

IMPLEMENTATION AGREEMENT

AMONG
THE UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
CENTRAL UTAH WATER CONSERVANCY DISTRICT
AND
WESTERN AREA POWER ADMINISTRATION

TO PROVIDE FOR THE
OLMSTED HYDROELECTRIC POWERPLANT REPLACEMENT PROJECT
OF THE
CENTRAL UTAH PROJECT

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PREAMBLE

THIS IMPLEMENTATION AGREEMENT (hereinafter the “Agreement”), is made this 5th day of February, 2015, pursuant to Sections 201(e), 202(c), and 208 of the Central Utah Project Completion Act (Titles II through VI of P. L. 102-575, 106 Stat. 4605, October 30, 1992), as amended, hereinafter called “CUPCA” and the Colorado River Storage Project Act of April 11, 1956 (P. L. 84-485, 70 Stat. 105) as amended, hereinafter called the “CRSP Act”, by and among the UNITED STATES OF AMERICA, acting through the Secretary of the Interior (Central Utah Project Completion Act Office), (the “Secretary”); and the Bureau of Reclamation (“Reclamation”), the CENTRAL UTAH WATER CONSERVANCY DISTRICT, a non-federal water conservancy district organized and existing as a political subdivision under the laws of the State of Utah (the “District”); and the UNITED STATES DEPARTMENT OF ENERGY, acting by and through the Administrator, WESTERN AREA POWER ADMINISTRATION (“Western”).

(Each of the foregoing are sometimes referred to herein individually as a "Party," and collectively as the "Parties").

WITNESSETH, THAT;

WHEREAS, the capitalized terms set forth in these Recitals not defined above are defined in Article 1 of this Agreement; and

WHEREAS, the Secretary, acting through Reclamation and/or the District have constructed certain features of the Central Utah Project ("CUP"), a federal Reclamation project; and

WHEREAS, CUPCA has amended the CRSP Act to authorize the orderly completion of the CUP by: (i) authorizing an increase in the appropriations ceiling for the CUP, (ii) authorizing certain water conservation projects; (iii) authorizing certain fish, wildlife and recreation mitigation projects; and, (iv) providing for the construction of certain project features for delivery of municipal, industrial and irrigation water to specified areas within the CUP service area and for hydroelectric power development; and

WHEREAS, under Section 202(a)(1)(D) of CUPCA, the Secretary is authorized and directed, under certain conditions, to enter into contracts with the District to construct certain features authorized in CUPCA under the program guidelines authorized by the D&MC Act; and

WHEREAS, Title II of CUPCA authorizes the District to construct certain project features, including power generation facilities, and requires the District, among other things, to comply with environmental laws; and

WHEREAS, the District, pursuant to the 1965 Repayment Contract, has agreed, among other things, to pay reimbursable costs to the Secretary for the CUP, including the acquisition

costs of the CUP Facilities, and to operate and maintain the CUP Facilities associated with the permanent CUP water supply; and

WHEREAS, the Secretary, pursuant to the 1965 Repayment Contract, has agreed, among other things, to compensate the District for the cost of the operation, maintenance, and replacement of transferred works constructed pursuant to the 1965 Repayment Contract properly chargeable under Reclamation procedures and under Reclamation law to commercial power; and

WHEREAS, the Olmsted Flowline was acquired from Utah Power and Light (now known and referred to herein as "PacifiCorp"), by the United States (through Reclamation) from an initial Determination of Taking in July 11, 1987; and in order to better protect the Olmsted Water Rights, which are integral for the full development of the Bonneville Unit of the CUP and to effect the settlement, in 1990 Reclamation amended the Determination of Taking to acquire the Olmsted Powerplant and Olmsted Water Rights and incorporated them as critical components of the Bonneville Unit of the CUP; and

WHEREAS, in addition to the money paid for the acquisition of the Olmsted Facilities, the Olmsted Settlement Agreement was entered into among Reclamation, the District, and PacifiCorp, for the purpose of further payment of just compensation to PacifiCorp by providing, among other things, that the United States would hold title and PacifiCorp would continue to operate and receive the energy produced from the Olmsted Powerplant through September 21, 2015; and

WHEREAS, the continued operation of the Olmsted Powerplant is necessary to maintain the Olmsted Water Rights and the District will operate, maintain and replace the Olmsted

Facilities in connection with its CUP operations, including power generation, upon transfer of the Olmsted Facilities into operation, maintenance and replacement status; and

WHEREAS, under the CRSP MOA, funds are available for operation, maintenance and replacement projects related to the CRSP; and

WHEREAS, the availability of such funds is subject to the terms and conditions of the CRSP MOA; and

WHEREAS, Section 5(c) of the CRSP Act provides that revenues collected and deposited into the Basin Fund attributable to a participating project under the CRSP Act (a “Participating Project”), are available for operation, maintenance, and replacement of that Participating Project; and

WHEREAS, the Olmsted Facilities are features of the Bonneville Unit of CUP, which is a Participating Project of the CRSP, and as such revenues from the Basin Fund attributable to the CUP are available for operation, maintenance and replacement of Olmsted Facilities, and

WHEREAS, Western is required to engage in separate public processes for power marketing and rate-making; and

WHEREAS, the Parties hereto desire to perform their respective responsibilities and obligations in connection with the Olmsted Hydroelectric Power Replacement Project;

NOW THEREFORE, the Parties mutually agree as follows:

I. GENERAL DEFINITIONS OF ACTS, AGREEMENTS AND TERMS

Where used in this Agreement, the following definitions shall apply:

(a) Key Acts

(1) "Contributed Funds Act" shall mean the Sundry Civil Expenses Appropriations Act for 1922 (enacted March 4, 1921, 41 Stat. 1404).

