

**CONTRACT NO. 22-SLC-1099**

**AMONG**

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION  
UPPER COLORADO REGION**

**AND**

**CITY OF GALLUP**

**AND**

**UNITED STATES  
DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION  
COLORADO RIVER STORAGE PROJECT MANAGEMENT CENTER**

**FOR**

**ELECTRIC SERVICE FOR THE NAVAJO-GALLUP WATER SUPPLY PROJECT  
GROUND WATER WELLS**

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**Table of Contents**

<b><u>Section</u></b>	<b><u>Title</u></b>	<b><u>Page No.</u></b>
1.	PREAMBLE .....	2
2.	EXPLANATORY RECITALS .....	2
3.	AGREEMENT .....	4
4.	TERM OF CONTRACT .....	4
5.	DEFINITIONS .....	5
6.	RESPONSIBILITY OF THE PARTIES .....	5
7.	ELECTRICAL SERVICE .....	6
8.	SCHEDULE OF RATES .....	6
9.	SCHEDULING, ACCOUNTING, AND BILLING PROCECURES .....	7
10.	POWER FACTOR .....	7
11.	INTEGRATED RESOURCE PLANS (IRP) AND SMALL CUSTOMER PLANS ..	8
12.	GENERAL POWER CONTRACT PROVISION .....	8
13	EXHIBITS .....	8
14.	EXECUTION BY COUNTERPARTS .....	8
15.	ELECTRONIC SIGNATURES .....	9
16.	AUTHORIZED REPRESENTATIVES OF THE PARTIES.....	9
	SIGNATURES .....	10
	EXHIBIT A	
	EXHIBIT B	

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**FOR**

**ELECTRIC SERVICE FOR THE NAVAJO-GALLUP WATER SUPPLY PROJECT  
GROUND WATER WELLS**

1. **PREAMBLE:** This Contract No. 22-SLC-1099 (Contract), effective this \_\_\_\_\_ day of \_\_\_\_\_, 2022, pursuant to the Acts of Congress approved June 17, 1902 (32 Stat. 388); April 6, 1949 (63 Stat. 31); April 11, 1956 (70 Stat. 105); August 4, 1977 (91 Stat. 565); March 30, 2009 (123 Stat. 1379); and Acts amendatory or Supplementary to the foregoing Acts, among the United States of America, acting by and through the Administrator, Western Area Power Administration, an agency of the Department of Energy, hereinafter called “WAPA,” represented by the officer executing this Contract, a duly appointed successor, hereinafter called the “Contracting Officer” or a duly authorized representative, United States Department of the Interior, Bureau of Reclamation, hereinafter called “Reclamation,” represented by the officer executing this

Contract, a duly appointed successor, or a duly authorized representative, and the City of Gallup, New Mexico, located in McKinley County, New Mexico, a municipality duly incorporated and existing pursuant to chapter 32, session act of 1891, in the territory of New Mexico, hereinafter called the “Contractor” or “Gallup” its successors and assigns; each sometimes hereinafter called “Party,” and sometimes hereinafter collectively called the “Parties.”

2. **EXPLANATORY RECITALS:**

2.1 As stated in Public Law 111-11 (P.L. 111-11), the Secretary of the Interior, acting through the Commissioner of Reclamation, is authorized to design, construct, operate and maintain the Navajo-Gallup Water Supply Project (“Project”) in substantial accordance with the preferred alternative stated in the Draft Environmental Impact Statement Record of Decision of the Project. The construction of all Project facilities shall be completed not later than December 31, 2024, unless the deadline is extended by mutual agreement among the Navajo Nation, the State of New Mexico, and the United States. At the time of execution of this Agreement, the Project Participants as that term is defined in P.L. 111-11, and the State of New Mexico are seeking amendments to P.L. 111-11 including the extension of the date for the completion of Project facilities.

2.2 The Navajo-Gallup Water Supply Project consists of two water laterals: the Cutter Lateral and the San Juan Lateral. The Cutter Lateral is located on the east side of the Navajo Nation to serve the communities of the Navajo Nation as well as the Jicarilla Apache Nation. The electrical services for the facilities of the Cutter Lateral will be provided by the City of Farmington and Jemez Mountain

Electric Cooperative. The San Juan Lateral serves the communities of the Navajo Nation, as well as the City of Gallup, New Mexico, via the Gallup Regional System. Power from the Colorado River Storage Project (CRSP) will be provided for facilities of the San Juan Lateral. Finally, prior to the Project being completed, and during times when Project water may not be available, power will be provided to Groundwater Wells to serve the communities that would otherwise receive Project Water.

