 (Estimated)

ITEM	SUPPLIES SCHEDULE DATA	QTY	DATE
0001		1	30 Jun 2020

Noun: Electric Supply and Services
ACRN: 9

*Descriptive Data:***Contract Term: 1 July 1985 to 30 June 2020**

6. All other terms and conditions remain unchanged and in full effect.

SUBCONTRACTING PLAN

- I. GOALS. The goals for subcontracting with Small Businesses (SB), Small Disadvantaged Businesses (SDB), and Women-Owned Small Businesses (WOSB) for the Los Alamos County (County) are expressed in both dollars and percentages for direct expenditures in support of this contract.

The percentage goal is a percentage of the total dollars planned for subcontracting, not the total dollar amount of the contract. The definition of a subcontract is any agreement the contractor enters into for supplies and/or services for contractor performance that will not be conducted with their own labor forces. (This includes all agreements with Large Businesses (LB) as well as SB, SDB, and WOSB concerns.)

- a. The total estimated dollar value of all planned subcontracting under this contract for the term July 1, 2015 through June 30, 2025 is \$443,081,504.
- b. The following dollar and percentage goals (expressed in relation to the total planned subcontracting dollars) are applicable to the term cited above.

- (1) SB concerns. Total dollars planned to be subcontracted to SB concerns:

\$443,081. 0.10 percent of total planned subcontracting dollars under this contract will go to subcontractors who are SB concerns.

- (2) SDB concerns. Total dollars planned to be subcontracted to SDB concerns:

\$31,015. This dollar amount is included in the amount shown under I. b.(1), above, as a subset. 0.007 percent of total planned subcontracting dollars under this contract will go to subcontractors who are SB concerns owned and controlled by socially and economically disadvantaged individuals.

- (3) WOSB concerns. Total dollars planned to be subcontracted to WOSB concerns:

\$13,291. This dollar amount is included in the amount shown under I. b.(1), above, as a subset. 0.003 percent of total planned subcontracting dollars under this contract will go to subcontractors who are WOSB concerns.

- c. PRINCIPLE PRODUCTS AND/OR SERVICE. The following principal products and/or services will be subcontracted under this contract, and the distribution amongst SB, SDB, WOSB and LB concerns is as follows:

<u>Product/Service Description</u>	<u>Planned Subcontractor</u>	<u>Subcontractor Business Size</u>	<u>Subcontract Dollar Amount</u>
Debt Service	Wells Fargo	Large	\$ 9,652,608
SJGS Operation	PNM	Large	142,897,019
Control Area -			
Transmission	PNM	Large	16,181,983
Other Transmission	Utilities	Large	6,344,110
LSR Capacity	Lincoln Electric	Large	22,843,705
Purchased Power	Utilities	Large	194,775,747
Other LB	Various Commitments	Large	44,268,814
Other LB	Projection	Large	5,630,131
Other SB	Projection	Small	443,081
Other SOB	Projection	Small Dis.	31,015
Other WOSB	Projection	Women-Owned	13,291
Total			\$443,081,504*

*Calculations for County Projected Subcontracting Activity @ 25% of Total Project Subcontracting Opportunities (DOE's portion is @ 75% of Total Project Subcontracting Opportunities):
Total Project Subcontracting Opportunities

<u>Product/Service Description</u>	<u>Subcontract Ten Year Value</u>	<u>DOE Share @ 75%</u>	<u>County Share @ 25%</u>
Debt Service	\$ 9,652,608	\$ 7,239,456	\$ 2,413,152
SJGS Operation	142,897,019	107,172,765	35,724,254
Control Area -			
Transmission	16,181,983	12,136,487	4,045,496
Other Transmission	6,344,110	4,758,083	1,586,027
LSR Capacity	22,843,705	17,132,779	5,710,926
Purchased Power	194,775,747	146,081,810	48,693,937
Other LB Commitments	44,268,814	33,201,610	11,067,204
Other LB Projections	5,630,131	4,222,598	1,407,533
Other SB Projections	443,081	332,311	110,770
Other SDB Projections	31,015	23,261	7,754
Other WOSB Projections	13,291	9,968	3,323
Total	\$443,081,504	\$332,311,128	\$110,770,376

II. ADMINISTRATOR. The following individual will administer the subcontracting plan:

Name: Annalisa Miranda
Title: Purchasing Agent
Telephone: (505) 661-7087

This individual's specific duties, as they relate to the contractor's subcontracting program for general overall responsibility for the County's Small Business Program development, preparation, and execution of individual subcontracting plans, and for monitoring performance relative to contractual subcontracting requirements contained in this plan, including but not limited to:

- a. Developing and maintaining bidders lists of SB, SDB and WOSB concerns from all possible sources;
- b. Ensuring that procurement packages are structured to permit SB, SDB and WOSB concerns to participate to the maximum extent possible;
- c. Assuring inclusion of SB, SDB and WOSB concerns in all solicitations for product or services that they are capable of providing;
- d. Reviewing solicitations to remove statements, clauses, etc., that may tend to restrict or prohibit SB, SDB and WOSB participation;
- e. Ensuring that the bid proposal review board documents its reasons for not selecting low bids submitted by SB, SDB and WOSB concerns;
- f. Ensuring the establishment and maintenance of records of solicitations and subcontract award activity;
- g. Attending or arranging for attendance of company counselors at Business Opportunity Workshops, Minority Business Enterprise Seminars, Trade Fairs, etc.;
- h. Conducting or arranging for motivational training for purchasing personnel pursuant to the intent of P.L. 95-507;
- i. Monitoring attainment of proposed goals;
- j. Preparing and submitting periodic subcontracting reports as required pursuant to contract clause 52.219-9 SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED SMALL BUSINESS SUBCONTRACTING PLAN (AUG 1996);

- k. Coordinating county activities during the conduct of compliance review by Federal agencies; and
1. Coordinating the conduct of county activities involving its SB, SDB and WOSB concerns subcontracting program.

III. OUTREACH EFFORTS. The following outreach activities planned to be undertaken in order to assure that SB, SDB and WOSB firms have an equitable opportunity to compete for contracts in support of this contract:

1. County will send staff to State-level trade fairs or conferences that identify SB, SDB and WOSB concerns (such as Governor's Conference on Minority Vendors). Specific dates or locations are not known at this time.
2. Many socioeconomic firms have already been identified through previous efforts required under the DOE/County Fire Contract. The County will also be relying on the Business Directory published by the New Mexico Minority and Small Business Procurement Assistance Program (NMMSBPP).
3. The County participates in SB, SDB AND WOSB vendor outreach programs sponsored by Los Alamos Economic Development Corporations, New Mexico Minority and Small Business Procurement Program, and Los Alamos National Laboratory.
4. The County will be using the Business Directory published by NMMSBPP, as well as our existing files to identify SB, SDB and WOSB concerns sources.
5. The County maintains a source list of SB, SDB AND WOSB concerns to further the opportunities of socioeconomic concerns. The County plans on conducting internal efforts, via staff meetings, seminars, attendance at minority business fairs, etc., to educate the technical and procurement personnel on the requirements of this plan.

IV. SUBCONTRACTING PLAN FLOWDOWN. The County agrees that the clause entitled "52.219-8 Utilization of Small, Small Disadvantaged and Women-Owned Small Business Concerns (Oct 1995)" will be included in all subcontracts which offer further subcontracting opportunities, and all subcontractors except SB concerns who receive subcontracts in excess of \$500,000 or \$1,000,000 for construction of a public facility will be required to adopt and comply with a subcontracting plan similar to this one.

Such plans will be reviewed by comparing them with the provisions of the clause, "52.219-9 Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan (Aug 1996)", and assuring that all minimum requirements of an acceptable subcontracting plan have been satisfied.

The acceptability of percentage and dollar goals shall be determined on a case-by-case basis depending on the supplies/services involved, the availability of potential SB, SDB and WOSB subcontractors, and prior experience. Once approved and implemented, plans will be monitored through the submission of periodic reports, and/or, as time and availability of funds permit, periodic visits to subcontractors' facilities to review applicable records and subcontracting program progress.

- V. REPORTS AND SURVEYS. The County will submit the Standard Form 294 (1-90 version) on a semiannual basis and Standard Form 295 on an annual basis and agrees to submit such periodic reports and cooperate in any studies or surveys as may be required by the contracting agency or the Small Business Administration in order to determine the extent of compliance by the bidder with the subcontracting plan and with the clause entitled "52.219-8 Utilization of Small, Small Disadvantaged and Women-Owned Small Business Concerns (Oct 1995)" contained in the contract.

VI. RECORDS AND PROCEDURES.

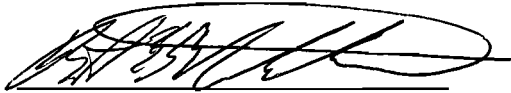
- (a) On a contract-by-contract basis, records to support subcontract award data will include the name and address of subcontractor as well as the size and type of business that received the award.
- (b) On a contract-by-contract basis, records on all subcontract solicitations over \$100,000 will indicate on each solicitation (1) whether SB, SDB or WOSB concerns were solicited, and if not, why not; and, (2) reasons for the failure of solicited SB, SDB or WOSB concerns to receive the subcontract award.
- (c) Records to support outreach efforts. What activities did the contractor participate in during the term of the contract? What other efforts, as Section III outlines, were conducted by the contractor?
- (d) Records to support internal activities to guide and encourage buyers, if any.