(2) "CRSP Act" shall mean the Colorado River Storage Project Act, enacted April 11, 1956, 70 Stat. 105, as amended.

(3) "CUPCA" shall mean the Central Utah Project Completion Act, which consists of Titles II through VI of the Act of October 30, 1992, P.L. 102-575, as amended.

(4) "D&MC Act" shall mean the Drainage and Minor Construction Act of June 13, 1956, 70 Stat. 274.

(5) "NEPA" shall mean the National Environmental Policy Act of 1969, enacted January 1, 1970, P. L. 91-190.

(6) "NHPA" shall mean the National Historic Preservation Act of 1966, enacted October 15, 1966, P. L. 89-665.

(b) Key Agreements

(1) "1965 Repayment Contract" shall mean that certain agreement, dated December 28, 1965, Contract No. 14-06-400-4286, as amended and supplemented, by and between Reclamation and the District, which provides for CUP repayment.

(2) "1993 Compliance Agreement" shall mean that certain agreement, dated August 11, 1993, by and between the District and the Secretary, that provides for compliance with the provisions of the Central Utah Project Completion Act.

(3) "CRSP MOA" shall mean that certain Memorandum of Agreement, dated January 24, 2011, by and among the states of Colorado, New Mexico, Utah, and Wyoming, and Colorado River Energy Distributors Association, the Bureau of Reclamation, Department of the

Interior, and Western Area Power Administration, which provides for the use of certain Basin Fund revenues to fund operation and maintenance projects within the Upper Colorado River Basin and Participating Projects as proposed by non-federal parties and approved by Reclamation in accordance with legislative authority.

(4) "Funding Agreement" shall mean that certain agreement dated contemporaneously herewith, Contract No. 15-WC-40-566, by and between the Secretary and the District, authorized under the guidelines of the D&MC Act, which provides for the transfer of all funds to the District necessary for implementation of the Project.

(5) "License Agreement" shall mean that certain agreement between the Secretary, the District and PacifiCorp authorizing PacifiCorp to access, occupy, use and maintain existing transmission, switching and related facilities located in the Olmsted Powerhouse building and substation, and use water under PacifiCorp's water rights in the Guard Quarters spring for irrigation of the Olmsted property.

(6) "Olmsted Settlement Agreement" shall mean that certain court-ordered agreement, dated September 21, 1990, Contract No. 0-07-40-P0170, as amended, by and among the United States of America Department of the Interior Bureau of Reclamation, the Central Utah Water Conservancy District, and PacifiCorp Electric Operations.

(7) "Orem City Agreement" shall mean that certain agreement dated November 22, 1977, by and among Reclamation, the District, Orem City, and PacifiCorp.

(8) "Power Interference Agreements" shall mean those agreements which are entered into among the Secretary, the District and those water users causing Power Interference,

which agreements are executed for the purpose of recovering lost power revenues which are attributable to Power Interference.

(9) "Transmission Agreement" shall mean that certain agreement between Western and PacifiCorp for wheeling of Olmsted Generation on PacifiCorp's distribution and transmission system.

(c) Key Terms

(1) "2004 DPR" shall mean the October 2004 Supplement to the 1988 Definite Plan Report for the Bonneville Unit of the CUP.

(2) "Annual" shall mean the time period of November 1 through October 31 inclusive, which is the water year on the Provo River system.

(3) "Basin Fund" shall mean the Upper Colorado River Basin Fund established under Section 5 of the CRSP Act.

(4) "CUP" shall mean the Central Utah Project, a federal Reclamation project authorized as a Participating Project of the CRSP, including, without limitation, those specific portions of the Bonneville Unit of the CUP for which the District is responsible for OM&R activities.

(5) "CUP Facilities" shall mean all facilities authorized for completion in connection with the CUP.

(6) "Olmsted Facilities" shall mean the facilities comprised of the Olmsted diversion (the "Olmsted Diversion"), the Olmsted flowline, (the "Olmsted Flowline"), tunnel, reservoir, Olmsted Reach A, spillway, rock tunnel, penstock, the Olmsted Powerplant (the "Olmsted

Powerplant”), tailrace, and all appurtenant buildings, equipment and facilities, as shown and depicted on EXHIBIT A attached hereto and incorporated by this reference.

(7) “Olmsted Generation” shall mean the electrical power and energy generated at the Olmsted Powerplant.