2.3 P.L. 111-11 provides that the Secretary shall reserve, from existing reservations of CRSP power for Reclamation projects, up to 26 MW of power for use by the Project.

2.4 While the Project is being constructed, the Contractor has an immediate need for power to operate Groundwater Wells to provide water to customers that will eventually receive Project water. Additionally, following completion of construction of the Project, water from Groundwater Wells may be needed during times when Project Water is not available due to outages or other interruptions. Groundwater Wells are an integral component to the successful operation of the Project to supplement the surface water that will supply municipal and industrial water from the Project and to provide municipal and industrial water supplies to users when surface water supplies are not otherwise available from the Project. Reclamation has determined that providing power to the Groundwater Wells while the Project is being constructed and, following completion of construction when Project Water may not be available, is consistent with the purposes of the Project and P.L.111-11.

- 2.5 It is the intent of the Parties to enter into separate Power Supply Agreements for providing electrical service power to the Gallup Regional System and Groundwater Wells, which includes City of Gallup Groundwater Wells.
- 2.6 The Contractor has executed Salt Lake City Area Integrated Projects (SLCA/IP) Firm Electric Service Contract Nos. 87-SLC-0017 (SLCA/IP Contract No. 0017) and 17-SLC-0888 (SLCA/IP Contract No. 0888) with WAPA, which together provide for the sale of firm power and energy from the SLCA/IP to the Contractor through September 30, 2057. The Parties have determined that power provided by this Contract will be under generally the same conditions as the SLCA/IP Contract.
3. **AGREEMENT:** In consideration of the mutual covenants set forth herein, the Parties hereto agree as follows.
4. **TERM OF AGREEMENT:**
- 4.1 This Contract, effective in accordance with Section 1, herein, shall remain in full force unless terminated earlier by mutual written agreement of WAPA, Reclamation, and the Contractor through the last day of December 2030.
- 4.2 Initial electrical power service will begin effective upon the date of execution by the Parties for groundwater from the City of Gallup's wells pumped and delivered to City of Gallup customers. Well loads are indicated in Exhibit B.
- 4.3 This Contract shall automatically be extended for five successive periods of 5 years each, beyond the initial term of the Contract, unless terminated by a Party at the expiration of the initial term, or any extension period, by written notice given by the terminating Party to the other two Parties not less than 3 years in advance of the intended termination date.

5. **DEFINITIONS:**

For the purpose of this Contract:

- 5.1 Groundwater Wells include City of Gallup wells, pump stations, water storage tanks, and water tank buildings that are necessary to pump and deliver municipal and industrial water to City of Gallup customers as indicated in Exhibit B that would otherwise have been served by Project Water deliveries when Project Water is available. Service to Groundwater Wells is for this interim term until such time as Project Water is available for distribution through the Project Facilities, and during times when Project Water is not available due to outages or other interruptions.
- 5.2 Navajo-Gallup Water Supply Project or Project means the Navajo-Gallup Water Supply Project authorized March 30, 2009, under 123 Stat. 1379.
- 5.3 Project Power is power and energy provided to the Contractor, as authorized by P.L. 111-11, for use to serve the Project loads of the Groundwater Wells as set forth in Exhibit B.
- 5.4 Project Water is the municipal and industrial water supply allocated for use by the Project authorized March 30, 2009, under 123 Stat. 1379, Section 10603(b).

6. **RESPONSIBILITIES OF THE PARTIES:**

- 6.1 WAPA will make deliveries of Project Power at the delivery point set forth in Exhibit A.
- 6.2 Project Power is delivered to the Contractor for use by the Project consistent with P.L. 111-11.

7. **ELECTRICAL SERVICE:**

7.1 **Points of Delivery and Voltages:** WAPA, under the terms and conditions stipulated herein, will deliver Project Power to the Contractor at the delivery point, voltage, and under the delivery conditions specified in Exhibit A.

7.1.1. Exhibit A may be revised yearly by the Parties in successive revisions to meet the Contractor's requirements. Revisions to Exhibit A shall be made if actual loads are greater or lesser than 10 percent of the projected values shown in Exhibit A.

7.1.2. If the Contractor should require a greater or lesser amount of Project Power based on actual loads, each exhibit may be revised by the Contracting Officer, in consultation with Reclamation and the Contractor, not less than 60 days prior to the effective date for such revision.

