



**Nevada Power Company and Sierra Pacific Power Company
(d/b/a NV Energy)
Standards of Conduct Implementation Procedures
November 26, 2008**

BACKGROUND

Sierra Pacific Power Company and Nevada Power Company, hereinafter referred to as “NV Energy”, are wholly-owned public utility subsidiaries of the holding company, NV Energy, Inc. NV Energy provides electric service to customers throughout Nevada and northeastern California. Sierra Pacific Power Company also provides natural gas service in the Reno-Sparks area. NV Energy, Inc. has no other public utility affiliates.

APPLICABILITY

Federal Energy Regulatory Commission (“FERC” or “Commission”) Order No. 717,¹ Standards of Conduct (“SOC”) for Transmission Providers, applies to any public utility that owns, operates, or controls facilities used for the transmission of electric energy in interstate commerce and conducts transmission transactions with an affiliate that engages in marketing functions. NV Energy is subject to the requirements of this Order. The SOC shall apply to all Employees and affiliates of NV Energy.

STATEMENT OF POLICY

NV Energy’s transmission function employees shall function independently from its marketing function employees, except as otherwise permitted by Commission rules, policy or order.

NV Energy shall treat all transmission customers, affiliated and non-affiliated, on a not unduly discriminatory basis, and shall not make or grant any undue preference or advantage to any person or subject any person to any undue prejudice or disadvantage with respect to any transmission of electric energy in interstate commerce, or with respect to the wholesale sale of electric energy in interstate commerce.

No Conduit Rule – NV Energy and its employees, contractors, consultants and agents are prohibited from disclosing, or using a conduit to disclose, non-public transmission function information to NV Energy’s marketing function employees.

¹ *Standards of Conduct for Transmission Providers*, 125 FERC ¶ 61,064 (2008).

NV Energy shall provide equal access to non-public transmission function information to all its transmission function customers, affiliated and non-affiliated, except in the case of confidential customer information or Critical Energy Infrastructure Information (CEII).

In accordance with this policy, NV Energy's employees shall comply with the following procedures.

DEFINITIONS

(a) Affiliate of NV Energy means:

(1) Another person that controls, is controlled by or is under common control with NV Energy. An affiliate includes a division of NV Energy that operates as a functional unit.

(2) For any exempt wholesale generator (as defined under 18 CFR § 366.1), affiliate shall have the meaning set forth in such § 366.1, or any successor provision.

(3) "Control" as used in this definition means the direct or indirect authority, whether acting alone or in conjunction with others, to direct or cause to direct the management policies of an entity. A voting interest of 10 percent or more creates a rebuttable presumption of control.

(b) Internet website refers to the Internet location where NV Energy posts the information, by electronic means, required under Order No. 717.

(c) Marketing functions means:

(1) in the case of NV Energy, the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, of electric energy or capacity, demand response, virtual transactions, or financial or physical transmission rights, all as subject to an exclusion for bundled retail sales, including sales of electric energy made by providers of last resort (POLRs) acting in their POLR capacity; and

(d) Marketing function employee means an employee, contractor, consultant or agent of NV Energy or of an affiliate of NV Energy who actively and personally engages on a day-to-day basis in marketing functions.

(e) Open Access Same Time Information System or OASIS refers to the Internet location where NV Energy posts the information required by part 37 of Chapter 18 of the Code of Federal Regulations, and where it may also post the information required to be posted on its Internet website by 18 CFR Part 358.

(f) Transmission means electric transmission, network or point-to-point service, ancillary services or other methods of electric transmission, or the interconnection with jurisdictional transmission facilities, under part 35 of Chapter 18 of the Code of Federal Regulations.

(g) Transmission customer means any eligible customer, or designated agent that can or does execute a transmission service agreement or can or does receive transmission

service, including all persons who have pending requests for transmission service or for information regarding transmission.

(h) Transmission functions means the planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests.

(i) Transmission function employee means an employee, contractor, consultant or agent of NV Energy who actively and personally engages on a day-to-day basis in transmission functions.

(j) Transmission function information means information relating to transmission functions.

(k) Transmission provider means: Any public utility that owns, operates or controls facilities used for the transmission of electric energy in interstate commerce. (l) Transmission service means the provision of any transmission as defined in 18 CFR § 358.3(f).

(l) Waiver means the determination by NV Energy, if authorized by its tariff, to waive any provisions of its tariff for a given entity.

NON-DISCRIMINATION REQUIREMENTS

NV Energy shall strictly enforce all tariff provisions relating to the sale or purchase of open access transmission service, if the tariff provisions do not permit the use of discretion.

NV Energy shall apply all tariff provisions relating to the sale or purchase of open access transmission service in a fair and impartial manner that treats all transmission customers in a not unduly discriminatory manner, if the tariff provisions permit the use of discretion.

