

October 1, 2014

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

**Re: Nevada Power Company and Sierra Pacific Power Company
Docket No. ER15-____-000
Renewal of Interim Joint Dispatch Agreement**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act (“FPA”)¹ and Part 35 of the Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) regulations,² Nevada Power Company d/b/a/ NV Energy (“Nevada Power”) and Sierra Pacific Power Company d/b/a/ NV Energy (“Sierra Pacific”) (collectively the “Operating Companies”) respectfully submit an amendment to the Interim Joint Dispatch Agreement (the “IJDA”)³ on file with the Commission.

The IJDA was originally filed by the Operating Companies in Docket No. ER14-146⁴ and accepted by the Commission on December 19, 2013 to be effective January 1, 2014.⁵ The IJDA allows the Operating Companies to engage in the coordinated dispatch of generation resources now that their respective transmission systems operate on a directly-interconnected

¹ 16 U.S.C. § 824d (2012).

² 18 C.F.R. Part 35 (2014).

³ *Nevada Power Co. and Sierra Pac. Power Co.*, Docket No. ER14-146-000, Interim Joint Dispatch Agreement (October 21, 2013).

⁴ The IJDA is currently designated as Rate Schedule No. 139 for Nevada Power, and the associated concurrence of Sierra Pacific is currently designated as Rate Schedule No. 63. In its October 21, 2013 transmittal letter, the Operating Companies identified Nevada Power as the designated filer and submitting the requisite certificates of concurrence along with the IJDA, in accordance with Order No. 714. *Electronic Tariff Filings*, 124 FERC ¶ 61,270 at P 63 (2008) (“Order No. 714”) (“We will no longer require utilities to...file multiple copies of a tariff. Instead, the joint filers will be permitted to designate one filer to submit a single tariff filing for inclusion in its database that reflects the joint tariff, along with the requisite certificates of concurrence. The non-designated joint filers would include in their tariff database a tariff section consisting of a single page or section that would provide the appropriate name of the tariff and the identity of the utility designated as the filer for the joint tariff.”).

⁵ *Nevada Power Co.*, 145 FERC ¶ 61,238 (2013) (“December 19, 2013 Order”).

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basis. Under its current terms, the IJDA would expire at the end of calendar year 2014. The enclosed amendment modifies the IJDA to permit it to be effective for an additional term of one year, unless terminated earlier.

The Operating Companies respectfully request the Commission accept the enclosed amendment effective December 1, 2014. The IJDA currently on file would otherwise remain in effect through the end of calendar year 2014. However, the Operating Companies request a December 1, 2014 effective date for the enclosed amendment to the IJDA to ensure that they have received requisite regulatory certainty for their plans to jointly dispatch their units into 2015.

I. Background

A. Nevada Power and Sierra Pacific

Nevada Power, incorporated pursuant to the laws of the state of Nevada, is a public utility that serves retail and wholesale customers in Southern Nevada, and is subject to regulation by the Commission and the Public Utilities Commission of Nevada (“PUCN”). Nevada Power does business as NV Energy. Nevada Power is wholly owned by NV Energy, a public utility holding company, which also wholly owns Sierra Pacific Power Company, a public utility that serves retail and wholesale customers in Northern Nevada. Nevada Power’s retail service territory covers approximately 4,500 square miles in Southern Nevada, and includes the cities of Las Vegas, North Las Vegas, and Henderson. Nevada Power serves approximately 859,000 retail residential, commercial, and industrial customers. Nevada Power also serves various wholesale customers pursuant to agreements on file with the Commission or in accordance with Nevada Power’s market-based rate authority.⁶

Sierra Pacific, incorporated pursuant to the laws of the state of Nevada, is a public utility that serves retail and wholesale customers in Nevada, and is subject to regulation by the Commission and the PUCN. Sierra Pacific is also wholly owned by NV Energy, Inc. Sierra Pacific’s retail service territory covers approximately 50,000 square miles of western, central and northeastern Nevada, and includes the cities of Reno, Sparks, Carson City, and Elko. Sierra Pacific serves about 367,000 retail residential, commercial, and industrial customers. Sierra Pacific also serves various wholesale customers pursuant to agreements on file with the Commission or in accordance with Sierra Pacific’s market-based rate authority.⁷ Additionally, Sierra Pacific provides natural gas service to 151,000 customers in an 800 square mile service territory in Nevada’s Reno/Sparks area.

⁶ The Commission first accepted Nevada Power’s market-based rate tariff on May 11, 2001, in Docket No. ER01-1529.

⁷ The Commission first accepted Sierra Pacific’s market-based rate tariff on May 11, 2001, in Docket No. ER01-1527.

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The Operating Companies collectively own approximately 4,000 miles of transmission lines and other transmission facilities ranging from 55 kV to 500 kV.

In 2009, the Operating Companies, along with Great Basin Transmission, LLC (“Great Basin”), entered into discussions to jointly develop the One Nevada Transmission Line (“ON Line”), a 234-mile, 500 kV transmission project that would for the first time directly interconnect the transmission systems of the Operating Companies.⁸ As a result of these negotiations, the Operating Companies entered into and filed the ON Line Transmission Use and Capacity Exchange Agreement (“TUA”), which provided for the development, ownership, and usage arrangements with respect to the ON Line between the Operating Companies.⁹ The Commission, in accepting the TUA, found that ON Line would “facilitate costs savings as the result of joint dispatch of generation resources by combining two separate balancing authority areas.”¹⁰ As a result of the completion of ON Line, the Operating Companies recently consolidated the two previous Balancing Authority Areas (“BAA”)¹¹ into a single BAA. ON Line was placed into service on January 1, 2014.

B. The IJDA

The IJDA establishes the rights and obligations of the Operating Companies with respect to the coordinated dispatch of generation resources in order to: 1) most economically serve the native load customers of both Nevada Power and Sierra Pacific; and 2) equitably share the resulting cost savings between the Operating Companies.¹²

At the time that ON Line was being developed, it was envisioned that the Operating Companies would merge into a single corporate entity on or about the time that ON Line was

⁸ The ON Line runs from the Robinson Summit Substation near Ely, Nevada, to the Harry Allen Substation near Las Vegas, Nevada.

⁹ *Nevada Power Co. and Sierra Pac. Power Co.*, Docket No. ER10-3332-000, Tariff Filing of ON Line Transmission Use and Capacity Agreement, (September 30, 2010).

¹⁰ *Nevada Power Co.*, 133 FERC ¶ 61,166 at P 29 (2010). In its December 19, 2013 Order accepting the Agreement, the Commission stated that it had found in its Order accepting the TUA that “the ON Line accomplished the consolidation of the separate Sierra Pacific and Nevada Power balancing authority areas into a single balancing authority area, through which Applicants will provide single-system transmission service in a manner that provides increased capacity, cost savings, and increased reliability.” December 19, 2013 Order at P 2.

¹¹ A Balancing Authority Area is defined in part as “[t]he collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority.” *Glossary of Terms Used in NERC Reliability Standards* at pg 10 (updated August 20, 2014). The Glossary defines Balancing Authority as “[t]he responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time.” *Id.*

¹² See IJDA at preliminary recitations, p. 1.

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placed into service, such that Nevada Power and Sierra Pacific would operate as a single utility. Specifically, there were proceedings pending before this Commission and the PUCN, respectively, in which the Operating Companies had proposed to merge into a single corporate entity.¹³ Under that scenario (and if and when the Operating Companies are ultimately merged), joint dispatch would have occurred without the need for a joint dispatch agreement. However, in the fall of 2013, it became apparent that ON Line would enter commercial operation before all regulatory reviews of the proposed merger of the Operating Companies could be completed. In proposing the IJDA, the Operating Companies stated in their October 21, 2013 transmittal letter to this Commission that the IJDA was necessary to accommodate the procedural schedule issued in the state regulatory proceeding.”¹⁴ Therefore, the IJDA was developed to permit joint dispatch when ON Line was placed into service, even though the Operating Companies would still be separate corporate entities.