7.2 **Points of Measurement and Voltage:** Power and energy delivered hereunder will be measured at the point and voltage specified in Exhibit A.

7.3 **Scheduling Discrepancies and Imbalance Charges:** If WAPA incurs penalties from a transmission operator, market operator, or balancing authority because of variance of schedules from actual deliveries under this Contract, any imbalance charges will be the responsibility of the Contractor.

8. **SCHEDULE OF RATES:**

The Contractor shall pay WAPA for Project Power delivered hereunder, as specified in Exhibit A, in accordance with conditions set forth in WAPA's General Power Contract Provisions ("GPCP") dated September 1, 2007, and in accordance with the then-current rates, charges, and conditions set out in WAPA's SLCA/IP Firm Power Rate Schedule, or superseding rate schedules.



9. **SCHEDULING, ACCOUNTING, AND BILLING PROCEDURES:**

9.1 Scheduling, Accounting, and Billing Procedures, hereinafter called “Procedures”, shall be under the same terms and conditions of the same requirements as set forth in the Contractor’s SLCA/IP Contract No. 0017 or Contract No. 0888, as applicable, with WAPA. The Procedures are intended to implement the terms of this Contract but not to modify or amend it and are, therefore, subordinate to this Contract.

9.2 In the event the Contractor fails or refuses to execute any revised Procedures, attached to and set forth in the Contractor’s SLCA/IP Contract No. 0017 or Contract No. 0888, as applicable, which WAPA determines to be necessary due to changes in this Contract or the power system of either party, WAPA will temporarily implement essential Procedures as determined by WAPA until mutually acceptable Procedures have been developed and executed by the authorized representatives of the parties as designated in Section 14 herein.

10. **POWER FACTOR:**

10.1 The Contractor will be expected to maintain the power factor specified in the attached rate schedule and the GPCP referenced in Section 12 below. If the applicable power factor standard is not complied with, WAPA may, after giving the Contractor ninety (90) days to correct the condition or such additional time as warranted by the circumstances, make delivery system improvements associated with power factor correction at the Contractor’s expense to WAPA’s system or the Contractor’s system with the agreement of the Contractor. If WAPA is required to pay for delivery system improvements associated with power factor correction on the system of its transmission agents, which are attributable to

conditions on the system of the Contractor, the Contractor shall pay for the cost of such improvements.

10.2 If the power factor requirements under applicable rate schedule and the GPCP are not the same, the more stringent will apply.

11. **INTEGRATED RESOURCE PLANS AND SMALL CUSTOMER PLANS:**

The Contractor shall comply with the Integrated Resource Plans (IRP) or Small Customer Plan requirements, as applicable, under the same terms and conditions of the same requirements as set forth in the Contractor's SLCA/IP Contract No. 0017 or Contract No. 0888, as applicable with WAPA.

12. **GENERAL POWER CONTRACT PROVISIONS:**

The GPCP, effective September 1, 2007, attached hereto, as they may apply, are hereby made a part of this Contract the same as if they had been expressly set forth herein; Provided, that Provisions 1.2, 5, 9, 12, and 20 through 30, shall not apply or be incorporated herein; and, provided that if the provisions in the GPCP are in conflict with this Contract, the terms of this Contract shall control.

13. **EXHIBITS:**

Inasmuch as certain provisions of this Contract may change during the term hereof, they will be set forth in exhibits from time to time as agreed upon by the authorized representatives of the Parties. The initial Exhibit A and all future exhibits shall be attached hereto and made a part hereof, and each shall be in force and effect in accordance with its terms unless superseded by a subsequent exhibit.

14. **EXECUTION BY COUNTERPARTS:**

This Contract may be executed in any number of counterparts and, upon execution and delivery by each Party, the executed and delivered counterparts together shall have the

same force and effect as an original instrument as if all Parties had signed the same instrument. Any signature page of this Contract may be detached from any counterpart of this Contract without impairing the legal effect of any signatures, thereon, and may be attached to another counterpart of this Contract identical in form hereto, by having attached to it one (1) or more signature pages.

15. **ELECTRONIC SIGNATURES:**

The Parties agree that this Contract may be executed by either handwritten signature or digitally signed using DocuSign, Adobe Sign, or Adobe E-Sign pursuant to Section 16, herein. A digital signature is the same as a handwritten signature and shall be considered valid and acceptable.