(8) “Olmsted Hydroelectric Powerplant Replacement Project” or “Project,” shall mean all work and related activities associated with the construction of the Project Facilities as shown on EXHIBIT B attached hereto and incorporated by this reference. See also, “Work”, Subsection (13) below.

(9) “Olmsted Water Rights” shall mean the water rights acquired by Reclamation under which water is authorized for use in generating power through the Olmsted Facilities, and used in the development of the Bonneville Unit water supply.

(10) “OM&R” shall mean operation, maintenance, and replacement of Olmsted Facilities subsequent to the transfer of the Project Facilities to the District.

(11) “Power Interference” shall mean a reduction of power generation caused by any water other than CUP Bonneville Unit Project Water. The water rights authorizing the use of water for power generation at the Olmsted Powerplant are currently decreed under the Provo River Decree, Civil No. 2888. By way of explanation, the total quantity of water authorized for power generation use under said decreed rights is 429 cfs, which is comprised of two separate water rights as follows: (i) a diligence right for 229 cfs with a priority of 1897, and (ii) an appropriated right for 200 cfs with a priority of 1917 (collectively, the “Power Rights”). The Power Rights are non-consumptive and other water right holders historically had the right to make consumptive use of the water after the water passed through the Olmsted Powerplant. By virtue of change applications, the

holders of these consumptive use rights have moved their points of diversion and/or place of use in ways that cause the water that previously passed through the Olmsted Powerplant to now be diverted and used elsewhere. These change applications however are junior to the Power Right, and the exercise of these junior consumptive use rights cause interference with the ability to use the water for power generation purposes at the Olmsted Powerplant, resulting in what is referred to in this Agreement as Power Interference. Power Interference can occur in three separate ways. (i) by diverting any water other than CUP Bonneville Unit water for consumptive use, that would otherwise have flowed through the Olmsted Powerplant, at locations other than into the Olmsted Flowline; (ii) consumptive use of water under the Power Rights which is diverted into the Olmsted Flowline and then re-diverted from the Olmsted Flowline ahead of the turbine thereby reducing potential power generation; and (iii) non-CUP storage water which is delivered through the Olmsted Flowline when the Olmsted Flowline is at full capacity, thereby displacing potential power generation.

(12) “Project Facilities” shall mean all Olmsted Facilities located downstream of the reservoir as shown on Exhibit B, and all appurtenant buildings, equipment and facilities including the upgrade of electrical equipment necessary to maintain the existing interconnection with PacifiCorp.

(13) “Work” shall mean all work and related activities associated with construction of Project Facilities. See also, “Project”, Subsection (8) above.

II. CONTRACTUAL ARRANGEMENTS AND MODIFICATIONS

In order to implement the Project, and allow for continued operation of the Project Facilities, there are a number of required steps to be taken, including the finalizing of other certain agreements

with third parties, the completion of compliance with NEPA, NHPA and the Endangered Species Act, and the obtaining of all necessary licenses and permits. The primary agreements which will be required to be in place to facilitate the Project include, but are not limited to, the following:

(a) Orem City Agreement

(1) By way of background, on February 17, 1958, Orem City entered into an agreement with PacifiCorp in which Orem City was granted the right to use 9 cfs of capacity in the Olmsted Flowline. As provided in the agreement, in the event Orem City's 9 cfs interferes with PacifiCorp's ability to generate power, Orem City is obligated to release an equivalent amount of its storage water at a later date to mitigate the loss of capacity in the Olmsted Flowline. The agreement also provides for a fee to carry this water in the amount of \$1,200 a year. On August 26, 1968, Orem City was given the first right of refusal to purchase the Olmsted Flowline and appurtenant works should PacifiCorp decide to abandon or sell the Olmsted Flowline. On November 22, 1977, the District, Reclamation, Orem City and PacifiCorp entered into an agreement that allowed for the integration of the Olmsted Flowline as a feature of the Bonneville Unit. In consideration for Orem City relinquishing its first right of refusal, the District and Reclamation agreed to honor the previous agreements and permit an increase in the Orem City capacity right to 15 cfs.

(2) Orem has requested the option to pay for lost power revenues in lieu of releasing water. This will be accomplished in an updated agreement with Orem City.

(3) Parties to this agreement will be Orem City, the District, and the Secretary.

(b) Power Interference Agreements

(1) Agreements are needed to replace lost power revenue caused by Power

Interference. The District will be responsible for negotiating the Power Interference Agreements with its existing contract holders whose use of water will cause Power Interference, and with any new entities that cause Power Interference.

(2) Power Interference rates will be established at a level necessary to off-set the actual monetary losses of power revenue caused by Power Interference that occurs at the Olmsted Powerplant. The District will collect Power Interference payments Annually from its interfering contract holders pursuant to the terms of its Power Interference Agreements. The District will remit a consolidated Power Interference payment to the Secretary Annually to offset Annual lost power revenue due to Power Interference, which payments will be deposited into the Basin Fund and accounted for as Olmsted Power Interference revenues.

(3) Parties to these agreements will be each entity whose use of water results in Power Interference, the District and the Secretary.

