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January 17, 2014

via eTariff

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

Re: *NV Energy, Inc.*
Docket Nos. ER13-1605-000
ER13-1607-000 (consolidated)

Partial Offer of Settlement

Dear Secretary Bose:

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.602 (2013), NV Energy, Inc., on behalf of its public utility subsidiaries Nevada Power Company (“Nevada Power”) and Sierra Pacific Power Company (“Sierra Pacific”) (collectively, “NV Energy” or the “Companies”), submits on behalf of the Settling Parties¹ an Offer of Partial Settlement and Partial Settlement Agreement (“Partial Settlement”). If approved by the Commission, the Partial Settlement will resolve certain issues before the Commission in the above-referenced proceeding, while preserving all other issues for continued settlement discussions and/or litigation. Specifically, this Partial Settlement resolves the imbalance provisions of the NV Energy Operating Companies Open Access Transmission Tariff (“OATT”) (Schedules 4 and 9), which were among those rates set for hearing and settlement procedures in this case. The Partial Settlement is unopposed.

If and to the extent appropriate, NV Energy respectfully requests that this Partial Settlement be transmitted to the Honorable John P. Dring, Presiding Settlement Judge, and/or the Honorable Curtis L. Wagner, Jr., Chief Administrative Law Judge, in accordance with Rule 602(b)(2)(i), 18 C.F.R. § 385.602(b)(2)(i).

¹ The “Settling Parties” are NV Energy, Truckee Donner Public Utility District, the City of Fallon, Nevada, The Barrick Mines, and Deseret Power Electric Cooperative.

1. Contents of Submission

In accordance with Rule 602(c)(1), this Partial Settlement filing consists of the following materials in addition to this Transmittal Letter:

- A. An Explanatory Statement;
- B. An Offer of Partial Settlement and Partial Settlement Agreement;
- C. A proposed letter order approving the Partial Settlement; and
- D. A Certificate of Service.

In addition, in accordance with 18 C.F.R. Section 385.602(c)(2) and Order No. 714,² NV Energy is providing through the Commission's eTariff filing system, the following materials as agreed to by the Offer of Partial Settlement and Partial Settlement Agreement:

- E. Clean and marked tariff sheets for Energy Imbalance Service under Schedule 4 of the OATT; and clean and marked tariff sheets for Generator Imbalance Service under Schedule 9 of the OATT.³

2. Service of Submission

Pursuant to Rules 602(d) and 2010 (18 C.F.R. §§ 385.602(d) and 2010), NV Energy certifies that it is serving a complete copy of this Partial Settlement on all parties to the above-referenced proceeding, as well as the Listserv established for Docket Nos. ER13-1605-000 and ER13-1607-000 and all other persons required to be served by operation of Rule 602(d).

3. Notice Respecting Comments

In accordance with Rule 602(f), NV Energy advises all parties that Comments on this Partial Settlement must be filed on or before February 6, 2014, and Reply Comments must be filed on or before February 18, 2014.

² *Electronic Tariff Filings*, Order No. 714, 124 FERC ¶ 61,270 (2008).

³ The marked tariff sheets compare the agreed-to settlement rates and terms with those currently in effect subject to refund, as filed in Docket No. ER13-1605-000. Certain provisions of the redline schedules are shown as new additions in comparison to the versions filed in this case (namely the imbalance crediting provision in Schedules 4 and 9, and the cross-reference to Schedule 10 contained in Schedule 4), but they were recently accepted by the Commission in the Settlement filed in Docket Nos. ER13-684-000 and EL13-44-000. *See NV Energy Operating Companies*, 145 FERC ¶ 61,272 (2013).

Thank you for your assistance in this matter. Please direct any questions to the undersigned.

Sincerely,

/s/ Clifford S. Sikora

Clifford S. Sikora
Christopher R. Jones

Counsel to NV Energy

Exhibits

EXPLANATORY STATEMENT

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

NV Energy, Inc.)	
)	Docket Nos. ER13-1605-000
)	ER13-1607-000
)	(consolidated)

EXPLANATORY STATEMENT

NV Energy, Inc., on behalf of its public utility subsidiaries Nevada Power Company (“Nevada Power”) and Sierra Pacific Power Company (“Sierra Pacific”) (collectively, “NV Energy” or the “Companies”), submits to the Federal Energy Regulatory Commission (“Commission”) this Explanatory Statement in connection with an Offer of Partial Settlement and Partial Settlement Agreement (“Partial Settlement”) in the above captioned proceedings.

This Explanatory Statement is provided solely to comply with Rule 602(c)(1)(ii) of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.602(c)(1)(ii) (2013). This Explanatory Statement is not intended to, and does not alter any of the provisions of the Partial Settlement. In the event of an inconsistency between the Explanatory Statement and the Partial Settlement, the Partial Settlement shall control.

I. PROCEDURAL HISTORY

As discussed above, NV Energy is filing this Partial Settlement on behalf of its two public utility subsidiaries, 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, Inc., a public utility holding company, which

also wholly owns Sierra Pacific, a public utility that serves retail and wholesale customers in Northern Nevada. In 2008, both companies began doing business as “NV Energy.” 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 842,000 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.⁴

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.⁵ The company owns approximately 2,145 miles of transmission lines and other transmission facilities ranging from 60 kV to 345 kV. Additionally, Sierra Pacific provides natural gas service to 151,000 customers in an 800 square mile service territory in Nevada’s Reno/Sparks area.

On May 31, 2013, NV Energy filed revisions to the rates contained in Schedules 1 through 11 of the NV Energy Operating Companies OATT (the “OATT”) to reflect single-system rates for transmission service over NV Energy’s system, as a result of the anticipated

⁴ The Commission first accepted Nevada Power’s market-based rate tariff on May 11, 2001, in Docket No. ER01-1529.

⁵ The Commission first accepted Sierra Pacific’s market-based rate tariff on May 11, 2001, in Docket No. ER01-1527.

commercial operation of the One Nevada Transmission Line Project (“ON Line”), which will provide the first direct interconnection between the balancing authority areas of Sierra Pacific and Nevada Power.⁶ These revisions are further described in NV Energy’s transmittal letter and the accompanying testimony in Docket No. ER13-1605-000. NV Energy also made a filing in Docket No. ER13-1607-000 to reflect changes to the non-rate terms and conditions under its OATT.⁷

In its May 31 Rate Filing, NV Energy requested an effective date of the later of January 1, 2014, or the ON Line in-service date.⁸ On June 28, 2013, Bonneville Power Administration (“BPA”) filed a Motion to Intervene and Protest.⁹ On July 1, 2013, Motions to Intervene and Protests were filed by Colorado River Commission of Nevada (“CRC”) and Southern Nevada Water Authority (“SNWA”),¹⁰ Deseret Generation and Transmission Co-operative d/b/a Deseret Power (“Deseret”),¹¹ Las Vegas Power Company, LLC (“Las Vegas Power”),¹² Newmont USA

⁶ *NV Energy Operating Companies*, Docket No. ER13-1605-000, Transmission Rate Filing and Request for Summary Disposition (May 31, 2013) (“May 31 Rate Filing”).

⁷ *Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy*, Docket No. ER13-1607-000, Tariff Filing (May 31, 2013).

⁸ May 31 Rate Filing, Tr. Letter at 2.

⁹ *NV Energy Operating Companies*, Docket No. ER13-1605-000, Motion to Intervene and Protest of Bonneville Power Administration (June 28, 2013) (“BPA Protest”).