NV Energy shall not, through its tariffs or otherwise, give undue preference to any person in matters relating to the sale or purchase of transmission service (including, but not limited to, issues of price, curtailments, scheduling, priority, ancillary services, or balancing).

NV Energy shall process all similar requests for transmission in the same manner and within the same period of time.

INDEPENDENT FUNCTIONING

a) General rule. Except as permitted by 18 CFR Part 358 or otherwise permitted by Commission order, NV Energy's transmission function employees shall function independently of its marketing function employees.

b) Separation of functions.

(1) NV Energy's marketing function employees are prohibited from:

- a. Conducting transmission functions; or
- b. Having access to the system control center or similar facilities used for transmission operations that differs in any way from the access available to other transmission customers.

Access to NV Energy's system control centers is controlled and monitored with an automated access control system. Transmission function employees are required to present identification badges for entry. Other employees and visitors to the control center are required to log their visit.

- (2) NV Energy's transmission function employees are prohibited from conducting marketing functions.
- (3) NV Energy's transmission function is physically located in Reno, Nevada, while its marketing function is located in Las Vegas, Nevada, approximately 450 miles apart. In addition, similar to the system control center, access to the marketing function area also is controlled through an automated access control system.

NV Energy shall implement the following measures with regard to independent functioning:

1. NV Energy's transmission function employees shall direct all transmission customers, including NV Energy's marketing function employees, to the OASIS for information about NV Energy's transmission system that is not otherwise available to the general public without restriction.
2. NV Energy's transmission function uses an independent scheduling system and data warehouse for processing and storing information about individual interchange and transmission transactions. These systems are not and shall not become accessible to any transmission customers (including NV Energy's marketing function employees).
3. NV Energy's transmission function employees share a common Local Area Network (LAN) with its marketing function employees. Each employee is assigned a network user identification and restrictions are in place to control access to a network users group.
4. Established approval procedures are followed to allow access to any user group. User groups shall be restricted by job functions. All directories and files containing transmission information shall be inaccessible to marketing function employees through the use of security measures administered through the Corporate Data Security functions within the Information Technology Department.
5. All NV Energy employees shall be required to comply with the Corporate Computer Security policy prohibiting the disclosure of user passwords and the use of another employee's access privileges.
6. NV Energy's transmission function employees may share with its marketing function employees generation information necessary to perform generation dispatch that does not include specific information about individual third party

transmission transactions or potential transmission arrangements.

7. NV Energy's transmission function employees and marketing function employees share information on Area Control Error (ACE), system and area load, operating status of NV Energy's own generation facilities and control area net interchange.
8. NV Energy's transmission function employees shall not share with its marketing function employees generation information on Independent Power Producers (IPPs) within NV Energy's control areas or information on the transmission arrangements or individual transmission transactions of third party Transmission Customers.

NO CONDUIT RULE

NV Energy and its employees are prohibited from using anyone as a conduit for the disclosure of non-public transmission function information to its marketing function employees.

An employee, contractor, consultant or agent of NV Energy, and an employee, contractor, consultant or agent of an affiliate of NV Energy that is engaged in marketing functions, is prohibited from disclosing non-public transmission function information to any of NV Energy's marketing function employees.

Examples of transmission function information that, where non-public, must be protected from disclosure are: available transmission capability; price; curtailments; granting and denying of service requests; information regarding the actual physical flows of power; information regarding the balancing of load with energy or capacity; information regarding the isolation of portions of the system to prevent cascades; information regarding the imposition of transmission loading relief, and the like. Transmission customer information is a subset of transmission function information, as it is submitted in connection with a request for transmission service.

TRANSPARENCY RULE

(a) Contemporaneous disclosure.

(1) If NV Energy discloses non-public transmission function information, as defined in Order No. 717, in a manner contrary to the requirements of the No Conduit Rule, NV Energy shall immediately post the information that was disclosed on its Internet website.

(2) If NV Energy discloses, in a manner contrary to the requirements of the No Conduit Rule, non-public transmission customer information, critical energy infrastructure information (CEII), or any other information that the Commission by law has determined is to be subject to limited dissemination, NV Energy shall immediately post notice on its website that the information was disclosed.

(b) Exclusion for specific transaction information. An NV Energy transmission function employee may discuss with its marketing function employee a specific request for transmission service submitted by the marketing function employee. NV Energy is not required to contemporaneously disclose information otherwise covered by the No Conduit Rule if the information relates solely to a marketing function employee's specific request for transmission service.

(c) Voluntary consent provision. A transmission customer may voluntarily consent, in writing, to allow NV Energy to disclose the transmission customer's non-public information to NV Energy's marketing function employees. If the transmission customer authorizes NV Energy to disclose its information to marketing function employees, NV Energy shall post notice on its Internet website of that consent along with a statement that it did not provide any preferences, either operational or rate-related, in exchange for that voluntary consent.

(d) Posting written procedures on the public Internet. NV Energy shall post on its Internet website current written procedures implementing the standards of conduct.