(c) Funding Agreement

(1) A Funding Agreement shall be prepared under D&MC guidelines to provide for the transfer of funds by the Secretary to the District, including those funds identified in Article V herein being held in Reclamation accounts, which are necessary for implementation of the Project. This agreement will: (i) define the District's responsibility for implementation of the Project; (ii) provide details regarding arrangements for the future reimbursement of OM&R costs to the District; and (iii) provide for the Secretary to receive and expend contributed funds pursuant to the authority of the Contributed Funds Act and define the process by which the parties to the agreement will transfer funds and work together for Project implementation.

(2) Parties to this agreement will be the District, the Secretary and Reclamation.

(d) Transmission Agreement

(1) Western will establish and maintain a Transmission Agreement with PacifiCorp for the interconnection of the Olmsted Powerplant with PacifiCorp's transmission system. This agreement will establish wheeling and associated charges, if any, that will be paid by Western solely from funds collected from the sale of Olmsted Generation.

(2) Parties to this agreement will be Western and PacifiCorp.

(e) License Agreements

(1) One or more License Agreements will be developed to grant PacifiCorp authority to access, occupy, use, and maintain existing transmission, switching and related facilities located in the Olmsted Powerhouse building and substation, and use water under PacifiCorp's water rights in the Guard Quarters spring for irrigation of the Olmsted property.

(2) Parties to this agreement will be Reclamation, the Secretary, the District and PacifiCorp.

III. IMPLEMENTATION OF THE PROJECT

In addition to the agreements identified in Article II, implementation of the Project will require the following:

(a) Project Report

A Project Report will be produced by the District and submitted to the Secretary prior to construction, and upon its approval will be deemed an amendment to the 2004 DPR. This Project Report will detail the proposed Project and include: a Project plan and an implementation schedule, a water supply analysis, an economic and financial analysis, and a summary of environmental impacts.

(b) NEPA Compliance

An Environmental Assessment has been prepared by the District in compliance with NEPA and the requirements of Section VI of CUPCA and the 1993 Compliance Agreement. The EA has been published for public review and comment, and finalized, and a FONSI dated 16 January 2015, has been signed.

(c) NHPA Compliance

The District will conduct, together with appropriate federal and/or state agencies, an historical and cultural review of the Project site.

(d) Power Marketing

Western will market the Olmsted Generation in accordance with its marketing plan.

(e) Transfer Inspection Report

Once the Olmsted Settlement Agreement has run its course, the Secretary will be responsible for the construction and replacement of the Project Facilities. Pursuant to CUPCA and under provisions of the Funding Agreement with the Secretary, the District will perform all Work necessary for completion of the Project. Upon completion of the Project, a final inspection will be conducted by the Parties and the Project Facilities will be placed into OM&R status.

IV. RESPONSIBILITIES OF THE PARTIES

(a) The District. The responsibilities of the District shall be set forth in detail in the Funding Agreement, to include, but not be limited to the following:

(1) The District will be responsible for the engineering, design, and construction of the Project Facilities, and for OM&R after they are placed in OM&R status in accordance with CUPCA, the 1993 Compliance Agreement, the Cost Share Agreement, the 2004 DPR, and all other

contracts and agreements identified in Article I herein as to which the District is a party. The Project Facilities will be treated as a transferred work pursuant to the 1965 Repayment Contract; however, the District's Annual OM&R costs associated with the Project Facilities will be reimbursed in accordance with the terms of the 1965 Repayment Contract, this Agreement and the Funding Agreement.

(2) The District will fulfill any environmental requirements and/or commitments made in the EA and FONSI.

(3) Once the Project Facilities have been placed in OM&R status, the District will collect Power Interference revenues and remit them to the Secretary for deposit into the Basin Fund to replace lost generation revenues.

(b) The Secretary and Reclamation. The responsibilities of the Secretary and Reclamation shall be set forth in detail in the Funding Agreement, to include, but not be limited to the following:

(1) The Secretary and Reclamation will participate in the review of design, construction and replacement of the Project Facilities.

(2) The Secretary will prepare the contracts and agreements identified in Article II herein.

(3) The Secretary will secure funding from sources outlined in Article V.

(4) Once the Project Facilities have been placed in OM&R status, the Secretary will receive Power Interference funds collected by the District and deposit them into the Basin Fund through Reclamation to replace lost generation revenues.

(5) The Secretary will transmit a report to Western detailing the amount of Power Interference revenues collected by the District.

(c) Western. The responsibilities of Western shall include the following:

(1) Western will market the Olmsted Generation pursuant to its marketing plan, including contracting for the sale and transmission of the power, determining the price of the power, determining the entities eligible to purchase the power, and the region in which the power will be marketed.

(2) Western will be responsible for collecting power revenues and depositing the power revenues into the Basin Fund as attributable to the CUP.

(3) Western will coordinate with Reclamation to Annually distribute to the District the funds necessary for OM&R of the Project Facilities.

(4) Western will account for Power Interference revenues deposited in the Basin Fund, in accordance with its rate-making process.