¹⁰ *NV Energy Operating Companies*, Docket No. ER13-1605-000, Motion to Intervene, Motion to Consolidate, Protest, Request for Maximum Suspension, Institution of a Section 206 Proceeding, Hearing and Settlement Judge Procedures (July 1, 2013) (“CRC/SNWA Protest”).

¹¹ *NV Energy Operating Companies*, Docket No. ER13-1605-000, Motion to Intervene, Motion to Consolidate, Protest, Request for Maximum Suspension, Institution of a 205 Proceeding, Hearing, and Settlement Judge Procedures (July 1, 2013) (“Deseret Protest”).

¹² *NV Energy Operating Companies*, Docket No. ER13-1605-000, Motion to Intervene, Answer to Request for Summary Disposition, Protest, Request for Summary Rejection or Maximum Suspension in the Alternative, Request for Institution of a Section 206 Proceeding, and Request for Evidentiary Hearing (July 1, 2013) (“Las Vegas Power Protest”).

Limited (“Newmont”), City of Fallon, NV (“City of Fallon”)¹³, and Truckee Donner Public Utility District (“Truckee Donner”)¹⁴ (together with City of Fallon and Newmont, “Joint Sierra Customers”), Ormat Nevada Inc. and ORNI 47 LLC (together “Ormat”),¹⁵ and Southwest Generation Operating Company, LLC (“Southwest”).¹⁶ Additionally, the Public Utilities Commission of Nevada (“PUCN”) filed a Motion to Intervene and Comments.¹⁷ Several other parties filed either doc-less Motions to Intervene, or simple Motions to Intervene without comments.¹⁸ NV Energy answered protests on July 16, 2013.

On August 5, 2013, the Commission issued a single order in Docket Nos. ER13-1605-000 and ER13-1607-000 (now consolidated for purposes of hearing and settlement) accepting the single-system rates and OATT for filing, suspending them for a nominal period to become effective on the later of January 1, 2014 or the in-service date of ON Line, subject to refund, and establishing hearing and settlement judge procedures.¹⁹

¹³ *NV Energy Operating Companies*, Docket No. ER13-1605-000, Joint Motion to Intervene, Protest, and Request for Suspension, Section 206 Investigation and Hearing (July 1, 2013) (“Newmont and City of Fallon Protest”), which included as an attachment the Joint Sierra Customers’ Protest.

¹⁴ *NV Energy Operating Companies*, Docket No. ER13-1605-000, Protest of Truckee Donner Public Utility District (July 1, 2013), as amended on July 2, 2013 (“Truckee Donner Amended Protest”), which included as an attachment the Joint Sierra Customers’ Protest.

¹⁵ *NV Energy Operating Companies*, Docket No. ER13-1605-000, Motion to Intervene and Protest (July 1, 2013) (“Ormat Protest”).

¹⁶ *NV Energy Operating Companies*, Docket No. ER13-1605-000, Motion to Intervene, Motion to Consolidate, and Protest of Southwest Generation Operating Company (July 1, 2013) (“Southwest Protest”).

¹⁷ *NV Energy Operating Companies*, Docket No. ER13-1605-000, Notice of Intervention and Comments of the Public Utilities Commission of Nevada (July 1, 2013) (“PUCN Comments”). The PUCN comments were amended on July 2, 2013.

¹⁸ The Office of the Attorney General for the State of Nevada Bureau of Consumer Protection (“Nevada BCP”), Barrick Goldstrike Mines Inc., Barrick Turquoise Ridge Inc. as Operator of Turquoise Ridge Joint Venture, and Barrick Cortez Inc. as Operator of Cortez Mines (“Cortez”) (together referred to as the “Barrick Mines”), California Pacific Electric Company, LLC (“CalPeco”), Cargill Power Markets LLC (“Cargill”), Lincoln County Power District No. 1 (“Lincoln”), Nevada Cogeneration Associates #1 and #2, Overton Power District No. 5, Powerex Corp. (“Powerex”), and Plumas-Sierra Rural Electric Cooperative (“Plumas-Sierra”).

¹⁹ *NV Energy, Inc.*, 144 FERC ¶ 61,105 (2013) (“August 5 Order”).

On August 12, 2013, the Chief Judge issued an order appointing the Honorable John P. Dring as Settlement Judge for this case.

The parties met for a settlement conference on September 26, 2013, and have had several subsequent settlement discussions via telephone. As a result of the settlement conference and discussions, the Settling Parties have reached the instant Partial Settlement.

The Settling Parties have undertaken to agree on this Partial Settlement (while preserving remaining issues for continued settlement efforts and/or litigation) because the versions of Schedules 4 and 9 for Energy Imbalance and Generator Imbalance, respectively, filed in this proceeding rely on a Market Price Proxy calculated based on the hourly Dow Jones index for the California-Oregon Border (“COB”) and Palo Verde (“PV”) trading hubs. During the pendency of this case, Dow Jones has discontinued publication of its hourly index for those hubs. Accordingly, as explained below, this Partial Settlement adopts the Powerdex hourly index as a substitute, and changes the applicable trading hubs that will form the basis of imbalance charges. Moreover, during the pendency of this case, certain of the Settling Parties have entered into a settlement in an unconsolidated proceeding, (Docket Nos. ER13-684-000, ER13-684-001, EL13-44-000), that resolves the elimination of the aforementioned Dow Jones indices for periods *prior* to the effective date of the new Schedules 4 and 9 established by the Commission in its August 5, 2013 hearing order in this proceeding. The above-referenced settlement was approved by the Commission on December 24, 2013.²⁰ Thus, this Partial Settlement, if approved, resolves the *future* calculation of the Market Price Proxy using an index that continues to be published.

²⁰ *NV Energy Operating Companies*, 145 FERC ¶ 61,272 (2013).

II. SUMMARY OF PARTIAL SETTLEMENT

- Article 1 of the Partial Settlement briefly describes the procedural background of this case since its inception.
- Article 2 sets forth the Settling Parties' recitals.
- Article 3 sets forth the Settling Parties' terms of agreement on Schedules 4 and 9 concerning Energy Imbalance and Generator Imbalance under the OATT. Specifically, Article 3 provides:
 - Effective January 1, 2014, NV Energy's Schedules 4 and 9 will define Market Price Proxy to mean the simple average of the hourly Powerdex index prices for the Mid-Columbia and Mead trading hubs.
 - Also effective January 1, 2014, NV Energy's Schedules 4 and 9 will include provisions describing the methodology the Transmission Provider will follow to distribute imbalance penalty revenues to transmission customers. As a result of this change and other changes shown in the redlined tariff sheets, other than with respect to the use of the Powerdex hourly index prices for Mid-C and Mead, Schedules 4 and 9 will be identical to the tariff provisions recently adopted in a settlement in Docket Nos. ER13-684-000, ER13-684-001 and EL13-44-000, which was approved by the Commission on December 24, 2013.
- Article 4 states when the Partial Settlement will become effective.
- Article 5 sets forth various reservations of rights.

III. RESPONSES TO REQUIRED QUESTIONS

By order dated October 23, 2003, the Chief Administrative Law Judge requires all parties submitting Offers of Settlement under Rule 602 to address five questions in their Explanatory Statement. The questions and specific responses applicable to this Partial Settlement are as follows:

A. WHAT ARE THE ISSUES UNDERLYING THE SETTLEMENT AND WHAT ARE THE MAJOR IMPLICATIONS?

The issues underlying the Partial Settlement are related to the recovery of costs of providing imbalance service. Specifically, the Partial Settlement provides for revised Schedules 4 and 9 for imbalance service under the OATT. There are no major implications of the Partial Settlement of these issues.