While this Commission authorized the proposed merger shortly thereafter on November 26, 2013,¹⁵ the PUCN did not act on the merger application prior to the ON Line going into service. As the Operating Companies notified the Commission in Docket No. EC13-113 earlier this year,¹⁶ the Operating Companies have withdrawn their merger application before the PUCN, in part to “make a decision in the fourth quarter of 2014 about whether a legal consolidation or continued operations under a permanent joint dispatch agreement provides more benefits to customers.”¹⁷ As described further below, the PUCN has opened an investigatory docket to review this question, and the Operating Companies continue to work with the PUCN on the prospect of merging the Operating Companies.

In light of these events, the Operating Companies respectfully request that this Commission approve the enclosed amendment of the IJDA so that the Operating Companies and their customers may continue to enjoy the benefits of coordinated generation dispatch made possible by ON Line while issues relating to the merger of the Operating Companies are pursued.

¹³ *NV Energy*, Docket No. EC13-113-000, Application for Approval of Internal Reorganization Under Section 203 of the Federal Power Act (May 31, 2013); *Nevada Power Co.*, PUCN Docket No. 13-05056, Application of NV Energy Inc, Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy to consolidate the utilities into a single jurisdictional utility, to transfer and modify certificates of public convenience and necessity to reflect the consolidated utility’s new legal name, NV Energy Operating Company, and to consolidate generation assets (May 31, 2013).

¹⁴ *Nevada Power Co. and Sierra Pac. Power Co.*, Docket No. ER14-146-000, Tariff Filing Transmittal Letter at pg 2 (October 21, 2013).

¹⁵ *NV Energy*, 145 FERC ¶ 61,170 (2013).

¹⁶ *See NV Energy, Inc., et al.*, Docket No. EC13-113, Informational Filing (Apr. 14, 2014).

¹⁷ *Nevada Power Co.*, PUCN Docket No. 13-05056, Order Granting Motion to Vacate Procedural Schedule, Extend Existing Financing Authority, and Withdraw Joint Application at P 3 (April 30, 2014).

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The Operating Companies are only seeking a limited extension of the IJDA's term at this time, and are not seeking any other material changes to the already-approved IJDA.¹⁸

II. Description of the Amended IJDA

A. Summary of the IJDA

The IJDA establishes the rights and obligations of the Operating Companies with respect to the coordinated dispatch of their generation resources in order to: 1) most economically serve the native load customers of both Nevada Power and Sierra Pacific; and 2) equitably share the resulting cost savings between the two parties.¹⁹

The IJDA identifies Nevada Power as the "Joint Dispatcher" and specifically enumerates its responsibilities in acting on behalf of the Operating Companies.²⁰ Under the terms of the IJDA, all Power Supply Resources²¹ are deemed to belong to the Operating Company that owns them, and the Operating Company that owns a given Power Supply Resource is responsible for its associated capacity and energy costs.²² The IJDA also states that the capacity and energy costs associated with power purchases contracted for by an Operating Company prior to the effective date of the IJDA ("Existing Power Purchases") and the capacity and energy costs associated with power purchases contracted for by an Operating Company after the effective date of the IJDA that are for one year or longer ("New Long-Term Power Purchases") are the responsibility of the contracting Operating Company.²³ Regarding power purchases contracted for by either Operating Company after the effective date of the IJDA for a duration of less than one year ("New Short-Term Power Purchases"), the IJDA states that each Operating Company is allocated a percentage of the MWh, capacity costs, and energy costs associated with such purchases equal to the Operating Company's native load for the hours in which the purchase was made, divided by the sum of both Operating Companies' native loads for such hours.²⁴ The IJDA classifies such MWh allocated to an Operating Company as the Power Supply Resources of that Operating Company, and if there are any energy costs incurred for a New Short-Term

¹⁸ In its April 30, 2014 Order granting the Operating Companies motion, the PUCN stated that "[i]f NV Energy intends to request extension of the term only, then it need not obtain [PUCN] approval of the extension request prior to submitting the filing to FERC." *Id.* at P 44.

¹⁹ See IJDA at Preliminary Recitations, pg 1.

²⁰ *Id.* at Article IV, Section 4.1.

²¹ The IJDA defines Power Supply Resources as "the generating facilities owned by a[n] [Operating Company] and its Existing Power Purchases and Long Term Power Purchases as further provided herein to be used under this Agreement."

²² See IJDA at Article VI, Section 6.1.

²³ *Id.* at Article VI, Section 6.2.

²⁴ *Id.* at Article VI, Section 6.3(a)(i).

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Power Purchase that differ from that allocation, the IJDA requires that a transfer payment be made to reconcile the difference.²⁵ The IJDA also specifies that each Operating Company is responsible for the cost of the energy from its Power Supply Resources that serve non-native load sales.²⁶

Under the IJDA, the least cost energy from each Operating Company's Power Supply Resources is applied first to serve that Operating Company's native load obligations.²⁷ If it is later determined that an Operating Company's Power Supply Resources provided energy to serve the *other* Operating Company's native load obligations or non-native load sales obligations, then the provision of such energy will be considered to be a wholesale transaction between the Operating Companies.²⁸ The IJDA contains a "transfer payment" that is designed to produce an energy cost for serving each Operating Company's native load customers that is the same as if such native load were served by that Operating Company's Power Supply Resources.²⁹ This cost is adjusted by the allocation of costs and savings of the joint dispatch.³⁰

The IJDA establishes methods for the calculation of transfer payments for purchases and sales of energy between the parties as a result of joint dispatch.³¹ With respect to the calculation of transfer payments for purchase and sales of energy between the parties, there are two specific methods outlined in the IJDA: 1) a method for payments for energy sales to meet non-native load sales; and 2) a method for payments for energy sales related to native load.³²

The IJDA specifies that if an Operating Company requires additional capacity for reliability purposes, and the other Operating Company has the ability to supply all or some capacity (with or without accompanying energy), without impacting reliability or service quality to the selling Operating Company's native load customers, then the Joint Dispatcher may enter into a capacity sale on behalf of the selling Operating Company pursuant to an applicable FERC-filed rate tariff and such sale shall be priced in accordance therewith.³³ However, the IJDA explicitly states that this does not create a right in either Operating Company to the capacity of the other Operating Company.³⁴

²⁵ *Id.* at Article VI, Section 6.3(b).

²⁶ *Id.* at Article VI, Section 6.4.

²⁷ *Id.* at Article VII, Section 7.1(b).

²⁸ *Id.*

²⁹ *Id.* at Article VII, Section 7.1(c)

³⁰ *Id.*

³¹ *Id.* at Article VII, Section 7.4.

³² *Id.*

³³ *Id.* at Article VIII, Section 8.1.

³⁴ *Id.*

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B. A One-Year Extension of the IJDA Term is Just and Reasonable

The Operating Companies respectfully request that the Commission accept the enclosed amendment to the IJDA, which extends its term up to one year, unless terminated earlier. The Operating Companies believe such a renewal would be just and reasonable for the following reasons.

First, except as noted in the following paragraph, the terms of the amended IJDA are largely identical to those already on file with Commission.

Second, because the Operating Companies will not have merged before the expiration of the current term of the IJDA, failure to renew the agreement by modification of the termination provision would mean that joint dispatch would have to cease, depriving the Operating Companies and their customers of the efficiencies gained under the IJDA. The Companies are realizing the expected level of economic benefits of joint dispatch and believe it is in their customers' best interest that the arrangement continues.

Third, the renewal is of limited duration. The Operating Companies are continuing their discussions with the PUCN about the prospect of merging the Operating Companies. Upon resolution of any related state proceedings, the Operating Companies commit to notify the Commission about their merger plans via either: (1) a notice in Docket No. EC13-113 that the Operating Companies plan to consummate their merger, and a section 205 filing to timely terminate the enclosed IJDA;³⁵ or (2) any necessary section 205 filings to address continued operations in the absence of a merger. In light of this timeline, accepting the instant filing of a one-year renewal of the IJDA does not prejudice the Commission's or other interested parties' review of any future alternative to the IJDA at the appropriate time.

