

SERVICE AGREEMENT FOR NETWORK INTEGRATION

TRANSMISSION SERVICE

RETAIL ACCESS TRANSMISSION SERVICE

BETWEEN

NEVADA POWER COMPANY

AND

**PUBLIC SERVICE COMPANY of NEW MEXICO
(Scheduling Coordinator/Network Customer)**

AND

**COLORADO RIVER COMMISSION of NEVADA
(Aggregator for End Use Customer)**

AND

**SOUTHERN NEVADA WATER AUTHORITY
(End Use Customer)**

DATED: February 1, 2005

Issued By: Carolyn J. Barbash
Transmission Executive

Effective: February 1, 2005

Issued On: _____

**Service Agreement For Network Integration Transmission Service
Retail Access Transmission Service**

- 1.0 This Service Agreement, dated as of 10/21/04, is entered into, by and between Nevada Power Company ("Transmission Provider"), Public Service Company of New Mexico ("PNM", "Scheduling Coordinator" or "Network Customer"), Colorado River Commission of Nevada ("CRC" or "Aggregator for the End-Use Customer"), and Southern Nevada Water Authority ("SNWA" or "End-Use Customer") for SNWA's full Network Load (plus losses). Network Integration Transmission Service has been applied for on behalf of SNWA, the End-Use Customer. SNWA is an Eligible Customer as defined by Section 1.14 of the Tariff, pursuant to a Retail Open Access Program under which the Transmission Provider is required to offer unbundled retail transmission service.
- 2.0 The Transmission Provider has determined that a Completed Application for Network Integration Transmission Service under the Transmission Provider's Open Access Transmission Tariff ("Tariff") has been submitted on SNWA's behalf.
- 3.0 The Scheduling Coordinator is taking service under Sections III and IV of the Tariff, Retail Access Transmission Service, as an agent for the Aggregator for the End-Use Customer for the benefit of the End-Use Customer. A security deposit has been made on SNWA's behalf. A letter of credit has been posted by PNM on SNWA's behalf for SNWA's total load in the amount of \$266,000 which is subject to modification pursuant to Section 36.6.
- 4.0 Service under this agreement shall commence on the later of (1) Requested Service Date as indicated in the Specification for Network Integration Transmission Service, Section 2, or (2) the date on which construction of any Direct Assignment Facilities are completed, or (3) Network Upgrades are completed, (or in the alternative, a Temporary Release of Capacity, as set forth in the Specifications for Network Integration Transmission Service, if applicable), or (4) such other date as it is permitted to become

effective by the Commission or (5) the date the End-Use Customer has satisfied all applicable state regulatory requirements associated with Nevada's Retail Open Access Program.

A Network Customer having point(s) of interconnection on Transmission Provider's Transmission System shall be required to have a Network Operating Agreement in place prior to commencement of transmission service hereunder. Service under this agreement shall terminate on January 31, 2015.

- 5.0 The Transmission Provider agrees to provide and the Transmission Network Customer agrees to take and pay for Network Integration Transmission Service in accordance with the provisions of Part III and Part IV of the Tariff, this Service Agreement, and the Network Operating Agreement as they may be amended from time to time.
- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Nevada Power Company
Attention: Director, Transmission Operations
P.O. Box 98910 M/S 57
Las Vegas, NV 89151

Network Customer/Scheduling Coordinator:

Public Service Company of New Mexico
Attention: Scott Webster
Alvarado Square MS-Z180
Albuquerque, New Mexico 87158

Aggregator for End-Use Customer:

Colorado River Commission of Nevada
Attention: Gail Bates
555 E. Washington Street, Suite 3100
Las Vegas, NV 89101-1048

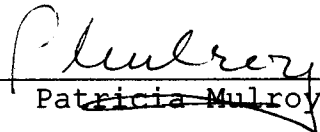
End-Use Customer:

Southern Nevada Water Authority
Attention: Scott Krantz
1900 E. Flamingo Rd., Mail Stop 115
Las Vegas, NV 89119


7.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.