B. DO ANY OF THE ISSUES UNDERLYING THE SETTLEMENT HAVE POLICY IMPLICATIONS?

Other than furthering the broad public interest in favor of settlements,²¹ the Partial Settlement does not raise any policy implications.

C. WHAT PENDING CASES MAY BE AFFECTED BY THE SETTLEMENT?

By its terms, the Partial Settlement does not establish any policy or principle, nor does it affect any other issues reserved for litigation and/or settlement discussions in this case, or any other pending case.

D. DOES THE SETTLEMENT INVOLVE ISSUES OF FIRST IMPRESSION, OR ARE THERE ANY PREVIOUS REVERSALS ON THE ISSUES INVOLVED?

The Partial Settlement does not involve issues of first impression, nor are there any previous reversals on the issues involved.

²¹ See, e.g., *Southern Union Gas Co. v. FERC*, 840 F.2d 964, 971 (D.C. Cir. 1988).

E. WHAT IS THE STANDARD OF REVIEW APPLICABLE TO THE PROCEEDING?

The standard of review for any proposed changes sought by any party to the terms of this Partial Settlement shall be the “public interest” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Services Corp.*, 350 U.S. 332 (1956), *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), and *Morgan Stanley Capital Group Inc. v. Pub. Util. Dist. No. 1*, 554 U.S. 527 (2008), and the standard of review for any changes proposed by a non-party or the Commission acting *sua sponte* shall be the ordinary just and reasonable standard of review, not the public interest standard of review, see *Devon Power LLC*, 134 FERC ¶ 61,208 at P 10 (2011). Notwithstanding the public interest standard of review to the Partial Settlement, the Settling Parties acknowledge that, while they are agreeing to the use of the Powerdex index and the Mid-C and Mead hubs as sources for imbalance charges effective January 1, 2014, the Settling Parties may propose future changes to Schedules 4 and 9 (any such future changes to be effective prospectively under Section 205 or 206, as the case may be). Accordingly, nothing in this Partial Settlement shall affect the rights of NV Energy, any other Settling Party, the Commission, or any other entity to seek future changes to the rates, terms, and/or conditions of the OATT under Sections 205 or 206 of the Federal Power Act (including but not limited to changes to Schedules 4 and/or 9); nor is this Partial Settlement intended to create a standard of review other than the just and reasonable standard for any such future rate changes.

IV. CONCLUSION

The Partial Settlement resolves all issues related to Schedules 4 and 9 of the OATT in this proceeding, and is consistent with the Commission’s policies encouraging settlements. Further, the Partial Settlement is fair, reasonable, and in the public interest, and Commission

approval of the Partial Settlement will save not only the Settling Parties, but also the Commission, the expense and effort of protracted litigation with respect to pricing of imbalance service. Accordingly, the Settling Parties respectfully request that the Commission find that the Partial Settlement is fair and reasonable and in the public interest and approve it without condition or modification.

OFFER OF PARTIAL SETTLEMENT
AND PARTIAL SETTLEMENT AGREEMENT

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

NV Energy, Inc.)	Docket Nos.	ER13-1605-000
)		ER13-1607-000
)		(consolidated)

**OFFER OF PARTIAL SETTLEMENT
AND PARTIAL SETTLEMENT AGREEMENT**

In accordance with the provisions of Rule 602 of the Rules of Practice and Procedure¹ of the Federal Energy Regulatory Commission (“Commission”), NV Energy, Inc., on behalf of its public utility subsidiaries Nevada Power Company (“Nevada Power”) and Sierra Pacific Power Company (“Sierra Pacific”) (collectively, “NV Energy” or the “Companies”), and the other Settling Parties² enter into this Offer of Partial Settlement and Partial Settlement Agreement (“Partial Settlement”).

**ARTICLE 1
BACKGROUND**

1.1 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. In 2008, both companies

¹ 18 C.F.R. § 385.602 (2013).

² The “Settling Parties” are NV Energy, Truckee Donner Public Utility District, the City of Fallon, Nevada, The Barrick Mines, and Deseret Power Electric Cooperative.

began doing business as “NV Energy.” 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 842,000 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.¹

1.2 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. The company owns approximately 2,145 miles of transmission lines and other transmission facilities ranging from 60 kV to 345 kV. Additionally, Sierra Pacific provides natural gas service to 151,000 customers in an 800 square mile service territory in Nevada’s Reno/Sparks area.

1.3 On May 31, 2013, NV Energy filed revisions to the rates contained in Schedules 1 through 11 of the NV Energy Operating Companies OATT (the “OATT”) to reflect single-system rates for transmission service over NV Energy’s system, as a result of the anticipated commercial operation of the One Nevada Transmission Line Project (“ON Line”), which will

¹ The Commission first accepted Nevada Power’s market-based rate tariff on May 11, 2001, in Docket No. ER01-1529.

provide the first direct interconnection between the balancing authority areas of Sierra Pacific and Nevada Power.² These revisions are further described in NV Energy's transmittal letter and the accompanying testimony in Docket No. ER13-1605-000. NV Energy also made a filing in Docket No. ER13-1607-000 to reflect changes to the non-rate terms and conditions under its OATT.³

1.4 In its May 31 Rate Filing, NV Energy requested an effective date of the later of January 1, 2014, or the ON Line in-service date.⁴ On June 28, 2013, Bonneville Power Administration ("BPA") filed a Motion to Intervene and Protest.⁵ On July 1, 2013, Motions to Intervene and Protests were filed by Colorado River Commission of Nevada ("CRC") and Southern Nevada Water Authority ("SNWA"),⁶ Deseret Generation and Transmission Cooperative d/b/a Deseret Power ("Deseret"),⁷ Las Vegas Power Company, LLC ("Las Vegas Power"),⁸ Newmont USA Limited ("Newmont"), City of Fallon, NV ("City of Fallon"),⁹ and

² *NV Energy Operating Companies*, Docket No. ER13-1605-000, Transmission Rate Filing and Request for Summary Disposition (May 31, 2013) ("May 31 Rate Filing").

³ *Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy*, Docket No. ER13-1607-000, Tariff Filing (May 31, 2013).

⁴ May 31 Rate Filing, Tr. Letter at 2.

⁵ *NV Energy Operating Companies*, Docket No. ER13-1605-000, Motion to Intervene and Protest of Bonneville Power Administration (June 28, 2013) ("BPA Protest").

⁶ *NV Energy Operating Companies*, Docket No. ER13-1605-000, Motion to Intervene, Motion to Consolidate, Protest, Request for Maximum Suspension, Institution of a Section 206 Proceeding, Hearing and Settlement Judge Procedures (July 1, 2013) ("CRC/SNWA Protest").

⁷ *NV Energy Operating Companies*, Docket No. ER13-1605-000, Motion to Intervene, Motion to Consolidate, Protest, Request for Maximum Suspension, Institution of a 205 Proceeding, Hearing, and Settlement Judge Procedures (July 1, 2013) ("Deseret Protest").