16. **AUTHORIZED REPRESENTATIVES OF THE PARTIES:**

Within 30 days of the execution of this Contract, each Party shall by written notice to the others, designate the representative(s) who is (are) authorized to act in its behalf with respect to those matters contained herein which are the functions and responsibilities of its authorized representative(s). Any Party may change the designation of its authorized representative(s) upon oral notice given to the others, confirmed promptly by written notice.

IN WITNESS WHEREOF, The Parties hereto have caused this Contract to be duly executed by their respective authorized officials and is to be effective in accordance with Section 1, herein.

DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION

By \_\_\_\_\_  
Rodney G. Bailey  
Title Acting Senior Vice President and  
CRSP Manager  
Address 1800 South Rio Grande Avenue  
Montrose, Colorado 81401

DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION  
UPPER COLORADO REGION

By \_\_\_\_\_  
Title \_\_\_\_\_

By \_\_\_\_\_  
Wayne Pullan  
Title Regional Director  
Address 125 South State Street Project  
Salt Lake City, Utah 84138

CITY OF GALLUP

By \_\_\_\_\_  
Title \_\_\_\_\_

By \_\_\_\_\_  
Maryann Ustick  
Title City Manager  
Address 110 West Aztec  
Gallup, New Mexico 87301

EXHIBIT A

DESIGNATED POINTS OF DELIVERY,  
VOLTAGES, POINTS OF MEASUREMENT

- 1. This Exhibit A, made as of the effective date of its execution by all the Parties under and as a part of Contract No. 22-SLC-1099, hereinafter called Contract, shall remain in effect until superseded by another Exhibit A; provided, that this Exhibit A or any superseding Exhibit A shall be terminated by the termination of the Contract.
- 2. In accordance with Section 7 of the Contract, WAPA, under the terms and conditions stipulated herein, will deliver Project Power on behalf of Reclamation to the Contractor at the designated delivery point(s) and voltage(s) as set forth in this Exhibit A.
- 3. Point(s) of Delivery and Voltages: Project Power will be delivered pursuant to the Contract at the point(s) of delivery and voltages as listed below.

<u>Points of Delivery</u>	<u>Nominal Voltage</u>
Gallup <sup>1</sup>	115-kV

- 4. Capacity and Energy Provided to the Contractor: The monthly allocation of capacity and energy reflects the sum of the actual operating needs of the Groundwater Wells. The Parties anticipate that yearly adjustments will be made to correspond to actual conditions and changes in assumptions and the table below will be updated each fiscal year by the Contracting Officer.

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<sup>1</sup> Total deliveries by WAPA, inclusive of deliveries under this Contract and those made by WAPA under SLCA/IP Contract No. 87-SLC 0017 or 17-SLC-0888, shall not exceed 4 MW. Request for service above 4 MW will need to be coordinated with Public Service of New Mexico (PNM) and require amendment of Exhibit B to wheeling Contract No. 8-07-40-P0695 between WAPA and PNM.

Month	Capacity (kW)	Energy (kWh)	Month	Capacity (kW)	Energy (kWh)
April	2000	1,250,000	October	2000	1,250,000
May	2000	1,250,000	November	2000	1,250,000
June	2000	1,250,000	December	2000	1,250,000
July	2000	1,250,000	January	2000	1,250,000
August	2000	1,250,000	February	2000	1,250,000
September	2000	1,250,000	March	2000	1,250,000

This allocation of power serves the well accounts identified in Exhibit B as well as new wells that may be identified in accordance with Section 5 below.

5. Pursuant to Section 7 of the Contract, this Exhibit A may be revised yearly to reflect changes to Project loads or the addition of new wells to deliver water to Gallup’s communities that would otherwise be served by Project Water deliveries. Service to Groundwater Wells is for interim service until such time as San Juan River water is available for distribution through the Project Facilities, and during times when Project Water is not available due to outages or other interruptions. Revisions to Exhibit A will reflect actual in-service loads of the loads shown in Exhibit B and shall be based on actual loads experienced and adjusted for any projected changes in anticipated loads for the upcoming year.

IN WITNESS WHEREOF, The Parties hereto have caused this Exhibit A to be duly executed.

DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION

By \_\_\_\_\_  
Rodney G. Bailey  
Title Acting Senior Vice President and  
CRSP Manager  
Address 1800 South Rio Grande Avenue  
Montrose, Colorado 81401

DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION  
UPPER COLORADO REGION

By \_\_\_\_\_  
Title \_\_\_\_\_

By \_\_\_\_\_  
Wayne Pullan  
Title Regional Director  
Address 125 South State Street Project  
Salt Lake City, Utah 84138

CITY OF GALLUP

By \_\_\_\_\_  
Title \_\_\_\_\_

By \_\_\_\_\_  
Maryann Ustick  
Title City Manager  
Address 110 West Aztec  
Gallup, New Mexico 87301

EXHIBIT B

GROUND WATER WELL ACCOUNTS

1. This Exhibit B, made as of the effective date of its execution by all the Parties under and as a part of Contract No. 22-SLC-1099, hereinafter called Contract, shall remain in effect until superseded by another Exhibit B; provided, that this Exhibit B or any superseding Exhibit B shall be terminated by the termination of the Contract.
  
2. In accordance with Section 5.1 of the Contract, WAPA, under the terms and conditions stipulated herein, will deliver Project Power on behalf of Reclamation to the Contractor for the following wells, pump stations, water storage tanks, and water tank buildings that are necessary to pump and deliver municipal and industrial water to City of Gallup customers

**Ground Water Well Accounts**

	<b>CID</b>	<b>LID</b>	<b>Service address</b>	<b>Description</b>
1)	7753	27108	2200 Mariyana St PUMP	Pump station
2)	7797	6732	2111 W Historic Highway 66 WELL	Well
3)	7855	27216	64 Deer Ridge Rd EMTR	Water tank
4)	7859	6794	1400 S Grandview Dr EMTR 1	Water tank bldg
5)	7865	6800	1400 S Grandview Dr EMTR 4	Water tank
6)	7873	6808	2200 Mariyana St COMM	Water tank
7)	8025	6960	Hasler valley Rd PUMP	Pump station
8)	8109	7044	249 A US Highway 491 WELL	Well
9)	8109	24152	941 B US Highway 491 WELL 1	Well
10)	8131	7066	408 Roundhouse Rd PUMPS	Pump station
11)	8175	7110	332 National Cemetery Dr WELL	Well
12)	8179	7114	1807 Warehouse Ln WELL	Well
13)	8183	7118	1600 W Historic Highway 66 WELL	Well
14)	8183	26966	2102 Hasler Valley Rd PUMP	Pump station
15)	8183	26968	48 Superman Canyon Rd PUMPS	Pump station
16)	8185	7120	249 A US Highway 491 WELL 15	Well



17)	8187	7122	249 A US Highway 491 WELL 16	Well
18)	8189	7124	768 US Highway 491 WELL	Well
19)	8191	7126	767 US Highway 491 WELL	Well
20)	8193	7128	877 US Highway 491 WELL	Well
21)	8195	7130	1006 US Highway 491 WELL	Well
22)	8197	7132	875 A US Highway 491 WELL	Well
23)	8201	7136	886 US Highway 491 WELL	Well
24)	8203	7138	5 Francisco Pond Rd WELL	Well
25)	8205	7140	1011 Round House Rd PUMPS	Pump station
26)	8207	7142	767 US Highway 491 PUMPS	Pump station
27)	8207	26976	767 A US Highway 491 WMTR	Pump station
28)	8207	27104	799 Telstar Rd PUMP	Pump station
29)	8209	7144	941 B US Highway 491 WELL	Well
30)	25967	20970	1834 Warehouse Ln EMTR 2	Pump station
31)	31867	21746	670 US Highway 491 WELL	Well
32)	38269	22722	1310 Hamilton Rd WELL EMTR1	Well
33)	39385	23026	280 Allison Rd WELL	Well
34)	45469	25924	412 Bataan Veterans St	Water station
35)	46547	24074	1225 N Ninth St COGE	Pump station
36)	58023	25930	2401 Mendoza Rd	Pump station
37)	60945	26182	585 Kachin St COGW	Pump station
38)	63737	26386	300 Park Ave PUMPS	Pump station
39)	64679	26388	803 Los Esquiveles Dr TANK	Water tank
40)	65881	26698	3601 Chee Dodge Blvd EMTR ODOR	Water storage tank
41)	66945	25968	768 B US Highway 491 NGWS	Well
42)	66945	26666	145 NM Highway 608 COGE	Pump station
43)	67011	26668	461 US Highway 491	Gamerco water tank

IN WITNESS WHEREOF, The Parties hereto have caused this Exhibit B to be duly executed.

DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION

By \_\_\_\_\_  
Rodney G. Bailey  
Title Acting Senior Vice President and  
CRSP Manager

Address 1800 South Rio Grande Avenue  
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