Contract No. DE-AC04-85AL26078
Modification A008

Attachment A
EXHIBIT G, Rev. 1

SUBMITTED BY:

Signed:
Typed Name:
Title:



Robert K. Westervelt
Deputy Utilities Manager-Finance &
Administration

Date: _____

PLAN CONCURREED ON BY: _____

Gregory Gonzales
Small and Disadvantaged
Business Utilization Specialist
Department of Energy
National Nuclear Security Administration

Date: _____

PLAN ACCEPTED BY

Yolanda Robinson-Freeman
Contracting Officer
Department of Energy
National Nuclear Security Administration

Date: _____

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE		PAGE OF PAGES 1 7	
2. AMENDMENT/MODIFICATION NO. 0019		3. EFFECTIVE DATE 7/01/2015 <i>See Block 16C</i>		4. REQUISITION/PURCHASE REQ NO.	
6. ISSUED BY NNSA/Business Services Division U.S. Department of Energy Business Services Division P.O. Box 5400 Albuquerque NM 87185-5400		CODE 05001		7. ADMINISTERED BY (If other than Item 6) CODE	
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) Incorporated County Of Los Alamos Attn: Robert K. Westervelt 1000 Central Ave Ste 300 LOS ALAMOS NM 87544		(x)		9A. AMENDMENT OF SOLICITATION NO.	
CODE 069423424		FACILITY CODE		9B. DATED (SEE ITEM 11)	
		x		10A. MODIFICATION OF CONTRACT/ORDER NO. DE-AC04-85AL26078	
				10B. DATED (SEE ITEM 13) 09/11/2012 7/1/1985	

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended. ☐ is not extended.
Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
x	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: Mutual Agreement of the Parties
	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor ☐ is not. ☒ is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

SUBJECT: Bilateral modification to revise the period of performance of the contract and to incorporate mutually agreed upon terms and conditions.

Payment:

OR for NNSA

U.S. Department of Energy

Oak Ridge Financial Service Center

P.O. Box 5807

Oak Ridge TN 37831

FOB: Destination

Period of Performance: 07/01/1985 to 06/30/2025

Except as provided herein, all terms and conditions of the document referenced in Item 9 A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Geoff Rodgers, Council Chair		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Yolanda Robinson-Freeman	
15B. CONTRACTOR/OFFEROR <i>[Signature]</i> (Signature of person authorized to sign)	15C. DATE SIGNED 12-8-14	16B. UNITED STATES OF AMERICA <i>[Signature]</i> (Signature of Contracting Officer)	16C. DATE SIGNED 12-10-2014

NSN 7540-01-152-8070
Previous edition unusable

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

BODY FOR DE-AC04-85AL26078 019	PAGE 2	of 7	PAGES
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CONTRACT SPECIALIST

YOLANDA ROBINSONFREEMAN

United States Department of Energy
 NNSA Office of Acquisition Management
 Attn: Yolanda Robinsonfreeman, Bldg 388 / NA-APM-123.1
 P. O. Box 5400
 Albuquerque, NM 87185-5400

Phone: 505 845-4693
 EMail: yolanda.robinson-freeman@nnsa.doe.gov

CONTRACTING OFFICER'S REPRESENTATIVE

RANDOLPH W. BOSTON
 Phone: 505-845-4267
 EMail: randolph.boston@nnsa.doe.gov

DOLLAR TOTALS	PRIOR AMOUNT	CURRENT CHANGE	TOTAL AMOUNT
Award Value	\$ 913,653,415.00	\$ 199,970,000.00	\$ 1,113,623,415.00
Funding Obligation		\$ 0.00	\$ 0.00

BLOCK 14 CONTINUATION

SUBJECT: Bilateral modification to revise the period of performance of the contract and to incorporate mutually agreed upon terms and conditions. The modified areas of the contract include Article III, "Term", Article XIV, "Bond Allocation", Article XV, "Classification of Expenditures", and Exhibit B, "Schedule 6, Los Alamos Solar Project".

Electric Energy and Power Coordination Agreement

The purpose of this modification is to revise the period of performance of the contract and to incorporate mutually agreed upon terms and conditions. In summary, the following areas of Electric Energy and Power Coordination Agreement (ECA), Attachment A are replaced entirely:

- 1) Article III, "Term" - Revised period of performance from five-year term and five one-year options to a ten-year term, beginning July 1, 2015 and ending June 30, 2025.
- 2) Article XIV, "Bond Allocation" -
- 3) Article XV, "Classification of Expenditures"
- 4) Exhibit B, "Schedule 6, Los Alamos Solar Project".