V. FUNDING SOURCES

(a) The current identified Project costs are based on October 1, 2014 estimates, and if needed, will be indexed according to Reclamation's construction cost indices. The funds specified below will be held by Reclamation and transferred to the District per the terms and conditions of the Funding Agreement.

(b) The Parties intend to fund the Project using several potential funding sources, as follows:

(1) Olmsted Settlement Agreement Escrow Fund.

Section 6(b)(1) of the Olmsted Settlement Agreement addresses the establishment of an account funded from federal appropriations. These funds are considered a construction appropriation and have been allocated as a part of Jordanelle Dam and Reservoir and will be repaid

accordingly, because the principal reason for constructing and replacing the Olmsted Powerplant is to maintain and protect the water supply of Jordanelle Reservoir. Pursuant to the Funding Agreement and CUPCA, these funds will be transferred to the District.

(2) Power Interference Account Fund

Under provisions of the Olmsted Settlement Agreement, the District has collected funds during the term of the Olmsted Settlement Agreement from entities that have caused Power Interference. To date, the District has collected certain funds in an account controlled by the District that will be used for the Project. The District will transfer those available funds, including any additional funds collected, to the Secretary where they will be accounted for and administered as Contributed Funds. Pursuant to the Funding Agreement and CUPCA, these funds will be transferred by the Secretary to the District.

(3) CRSP MOA Fund

The Parties acknowledge that Funds made available to the Project through the CRSP MOA will be transferred out of the Basin Fund and held in a Reclamation account designated for CUP and approved for the Project. These funds will subsequently be transferred by the Secretary to the District pursuant to the terms of the Funding Agreement and CUPCA. The availability of such funds is subject to the terms and conditions of the CRSP MOA.

(4) CRSP Act, Section 5(c) Basin Fund

Miscellaneous revenues generated from the CUP have been collected and deposited in the Basin Fund as a credit for the CUP. These funds include, among others, lease payments from the Jordanelle hydropower facility, carriage fees, and license fees. The funds associated with the CUP are available for operation, maintenance and replacement of the CUP Facilities. The funds

made available for the Project will be transferred to the District pursuant to the terms of CUPCA. The Parties understand and agree that procedurally, these funds will be requested by Reclamation through its annual work plan process for use of Basin Fund revenues.

(5) Additional Federal Appropriations

Additional funds may become available through federal appropriations. If these funds are used for implementation of the Project they will be subject to the terms under which they were appropriated. Terms may include restrictions and/or repayment requirements. These funds will be transferred to the District pursuant to the terms of CUPCA.

(6) Contributed Funds

The District will provide non-federal funds under the provisions of the Contributed Funds Act to provide for implementation of the Project. In accordance with the construction work plan to be submitted by the District during Project construction (“Project Construction”), these funds will be paid in advance to the Secretary and initially held in the Olmsted Contributed Funds Account, a Reclamation account. They will be transferred by the Secretary to the District pursuant to the terms of the Funding Agreement and CUPCA as if they had been specifically appropriated for that purpose. Any unused Contributed Funds will be returned to the District without interest paid by the Secretary. Costs incurred up to the execution of this Agreement will be considered as part of the overall Project costs.

(c) Funding Table

The estimated amounts available for the Project under each of the funding sources described above are set forth in TABLE A, attached hereto and incorporated by reference. The Parties agree that the actual amount of funds available for the Project as set forth on Table A may change

subsequent to the execution hereof, and accordingly agree that Table A may be superseded and replaced with a substitute Table A to reflect the then current estimates, without the necessity of amending this Agreement.

VI. OPERATION, MAINTENANCE AND INSPECTION

(a) In conformance with the requirements of the 1965 Repayment Contract and the Funding Agreement, upon completion of the Project, as determined by the Secretary, and following written notification to the District, Annual OM&R obligations and related costs for all Project Facilities will be transferred by the Secretary to the District; except that in accordance with the 1965 Repayment Contract, Annual OM&R costs associated with the Project Facilities will be reimbursed to the District by the Secretary from power revenues and other miscellaneous revenues, including Power Interference fees generated by the Project Facilities which have been deposited into the Basin Fund, and other federal appropriations.

(b) The District will perform OM&R in conformance with design criteria, standard operating procedures, and in conformance with all manufacturers' and suppliers' instructions and specifications. OM&R of the Olmsted Powerplant will be in conformance with technical documents prescribed by Reclamation policy, and directives and standards as may be modified from time to time. OM&R will be conducted in full compliance with the terms and conditions contained in all relevant contracts and agreements between the United States and the District such that the transferred works remain in good and efficient operating condition.

(c) Reclamation will be responsible to satisfy compliance with Western Electricity Coordinating Council and North American Electricity Reliability Corporation standards. Any such compliance monitoring, testing and documentation will be accomplished by the District in

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connection with its OM&R obligations as directed by Reclamation according to its specified time frames.

(d) Reclamation will perform OM&R inspection of the Olmsted Facilities in accordance with its policy, directives and standards.