The Operating Companies are making very modest changes to the IJDA as currently on file with the Commission. First, the "Term" provision is modified slightly to extend the sunset provision until January 1, 2016, unless terminated or modified earlier by the Parties. Such modification or early termination could be required if the IJDA is terminated in the case of a merger or some alternate proposal is established based on the outcome of proceedings with the PUCN. To allow for the possibility of continued discussions with the PUCN regarding joint dispatch after a determination on the merger issue, the proffered revision also deletes the provision that automatically terminates the IJDA 120 days after a PUCN order rejecting a merger application. That provision is no longer consistent with the procedural posture of the ongoing state proceedings. Second, the Operating Companies correct a minor typographical error in Section 3.2(c) of the IJDA as shown in the attached redline version, and update a signatory's title.

³⁵ In the case the Operating Companies do not consummate the merger, they will also file a notice in the section 203 docket.

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III. Information Required Under 18 C.F.R. § 35.13

A. Proposed Effective Date

The Operating Companies respectfully request that the Commission accept the enclosed amendment to the IJDA for filing with an effective date of December 1, 2014.

B. Correspondence and Service

Correspondence and service regarding this filing should be sent to the following individuals, who should be placed on the official service list in this proceeding:

Lauren Rosenblatt
NV Energy, Inc.
6226 W. Sahara Avenue
Las Vegas, NV 89146
(702) 402-5794
lrosenblatt@nvenergy.com

Christopher R. Jones
Thomas S. DeVita
TROUTMAN SANDERS LLP
401 9th Street, N.W., Suite 1000
Washington, D.C. 20004
(202) 662-2181
Christopher.Jones@troutmansanders.com
Thomas.Devita@troutmansanders.com

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C. Documents Submitted With This Filing

The Operating Companies are submitting this agreement in eTariff format in clean and redline/marked versions in accordance with the requirements of Order No. 714. This filing substantially complies with the requirements of Part 35 applicable to filings of this kind. To the extent necessary, the Operating Companies respectfully requests waiver of any applicable requirement of Part 35 which is found not to be completely satisfied by this filing.

IV. Conclusion

WHEREFORE, the Operating Companies respectfully request that the Commission accept the renewal of the IJDA attached hereto for filing with an effective date of December 1, 2014.

Respectfully submitted,

/s/ Christopher R. Jones

Christopher R. Jones
Thomas S. DeVita
TROUTMAN SANDERS LLP
401 9th Street, NW, Suite 1000
Washington, DC 20004
(202) 274-2870
Christopher.Jones@troutmansanders.com
Thomas.Devita@troutmansanders.com

*Attorneys for the Nevada Power Company
and Sierra Pacific Power Company*

CERTIFICATE OF SERVICE

I hereby certify that I have this day served, by electronic mail, a copy of the foregoing document upon each person listed on the official service list maintained by the Secretary of the Commission in Docket No. ER14-146-000. I have also served the foregoing on the Public Utilities Commission of Nevada (PUCN) Chief Attorney, PUCN Staff Counsel, and Nevada Attorney General's Office Chief Deputy Attorney General.

Dated at Reno, Nevada, this 1st day of October, 2014.

/s/ Connie Silveira

Connie Silveira

NV Energy

6100 Neil Rd.

Reno, NV 89511

INTERIM JOINT DISPATCH AGREEMENT
BETWEEN
NEVADA POWER COMPANY d/b/a NV ENERGY
AND
SIERRA PACIFIC POWER COMPANY d/b/a NV ENERGY

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INTERIM JOINT DISPATCH AGREEMENT

THIS INTERIM JOINT DISPATCH AGREEMENT (“Agreement”) is made and entered into as of the 21st day of October, 2013 as amended this ___ day of September, 2014, by and between Nevada Power Company, doing business as NV Energy (“Nevada Power”), and Sierra Pacific Power Company d/b/a NV Energy (“Sierra”) (collectively referred to herein as the “Parties” and individually as a “Party”).

WHEREAS, Nevada Power and Sierra are the owners and operators of electric generation, transmission and distribution facilities and are engaged in the business of generating, transmitting, distributing, and selling electric energy to the retail customers in their franchised service areas in Nevada and also at wholesale to municipalities, cooperatives, and other electric utilities; and

WHEREAS, Nevada Power and Sierra have entered into a merger agreement to consolidate the utilities into a single jurisdictional utility ; and

WHEREAS, Nevada Power and Sierra intend to jointly dispatch their Power Supply Resources in order to most economically serve the Native Load Customers of both Nevada Power and Sierra; and

WHEREAS, the Parties desire to establish a framework under which the foregoing joint dispatch of the Nevada Power and Sierra Power Supply Resources, and the resulting cost savings will be equitably shared between the Parties;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, the Parties mutually agree as follows:

ARTICLE I DEFINITIONS

Capitalized terms shall have the meanings set forth below in the Article I. If a capitalized term is not defined below, it shall have the meaning provided elsewhere in this Agreement or as commonly used in the electric utility industry.

“Balancing Authority” means the responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports interconnection frequency in real time.

“Balancing Authority Area” or **“BAA”** means the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority within which the Balancing Authority maintains the load-resource balance.

“Existing Power Purchases” has the meaning set forth in Article 6.2 of this Agreement.

“Industry Standards” means all applicable national and regional electric reliability council principles, guides, criteria, and standards and industry standard practices, and is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

“Joint Dispatch” means the dispatch of the Power Supply Resources owned by Nevada Power and Sierra respectively on a least cost basis as described in Section 3.1.

“Joint Dispatcher” shall mean Nevada Power Company as described in Section 4.

“Must Run Resources” means generation units or power purchases that are dispatched out of merit order either due to contractual arrangements or to satisfy operational, reliability or regulatory requirements.

“Must Take Resources” means generation units whose output must be taken by Sierra Pacific Power or Nevada Power pursuant to contractual arrangements entered into in accordance with or to satisfy regulatory requirements.

“Native Load” means the load of a Party’s Retail Native Load Customers and the retail load of its wholesale customers or its wholesale customers’ members served by the Party, directly or indirectly, at Native Load Priority.

“Native Load Customers” means a Party’s Retail Native Load Customers plus its wholesale customers that have Native Load served by the Party, for which the Party has an obligation pursuant to current or future wholesale contracts, for the length of such contracts, to engage in planning and to sell and deliver electric capacity and energy in a manner comparable to the Party’s service to its Retail Native Load Customers.

“Native Load Priority” means a priority of service equivalent to that provided by the Party to its Retail Native Load Customers.

“Non-Native Load Sales” means a Party’s sales of energy at wholesale, not including transactions between the Parties pursuant to this Agreement or service to Native Load.

“Power Purchases” means purchases of energy at wholesale from sellers other than the other Party, including, but not limited to, Must Take Resources.

“Power Supply Resources” means the generating facilities owned by a Party and its Existing Power Purchases and Long Term Power Purchases as further provided herein to be used under this Agreement.

“PUCN” means the Public Utilities Commission of Nevada.

“Retail Native Load Customers” means the retail electric customers for which either Nevada Power or Sierra has an obligation under Nevada law to engage in long-term planning and to supply all generation, transmission, distribution, delivery and sales, and other related services, including installing or contracting for capacity, if needed to provide adequate and reliable service.

ARTICLE II TERM OF AGREEMENT

2.1 Term.

Subject to approval and any conditions imposed by state and federal regulatory authorities, this Agreement shall take effect upon such approval of the Agreement (the “Effective Date”) and shall continue in full force and effect until January 1, 2016 unless terminated earlier by mutual agreement of the Parties.

ARTICLE III SCOPE OF THE AGREEMENT

3.1 Purpose.

The primary purpose of this Agreement is to provide the contractual basis for the Joint Dispatch of the Power Supply Resources of both Nevada Power and Sierra for the purpose of reducing the cost of serving their Native Load Customers to the extent consistent with the provision of reliable electric service, Industry Standards, and applicable laws and regulations (“Joint Dispatch”). This Agreement also shall provide the contractual basis for the sharing of the cost savings resulting from such Joint Dispatch.