I. PART I - SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS is revised as follows:

A. ARTICLE III- TERM , is replaced in its entirety, with the following:

The contract shall become effective July 1, 1985, and shall expire on June 30th of the calendar year ten years from the effective date of July 1, 2015. Nothing in this article shall be interpreted as to prevent either party from requesting negotiation of a new, extended, or alternative contract, which may be effective upon mutual agreement of the parties either before or concurrent with the expiration of the contract term currently in effect.

B. ARTICLE XIV - BOND ALLOCATIONS, is replaced in its entirety, with the following:

Series 2014B Bond

The Series 2014B bond was issued in August 2014 in the amount of \$10,845,000. The parties agree the 2014B bond will be allocated for the following items: An amortization schedule for the 2014 A and B bonds is attached.

(1) San Juan Plant

The San Juan Generation Station Unit 4 is an Approved Resource (Exhibit B, Schedule 2). The San Juan Plant is required to reduce its nitrogen oxide emissions in accordance with the State Implementation Plan.

The parties agree \$6,254,139 will be used to cover the installation of a selective non-catalytic reduction (SNCR) technology at the San Juan Plant. The SNCR technology is used to lessen nitrogen oxide emissions in conventional power plants that burn biomass, waste and coal. The SNCR being installed meets the Best Available Retrofit Technology (BART) alternative for environmental regulations mandated by the EPA.

The parties agree the SNCR Project will be classified as a capital expenditure and in no way changes the cost recovery discussed below. Due to the uncertainties regarding the future of coal generation and the likelihood of further environmental regulations that may lead the plant owners to elect early retirement in lieu of additional costly upgrades, the parties agree to a shorter cost recovery period as described below. In March 2006, the County renewed a Project Participation Agreement (PPA) which defines the terms of the County's ownership in the San Juan power plant in conjunction with the other owners in the facility. The Project Participation Agreement currently runs through 2022. Due to the uncertainty of the San Juan Plant operations past the 2022 PPA term the San Juan portion of the 2014B and 2014A bonds will be amortized over a six year period.

(2) El Vado

The El Vado Hydroelectric Facility is an Approved Resource (Exhibit B, Schedule 3.1). The turbine at the El Vado Hydroelectric Facility is no longer in service due to excessive deterioration of the generator winding insulation detected during recent maintenance tests. The generator windings will need to be rewound before El Vado can be safely placed back into production.

The parties agree **\$1,100,000** will be used to cover the removal, inspection, cleaning, and rewind of the turbine stator and rotor at the El Vado Hydroelectric Facility. The parties agree the bond will be amortized over a 6 year period and debt service thereon included in the resource accounting pool. The parties agree, however, to recognize an asset life of fifteen years and further agree that should the ECA terminate before the end of that fifteen year period an "equitable adjustment" will be made at contract close out to adjust for the remaining unamortized asset life at the time of contract close out.

(3) Advanced refinancing of the 2006B bond

The parties agree **\$2,765,000** will be used for escrow deposits for the early retirement of the 2006B bond issue.

(4) Debt Service

The parties agree **\$ 853,806.51** will be used to establish the required debt service reserve fund. The debt service reserve fund is required by the County's Bond Indenture to be held in a restricted account to provide added assurance to the bond holders that the County will be able to make its annual debt service payments. The debt service reserve fund is to be equal to the highest future annual debt service payment obligation of all the then outstanding bonds of the County. Debt service payments are made from this fund and the County is obligated to establish billing rates and collect sufficient revenues to replenish the required fund balance until retirement of the bonds.

The parties agree that debt service on the 2014B bond issue is an includable cost, to be reflected in the annual fixed charge calculation for each respective Pool Approved Resource.

(5) Cost of Issuance

The parties agree **\$122,957.50** will be used to cover the costs of issuance. The costs of issuance will be allocated to the projects on a pro-rata basis and recovered through the fixed charge calculation over a 12 month period.

Series 2014A Bond

In August 2014 the County also issued \$10,845,000 Series 2014A bonds, \$558,000 of which was used to advance refund the San Juan portion of the 2006A debt. An amortization schedule for the 2014 A and B bonds is attached. The parties agree that the debt service and issuance costs on this portion of the 2014A bond issue is an includable cost, to be reflected in the annual fixed charge calculation for each respective pool approved resource.

The series 2014B bond and a portion of the 2014A bond (described above) and the previously issued Series 2010 bonds are the only bonds outstanding for Pool related assets at this time.