⁸ *NV Energy Operating Companies*, Docket No. ER13-1605-000, Motion to Intervene, Answer to Request for Summary Disposition, Protest, Request for Summary Rejection or Maximum Suspension in the Alternative, Request for Institution of a Section 206 Proceeding, and Request for Evidentiary Hearing (July 1, 2013) ("Las Vegas Power Protest").

⁹ *NV Energy Operating Companies*, Docket No. ER13-1605-000, Joint Motion to Intervene, Protest, and Request for Suspension, Section 206 Investigation and Hearing (July 1, 2013) ("Newmont and City of Fallon Protest"), which included as an attachment the Joint Sierra Customers' Protest.

Truckee Donner Public Utility District (“Truckee Donner”)¹⁰ (together with City of Fallon and Newmont, “Joint Sierra Customers”), Ormat Nevada Inc. and ORNI 47 LLC (together “Ormat”),¹¹ and Southwest Generation Operating Company, LLC (“Southwest”).¹² Additionally, the Public Utilities Commission of Nevada (“PUCN”) filed a Motion to Intervene and Comments.¹³ Several other parties filed either doc-less Motions to Intervene, or simple Motions to Intervene without comments.¹⁴ NV Energy answered protests on July 16, 2013.

1.5 On August 5, 2013, the Commission issued a single order in Docket Nos. ER13-1605-000 and ER13-1607-000 (now consolidated for purposes of hearing and settlement) accepting the single-system rates and OATT for filing, suspending them for a nominal period to become effective on the later of January 1, 2014 or the in-service date of ON Line, subject to refund, and establishing hearing and settlement judge procedures. On August 12, 2013, the Chief Judge issued an order appointing the Honorable John P. Dring as Settlement Judge for this case.

¹⁰ *NV Energy Operating Companies*, Docket No. ER13-1605-000, Protest of Truckee Donner Public Utility District (July 1, 2013), as amended on July 2, 2013 (“Truckee Donner Amended Protest”), which included as an attachment the Joint Sierra Customers’ Protest.

¹¹ *NV Energy Operating Companies*, Docket No. ER13-1605-000, Motion to Intervene and Protest (July 1, 2013) (“Ormat Protest”).

¹² *NV Energy Operating Companies*, Docket No. ER13-1605-000, Motion to Intervene, Motion to Consolidate, and Protest of Southwest Generation Operating Company (July 1, 2013) (“Southwest Protest”).

¹³ *NV Energy Operating Companies*, Docket No. ER13-1605-000, Notice of Intervention and Comments of the Public Utilities Commission of Nevada (July 1, 2013) (“PUCN Comments”). The PUCN comments were amended on July 2, 2013.

¹⁴ The Office of the Attorney General for the State of Nevada Bureau of Consumer Protection (“Nevada BCP”), Barrick Goldstrike Mines Inc., Barrick Turquoise Ridge Inc. as Operator of Turquoise Ridge Joint Venture, and Barrick Cortez Inc. as Operator of Cortez Mines (“Cortez”) (together referred to as the “Barrick Mines”), California Pacific Electric Company, LLC (“CalPeco”), Cargill Power Markets LLC (“Cargill”), Lincoln County Power District No. 1 (“Lincoln”), Nevada Cogeneration Associates #1 and #2, Overton Power District No. 5, Powerex Corp. (“Powerex”), and Plumas-Sierra Rural Electric Cooperative (“Plumas-Sierra”).

1.6 The parties met for a settlement conference on September 26, 2013 and have had several intervening settlement discussions via telephone. As a result of the settlement conferences and discussions, the Settling Parties have reached the instant Partial Settlement.

1.7 The Settling Parties hereby settle and resolve all issues related to Energy Imbalance and Generator Imbalance service, as detailed in Schedules 4 and 9 of the OATT, respectively, in Docket Nos. ER13-1605-000 and ER13-1607-000, on the terms set forth below.

ARTICLE 2 RECITALS

2.1 Whereas, the Settling Parties are engaged in a proceeding regarding rates, terms and conditions of transmission service on the NV Energy system pursuant to the OATT;

2.2 Whereas, the Settling Parties have reached a Partial Settlement resolving Energy Imbalance and Generator Imbalance service pursuant to Schedules 4 and 9 of the OATT;

2.3 Whereas, prior to executing this Partial Settlement, the Settling Parties have had the opportunity to review its contents and to consult with counsel and independent advisors; and

2.4 Now, therefore, in consideration of the mutual covenants and agreements, and other good and valuable consideration, provided for herein, and subject to and upon the terms and conditions hereof, the Settling Parties agree as follows.

ARTICLE 3 PARTIAL SETTLEMENT

3.1 The execution of this Partial Settlement by the Settling Parties constitutes their agreement to the terms and provisions hereof and their agreement that they shall not withdraw from this Partial Settlement except as provided in Article 5 hereof.

3.2 The Settling Parties agree that, effective January 1, 2014, Schedules 4 and 9 of the OATT will define Market Price Proxy to mean the simple average of the Powerdex hourly index prices for the Mid-Columbia (“Mid-C”) and Mead hubs.

3.3 The Settling Parties agree that, effective January 1, 2014, NV Energy’s Schedules 4 and 9 will include provisions describing the methodology the Transmission Provider will follow to distribute imbalance penalty revenues to transmission customers, and will include other changes shown in the attached redlined tariff sheets.

3.4 The settlement rates and terms for Schedules 4 and 9 of the OATT are set forth in the revised OATT schedules (“Revised Schedules”) (clean and redline versions) provided in Appendix A to this Partial Settlement. Any conflict between this Partial Settlement and the Revised Schedules will be resolved in favor of the Revised Schedules.

3.5 The standard of review for any proposed changes sought by any party to the terms of this Partial Settlement shall be the “public interest” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Services Corp.*, 350 U.S. 332 (1956), *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), and *Morgan Stanley Capital Group Inc. v. Pub. Util. Dist. No. 1*, 554 U.S. 527 (2008), and the standard of review for any changes proposed by a non-party or the Commission acting *sua sponte* shall be the ordinary just and reasonable standard of review, not the public interest standard of review, see *Devon Power LLC*, 134 FERC ¶ 61,208 at P 10 (2011). Notwithstanding the public interest standard of review to the Partial Settlement, the Settling Parties acknowledge that, while they are agreeing to the use of the Powerdex index and the Mid-C and Mead hubs as sources for imbalance charges effective January 1, 2014, the Settling Parties may propose future changes to Schedules 4 and 9 (any such future changes to be

effective prospectively under Section 205 or 206, as the case may be). Accordingly, nothing in this Partial Settlement shall affect the rights of NV Energy, any other Settling Party, the Commission, or any other entity to seek future changes to the rates, terms, and/or conditions of the OATT under Sections 205 or 206 of the Federal Power Act (including but not limited to changes to Schedules 4 and/or 9); nor is this Partial Settlement intended to create a standard of review other than the just and reasonable standard for any such future rate changes.

3.6 The Partial Settlement resolves only Schedules 4 and 9 of the OATT. The Settling Parties agree that other matters set for hearing and all other OATT schedules at issue in this proceeding will remain subject to continuing settlement discussions and/or litigation.

ARTICLE 4 CONDITIONS OF EFFECTIVENESS

4.1 This Partial Settlement shall become effective when it has been executed by the Settling Parties and the Commission has issued an order approving this agreement without material condition or modification and that is no longer subject to a request for rehearing or appeal (“Final Order”).