VII. OPERATION, MAINTENANCE AND REPLACEMENT COSTS

(a) In conformance with the requirements of the 1965 Repayment Contract and the Funding Agreement, upon completion of the Project, as determined by the Secretary, and following written notification to the District, Annual OM&R obligations and related costs for the Olmsted Facilities will be paid by revenues deposited into the Basin Fund, pursuant to the authority of Section 5(c), attributable to the CUP, including the following:

(1) OM&R costs of Project Facilities.

(2) OM&R costs for the Olmsted Facilities situated upstream of the Project Facilities will be shared by users of these upstream Olmsted Facilities pursuant to the 1965 Repayment Contract. The share of the OM&R costs for the Olmsted Facilities situated upstream of the Project Facilities will be based upon the proportion of the total volume of water diverted at the Olmsted Diversion which passes through the Olmsted Powerplant, calculated as follows:

$$\left(\frac{\text{Annual Volume of water used for Generation at the Olmsted Powerplant}}{\text{Annual Volume of water Diverted at Olmsted Diversion}} \right) \times \left(\text{Total Annual OMR cost of Olmsted Facilities upstream of Project Facilities} \right)$$

(3) Costs associated with preservation of the historic power house.

(b) The District will provide a forecast of anticipated OM&R costs to the Secretary for inclusion in Reclamation's annual work plan process as required for use of Basin Fund revenues.

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The District will annually invoice the Secretary when the actual OM&R costs are determined, and the Secretary shall reimburse the District, on an annual basis, as billed, for all OM&R costs incurred by the District, subject to the availability of CUP revenues in the Basin Fund and subsection (d) below.

(c) Subsequent to the completion of Project Construction, Power Interference revenues, sufficient to offset lost power revenues due to Power Interference, as calculated and collected Annually by the District, will be remitted to the Secretary. The Secretary will deposit these revenues through Reclamation into the Basin Fund, as attributable to the CUP.

(d) If CUP revenues in the Basin Fund are insufficient to provide for Annual OM&R of the Olmsted Facilities, the Secretary acknowledges the obligation to provide necessary funding, and, if not available through other means, agrees to utilize its best efforts to request additional federal appropriations to provide for any shortfall in funding. The Secretary's obligation to provide appropriations for the Project is contingent upon the Congress making an appropriation therefore.

VIII. TITLE TO FACILITIES AND REAL PROPERTY INTERESTS

Title to all Project Facilities, including real and personal property, easements, rights-of way, and other such property interests acquired in connection with the Project shall be acquired in the name of the United States. Acquisition shall be conducted in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies for Federally Assisted Programs Act of 1970 (42 U.S.C. 4601), as amended, as well as the Department of Justice Title Standards. Title shall remain vested in the United States unless otherwise provided by law. Nothing in this Agreement shall be interpreted to transfer title to any facility, feature, or property that is

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currently vested in the United States to the District, or any other Party.

IX. BOOKS, RECORDS, AND REPORTS

The Parties shall establish and maintain accounts and other books and records pertaining to administration of the terms and conditions of this Implementation Agreement, including financial transactions, water supply data, Project Facilities operations data, OM&R logs, and Project Facilities lands and right-of-way use, land ownership, land-leasing, License Agreements and water use data. Subject to applicable federal laws and regulations, each Party to this Implementation Agreement shall have the right during office hours to examine and make copies of the other Party's books and records relating to all matters covered by this Implementation Agreement.

X. NOTICES

Any notice to be sent pursuant to this Implementation Agreement shall be mailed by first class mail or sent by electronic transmission to the address noted below:

DEPARTMENT OF THE INTERIOR
Central Utah Project Completion Act Office
302 East 1860 South
Provo, UT 84606-7317

BUREAU OF RECLAMATION
Provo Area Office
302 East 1860 South
Provo, UT 84606-7317

Upper Colorado Region Office
Office of the Regional Director
125 South State Street, Room 8100, UC-100
Salt Lake City, Utah 84138

CENTRAL UTAH WATER CONSERVANCY DISTRICT
355 West University Parkway
Orem, UT 84058-7303

WESTERN AREA POWER ADMINISTRATION

{00712290-1 }

CRSP Management Center
150 Social Hall Avenue, Suite 300
Salt Lake City, UT 84111

XI. CONTINGENT UPON APPROPRIATIONS

The obligations of the United States and its agencies are contingent upon appropriation and reservation of funds being made therefore.

XII. OFFICIALS NOT TO BENEFIT

No member of or delegate to Congress, resident commissioner, or official of the District shall benefit from this Implementation Agreement other than as a water user or landowner in the same manner as other water users or landowners.

XIII. BINDING OF SUCCESSORS AND ASSIGNS

This Implementation Agreement shall be binding upon and inure to the benefits of the successors and assigns of the parties hereto.

XIV. PRIOR CONTRACTS

The agreements of the parties contained herein do not supersede, amend, or affect the rights or obligations under the 1965 Repayment Contract, as amended and supplemented, and the 2005 Repayment Contract, No 04-WC-40-120 between the United States and the District.

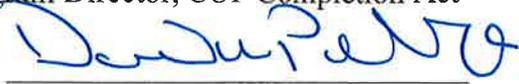
IN WITNESS WHEREOF, the Parties have executed this Implementation Agreement as of the day and year set forth above.