(e) Identification of affiliate information on the public Internet.

(1) NV Energy shall post on its Internet website the names and addresses of all its affiliates that employ or retain marketing function employees.

(2) NV Energy shall post on its Internet website a complete list of the employee-staffed facilities shared by any of NV Energy's transmission function employees and marketing function employees. The list shall include the types of facilities shared and the addresses of the facilities.

(3) NV Energy shall post information concerning potential merger partners as affiliates that may employ or retain marketing function employees, within seven days after the potential merger is announced.

(f) Identification of employee information on the public Internet.

(1) NV Energy shall post on its Internet website the job titles and job descriptions of its transmission function employees.

(2) NV Energy shall post a notice on its Internet website of any transfer of a transmission function employee to a position as a marketing function employee, or any transfer of a marketing function employee to a position as a transmission function employee. The information posted under this section shall remain on its Internet website for 90 days. No such job transfer may be used as a means to circumvent any provision of 18 CFR Part 358. The information to be posted shall include:

(i) The name of the transferring employee,

(ii) The respective titles held while performing each function (i.e., as a transmission function employee and as a marketing function employee), and

(iii) The effective date of the transfer.

(g) Timing and general requirements of postings on the public Internet.

(1) NV Energy shall update on its Internet website the information required in this section within seven business days of any change, and post the date on which the information was updated. NV Energy may also post the information required to be posted in this section on its OASIS, but is not required to do so.

(2) In the event an emergency, such as an earthquake, flood, fire or hurricane, severely disrupts NV Energy's normal business operations, the posting requirements in this part may be suspended by NV Energy. If the disruption lasts longer than one month, NV Energy shall so notify the Commission and may seek a further exemption from the posting requirements.

(3) All Internet website postings required by this part must be sufficiently prominent as to be readily accessible.

(h) Exclusion for and recordation of certain information exchanges.

(1) Notwithstanding the requirements discussed in this section, NV Energy's transmission function employees and marketing function employees may exchange certain non-public transmission function information, as delineated in Order No. 717, in which case NV Energy shall make and retain a contemporaneous record of all such exchanges except in emergency circumstances, in which case a record must be made of the exchange as soon as practicable after the fact. NV Energy shall make the record available to the Commission upon request. The record may consist of hand-written or typed notes, electronic records such as e-mails and text messages, recorded telephone exchanges, and the like, and must be retained for a period of five years.

(2) The non-public information subject to the exclusion is as follows:

- (i) Information pertaining to compliance with Reliability Standards approved by the Commission, and
- (ii) Information necessary to maintain or restore operation of the transmission system or generating units, or that may affect the dispatch of generating units.

(i) Posting of waivers. NV Energy shall post on its Internet website notice of each waiver of a tariff provision that it grants in favor of an affiliate, unless such waiver has been approved by the Commission. The posting must be made within one business day of the act of a waiver. NV Energy shall also maintain a log of the acts of waiver, and must make it available to the Commission upon request. The records must be kept for a period of five years from the date of each act of waiver.

COMPLIANCE MEASURES AND WRITTEN PROCEDURES

a) Effective Date. These procedures will take effect on November 26, 2008.

b) Compliance measures and written procedures

1. These procedures describing implementation of the SOC are posted on NV Energy's Internet website.
2. NV Energy distributed these procedures to transmission function employees,

marketing function employees, officers, directors, supervisory employees, and any other employees likely to become privy to transmission function information via an e-mail notification and web link.

c) Training

1. NV Energy requires its transmission function employees, marketing function employees, officers, directors, supervisory employees, and any other employees likely to become privy to transmission function information to complete training and verification of completion is available to the FERC Compliance Officer.
2. NV Energy utilizes a Computer Based Training module on the SOC requirements that includes a certification form that is only accessible to employees upon completion of the training.
3. NV Energy requires all new or transferring employees engaged in the transmission function and marketing function to complete training on the SOC requirements and submit a certification form within one month of the effective date of their hire or transfer date.
4. NV Energy's employees, as identified above, are required to complete refresher training annually.

d) Compliance personnel

NV Energy has designated the following individual as its FERC Compliance Officer:

Title: Director, FERC Compliance

Name: Brian Pauling

Phone: (702) 402-5797

Address: 6226 W. Sahara

Las Vegas, Nevada

E-mail: bpauling@nvenergy.com

The above individual shall be responsible to ensure that NV Energy and its affiliates comply with the SOC, including employee training, answering employee questions, coordinating audits and investigations with FERC staff, and other duties necessary. The Director, FERC Compliance reports to the Corporate Senior Vice President, General Counsel and Corporate Secretary who also is NV Energy's Chief Compliance Officer.

e) Books and Records

Sierra Pacific Power Company and Nevada Power Company have no marketing functions other than their internal marketing function and these internal marketing functions do not maintain separate books and records from the other functions of the respective companies. NV Energy books and records shall be available for FERC inspection.