C. ARTICLE XV - CLASSIFICATION OF EXPENDITURES is replaced in its entirety, with the following:

The parties recognize that expenditures incurred will be classified as either capital, operating and maintenance, or repairs.

- (a) Capital expenditures are funds used by the party or parties to acquire or upgrade physical assets such as property, buildings, or equipment. An expenditure is considered to be a capital expenditure when the asset is a newly acquired capital asset or an investment that materially increases the value or the useful life of an existing capital asset.

Notwithstanding this classification, projects with total cost less than \$50,000 will be includable in the Pool in the period(s) costs are incurred. Except as discussed below, Capital Projects costing \$50,000 or more will be charged to the Resource Accounting Pool over a recovery period to be negotiated on a case by case

basis and added to the fixed charges for the relevant Pool Approved Resource through (1) written modification to the relevant exhibit to this contract or (2) approval of the Contracting Officer and County Authority of such fixed charge within the Resource Accounting Pool's 24 month budget (language taken from Mod 8, exhibit A).

- (b) Operations and Maintenance (O&M) expenditures are activities related to the performance of routine, preventative, predictive, scheduled, and unscheduled actions aimed at preventing equipment failure or decline with the goal of increasing efficiency, reliability and safety.
- (c) Repair expenditures are costs incurred to bring an asset back to an earlier condition or to keep the asset operating at its present condition (as opposed to improving the asset).

The party or parties may use debt financing to fund a specific project regardless of the classification of the expenditure. A debt financing charge (includes bond terms and debt service) as agreed upon by the parties shall become effective upon (1) written modification to the relevant exhibit in the contract or (2) approval of the Contracting Officer and County Authority of such financing and debt service within the Resource Accounting Pool's 24 month budget. The approved debt service will be included in the demand charge calculation for the relevant resource involved.

Demand-related expenses for San Juan Plant charges are allocated in accordance with Exhibit B. Energy-related expenses (total charges invoiced by PNM for San Juan participation less demand-related expenses) are includable in the month invoiced, regardless of the characterization of the expense in accordance with Exhibit B, Schedule 2.

The parties agree if a project is funded through debt financing then no direct charges for that project will be included unless the total project cost exceeds the debt financing, and no adjustment to the facilities fixed charge will be included in the Resource Accounting Pool related to the acquisition and cost of the project. The debt service will be included in the Resource Accounting Pool.

The parties agree if a project such as the SNCR project at the San Juan Plant is funded through debt financing, then charges related to that project will be subtracted from the monthly PNM invoice before inclusion of that invoice in the monthly settlement statement. The relevant bond funds will be used to cover that expenditure. At the completion of the SNCR unused funds, if any remain, will either be applied to retire a portion of the associated bonds or subject to the concurrence of the Contracting Authorities applied to other Resource Pool needs.

2. PART III, "LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACHMENTS

Exhibit B, "Schedule 6, Los Alamos Solar Project" is revised in its entirety as follows:

The County is in the process of developing a photovoltaic generation project, called the Los Alamos Solar Project (LASP), on federal land at LANL site TA-61, which formerly served as a sanitary landfill for the County of Los Alamos. This land is owned by DOE but is under a long term special use permit to the County. The LASP is to include up to 2.5 MW of photovoltaic generation with an optional battery system.

The parties have made significant infrastructure investments to enable development of the LASP including upgrading the landfill cap to accommodate the Solar Array, for the Vista switches, and for duct bank work and cable to connect the project to electric distribution system. The first megawatt array and batteries themselves were installed as part of the NEDO research project.

The LASP currently consists of a County owned 1 MW photovoltaic array and two battery systems. As provided in Modification 17 the existing 1MW photovoltaic array, including associated equipment, and battery storage were accepted as Approved Resources effective March 31, 2014, the date that the ownership of NEDO funded resources were transferred to LAC. The parties desire to complete the integration of the approved costs and energy into the Resource Accounting Pool as soon as practical but in no event later than the month following the approval of this Modification A019. At the option of LAC this could be done effective April 1, 2014 or July 1, 2014 if such an earlier date would be beneficial for LAC and Resource Pool

SCHEDULE OF CHANGES

accounting purposes. Pending completion of the accounting and billing revisions LAC shall receive a provisional energy credit equal to a 1MWh reduction in LAC's load for each MWh of net generation.

The parties recognize and agree that LAC is proceeding to expand the array from 1 MW to 2-2.5 MW and infrastructure costs previously incurred to develop the site. The expanded array was also accepted as part of the Approved Resource under Modification A017.