3.2 Limits on Scope and Effect of the Agreement.

Nothing in this Agreement is intended to or shall it be construed as:

- (a) Providing for or requiring a Party to construct generation or transmission facilities for the benefit of the other Party;
- (b) Transferring any rights to generation or transmission facilities from one Party to the other; or
- (c) Providing for or requiring any equalization of the Parties' production costs or rates.

ARTICLE IV THE JOINT DISPATCHER

4.1 Joint Dispatch Function.

Nevada Power shall act as the Joint Dispatcher, on behalf of Nevada Power and Sierra, and shall have the following responsibilities:

- (a) Directing the economic dispatch of both Nevada Power's and Sierra's Power Supply Resources;
- (b) Making Power Purchases for durations of less than one year ("New Short-Term Power Purchases") to serve the Parties' Native Loads and making Non-Native Load Sales for durations of less than one year from the Parties' Power Supply Resources to the benefit of each Party's Native Load Customers;
- (c) Taking transmission service, on behalf of both Nevada Power and Sierra, to serve both Parties' Native Load obligations and make Non-Native Load Sales in order to implement the joint dispatch of the Parties' Power Supply Resources under this Agreement;
- (d) Developing and providing bills, accounting, and billing, accounting-related information to effectuate the terms of this Agreement;
- (e) Such other activities and duties as may be assigned from time to time by the mutual agreement of the Parties, including but not limited to administration of demand-side resources on behalf of the Parties, subject to applicable state and federal regulatory approvals; and
- (f) Incurring the costs necessary to perform its responsibilities under this Agreement, subject to applicable state and federal regulatory approvals.

ARTICLE V JOINT DISPATCH OF POWER SUPPLY RESOURCES

5.1 Joint Dispatch.

Upon the effective date of this Agreement, the Joint Dispatcher shall direct the dispatch of the Parties' Power Supply Resources in a manner that: (a) ensures the reliable fulfillment of each Party's service obligations to its Native Load Customers; (b) minimizes the total costs incurred to fulfill each Party's service obligations to its Native Load Customers; and (c) economically satisfies any obligations of each of the Parties with respect to Non-Native Load Sales. To these ends, the Joint Dispatcher shall direct the dispatch of the Power Supply Resources of both Parties consistent with Industry Standards for the safe and reliable operation of both of the Parties' electric systems, the safe and reliable operation of both of the Parties' generating resources, and all applicable laws and regulations, including but not limited to the applicable rules, regulations, orders, and conditions of the PUCN, the Federal Energy Regulatory Commission ("FERC"), the Western Electricity Coordinating Council, and the North American Electric Reliability Corporation.

5.2 Compliance with Contractual and Regulatory Obligations.

Nothing in this Agreement is intended to diminish or alter the jurisdiction or authority of the PUCN over the Parties, including, among other things, the jurisdiction and authority to establish the retail rates on a bundled basis for each of the Parties, to impose regulatory accounting and reporting requirements, to impose service quality standards, to require each of the Parties to engage separately in least cost integrated resource planning, or otherwise. In addition, nothing in this Agreement is intended to alter the Parties' contractual or regulatory obligations or to provide for Joint Dispatch in a fashion that is inconsistent with those obligations, including, without limitation, the following:

- (a) All of Nevada Power's and Sierra's respective obligations under wholesale purchase contracts, including contracts for the purchase of energy and capacity on a non-dispatchable basis;
- (b) All of Nevada Power's and Sierra's respective obligations under wholesale sales contracts, including obligations under full and partial requirements sales contracts;
- (c) All of Nevada Power's and Sierra's respective obligations under reliability exchange agreements existing prior to the effective date of this Agreement; and
- (d) Nevada Power's and Sierra's respective obligations with respect to Must Run Resources and Must Take Resources to ensure that they are not dispatched in a manner inconsistent with the contractual, operational, reliability or regulatory requirements applicable to such Must Run Resources or Must Take Resources.

ARTICLE VI POWER SUPPLY RESOURCES AND NON-NATIVE LOAD SALES

6.1 Generating Resources.

As of the Effective Date, all generating resources including those that begin commercial operation after the effective date of this Agreement shall be a Power Supply Resource of the Party that owns it and that Party shall be responsible for the capacity costs and energy costs of such Power Supply Resources. If the Parties develop future generating resources jointly or enter into a reserve sharing agreement with respect to future generating resources, the Parties, at the time that they enter into such an arrangement, and subject to the receipt of all relevant state and federal regulatory approvals, shall agree, upon the allocation of the generation that is the subject of that arrangement for purposes of determining the Parties' Power Supply Resources and responsibility for capacity costs and energy costs.

6.2 Existing Power Purchases and New-Long Term Power Purchases.

The capacity costs (if any) and energy costs associated with Power Purchases contracted for by a Party prior to the effective date of this Agreement ("Existing Power Purchases") and with Power Purchases contracted for by a party after the effective date of this Agreement that are for one year or longer ("New Long-Term Power Purchases") shall be the responsibility of that Party. Existing Power Purchases and New Long-Term Power Purchases shall be Power Supply Resources of the contracting Party.

6.3 New Short-Term Power Purchases.

- (a) Power Purchases contracted for by either Party after the effective date of the Agreement for duration of less than one year ("New Short-Term Power Purchases") shall be treated as follows:
 - (i) For all New Short-Term Power Purchases, each Party shall be allocated a percentage of the MWh, capacity costs (if any) and the energy costs associated with such purchases equal to the Party's Native Load for the hours in which the purchase was made divided by the sum of both Parties' Native Loads for such hours.
- (b) The MWh of a New Short-Term Power Purchase that has been allocated to a Party pursuant to Section 6.3(a)(i) shall be a Power Supply Resource of that Party. To the extent that a Party incurs energy costs for a New Short-Term Power Purchase that differs from the allocations set forth in Section 6.3(a)(i), a transfer payment will be made to reconcile the difference.

6.4 Non-Native Load Sales.

Subject to Sections 7.2 and 7.4(a), each Party shall be responsible for the cost of the energy from its Power Supply Resources that serve Non-Native Load Sales.

ARTICLE VII

CALCULATION OF JOINT DISPATCH SAVINGS

7.1 Overview.

- (a) For each hour, the energy produced as a result of the Joint Dispatch shall be allocated to the Parties' Native Load obligations and Non-Native Load Sales. The determination of how much energy is allocated to each Party shall be conducted on an after-the-fact basis as described below. Such energy allocation is solely for the purpose of calculating savings from the Joint Dispatch and the Parties payment obligations under this Article VII.
- (b) The least cost energy from each Party's Power Supply Resources, including Must Take Resources, shall be applied first to serve its own Native Load obligations. If it is determined after-the-fact that a Party's Power Supply Resources provided energy to serve the other Party's Native Load service obligations or Non-Native Load Sales obligations, then only such provision of energy shall be considered to be a wholesale power transaction between the Parties.
- (c) The transfer payments under this Agreement are intended to produce an energy cost for serving each Party's Native Load Customers that is the same as if such Native Load were served by that Party's Power Supply Resources (including each Party's own obligations with respect to its Must Take Resources), adjusted by the allocation of costs and savings of the Joint Dispatch as reflected in the payments set forth in Section 7.4.

7.2 Allocation of Energy to Non-Native Load Sales.

For each hour, Non-Native Load Sales shall be deemed to have been satisfied by the highest cost energy from the Parties' Power Supply Resources produced in that hour (other than from Must Run Resources and Must Take Resources).

7.3 Allocation of Energy to Native Load.

After the allocation of energy costs to Non-Native Load Sales has been performed pursuant to Section 7.2, the remaining least cost energy produced in an hour by the Parties' Power Supply Resources shall be deemed to have served the Parties' Native Loads. Each Party's Native Load also shall be allocated the total costs of energy produced and transmitted from its own Must Run Resources and Must Take Resources. Each Party shall be responsible initially for the energy costs of its Power Supply Resources deemed to have served the Parties Native Loads ("Incurred Native Load Costs").