End-Use Customer - SNWA:

By:  General Manager 10-20-04
Patricia Mulroy Date


Aggregator for End Use Customer - CRC:

By:  Executive Director 10/12/04
George M. Caan Title Date


Network Customer/Scheduling Coordinator - PNM:

By:  Vice President 10/6/04
Name Title Date

Transmission Provider:

By:  Transmission Executive 11/1/04
Carolyn Barbash Title Date

Also for the Transmission Provider:

By:  Chairman/President/CEO 11/2/04
Walter Higgins Title Date

SPECIFICATIONS FOR NETWORK INTEGRATION TRANSMISSION SERVICE

- 1.0 This Service Agreement, dated as of 10/21/04, is entered into, by and between Nevada Power Company ("Transmission Provider"), Public Service Company of New Mexico ("PNM", "Scheduling Coordinator" or "Network Customer"), Colorado River Commission of Nevada ("CRC" or "Aggregator for the End-Use Customer"), and Southern Nevada Water Authority ("SNWA" or "End-Use Customer") for SNWA's full Network Load (plus losses). Network Integration Transmission Service has been applied for on behalf of SNWA, the End-Use Customer. SNWA is an Eligible Customer as defined by Section 1.14 of the Tariff, pursuant to a Retail Open Access Program under which the Transmission Provider is required to offer unbundled retail transmission service.
- 2.0 Term of Network Service:
Requested Start Date: February 1, 2005

Termination Date: January 31, 2015
- 3.0 Description of capacity and/or energy to be transmitted by Transmission Provider across the Transmission Provider's Transmission System (including electric control area in which the transaction originates):
- (a) The Transmission Customer shall have the right to schedule deliveries of its Network Resources on a firm basis (subject to system reliability and operating nomograms as posted on OASIS) during all time periods through the Mead 230 kV Point of Receipt for SNWA's full Network Load requirements (plus losses).
 - (b) Such rights will become effective on the date that the Transmission Customer commences taking service under this Agreement and will continue in effect until terminated pursuant to Section 2 of the Specification of the Agreement, or until unbundled retail access distribution service is terminated pursuant to the Transmission Provider's state-jurisdictional retail tariffs, or until a Regional Transmission Organization ("RTO") in which the Transmission Provider is a participant is operational, whichever event occurs first.

If the Transmission Provider participates in an RTO which is not operational or is operational but does not have a congestion management system, then the rights granted by the Transmission Provider will continue until such time as the RTO has a congestion management system. On the congestion management system date the import rights granted by the Transmission Provider to the End-Use Customer shall not revert back to the Native Load energy provider unless the End-Use Customer elects to take its energy service from the Native Load energy provider. Instead, if the Transmission Provider participates in a RTO, such rights shall be converted into rights under the RTO's congestion management system and assigned to the End-Use Customer to the same extent the rights of other pre-existing Network Customers under this Tariff are assigned by the RTO.

- (c) End-Use Customer Rights: The import rights to the Uncongested Grid released under this Agreement are granted to the End-Use Customer upon whose behalf the Scheduling Coordinator is obtaining transmission service and will remain with the End-Use Customer. If the End-Use Customer chooses a new Scheduling Coordinator, the transmission rights will be transferred to the new Scheduling Coordinator on behalf of the End-Use Customer. If the End-Use Customer elects to return to bundled retail electric service, the rights granted by the Transmission Provider will revert back to the Native Load.

4.0 Network Resources

- (1) Transmission Customer Generation Owned:

Source	Total Capacity (MW)	Capacity Designation as Network Resource
None at this time		

(2) Transmission Customer Generation Purchased:

Source	Total Capacity (MW)	Capacity Designation as Network Resource
PPL Energy Plus, LLC	25 MW	15 MW
Sempra	25 MW	15 MW
PNM	Various (Load Following)	Various (Load Following)
		Total 30 MW

(3) End Use Customer's Generation Internal to the Control Area but external to the Uncongested Grid per Section 38A of the OATT.

Source	Total Capacity (MW)	Capacity Designation as Network Resource
None at this time	0 MW	0 MW

(4) Total Network Resources: (1)+(2)+(3)

5.0 Transmission Load:

(1) End-Use Customer's Network Load: End-Use Customer's Network Load measured at the Point(s) of Delivery listed below is its full load requirement as it changes from time to time, including load growth. End-Use Customer's most recent coincident peak load measured at Point(s) of Delivery is 30 MW.

Point(s) of Delivery	Delivery Voltage Level	MW or % of Load
Please see Attachment 1	Various	100%

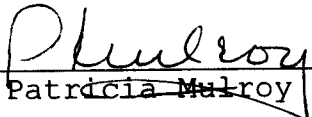
Total Network Load (Without Losses) = 30 MW