Output from the expanded LASP will be used to serve Resource Pool Loads. The cost allocation to the Resource Pool and any termination provisions associated with the construction of the expanded LASP and/or any associated power purchase agreements and accounting procedures are subject to Operating Committee review and concurrence and subsequent Approval by the Contracting Authorities as part of the future Resource Pool Budgets.

3. CLINS were modified as indicated below:

ITEM	SUPPLIES OR SERVICES	Qty Purch Unit	Unit Price Total Item Amount
0001	CLIN Change		\$1,113,623,415.00
		Lot	NTE +\$199,970,000.00
	<i>Noun:</i>	Electric Supply and Services	
	<i>Total Quantity:</i>	1	
	<i>New Total Item Amount:</i>	\$1,113,623,415.00	
	<i>Contract type:</i>	T - COST SHARING	
	<i>Inspection:</i>	DESTINATION	
	<i>Acceptance:</i>	DESTINATION	
	<i>FOB:</i>	DESTINATION	
	<i>Descriptive Data:</i>		
	Electric Generation and Transmission Services for Los Alamos National Laboratory.		
	Common Name Electric Coordination Agreement (ECA) between the Incorporated		
	County of Los Alamos and the Los Alamos Site Office.		

Option Year 1

0002	CLIN Deletion
	<i>Descriptive Data:</i>
	Option Year 1 Period of Performance: July 01, 2020 through June 30, 2021.
	Option Year 1 Value: \$37,600,000.00 (Estimated)

Option Year 2

0003	CLIN Deletion
	<i>New Total Quantity:</i> 0
	<i>New Total Item Amount:</i> \$0.00
	<i>Descriptive Data:</i>
	Option Year 2 Period of Performance: July 01, 2021 through June 30, 2022
	Option Year 2 Value: \$38,730,000.00 (Estimated)

Qty Unit Price

DE-AC04-85AL26078 019

PAGE 6 OF 7

SCHEDULE OF CHANGES

ITEM	SUPPLIES OR SERVICES	Purch Unit	Total Item Amount
------	----------------------	------------	-------------------

Option Year 3

0004 CLIN Deletion

New Total Quantity: 0

New Total Item Amount: \$0.00

Descriptive Data:

Option Year 3 Period of Performance: July 01, 2022 through June 30, 2023

Option Year 3 Value: \$40,000,000.00 (Estimated)

Option Year 4

0005 CLIN Deletion

New Total Quantity: 0

New Total Item Amount: \$0.00

Descriptive Data:

Option Year 4 Performance of Period: July 01, 2023 through June 30, 2024

Option Year 4 Value: \$41,200,000.00 (Estimated)

Option Year 5

0006 CLIN Deletion

New Total Quantity: 0

New Total Item Amount: \$0.00

Descriptive Data:

Option Year 5 Period of Performance: July 01, 2024 through June 30, 2025

Option Year 5 Value: \$42,440,000.00 (Estimated)

ITEM	SUPPLIES SCHEDULE DATA	QTY	DATE
------	------------------------	-----	------

0001		1	30 Jun 2025
-------------	--	----------	--------------------

Noun: Electric Supply and Services

ACRN: 9

Descriptive Data:

Contract Term: 1 July 1985 to 30 June 2025

4. All other terms and conditions remain unchanged and in full effect.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE		PAGE OF PAGES 1 5	
2. AMENDMENT/MODIFICATION NO. 0020		3. EFFECTIVE DATE See Block 16C		4. REQUISITION/PURCHASE REQ. NO.	
6. ISSUED BY CODE NNSA/Business Services Division U.S. Department of Energy Business Services Division P.O. Box 5400 Albuquerque NM 87185-5400		05001		5. PROJECT NO. (If applicable)	
		7. ADMINISTERED BY (If other than Item 6) CODE			
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) Incorporated County Of Los Alamos Attn: Robert K. Westervelt 1000 Central Ave Ste 300 LOS ALAMOS NM 87544		(x)		9A. AMENDMENT OF SOLICITATION NO.	
				9B. DATED (SEE ITEM 11)	
		x		10A. MODIFICATION OF CONTRACT/ORDER NO. DE-AC04-85AL26078	
				10B. DATED (SEE ITEM 13) 09/11/2012	
CODE 069423424		FACILITY CODE			

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended. ☐ is not extended.
Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
x	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: Mutual Agreement of the Parties
	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor ☒ is not. ☐ is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

SEE ATTACHMENT B "Modification Description"

Payment:

OR for NNSA

U.S. Department of Energy

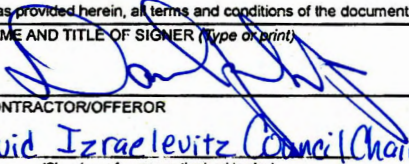
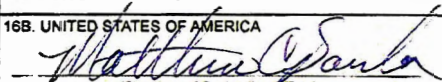
Oak Ridge Financial Service Center

P.O. Box 5807

Oak Ridge TN 37831

Period of Performance: 07/01/1985 to 06/30/2025

Except as provided herein, all terms and conditions of the document referenced in Item 9 A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) 		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Matthew C. Barela	
15B. CONTRACTOR/OFFEROR David Izraelovitz Council Chair (Signature of person authorized to sign)	15C. DATE SIGNED 5/2/18	16B. UNITED STATES OF AMERICA 	16C. DATE SIGNED 2/6/18 (Signature of Contracting Officer)

ATTACHMENT B "Modification Description"

Electric Energy and Power Coordination Agreement

A. Pursuant to the authority "Mutual Agreement of the Parties". The purpose of this modification is to (1) ADD ARTICLE XVI - Western Electric Coordinating Council Compliance and Peak Reliability Services (2) ADD ARTICLE XVII - Carbon Free Power Project (CFPP), (3) revise Attachment A Exhibit A, Schedule 3, Rev. 2, (4) insert new Attachment A Exhibit B, Schedule 4.1 Rev. 0, (6) Remove Attachment A, Exhibit A, Schedule 1.1, TA-3 Generating Plant Units 1, 2, and 3.

B. As a result of Paragraph A, the contract is more specifically modified as follows:

Part I Schedule – Adding Article XVI Western Electric Coordinating Council Compliance and Peak Reliability Services and Article XVII Carbon Free Power Project (CFPP)

(1) ARTICLE XVI- Western Electric Coordinating Council Compliance and Peak Reliability Services

The Western Electricity Coordinating Council (WECC) is the Regional Entity for the Western Interconnection responsible for compliance monitoring and enforcement. NNSA is registered as a Transmission Owner (TO) and Transmission Operator (TOP) with WECC. As a registered entity, NNSA is responsible for compliance with all requirements of the WECC standards that are applicable to their function for which they are registered. NNSA is required to self-certify annually for all registered functions and WECC conducts compliance audits of the TO/TOPs per their schedule. As part of the ECA, the County provides and is responsible for the operation and maintenance of the Supervisory Control and Data Acquisition (SCADA) software system and the Backup Control Center that support the NNSA TOP function at LANL. The SCADA system and the Backup Control Center provide critical functions that are needed to meet the WECC TOP requirements related to Critical Infrastructure Protection and cybersecurity requirements. Operating Procedure C15, NERC CIP Compliance and Electric SCADA System Maintenance includes details on the WECC requirements applicable to the transmission system.

The parties agree to the following terms to ensure compliance with the applicable WECC standards and/or requirements:

Each party shall comply with the North American Electric Reliability Corporation and Western Electric Coordinating Council (WECC) standards where applicable, for the safe and reliable operation of the electric distribution/transmission system. NNSA will notify the County, when new standards or modifications to standards are applicable. The NNSA/County Operating Procedures will be updated to identify the requirements and who is the responsible party to implement, as necessary.

NNSA and the County shall be responsible for the maintenance and operation of their respective transmission facilities. Incurrence of significant costs relating to operation or maintenance of Pool transmission facilities will be reviewed and approved pursuant to the NNSA/County Operating Committee procedures for budgeting and planning. (Reference Operating Procedure C5, 1.1, Transmission System Operation and Maintenance) Attachment A, Exhibit A, Schedule 3, Rev 3 identifies the NNSA transmission arrangements and substations. Attachment A, Schedule 4.0, Rev 2 identifies the County transmission arrangements and substations.

As the registered entity with WECC, NNSA shall be the lead party responsible for the annual self-certification and audits including (1) communication with WECC regarding any issues or concerns; (2)

submitting the required documentation; and (3) coordinating with the County in a timely manner. The County shall provide the appropriate documentation to support NNSA within the required timeframes as communicated by NNSA.

Peak Reliability (Peak) serves as the Reliability Coordinator, as defined by the North American Electric Reliability Corporation, and as delegated by the Western Electricity Coordinating Council (WECC), for the Western Interconnection. The NNSA signed the Peak Reliability Coordinator Funding Agreement in July 2015. As a registered TOP/TQP, NNSAL must pay for Peak's services in accordance with the Funding Agreement. The monthly payment for the reliability coordination service will be included as a pool expense.