4.2 Nothing herein shall be construed as obligating any Settling Party to appeal an order that fails to approve this Partial Settlement.

ARTICLE 5 RESERVATIONS

5.1 This Partial Settlement is an integrated package. None of the terms of the Settlement are agreed to without each of the others. The various provisions of this Partial Settlement are not severable.

5.2 This Partial Settlement is submitted pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, and it is agreed by the Settling Parties that this Partial Settlement shall not be admissible in evidence or made a part of the record in any proceeding except as necessary to implement or enforce the Settlement. The discussions among the Settling Parties have been conducted with the explicit understanding and agreement, pursuant to Rule 602(e) of the Commission's Rules of Practice and Procedure, that all offers of settlement and settlement discussions relating thereto are and shall be privileged and are not to be used in any manner in connection with this proceeding or otherwise (except as may be proper in a proceeding involving the interpretation and enforcement of the terms of this Partial Settlement).

5.3 It is specifically understood and agreed that this Partial Settlement represents a negotiated settlement in the public interest with respect to the matters agreed to herein for the sole purpose of the partial settlement of such matters agreed to herein, and neither the Settling Parties nor any other party or person shall be prejudiced or bound thereby in any proceeding, except as specifically provided herein. Neither the Settling Parties, nor any other party or person shall be deemed to have approved, accepted, agreed, or consented to any concept, theory, or principle underlying or supposed to underlie any of the matters provided for herein. Further, this Partial Settlement cannot be used, and no part hereof shall be used, to advance, support, or resist a position taken before the Commission or the courts by any party to this proceeding. A participant's failure to litigate in this proceeding an issue resolved by this Partial Settlement shall not prejudice the participant's right to raise such issue in a future proceeding. The Commission's approval of this Partial Settlement shall not constitute precedent nor be used to prejudice any otherwise available rights or arguments of any Party in a future proceeding, other than to enforce the terms of this Partial Settlement, and shall not be used as evidence that a particular method is

a “long-standing practice” as that term is used in *Columbia Gas Transmission Corp. v. FERC*, 628 F.2d 578 (D.C. Cir. 1975), or a “settled practice” as that term is used in *Public Service Commission of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980).

5.4 If the Commission’s order approving this Partial Settlement is conditioned or this Partial Settlement is modified in any material way that is unacceptable to any Settling Party, within twenty (20) days thereafter, such Settling Party may withdraw from this Partial Settlement by providing written notice to the Commission and to the other Parties of such withdrawal and by serving the same on all participants to the captioned proceeding.

5.5 If any Settling Party withdraws from this Partial Settlement pursuant to Section 5.4, then this Partial Settlement shall not become effective. In such event, this Partial Settlement shall be a nullity for all purposes and the rights, duties, and obligations of all persons affected by this Partial Settlement shall be restored as if this Partial Settlement had never been executed; provided, however, that the Settling Parties shall in good faith attempt to modify this Partial Settlement to remove the source of the objection and to preserve the economic values established hereunder.

5.6 The titles and headings of the various Articles of this Partial Settlement are for reference and convenience purposes only, and are not to be construed or taken into account in interpreting the Partial Settlement and do not qualify, modify, or explain the effects of the Partial Settlement.

5.7 Each person executing this Partial Settlement represents and warrants that he or she is duly authorized and empowered to act on behalf of, and to sign for, the Party for whom he or she has signed.

5.8 This Partial Settlement is binding upon and for the benefit of the Parties and their successors and assigns.

5.9 This Partial Settlement may be executed in any number of counterparts, each of which shall constitute an original and all of which together shall constitute one and the same Partial Settlement.

[Signatures on Following Pages]

**NV Energy Inc., Docket Nos. ER13-1605, ER13-1607
Partial Settlement Agreement**

Agreed to by:

Signature: 

Printed Name: GRACE WONG

Party: NV ENERGY

Executed this 16 day of January, 2014

NV Energy Inc., Docket Nos. ER13-1605, ER13-1607
Partial Settlement Agreement

Agreed to by:

Signature: _____

Printed Name: Margaret A. McGoldrick

Party: Truckee Donner Public Utility District

Executed this 10th day of January, 2014

NV Energy Inc., Docket Nos. ER13-1605, ER13-1607
Partial Settlement Agreement

Agreed to by:

Signature:

A handwritten signature in black ink, appearing to read 'Timothy K. Shuba', written over a horizontal line.

Printed Name: Timothy K. Shuba

Party: City of Fallon, NV

Executed this 10th day of January, 2014

**NV Energy Inc., Docket Nos. ER13-1605, ER13-1607
Partial Settlement Agreement**

Agreed to by:

Signature: 

Printed Name: Vicki M. Baldwin

Party: The Barrick Mines *

Executed this 9th day of Jan., 2014

*The Barrick Mines consist of: Barrick Goldstrike Mines Inc.,
Barrick Turquoise Ridge Inc.
as operator of Turquoise
Ridge Joint Venture, and
Barrick Cortez Inc. as
operator of Cortez Mines

**NV Energy Inc., Docket Nos. ER13-1605, ER13-1607
Partial Settlement Agreement**

Agreed to by:

Signature:



Printed Name:

Leary Silverstein

Party:

Deseret Power

Executed this 15th day of May, 2014

PROPOSED LETTER ORDER

DRAFT
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

_____, 2013

In Reply Refer To:

NV Energy, Inc.

Docket Nos. ER13-1605-000

ER13-1607-000

(consolidated)

Clifford S. Sikora
Troutman Sanders LLP
401 9th Street NW
Washington, DC 20005

Dear Counsel:

1. On January __, 2014 you filed an Offer of Partial Settlement and Partial Settlement Agreement (“Partial Settlement”) on behalf of NV Energy, Inc., on behalf of its public utility subsidiaries Nevada Power Company (“Nevada Power”) and Sierra Pacific Power Company (“Sierra Pacific”) (collectively, “NV Energy” or the “Companies”) and the Settling Parties in the above-referenced proceeding. On _____, Commission Trial Staff filed comments on the Partial Settlement. On _____, the Settlement Judge certified the Partial Settlement to the Commission as uncontested.
2. The Partial Settlement resolves all issues related to Schedules 4 and 9 of the NV Energy OATT in dispute in these proceedings. The Partial Settlement appears to be fair and reasonable and in the public interest, and is hereby approved. The Commission’s approval of this settlement does not constitute approval of, or precedent regarding, any principle or issue in these proceedings. The Commission retains the right to investigate the rates, terms and conditions under the just and reasonable and not unduly discriminatory or preferential standard of Section 206 of the Federal Power Act, 16 U.S.C. § 824(e)(2006).

By direction of the Commission.

Kimberly D. Bose
Secretary

cc: All Parties

CERTIFICATE OF SERVICE

Certificate of Service

I hereby certify that I have this day served a copy of the foregoing document on the official service list for these proceedings as established and maintained by the Commission's Secretary.

Dated at Washington DC this 17th day of January, 2014.

/s/ Christopher R. Jones
Christopher R. Jones
TROUTMAN SANDERS LLP
401 9th Street NW
Washington, D.C. 20005
(202) 662-2181

Appendix A

Schedule 4: Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly energy imbalances under this Schedule or a penalty for hourly generator imbalances under Schedule 9 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish charges for energy imbalance based on the deviation bands as follows: (i) the portion of deviations within +/-1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, at 100 percent of the Market Price Proxy; (ii) the portion of deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of the Market Price Proxy for underscheduling or 90 percent of the Market Price Proxy for overscheduling, and (iii) the portion of deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of the Market Price Proxy for underscheduling or 75 percent of the Market Price Proxy for overscheduling.