- 6.0 Designation of party subject to reciprocal service obligation: The Scheduling Coordinator, Aggregator, End Use Customer or any affiliates of these parties.
- 7.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)
- (1) Monthly Demand Charge - Zone B per Attachment H of the Tariff.
 - (2) Facilities Study Charge: All study work has been completed for this Transmission Customer's request.
 - (3) Direct Assignment Facilities Charge: Including but not limited to, real time metering and communications costs and other costs yet to be determined, if any.
 - (4) Ancillary Services: Ancillary Services (other than Scheduling, System Control and Dispatch Service and Reactive Supply and Voltage Control Service) may be self-provided as provided in the Tariff.
 - (a) Scheduling System, Control and Dispatch Service: Zone B per Schedule 1 of the Tariff.
 - (b) Reactive Supply and Voltage Control from Generation Service: Zone B per Schedule 2 of the Tariff.
 - (c) Regulation and Frequency Response Service: Transmission Customer will purchase this ancillary service from the Transmission Provider for Zone B per Schedule 3 of the Tariff. Transmission Customer has the right to change its election by providing written notice to the Transmission Provider per the terms and conditions of the Tariff.
 - (d) Energy Imbalance Service: Zone B per Schedule 4 of the Tariff.

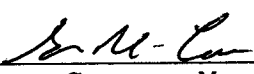
- (e) Operating Reserve - Spinning Reserve Service: Transmission Customer will purchase this ancillary service from the Transmission Provider for Zone B per Schedule 5 of the Tariff. Transmission Customer has the right to change its election by providing written notice to the Transmission Provider per the terms and conditions of the Tariff. For Network Resource(s) that are unit contingent or interruptible imports, the Transmission Customer will be charged 100% reserve requirement for that resource(s).
- (f) Operating Reserve - Supplemental Reserve Service: Transmission Customer will purchase this ancillary service from the Transmission Provider for Zone B per Schedule 6 of the Tariff. Transmission Customer has the right to change its election by providing written notice to the Transmission Provider per the terms and conditions of the Tariff. For Network Resource(s) that are unit contingent or interruptible imports, the Transmission Customer will be charged 100% reserve requirement for that resource(s).
- (g) Loss Compensation Service: The Scheduling Coordinator will self provide the loss compensation service by scheduling, in addition to its load, transmission losses in the amount indicated in the Tariff Zone B per Schedule 10 of the Tariff and for distribution losses in the amount indicated Section 4.h below.
- (h) Distribution Loss Factor: Zone B per Attachment K of the Tariff for the appropriate Point of Delivery voltage. The Distribution Loss Factor will be applied to metered loads to account for Real Power Loss on distribution facilities used to provide Transmission Service.
- (5) Redispatch Charges: Pursuant to the Tariff.

(6) Power Factor Requirements: This will be billed for under the applicable Distribution Only Service Tariff for each Point of Delivery and is not included herein.


End-Use Customer - SNWA:

By:  General Manager 10-20-04
Patricia Mulroy Title Date


Aggregator for End Use Customer - CRC:

By:  Executive Director 10/16/04
George M. Caan Title Date

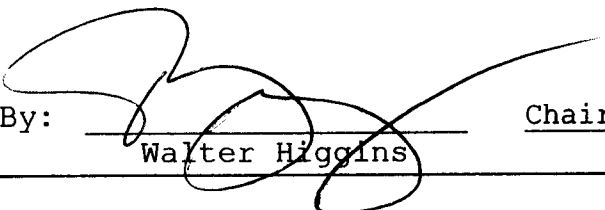
Network Customer/Scheduling Coordinator - PNM:

By:  Vice President 10/6/04
Name Title Date

Transmission Provider - Nevada Power Company:

By:  Transmission Executive 11/1/04
Carolyn Barbash Title Date

Also for the Transmission Provider:

By:  Chairman/President/CEO 11/2/04
Walter Higgins Title Date

**Attachment 1 to Transmission Service Agreement
Account Detail For
Southern Nevada Water Authority (End-Use Customers) and
Public Service Company of New Mexico (Scheduling Coordinator/Network Customer)**

Facility Name	Facility Address	Premise Number
Pumping Plant #4	1 SIR PHILLIP ST	1651279
Pumping Plant #5	900 JUDI LN	1651281
Simmons Plant A	2420 SIMMONS ST.	1647254
Simmons Plant B	2420 SIMMONS ST.	1647247
Pumping Plant #6	6690 E. BONANZA	1651275
Pumping Plant #3	830 MAJOR AVE. #1	1651283
Hacienda	4100 E. HACIENDA	1651284
Twin Lakes Pumping Plant	1800 N. SIMMONS	1231052
Lamb Pumping Station #1	4285 ELKHORN	1768922
Lamb Pumping Station #2	4285 ELKHORN	1769011
Sloan Pumping Station #1	590 N. SLOAN LN.	1782727
Sloan Pumping Station #2	590 SLOAN LN.	1782730
Decatur PP1A	8390 N. DECATUR RD.	1979234