[SIGNATURES ON NEXT PAGE]

**CENTRAL UTAH WATER
CONSERVANCY DISTRICT**

By 
Gene Shawcroft, P.E.
General Manager

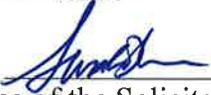
**UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR**

By 
Reed R Murray
Program Director, CUP Completion Act
By: 
Regional Director, Upper Colorado Region

ATTEST:

By: 
Assistant to the General Manager

APPROVED:

By: 
Office of the Solicitor, Intermountain Region

**WESTERN AREA POWER
ADMINISTRATION**

By 
Lynn C. Jeka
Senior Vice President
CRSP Manager

APPROVED:

By: _____

TABLE A
ESTIMATED FUNDING SOURCES
(July 2014, Subject to Change)

	Repaid by Power Revenues	OM&R	Construction	Total
Escrow Account	No		\$3,400,000	\$3,400,000
Approved CRSP MOA*	No	\$8,000,000		\$8,000,000
Basin Fund - 5(c)	Yes	\$5,300,000		\$5,300,000
Contributed Funds	No		\$1,400,000	\$1,400,000
Anticipated Future Funds**		\$10,593,000		\$10,593,000
District Expended Funds	No		\$1,000,000	\$1,000,000
Total		23,893,000	5,800,000	\$29,693,000

*Total amount subject to CRSP MOA process

** May include federal appropriations, additional CRSP MOA funds, or District contributed funds

Estimated Project Costs, July 2014	
Conveyance Costs	\$4,376,000
Powerplant Costs	\$20,125,000
Micro Powerplant Costs	\$1,328,000
Project Administration Costs	\$3,864,000
Total Project Costs	\$29,693,000