7.4 Payments for Purchases and Sales of Energy Between the Parties.

A payment shall be calculated for the purchase and sale of energy between the Parties as a result of the Joint Dispatch of the Parties' Power Supply Resources. This payment shall be calculated as follows:

- (a) Payments for energy sales to meet Non-Native Load Sales
 - (i) After the fact for each hour, the Joint Dispatcher shall use production cost or related models to determine the energy costs allocated to the Non-Native Load Sales pursuant to Section 6.4 and 7.2. Such energy costs shall be subtracted from revenues generated from such sales and each Party reimbursed for the costs their Power Supply Resources incurred to serve Non-Native Load Sales as a result of the Joint Dispatch. The difference between such incurred energy costs and such revenues will be allocated to each Party on a pro rata basis equal to the MWh produced by the Party's Power Supply Resources during such hours divided by the total MWh produced by both Parties Power Supply Resources during those same hours.
 - (ii) To the extent that the Parties incur energy costs for and revenues from Non-Native Load Sales that produces a different result than the calculation set forth in Section 7.4 (a)(i), a transfer payment will be made between the Parties to reconcile that difference.
- (b) Payments for energy sales related to Native Load.
 - (i) After the fact, for each hour, the Joint Dispatcher shall use production cost or related models to determine the cost each Party would have incurred to serve its Native Load without the benefit of Joint Dispatch ("Stand Alone Native Load Costs"). The positive difference between the cost of all Power Supply Resources deemed to have served the Parties' Native Load pursuant to Section 7.3 and the sum of the Parties Stand Alone Native Load Costs shall be the "Native Load Joint Dispatch Savings."
 - (ii) The Joint Dispatcher shall allocate to each Party a pro rata share of the Native Load Joint Dispatch Savings based on each Party's relative amount of MWh produced by their respective Power Supply Resources in the hour.
 - (iii) The Joint Dispatcher shall then subtract each Party's allocated share of Native Load Joint Dispatch Savings for the hour from its Stand Alone Native Load Costs for that hour. The resulting cost figure for each Party shall be that Party's "Joint Dispatch Native Load Costs" for the hour.
 - (iv) The Party whose Joint Dispatch Native Load Costs for an hour are more than its Incurred Native Load Costs for that hour shall owe the other Party a payment for that hour equal to the difference between its Joint Dispatch Native Load Costs and its Incurred Native Load Costs.

The Joint Dispatcher shall sum each Party's payment obligations reduced by its payment entitlements under Sections 7.4(a) and (b) above for that hour. The Party with a positive total shall owe that amount to the other Party as payment for energy sold to it during that hour.

ARTICLE VIII CAPACITY SALES

8.1 Capacity Sales.

If a Party requires additional capacity for reliability purposes, and the other Party has the ability to supply all or some capacity (with or without accompanying energy), without impacting reliability or service quality to the selling Party's Native Load Customers, then the Joint Dispatcher may enter into a capacity sale on behalf of the selling Party pursuant to an applicable FERC-filed rate tariff and such sale shall be priced in accordance therewith. However, nothing in this Agreement shall be construed as creating a right in either Party to the capacity of the other Party.

ARTICLE IX BILLING PROCEDURES

9.1 Records.

The Joint Dispatcher shall maintain such records as may be necessary to determine the assignment of costs savings of Joint Dispatch and the payments required pursuant to this Agreement. Such records shall be made available to the Parties as reasonably required, including as needed for state and federal regulatory purposes.

9.2 Monthly Statements.

As promptly as practicable after the end of each calendar month, the Joint Dispatcher shall prepare a statement setting forth the monthly summary of costs for which each Party is responsible and revenues from Short-Term Non-Native Load Sales to be allocated to each Party in sufficient detail as may be needed for settlements under the provisions of this Agreement. As required, the Joint Dispatcher may provide such statements on an estimated basis and then adjust those statements for actual results.

9.3 Monthly Bills.

As promptly as practicable after the end of each calendar month, the Joint Dispatcher shall prepare a monthly bill for each Party based on the sum of that Party's payment obligations reduced by its payment entitlements calculated pursuant to Section 7.5. The Joint Dispatcher shall net each Party's hourly payment obligations against its hourly payment entitlements, and render a bill for the differences. The bill for each December shall also state an annual payment amount that nets out each Party's obligations and entitlements for the calendar year.

9.4 Billings and Payments.

The Joint Dispatcher shall handle all billing and accounting between the Parties and with other entities with which the Joint Dispatcher engages in activities pursuant to this Agreement. Payment between the Parties shall be by making remittance of the net amount billed or by making appropriate accounting entries on the books of the Parties. Payment of the bills for a calendar year shall be made no later than 30 days after the receipt of the bill for December of that calendar year.

9.5 Taxes.

Should any federal, state, or local tax, surcharge or similar assessment, in addition to those that may now exist, be levied upon the energy dispatched pursuant to the terms of this Agreement or for the Joint Dispatcher's services provided in connection with this Agreement, or upon either of the Parties measured by energy or service, or the revenue therefrom, any such additional amounts shall be included in the net billing as described in Section 9.4.

ARTICLE X FORCE MAJEURE

10.1 Events Excusing Performance.

Neither Party shall be liable to the other Party for or on account of any loss, damage, injury, or expense resulting from or arising out of a delay or failure to perform, either in whole or in part, any of the agreements or obligations made by or imposed upon the Parties by this Agreement, by reason of or through strike, work stoppage of labor, failure of contractors or suppliers of materials (including fuel), failure of equipment, environmental restrictions, riot, fire, flood, ice, wind, invasion, civil war, commotion, insurrection, military or usurped power, order of any court granted in any bona fide adverse legal proceedings or action, or of any civil or military authority either de facto or de jure, explosion, Act of God or the public enemies, or any other cause reasonably beyond its control and not attributable to its neglect. A Party experiencing such a delay or failure to perform shall use due diligence to remove the cause or causes thereof; however, no Party shall be required to add to, modify or upgrade any facilities, or to settle a strike or labor dispute except when, according to its own best judgment, such action is advisable.

ARTICLE XI INDUSTRY STANDARDS

11.1 Adherence to Reliability Criteria.

The Parties agree to conform to Industry Standards as they affect the implementation or the Parties' performance of this Agreement.

ARTICLE XII GENERAL

12.1 No Third Party Beneficiaries.

This Agreement does not create rights of any character whatsoever in favor of any person, corporation, association, entity or power supplier, other than the Parties, and the obligations herein assumed by the Parties are solely for the use and benefit of said Parties. Nothing in this Agreement shall be construed as permitting or vesting, or attempting to permit or vest, in any person, corporation, association, entity or power supplier, other than the Parties, any rights hereunder or in any of the resources or facilities owned or controlled by the Parties or the use thereof

12.2 Waivers.

Any waiver at any time by a Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or matter. Any delay, short of the statutory period of limitation, in asserting or enforcing any right under this Agreement, shall not be deemed a waiver of such right.

12.3 Successors and Assigns.

This Agreement shall inure to the benefit of and be binding only upon the Parties and their respective successors and assigns, and shall not be assignable by any Party without the written consent of the other Party except to a successor in the operation of its properties by reason of a merger, consolidation, sale or foreclosure whereby substantially all such properties are acquired by or merged with those of such a successor, subject to all relevant state and federal regulatory approvals.

12.4 Liability and Indemnification.

Subject to any applicable state or federal law which may specifically restrict limitations on liability, each Party shall release, indemnify, and hold harmless the other Party, its directors, officers and employees from and against any and all liability for loss, damage or expense alleged to arise from, or incidental to, injury to persons and/or damage to property in connection with its facilities or the production or transmission of electric energy by or through such facilities, or related to performance or non-performance of this Agreement, including any negligence arising hereunder. In no event shall any Party be liable to another Party for any indirect, special, incidental or consequential damages with respect to any claim arising out of this Agreement.

12.5 Section Headings.

The descriptive headings of the Articles and Sections of this Agreement are used for convenience only and shall not modify or restrict any of the terms and provisions thereof.