For purposes of this Schedule, the Market Price Proxy shall be the simple average of the Powerdex Hourly Mid-Columbia Index (Mid-C) and the Powerdex Hourly Mead Index for the applicable hour.

If the Market Price Proxy hourly pricing data set out above is not available from Powerdex for a given hour, pricing data from another published source for the same hour and location shall be used or, if no such alternative published data is available, the applicable Powerdex indexes from one or more hours proximate to (either prior or subsequent to) the hour without available data and with the same hour characteristics shall be used in a commercially reasonable manner to estimate the missing pricing data.

For any hour for which the Transmission Provider assesses any charge for Energy Imbalance Service under this Schedule 4 based on 110% or 125% of the Market Price Proxy, the Transmission Provider shall credit any such penalty revenues in excess of the Market Price Proxy to Qualified Transmission Customers that did not incur an imbalance penalty in such hour. For each such hour, the amount of such credit shall be allocated among Qualified Transmission Customers that did not incur an imbalance penalty in such hour in proportion to their respective Qualified Transmission Loads for such hour. The calculation will be done monthly, for all hours of the month, on a one-month lagging basis.

For purposes of this Schedule 4, the following definitions shall apply:

- (a) “Qualified Transmission Customer” means each of the following:
 - (i) Long-Term Firm Point-to-Point Transmission Service Customer;
 - (ii) Network Customer; or
 - (iii) Transmission Provider on behalf of its Native Load Customers.
- (b) “Qualified Transmission Load” for any hour means the following with respect to each Qualified Transmission Customer:
 - (i) For each Long-Term Firm Point-to-Point Transmission Service Customer, its Reserved Capacity applicable to such hour;
 - (ii) For each Network Customer, its load for such hour; or
 - (iii) For the Transmission Provider on behalf of its Native Load Customers, the hourly load in such hour.

For purposes of Schedule 10, the terms “Transmission Provider’s Incremental Energy Cost” and “Transmission Provider’s Decremental Energy Cost” will be deemed to be the Market Price Proxy as defined in this Schedule 4.

Schedule 9

Generator Imbalance Service

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider's Control Area and a delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour. The Transmission Provider must offer this service, to the extent it is physically feasible to do so from its resources or from resources available to it, when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Generator Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area Operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly generator imbalances under this Schedule or a penalty for hourly energy imbalances under Schedule 4 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish charges for generator imbalance based on the deviation bands as follows: (i) the portion of deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of each month, at 100 percent of the Market Price Proxy, (ii) the portion of deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of the Market Price Proxy for underscheduling or 90 percent of the Market Price Proxy for overscheduling, and (iii) the portion of deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled at 125 percent of the Market Price Proxy for

underscheduling or 75 percent of the Market Price Proxy for overscheduling, except that an intermittent resource will be exempt from this deviation band and will pay the deviation band charges for all deviations greater than the larger of 1.5 percent or 2 MW.

An intermittent resource, for the limited purpose of this Schedule, is an electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand or respond to transmission security constraints.

Notwithstanding the foregoing, deviations from scheduled transactions in order to respond to directives by the Transmission Provider, a balancing authority, or a reliability coordinator shall not be subject to the deviation bands identified above and, instead, shall be settled financially, at the end of the month, at 100 percent of the Market Price Proxy. Such directives may include instructions to correct frequency decay, respond to a reserve sharing event, or change output to relieve congestion.

For purposes of this Schedule, the Market Price Proxy shall be the simple average of the Powerdex Hourly Mid-Columbia Index (Mid-C) and the Powerdex Hourly Mead Index for the applicable hour. If the Market Price Proxy hourly pricing data set out above is not available from Powerdex for a given hour, pricing data from another published source for the same hour and location shall be used or, if no such alternative published data is available, the applicable Powerdex indexes from one or more hours proximate to (either prior or subsequent to) the hour without available data and with the same hour characteristics shall be used in a commercially reasonable manner to estimate the missing pricing data.

Credit to Transmission Customers for Imbalance Penalty Charges

For any hour for which the Transmission Provider assesses any charge for Generator Imbalance Service under this Schedule 9 based on 110% or 125% of the Market Price Proxy, the Transmission Provider shall credit any such penalty revenues in excess of the Market Price Proxy to Qualified Transmission Customers that did not incur an imbalance penalty in such hour. For each such hour, the amount of such credit shall be allocated among Qualified Transmission Customers that did not incur an imbalance penalty in such hour in proportion to their respective Qualified Transmission Loads for such hour. The calculation will be done monthly, for all hours of the month, on a one-month lagging basis.

For purposes of this Schedule 9, the following definitions shall apply:

- (a) “Qualified Transmission Customer” means each of the following:
 - (i) Long-Term Firm Point-to-Point Transmission Service Customer;
 - (ii) Network Customer; or
 - (iii) Transmission Provider on behalf of its Native Load Customers.

- (b) “Qualified Transmission Load” for any hour means the following with respect to each Qualified Transmission Customer:
 - (i) For each Long-Term Firm Point-to-Point Transmission Service Customer, its Reserved Capacity applicable to such hour;
 - (ii) For each Network Customer, its load for such hour; or
 - (iii) For the Transmission Provider on behalf of its Native Load Customers, the hourly load in such hour.

Schedule 4: Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly energy imbalances under this Schedule or a penalty for hourly generator imbalances under Schedule 9 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish charges for energy imbalance based on the deviation bands as follows: (i) **the portion of** deviations within +/-1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, at 100 percent of the Market Price Proxy; (ii) **the portion of** deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of the Market Price Proxy for underscheduling or 90 percent of the Market Price Proxy for overscheduling, and (iii) **the portion of** deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of the Market Price Proxy for underscheduling or 75 percent of the Market Price Proxy for overscheduling.

For purposes of this Schedule, the Market Price Proxy shall be the hourly price from the Dow Jones U.S. Electricity Price IndexesSM, as identified below: The simple average of the Firm Powerdex Hourly Dow Jones California-Oregon Border Hourly Mid-Columbia Index (COB) and the Firm Hourly Dow Jones Palo Verde Hourly Index (PV) shall be used. Mid-C and the Powerdex Hourly Mead Index for the applicable hour.

If the Market Proxy-Price Proxy hourly pricing data set out above is not available from Dow Jones Powerdex for a given hour, pricing data from another published source for the same hour and location shall be used or, if no such alternative published data is available, the applicable Dow Jones U.S. Electricity Price IndexesSM Powerdex indexes from one or more hours proximate to (either prior or subsequent to) the hour without available data and with the same hour characteristics shall be used in a commercially reasonable manner to estimate the missing pricing data.

For any hour for which the Transmission Provider assesses any charge for Energy Imbalance Service under this Schedule 4 based on 110% or 125% of the Market Price Proxy, the Transmission Provider shall credit any such penalty revenues in excess of the Market Price Proxy to Qualified Transmission Customers that did not incur an imbalance penalty in such hour. For each such hour, the amount of such credit shall be allocated among Qualified Transmission Customers that did not incur an imbalance penalty in such hour in proportion to their respective Qualified Transmission Loads for such hour. The calculation will be done monthly, for all hours of the month, on a one-month lagging basis.