(2) Article XVII -Carbon Free Power Project (CFPP)

The Los Alamos Power Pool Operating Committee approved a not to exceed budget of \$145,540 to be used for Phase 1, the fatal flaw analysis for the Carbon Free Power Project at the preferred site in Idaho to evaluate the potential for this future resource to serve the Los Alamos Power Pool. The fatal flaw analysis will be used to determine the viability of a CFPP project as a future pool asset. The analysis evaluates the region of interest, land use agreement for the preferred site in Idaho, development of water acquisition strategy, and UAMPS - NuScale cost share agreement.

The parties agree that costs associated with the initial Fatal Flaw Analysis is in accordance with Exhibit C Miscellaneous Costs of Mutual Benefit, cost associated with studies and meetings with the planning for resources and facilities, the parties agree these costs will be allocated 50 percent demand and 50 percent energy.

Further participation in the project as defined in the UAMPS CFPP Power Sales Contract for the Development period will covered by a separate agreement or modification of the ECA.

Part III Exhibits are revised as followed:

(3) Exhibit A, Schedule 3, Rev. 2 DOE 115 KV TRANSMISSION AND SUBSTATION FACILITIES

Exhibit A, Schedule 3, Rev. 2 is revised to include additional resources associated with the STA and WTA. Modification 17 recognizes the STA-WTA link but Attachment A was not updated. The attachment is revised and incorporated as Attachment A, Exhibit A, Schedule 3, Rev. 3 DOE 115 KV TRANSMISSION AND SUBSTATION FACILITIES

(4) Insert Exhibit B, Schedule 4.1 Rev. 0

Exhibit B, Schedule 4.1 Rev. 0 is incorporated to recognize the Los Alamos County's transmission/distribution asset as an approved resource.

(5) Exhibit A, Schedule 1.1, TA-3 Generating Plant Units 1, 2, and 3

Exhibit A, Schedule 1.1 TA-3 Generating Plant Units 1, 2, and 3 is removed as an approved resource. The asset is no longer in service.

Exhibit A

Exhibit A, Schedule 3, Rev. 3

DOE 115 KV TRANSMISSION AND SUBSTATION FACILITIES

Description:

The DOE Los Alamos 115 kV Transmission and Substation Facilities includable as Approved Resources are as follow:

- (a) ETA Switching Station and related facilities
- (b) STA Switching Station and related facilities
- (c) WTA Switching Station and related facilities
- (d) 115 kV Transmission ETA to TA-3, ETA to TA-53, TA-53 to TA-3, STA to WTA, and WTA to TA 3
- (e) 115 kV Transmission ETA to PNM system point of connection
- (f) TA-3 Transformation and related facilities
- (g) Capacitor Banks and related facilities
- (h) Synchronous Optical Network (SONET Ring)
- (i) Primary Control Room and the Personal Access Control System

Monthly Fixed Charge

The parties agree that a monthly fixed charge associated with the NNSA 115 KV Transmission and Substation Facilities for each budget year will be based upon amortization of the remaining net asset value over the remaining estimated asset life as of June 30 of the proceeding contract year. Estimated asset lives will be established when assets are placed in service based on standard asset lives adopted for assets of a similar nature, industry or trade standards, or other methodology agreed to by the parties upon project approval. Any assets expensed directly or fully amortized will be excluded from this fixed charge amount. The monthly charge will be included as part of NNSA's annual budget. Replacements and additions of single items, not to exceed \$20,000, shall be separately charged as an operating expense on an actual cost incurred basis.

Operating and Maintenance Expenses

The parties agree that all operating and maintenance expenses associated with the approved 115 kV Transmission and Substation Facilities are includable herein.

Exhibit B

Exhibit B, Schedule 4.1, Rev. 0

County 115 KV TRANSMISSION AND SUBSTATION FACILITIES

Description

The County Los Alamos 115 kV Transmission and Substation Facilities includable as Approved Resources are as follow:

- (a) SCADA System
- (b) Backup Control Room

Monthly Fixed Charge

The parties agree that a monthly fixed charge associated with the County 115 KV Transmission facilities for each budget year will be based upon amortization of the remaining net asset value over the remaining estimated asset life as of June 30 of the preceding contract year. Estimated asset lives will be established when assets are placed in service based on standard asset lives adopted for assets of a similar nature, industry or trade standards, or other methodology agreed to by the parties upon project approval. Any assets expensed directly or fully amortized will be excluded from this fixed charge amount. The monthly charge will be included as part of NNSA's annual budget. Replacements and additions of single items, not to exceed \$20,000, shall be separately charged as an operating expense on an actual cost incurred basis.

Operating and Maintenance Expenses

The parties agree that all operating and maintenance expenses associated with the approved 115 kV Transmission and Substation Facilities are includable herein.

C. All other terms and conditions remain unchanged.