12.6 Notice.

Any notice or demand for performance required or permitted under any of the provisions of this Agreement shall be deemed to have been given on the date of such notice, in writing, is deposited in the U.S. mail, postage prepaid, certified or registered mail, addressed to:

For Nevada Power Company
Emmanuel Lopez
NPC Purchased Power Settlement Desk
775-834-5921
ELopez@nvenergy.com

For Sierra Pacific Power Company
Valerie Schneider
SPPC Purchased Power Settlement Desk
775-834-5278
ValerieSchneider@nvenergy.com

or in such other form or to such other address as the Parties may stipulate.

**ARTICLE XIII
REGULATORY APPROVAL**

13.1 Regulatory Authorization.

This effectiveness of this Agreement is subject to and conditioned upon Acceptance for filing without material condition or modification by the FERC;

13.2 Changes.

It is contemplated by the Parties that it may be appropriate from time to time to change, amend, modify or supplement this Agreement to reflect changes in operating practices or costs of operations or for other reasons. Any such changes to this Agreement shall be in writing executed by the Parties, subject to all necessary state and federal regulatory authorizations.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and attested by their duly authorized officers on the day and year first above written.

NEVADA POWER COMPANY d/b/a NV ENERGY
By:

Title: Vice President, Resource
Optimization

SIERRA PACIFIC POWER COMPANY d/b/a NV ENERGY
By:

Title: Vice President, Resource
Optimization

Dated: _____, 2014

INTERIM JOINT DISPATCH AGREEMENT
BETWEEN
NEVADA POWER COMPANY d/b/a NV ENERGY
AND
SIERRA PACIFIC POWER COMPANY d/b/a NV ENERGY

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INTERIM JOINT DISPATCH AGREEMENT

THIS INTERIM JOINT DISPATCH AGREEMENT (“Agreement”) is made and entered into as of the 21st day of October, 2013 as amended this day of September, 2014, by and between Nevada Power Company, doing business as NV Energy (“Nevada Power”), and Sierra Pacific Power Company d/b/a NV Energy (“Sierra”) (collectively referred to herein as the “Parties” and individually as a “Party”).

WHEREAS, Nevada Power and Sierra are the owners and operators of electric generation, transmission and distribution facilities and are engaged in the business of generating, transmitting, distributing, and selling electric energy to the retail customers in their franchised service areas in Nevada and also at wholesale to municipalities, cooperatives, and other electric utilities; and

WHEREAS, Nevada Power and Sierra have entered into a merger agreement to consolidate the utilities into a single jurisdictional utility (~~“Consolidation”~~); and

WHEREAS, Nevada Power and Sierra intend to jointly dispatch their Power Supply Resources in order to most economically serve the Native Load Customers of both Nevada Power and Sierra; and

WHEREAS, the Parties desire to establish a framework under which the foregoing joint dispatch of the Nevada Power and Sierra Power Supply Resources, and the resulting cost savings will be equitably shared between the Parties;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, the Parties mutually agree as follows:

ARTICLE I DEFINITIONS

Capitalized terms shall have the meanings set forth below in the Article I. If a capitalized term is not defined below, it shall have the meaning provided elsewhere in this Agreement or as commonly used in the electric utility industry.

“Balancing Authority” means the responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports interconnection frequency in real time.

“Balancing Authority Area” or **“BAA”** means the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority within which the Balancing Authority maintains the load-resource balance.

“Existing Power Purchases” has the meaning set forth in Article 6.2 of this Agreement.

“Industry Standards” means all applicable national and regional electric reliability council principles, guides, criteria, and standards and industry standard practices, and is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

“Joint Dispatch” means the dispatch of the Power Supply Resources owned by Nevada Power and Sierra respectively on a least cost basis as described in Section 3.1.

“Joint Dispatcher” shall mean Nevada Power Company as described in Section 4.

“Must Run Resources” means generation units or power purchases that are dispatched out of merit order either due to contractual arrangements or to satisfy operational, reliability or regulatory requirements.

“Must Take Resources” means generation units whose output must be taken by Sierra Pacific Power or Nevada Power pursuant to contractual arrangements entered into in accordance with or to satisfy regulatory requirements.

“Native Load” means the load of a Party’s Retail Native Load Customers and the retail load of its wholesale customers or its wholesale customers’ members served by the Party, directly or indirectly, at Native Load Priority.

“Native Load Customers” means a Party’s Retail Native Load Customers plus its wholesale customers that have Native Load served by the Party, for which the Party has an obligation pursuant to current or future wholesale contracts, for the length of such contracts, to engage in planning and to sell and deliver electric capacity and energy in a manner comparable to the Party’s service to its Retail Native Load Customers.

“Native Load Priority” means a priority of service equivalent to that provided by the Party to its Retail Native Load Customers.

“Non-Native Load Sales” means a Party’s sales of energy at wholesale, not including transactions between the Parties pursuant to this Agreement or service to Native Load.

“Power Purchases” means purchases of energy at wholesale from sellers other than the other Party, including, but not limited to, Must Take Resources.

“Power Supply Resources” means the generating facilities owned by a Party and its Existing Power Purchases and Long Term Power Purchases as further provided herein to be used under this Agreement.

“PUCN” means the Public Utilities Commission of Nevada.

“Retail Native Load Customers” means the retail electric customers for which either Nevada Power or Sierra has an obligation under Nevada law to engage in long-term planning and to supply all generation, transmission, distribution, delivery and sales, and other related services, including installing or contracting for capacity, if needed to provide adequate and reliable service.

ARTICLE II TERM OF AGREEMENT

2.1 Term.

Subject to approval and any conditions imposed by state and federal regulatory authorities, this Agreement shall take effect upon such approval of the Agreement (the “Effective Date”) and shall continue in full force and effect until January 1, 2016 ~~the earlier of: (i) one (1) year from the Effective Date; unless terminated earlier by mutual agreement of the Parties; (ii) upon consummation of the Consolidation following a PUCN order approving the Consolidation; or (iii) one hundred and twenty (120) days after a PUCN order denying the Consolidation.~~

ARTICLE III SCOPE OF THE AGREEMENT

3.1 Purpose.

The primary purpose of this Agreement is to provide the contractual basis for the Joint Dispatch of the Power Supply Resources of both Nevada Power and Sierra for the purpose of reducing the cost of serving their Native Load Customers to the extent consistent with the provision of reliable electric service, Industry Standards, and applicable laws and regulations (“Joint Dispatch”). This Agreement also shall provide the contractual basis for the sharing of the cost savings resulting from such Joint Dispatch.

3.2 Limits on Scope and Effect of the Agreement.

Nothing in this Agreement is intended to or shall it be construed as:

- (a) Providing for or requiring a Party to construct generation or transmission facilities for the benefit of the other Party;
- (b) Transferring any rights to generation or transmission facilities from one Party to the other; or
- (c) Providing for or requiring any equalization of the Parties' production costs or rates;~~;~~~~OF~~

ARTICLE IV THE JOINT DISPATCHER

4.1 Joint Dispatch Function.

Nevada Power shall act as the Joint Dispatcher, on behalf of Nevada Power and Sierra, and shall have the following responsibilities:

- (a) Directing the economic dispatch of both Nevada Power's and Sierra's Power Supply Resources;
- (b) Making Power Purchases for durations of less than one year ("New Short-Term Power Purchases") to serve the Parties' Native Loads and making Non-Native Load Sales for durations of less than one year from the Parties' Power Supply Resources to the benefit of each Party's Native Load Customers;
- (c) Taking transmission service, on behalf of both Nevada Power and Sierra, to serve both Parties' Native Load obligations and make Non-Native Load Sales in order to implement the joint dispatch of the Parties' Power Supply Resources under this Agreement;
- (d) Developing and providing bills, accounting, and billing, accounting-related information to effectuate the terms of this Agreement;
- (e) Such other activities and duties as may be assigned from time to time by the mutual agreement of the Parties, including but not limited to administration of demand-side resources on behalf of the Parties, subject to applicable state and federal regulatory approvals; and
- (f) Incurring the costs necessary to perform its responsibilities under this Agreement, subject to applicable state and federal regulatory approvals.