For purposes of this Schedule 4, the following definitions shall apply:

- (a) “Qualified Transmission Customer” means each of the following:
- (i) Long-Term Firm Point-to-Point Transmission Service Customer;
 - (ii) Network Customer; or
 - (iii) Transmission Provider on behalf of its Native Load Customers.
- (b) “Qualified Transmission Load” for any hour means the following with respect to each Qualified Transmission Customer:
- (i) For each Long-Term Firm Point-to-Point Transmission Service Customer, its Reserved Capacity applicable to such hour;
 - (ii) For each Network Customer, its load for such hour; or

(iii) For the Transmission Provider on behalf of its Native Load Customers, the hourly load in such hour.

For purposes of Schedule 10, the terms “Transmission Provider’s Incremental Energy Cost” and “Transmission Provider’s Decremental Energy Cost” will be deemed to be the Market Price Proxy as defined in this Schedule 4.

Schedule 9

Generator Imbalance Service

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider's Control Area and a delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour. The Transmission Provider must offer this service, to the extent it is physically feasible to do so from its resources or from resources available to it, when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Generator Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area Operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly generator imbalances under this Schedule or a penalty for hourly energy imbalances under Schedule 4 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish charges for generator imbalance based on the deviation bands as follows: (i) **the portion of** deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of each month, at 100 percent of the Market Price Proxy, (ii) **the portion of** deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of the Market Price Proxy for underscheduling or 90 percent of the Market Price Proxy for overscheduling, and (iii) **the portion of** deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled at 125 percent of the Market

Price Proxy for underscheduling or 75 percent of the Market Price Proxy for overscheduling, except that an intermittent resource will be exempt from this deviation band and will pay the deviation band charges for all deviations greater than the larger of 1.5 percent or 2 MW.

An intermittent resource, for the limited purpose of this Schedule, is an electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand or respond to transmission security constraints.

Notwithstanding the foregoing, deviations from scheduled transactions in order to respond to directives by the Transmission Provider, a balancing authority, or a reliability coordinator shall not be subject to the deviation bands identified above and, instead, shall be settled financially, at the end of the month, at 100 percent of the Market Price Proxy. Such directives may include instructions to correct frequency decay, respond to a reserve sharing event, or change output to relieve congestion.

For purposes of this Schedule, the Market Price Proxy shall be the ~~hourly price from the Dow Jones U.S. Electricity Price IndexesSM~~, as described below.

~~The~~**simple** average of the ~~Firm~~**Powerdex** Hourly ~~Dow Jones California-Oregon-Border Hourly~~**Mid-Columbia** Index (COB) and the ~~Firm Hourly Dow Jones Palo Verde Hourly Index (PV)~~ shall be used**Mid-C) and the Powerdex Hourly Mead Index for the applicable hour.** If the Market Price Proxy hourly pricing data set out above is not available from ~~Dow Jones~~**Powerdex** for a given hour, pricing data from another published source for the same hour and location shall be used or, if no such alternative published data is available, the applicable ~~Dow Jones U.S. Electricity Price IndexesSM~~**Powerdex indexes** from one or more hours proximate to (either prior or subsequent to) the hour without available data and with the same hour characteristics shall be used in a commercially reasonable manner to estimate the missing pricing data.

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Generator Imbalance Service under this Schedule 9 based on 110% or 125% of the Market Price Proxy, the Transmission Provider shall credit any such penalty revenues in excess of the Market Price Proxy to Qualified Transmission Customers that did not incur an imbalance penalty in such hour. For each such hour, the amount of such credit shall be allocated among Qualified Transmission Customers that did not incur an imbalance penalty in such hour in proportion to their respective Qualified Transmission Loads for such hour. The calculation will be done monthly, for all hours of the month, on a one-month lagging basis.

For purposes of this Schedule 9, the following definitions shall apply:

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underscheduling or 75 percent of the Market Price Proxy for overscheduling, except that an intermittent resource will be exempt from this deviation band and will pay the deviation band charges for all deviations greater than the larger of 1.5 percent or 2 MW.

An intermittent resource, for the limited purpose of this Schedule, is an electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand or respond to transmission security constraints.

Notwithstanding the foregoing, deviations from scheduled transactions in order to respond to directives by the Transmission Provider, a balancing authority, or a reliability coordinator shall not be subject to the deviation bands identified above and, instead, shall be settled financially, at the end of the month, at 100 percent of the Market Price Proxy. Such directives may include instructions to correct frequency decay, respond to a reserve sharing event, or change output to relieve congestion.

For purposes of this Schedule, the Market Price Proxy shall be the simple average of the Powerdex Hourly Mid-Columbia Index (Mid-C) and the Powerdex Hourly Mead Index for the applicable hour. If the Market Price Proxy hourly pricing data set out above is not available from Powerdex for a given hour, pricing data from another published source for the same hour and location shall be used or, if no such alternative published data is available, the applicable Powerdex indexes from one or more hours proximate to (either prior or subsequent to) the hour without available data and with the same hour characteristics shall be used in a commercially reasonable manner to estimate the missing pricing data.

Credit to Transmission Customers for Imbalance Penalty Charges

For any hour for which the Transmission Provider assesses any charge for Generator Imbalance Service under this Schedule 9 based on 110% or 125% of the Market Price Proxy, the Transmission Provider shall credit any such penalty revenues in excess of the Market Price Proxy to Qualified Transmission Customers that did not incur an imbalance penalty in such hour. For each such hour, the amount of such credit shall be allocated among Qualified Transmission Customers that did not incur an imbalance penalty in such hour in proportion to their respective Qualified Transmission Loads for such hour. The calculation will be done monthly, for all hours of the month, on a one-month lagging basis.

For purposes of this Schedule 9, the following definitions shall apply:

- (a) “Qualified Transmission Customer” means each of the following:
 - (i) Long-Term Firm Point-to-Point Transmission Service Customer;
 - (ii) Network Customer; or
 - (iii) Transmission Provider on behalf of its Native Load Customers.

- (b) “Qualified Transmission Load” for any hour means the following with respect to each Qualified Transmission Customer:
 - (i) For each Long-Term Firm Point-to-Point Transmission Service Customer, its Reserved Capacity applicable to such hour;
 - (ii) For each Network Customer, its load for such hour; or
 - (iii) For the Transmission Provider on behalf of its Native Load Customers, the hourly load in such hour.

Schedule 4: Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly energy imbalances under this Schedule or a penalty for hourly generator imbalances under Schedule 9 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish charges for energy imbalance based on the deviation bands as follows: (i) **the portion of** deviations within +/-1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, at 100 percent of the Market Price Proxy; (ii) **the portion of** deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of the Market Price Proxy for underscheduling or 90 percent of the Market Price Proxy for overscheduling, and (iii) **the portion of** deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of the Market Price Proxy for underscheduling or 75 percent of the Market Price Proxy for overscheduling.

For purposes of this Schedule, the Market Price Proxy shall be the hourly price from the Dow Jones U.S. Electricity Price IndexesSM, as identified below: The simple average of the Firm Powerdex Hourly Dow Jones California-Oregon Border Hourly Mid-Columbia Index (COB) and the Firm Hourly Dow Jones Palo Verde Hourly Index (PV) shall be used. Mid-C and the Powerdex Hourly Mead Index for the applicable hour.