EXHIBIT A
DEPICTION OF OLMSTED FACILITIES

{00712290-1 }

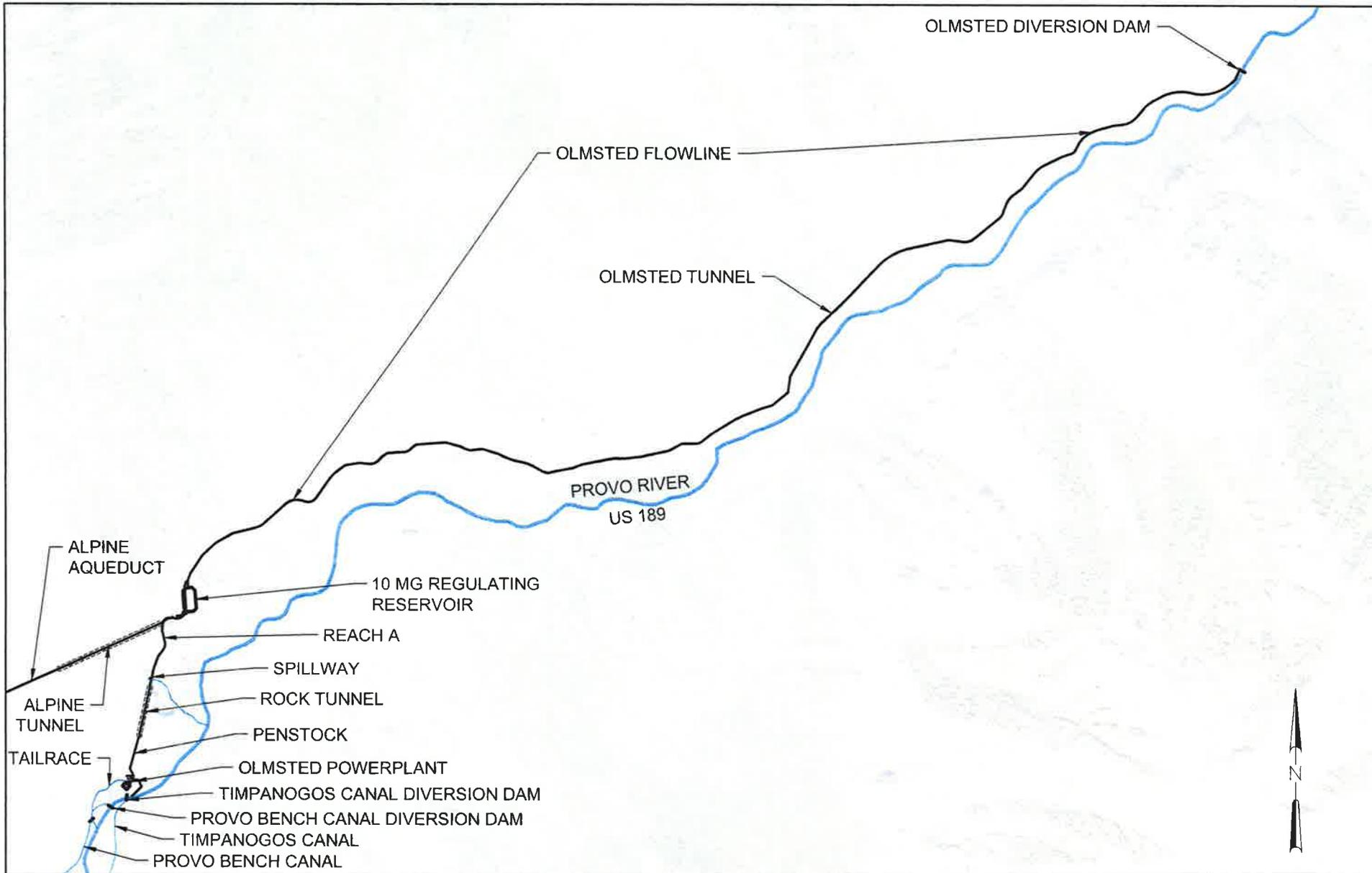


EXHIBIT A

CUP OLMSTED FACILITIES DELIVERY SYSTEM

VICINITY MAP



EXHIBIT B
DEPICTION OF PROJECT FACILITIES

{00712290-1 }

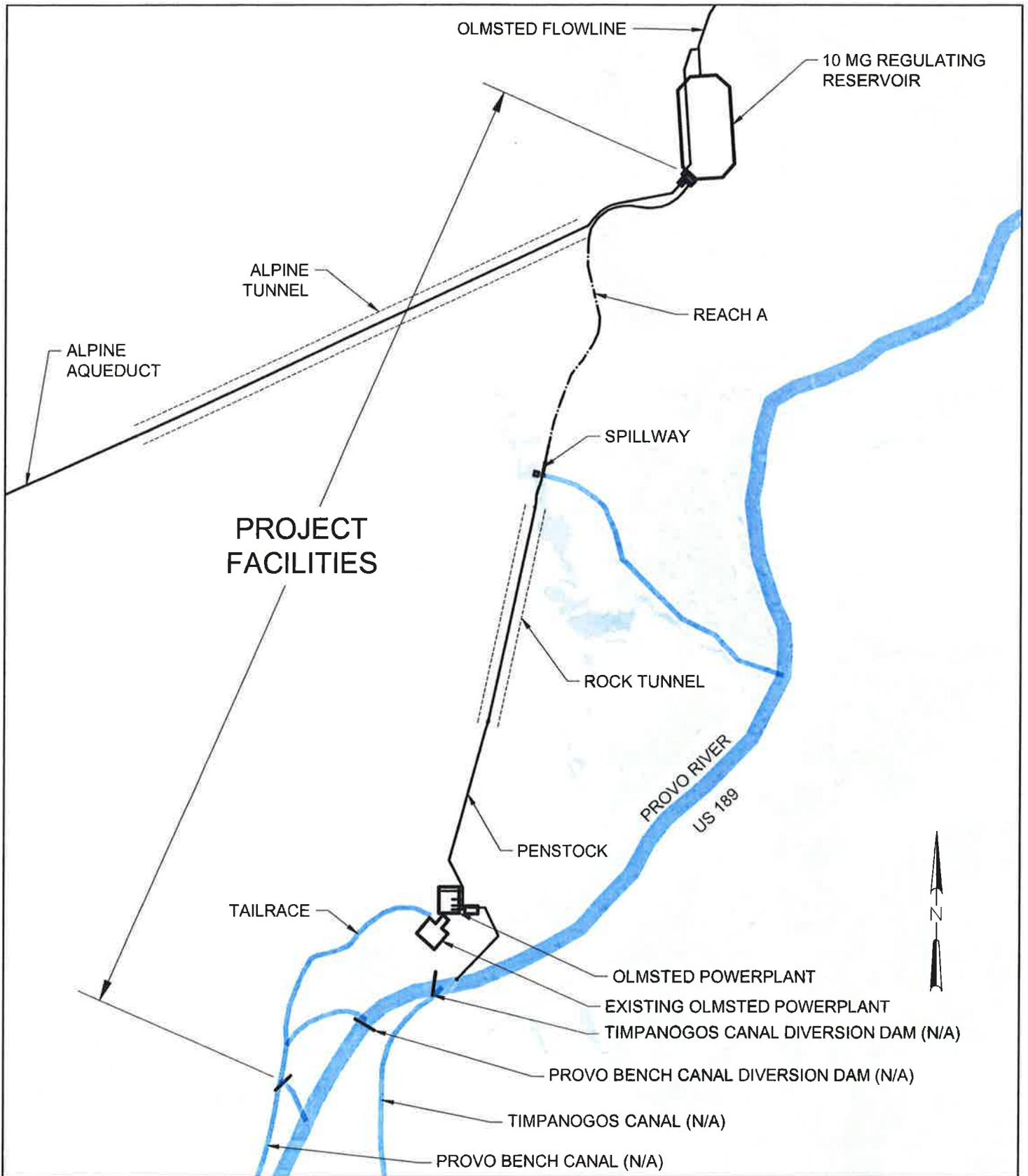


EXHIBIT B

**OLMSTED HYDROELECTRIC POWERPLANT
REPLACEMENT PROJECT FACILITIES**



CENTRAL UTAH WATER
CONSERVANCY DISTRICT