ARTICLE V
JOINT DISPATCH OF POWER SUPPLY RESOURCES

5.1 Joint Dispatch.

Upon the effective date of this Agreement, the Joint Dispatcher shall direct the dispatch of the Parties' Power Supply Resources in a manner that: (a) ensures the reliable fulfillment of each Party's service obligations to its Native Load Customers; (b) minimizes the total costs incurred to fulfill each Party's service obligations to its Native Load Customers; and (c) economically satisfies any obligations of each of the Parties with respect to Non-Native Load Sales. To these ends, the Joint Dispatcher shall direct the dispatch of the Power Supply Resources of both Parties consistent with Industry Standards for the safe and reliable operation of both of the Parties' electric systems, the safe and reliable operation of both of the Parties' generating resources, and all applicable laws and regulations, including but not limited to the applicable rules, regulations, orders, and conditions of the PUCN, the Federal Energy Regulatory Commission ("FERC"), the Western Electricity Coordinating Council, and the North American Electric Reliability Corporation.

5.2 Compliance with Contractual and Regulatory Obligations.

Nothing in this Agreement is intended to diminish or alter the jurisdiction or authority of the PUCN over the Parties, including, among other things, the jurisdiction and authority to establish the retail rates on a bundled basis for each of the Parties, to impose regulatory accounting and reporting requirements, to impose service quality standards, to require each of the Parties to engage separately in least cost integrated resource planning, or otherwise. In addition, nothing in this Agreement is intended to alter the Parties' contractual or regulatory obligations or to provide for Joint Dispatch in a fashion that is inconsistent with those obligations, including, without limitation, the following:

- (a) All of Nevada Power's and Sierra's respective obligations under wholesale purchase contracts, including contracts for the purchase of energy and capacity on a non-dispatchable basis;
- (b) All of Nevada Power's and Sierra's respective obligations under wholesale sales contracts, including obligations under full and partial requirements sales contracts;
- (c) All of Nevada Power's and Sierra's respective obligations under reliability exchange agreements existing prior to the effective date of this Agreement; and
- (d) Nevada Power's and Sierra's respective obligations with respect to Must Run Resources and Must Take Resources to ensure that they are not dispatched in a manner inconsistent with the contractual, operational, reliability or regulatory requirements applicable to such Must Run Resources or Must Take Resources.

ARTICLE VI
POWER SUPPLY RESOURCES AND NON-NATIVE LOAD SALES

6.1 Generating Resources.

As of the Effective Date, all generating resources including those that begin commercial operation after the effective date of this Agreement shall be a Power Supply Resource of the Party that owns it and that Party shall be responsible for the capacity costs and energy costs of such Power Supply Resources. If the Parties develop future generating resources jointly or enter into a reserve sharing agreement with respect to future generating resources, the Parties, at the time that they enter into such an arrangement, and subject to the receipt of all relevant state and federal regulatory approvals, shall agree, upon the allocation of the generation that is the subject of that arrangement for purposes of determining the Parties' Power Supply Resources and responsibility for capacity costs and energy costs.

6.2 Existing Power Purchases and New-Long Term Power Purchases.

The capacity costs (if any) and energy costs associated with Power Purchases contracted for by a Party prior to the effective date of this Agreement ("Existing Power Purchases") and with Power Purchases contracted for by a party after the effective date of this Agreement that are for one year or longer ("New Long-Term Power Purchases") shall be the responsibility of that Party. Existing Power Purchases and New Long-Term Power Purchases shall be Power Supply Resources of the contracting Party.

6.3 New Short-Term Power Purchases.

- (a) Power Purchases contracted for by either Party after the effective date of the Agreement for duration of less than one year ("New Short-Term Power Purchases") shall be treated as follows:
 - (i) For all New Short-Term Power Purchases, each Party shall be allocated a percentage of the MWh, capacity costs (if any) and the energy costs associated with such purchases equal to the Party's Native Load for the hours in which the purchase was made divided by the sum of both Parties' Native Loads for such hours.
- (b) The MWh of a New Short-Term Power Purchase that has been allocated to a Party pursuant to Section 6.3(a)(i) shall be a Power Supply Resource of that Party. To the extent that a Party incurs energy costs for a New Short-Term Power Purchase that differs from the allocations set forth in Section 6.3(a)(i), a transfer payment will be made to reconcile the difference.

6.4 Non-Native Load Sales.

Subject to Sections 7.2 and 7.4(a), each Party shall be responsible for the cost of the energy from its Power Supply Resources that serve Non-Native Load Sales.

**ARTICLE VII
CALCULATION OF JOINT DISPATCH SAVINGS**

7.1 Overview.

- (a) For each hour, the energy produced as a result of the Joint Dispatch shall be allocated to the Parties' Native Load obligations and Non-Native Load Sales. The determination of how much energy is allocated to each Party shall be conducted on an after-the-fact basis as described below. Such energy allocation is solely for the purpose of calculating savings from the Joint Dispatch and the Parties payment obligations under this Article VII.
- (b) The least cost energy from each Party's Power Supply Resources, including Must Take Resources, shall be applied first to serve its own Native Load obligations. If it is determined after-the-fact that a Party's Power Supply Resources provided energy to serve the other Party's Native Load service obligations or Non-Native Load Sales obligations, then only such provision of energy shall be considered to be a wholesale power transaction between the Parties.
- (c) The transfer payments under this Agreement are intended to produce an energy cost for serving each Party's Native Load Customers that is the same as if such Native Load were served by that Party's Power Supply Resources (including each Party's own obligations with respect to its Must Take Resources), adjusted by the allocation of costs and savings of the Joint Dispatch as reflected in the payments set forth in Section 7.4.

7.2 Allocation of Energy to Non-Native Load Sales.

For each hour, Non-Native Load Sales shall be deemed to have been satisfied by the highest cost energy from the Parties' Power Supply Resources produced in that hour (other than from Must Run Resources and Must Take Resources).

7.3 Allocation of Energy to Native Load.

After the allocation of energy costs to Non-Native Load Sales has been performed pursuant to Section 7.2, the remaining least cost energy produced in an hour by the Parties' Power Supply Resources shall be deemed to have served the Parties' Native Loads. Each Party's Native Load also shall be allocated the total costs of energy produced and transmitted from its own Must Run Resources and Must Take Resources. Each Party shall be responsible initially for the energy costs of its Power Supply Resources deemed to have served the Parties Native Loads ("Incurred Native Load Costs").

7.4 Payments for Purchases and Sales of Energy Between the Parties.

A payment shall be calculated for the purchase and sale of energy between the Parties as a result of the Joint Dispatch of the Parties' Power Supply Resources. This payment shall be calculated as follows:

- (a) Payments for energy sales to meet Non-Native Load Sales
 - (i) After the fact for each hour, the Joint Dispatcher shall use production cost or related models to determine the energy costs allocated to the Non-Native Load Sales pursuant to Section 6.4 and 7.2. Such energy costs shall be subtracted from revenues generated from such sales and each Party reimbursed for the costs their Power Supply Resources incurred to serve Non-Native Load Sales as a result of the Joint Dispatch. The difference between such incurred energy costs and such revenues will be allocated to each Party on a pro rata basis equal to the MWh produced by the Party's Power Supply Resources during such hours divided by the total MWh produced by both Parties Power Supply Resources during those same hours.
 - (ii) To the extent that the Parties incur energy costs for and revenues from Non-Native Load Sales that produces a different result than the calculation set forth in Section 7.4 (a)(i), a transfer payment will be made between the Parties to reconcile that difference.
- (b) Payments for energy sales related to Native Load.
 - (i) After the fact, for each hour, the Joint Dispatcher shall use production cost or related models to determine the cost each Party would have incurred to serve its Native Load without the benefit of Joint Dispatch ("Stand Alone Native Load Costs"). The positive difference between the cost of all Power Supply Resources deemed to have served the Parties' Native Load pursuant to Section 7.3 and the sum of the Parties Stand Alone Native Load Costs shall be the "Native Load Joint Dispatch Savings."
 - (ii) The Joint Dispatcher shall allocate to each Party a pro rata share of the Native Load Joint Dispatch Savings based on each Party's relative amount of MWh produced by their respective Power Supply Resources in the hour.
 - (iii) The Joint Dispatcher shall then subtract each Party's allocated share of Native Load Joint Dispatch Savings for the hour from its Stand Alone Native Load Costs for that hour. The resulting cost figure for each Party shall be that Party's "Joint Dispatch Native Load Costs" for the hour.
 - (iv) The Party whose Joint Dispatch Native Load Costs for an hour are more than its Incurred Native Load Costs for that hour shall owe the other Party a payment for that hour equal to the difference between its Joint Dispatch Native Load Costs and its Incurred Native Load Costs.

The Joint Dispatcher shall sum each Party's payment obligations reduced by its payment entitlements under Sections 7.4(a) and (b) above for that hour. The Party with a positive total shall owe that amount to the other Party as payment for energy sold to it during that hour.

ARTICLE VIII CAPACITY SALES

8.1 Capacity Sales.

If a Party requires additional capacity for reliability purposes, and the other Party has the ability to supply all or some capacity (with or without accompanying energy), without impacting reliability or service quality to the selling Party's Native Load Customers, then the Joint Dispatcher may enter into a capacity sale on behalf of the selling Party pursuant to an applicable FERC-filed rate tariff and such sale shall be priced in accordance therewith. However, nothing in this Agreement shall be construed as creating a right in either Party to the capacity of the other Party.

ARTICLE IX BILLING PROCEDURES

9.1 Records.

The Joint Dispatcher shall maintain such records as may be necessary to determine the assignment of costs savings of Joint Dispatch and the payments required pursuant to this Agreement. Such records shall be made available to the Parties as reasonably required, including as needed for state and federal regulatory purposes.

9.2 Monthly Statements.

As promptly as practicable after the end of each calendar month, the Joint Dispatcher shall prepare a statement setting forth the monthly summary of costs for which each Party is responsible and revenues from Short-Term Non-Native Load Sales to be allocated to each Party in sufficient detail as may be needed for settlements under the provisions of this Agreement. As required, the Joint Dispatcher may provide such statements on an estimated basis and then adjust those statements for actual results.

9.3 Monthly Bills.

As promptly as practicable after the end of each calendar month, the Joint Dispatcher shall prepare a monthly bill for each Party based on the sum of that Party's payment obligations reduced by its payment entitlements calculated pursuant to Section 7.5. The Joint Dispatcher shall net each Party's hourly payment obligations against its hourly payment entitlements, and render a bill for the differences. The bill for each December shall also state an annual payment amount that nets out each Party's obligations and entitlements for the calendar year.

9.4 Billings and Payments.

The Joint Dispatcher shall handle all billing and accounting between the Parties and with other entities with which the Joint Dispatcher engages in activities pursuant to this Agreement. Payment between the Parties shall be by making remittance of the net amount billed or by making appropriate accounting entries on the books of the Parties. Payment of the bills for a calendar year shall be made no later than 30 days after the receipt of the bill for December of that calendar year.

9.5 Taxes.

Should any federal, state, or local tax, surcharge or similar assessment, in addition to those that may now exist, be levied upon the energy dispatched pursuant to the terms of this Agreement or for the Joint Dispatcher's services provided in connection with this Agreement, or upon either of the Parties measured by energy or service, or the revenue therefrom, any such additional amounts shall be included in the net billing as described in Section 9.4.

ARTICLE X FORCE MAJEURE

10.1 Events Excusing Performance.

Neither Party shall be liable to the other Party for or on account of any loss, damage, injury, or expense resulting from or arising out of a delay or failure to perform, either in whole or in part, any of the agreements or obligations made by or imposed upon the Parties by this Agreement, by reason of or through strike, work stoppage of labor, failure of contractors or suppliers of materials (including fuel), failure of equipment, environmental restrictions, riot, fire, flood, ice, wind, invasion, civil war, commotion, insurrection, military or usurped power, order of any court granted in any bona fide adverse legal proceedings or action, or of any civil or military authority either de facto or de jure, explosion, Act of God or the public enemies, or any other cause reasonably beyond its control and not attributable to its neglect. A Party experiencing such a delay or failure to perform shall use due diligence to remove the cause or causes thereof; however, no Party shall be required to add to, modify or upgrade any facilities, or to settle a strike or labor dispute except when, according to its own best judgment, such action is advisable.

ARTICLE XI INDUSTRY STANDARDS

11.1 Adherence to Reliability Criteria.

The Parties agree to conform to Industry Standards as they affect the implementation or the Parties' performance of this Agreement.

ARTICLE XII GENERAL

12.1 No Third Party Beneficiaries.

This Agreement does not create rights of any character whatsoever in favor of any person, corporation, association, entity or power supplier, other than the Parties, and the obligations herein assumed by the Parties are solely for the use and benefit of said Parties. Nothing in this Agreement shall be construed as permitting or vesting, or attempting to permit or vest, in any person, corporation, association, entity or power supplier, other than the Parties, any rights hereunder or in any of the resources or facilities owned or controlled by the Parties or the use thereof

12.2 Waivers.

Any waiver at any time by a Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or matter. Any delay, short of the statutory period of limitation, in asserting or enforcing any right under this Agreement, shall not be deemed a waiver of such right.

12.3 Successors and Assigns.

This Agreement shall inure to the benefit of and be binding only upon the Parties and their respective successors and assigns, and shall not be assignable by any Party without the written consent of the other Party except to a successor in the operation of its properties by reason of a merger, consolidation, sale or foreclosure whereby substantially all such properties are acquired by or merged with those of such a successor, subject to all relevant state and federal regulatory approvals.

12.4 Liability and Indemnification.

Subject to any applicable state or federal law which may specifically restrict limitations on liability, each Party shall release, indemnify, and hold harmless the other Party, its directors, officers and employees from and against any and all liability for loss, damage or expense alleged to arise from, or incidental to, injury to persons and/or damage to property in connection with its facilities or the production or transmission of electric energy by or through such facilities, or related to performance or non-performance of this Agreement, including any negligence arising hereunder. In no event shall any Party be liable to another Party for any indirect, special, incidental or consequential damages with respect to any claim arising out of this Agreement.

12.5 Section Headings.

The descriptive headings of the Articles and Sections of this Agreement are used for convenience only and shall not modify or restrict any of the terms and provisions thereof.

12.6 Notice.

Any notice or demand for performance required or permitted under any of the provisions of this Agreement shall be deemed to have been given on the date of such notice, in writing, is deposited in the U.S. mail, postage prepaid, certified or registered mail, addressed to:

For Nevada Power Company
Emmanuel Lopez
NPC Purchased Power Settlement Desk
775-834-5921
ELopez@nvenergy.com

For Sierra Pacific Power Company
Valerie Schneider
SPPC Purchased Power Settlement Desk
775-834-5278
ValerieSchneider@nvenergy.com

or in such other form or to such other address as the Parties may stipulate.

**ARTICLE XIII
REGULATORY APPROVAL**

13.1 Regulatory Authorization.

This effectiveness of this Agreement is subject to and conditioned upon Acceptance for filing without material condition or modification by the FERC;

13.2 Changes.

It is contemplated by the Parties that it may be appropriate from time to time to change, amend, modify or supplement this Agreement to reflect changes in operating practices or costs of operations or for other reasons. Any such changes to this Agreement shall be in writing executed by the Parties, subject to all necessary state and federal regulatory authorizations.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and attested by their duly authorized officers on the day and year first above written.

NEVADA POWER COMPANY d/b/a NV ENERGY
By:

Title: Vice President, ~~Energy~~
~~Supply Resource Optimization~~

SIERRA PACIFIC POWER COMPANY d/b/a NV ENERGY
By:

Title: Vice President, ~~Energy~~
~~Supply Resource Optimization~~

Dated: ~~October 21,~~
~~2013~~ _____, 2014