If the Market Proxy-Price Proxy hourly pricing data set out above is not available from Dow Jones Powerdex for a given hour, pricing data from another published source for the same hour and location shall be used or, if no such alternative published data is available, the applicable Dow Jones U.S. Electricity Price IndexesSM Powerdex indexes from one or more hours proximate to (either prior or subsequent to) the hour without available data and with the same hour characteristics shall be used in a commercially reasonable manner to estimate the missing pricing data.

For any hour for which the Transmission Provider assesses any charge for Energy Imbalance Service under this Schedule 4 based on 110% or 125% of the Market Price Proxy, the Transmission Provider shall credit any such penalty revenues in excess of the Market Price Proxy to Qualified Transmission Customers that did not incur an imbalance penalty in such hour. For each such hour, the amount of such credit shall be allocated among Qualified Transmission Customers that did not incur an imbalance penalty in such hour in proportion to their respective Qualified Transmission Loads for such hour. The calculation will be done monthly, for all hours of the month, on a one-month lagging basis.

For purposes of this Schedule 4, the following definitions shall apply:

- (a) “Qualified Transmission Customer” means each of the following:
- (i) Long-Term Firm Point-to-Point Transmission Service Customer;
 - (ii) Network Customer; or
 - (iii) Transmission Provider on behalf of its Native Load Customers.
- (b) “Qualified Transmission Load” for any hour means the following with respect to each Qualified Transmission Customer:
- (i) For each Long-Term Firm Point-to-Point Transmission Service Customer, its Reserved Capacity applicable to such hour;
 - (ii) For each Network Customer, its load for such hour; or

(iii) For the Transmission Provider on behalf of its Native Load Customers, the hourly load in such hour.

For purposes of Schedule 10, the terms “Transmission Provider’s Incremental Energy Cost” and “Transmission Provider’s Decremental Energy Cost” will be deemed to be the Market Price Proxy as defined in this Schedule 4.

Schedule 9

Generator Imbalance Service

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider's Control Area and a delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour. The Transmission Provider must offer this service, to the extent it is physically feasible to do so from its resources or from resources available to it, when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Generator Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area Operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly generator imbalances under this Schedule or a penalty for hourly energy imbalances under Schedule 4 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish charges for generator imbalance based on the deviation bands as follows: (i) **the portion of** deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of each month, at 100 percent of the Market Price Proxy, (ii) **the portion of** deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of the Market Price Proxy for underscheduling or 90 percent of the Market Price Proxy for overscheduling, and (iii) **the portion of** deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled at 125 percent of the Market

Price Proxy for underscheduling or 75 percent of the Market Price Proxy for overscheduling, except that an intermittent resource will be exempt from this deviation band and will pay the deviation band charges for all deviations greater than the larger of 1.5 percent or 2 MW.

An intermittent resource, for the limited purpose of this Schedule, is an electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand or respond to transmission security constraints.

Notwithstanding the foregoing, deviations from scheduled transactions in order to respond to directives by the Transmission Provider, a balancing authority, or a reliability coordinator shall not be subject to the deviation bands identified above and, instead, shall be settled financially, at the end of the month, at 100 percent of the Market Price Proxy. Such directives may include instructions to correct frequency decay, respond to a reserve sharing event, or change output to relieve congestion.

For purposes of this Schedule, the Market Price Proxy shall be the ~~hourly price from the Dow Jones U.S. Electricity Price IndexesSM~~, as described below.

~~The~~**simple** average of the ~~Firm~~**Powerdex** Hourly ~~Dow Jones California-Oregon-Border Hourly~~**Mid-Columbia** Index (COB) and the ~~Firm Hourly Dow Jones Palo Verde Hourly Index (PV)~~ shall be used**Mid-C) and the Powerdex Hourly Mead Index for the applicable hour.** If the Market Price Proxy hourly pricing data set out above is not available from ~~Dow Jones~~**Powerdex** for a given hour, pricing data from another published source for the same hour and location shall be used or, if no such alternative published data is available, the applicable ~~Dow Jones U.S. Electricity Price IndexesSM~~**Powerdex indexes** from one or more hours proximate to (either prior or subsequent to) the hour without available data and with the same hour characteristics shall be used in a commercially reasonable manner to estimate the missing pricing data.

Credit to Transmission Customers for Imbalance Penalty Charges

For any hour for which the Transmission Provider assesses any charge for

Generator Imbalance Service under this Schedule 9 based on 110% or 125% of the Market Price Proxy, the Transmission Provider shall credit any such penalty revenues in excess of the Market Price Proxy to Qualified Transmission Customers that did not incur an imbalance penalty in such hour. For each such hour, the amount of such credit shall be allocated among Qualified Transmission Customers that did not incur an imbalance penalty in such hour in proportion to their respective Qualified Transmission Loads for such hour. The calculation will be done monthly, for all hours of the month, on a one-month lagging basis.

For purposes of this Schedule 9, the following definitions shall apply:

(a) “Qualified Transmission Customer” means each of the following:

(i) Long-Term Firm Point-to-Point Transmission Service Customer;

(ii) Network Customer; or

(iii) Transmission Provider on behalf of its Native Load Customers.

(b) “Qualified Transmission Load” for any hour means the following with respect to each Qualified Transmission Customer:

(i) For each Long-Term Firm Point-to-Point Transmission Service Customer, its Reserved Capacity applicable to such hour;

(ii) For each Network Customer, its load for such hour; or

(iii) For the Transmission Provider on behalf of its Native Load Customers, the hourly load in such hour.

FERC rendition of the electronically filed tariff records in Docket No. ER13-01605-003

Filing Data:

CID: C001612

Filing Title: Transmission Rate Filing Partial Offer of Settlement - Schedules 4 and 9

Company Filing Identifier: 59

Type of Filing Code: 80

Associated Filing Identifier: 42

Tariff Title: NVE Database

Tariff ID: 2

Payment Confirmation:

Suspension Motion:

Tariff Record Data:

Record Content Description, Tariff Record Title, Record Version Number, Option Code:

Schedule 04, Energy Imbalance, 0.5.0, A

Record Narrative Name:

Tariff Record ID: 47

Tariff Record Collation Value: 9896064 Tariff Record Parent Identifier: 1

Proposed Date: 2014-01-01

Priority Order: 1500000000

Record Change Type: CHANGE

Record Content Type: 1

Associated Filing Identifier:

Schedule 4: Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly energy imbalances under this Schedule or a penalty for hourly generator imbalances under Schedule 9 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish charges for energy imbalance based on the deviation bands as follows: (i) the portion of deviations within +/-1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, at 100 percent of the Market Price Proxy; (ii) the portion of deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of the Market Price Proxy for underscheduling or 90 percent of the Market Price Proxy for overscheduling, and (iii) the portion of deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end

of each month, at 125 percent of the Market Price Proxy for underscheduling or 75 percent of the Market Price Proxy for overscheduling.

For purposes of this Schedule, the Market Price Proxy shall be the simple average of the Powerdex Hourly Mid-Columbia Index (Mid-C) and the Powerdex Hourly Mead Index for the applicable hour.

If the Market Price Proxy hourly pricing data set out above is not available from Powerdex for a given hour, pricing data from another published source for the same hour and location shall be used or, if no such alternative published data is available, the applicable Powerdex indexes from one or more hours proximate to (either prior or subsequent to) the hour without available data and with the same hour characteristics shall be used in a commercially reasonable manner to estimate the missing pricing data.

For any hour for which the Transmission Provider assesses any charge for Energy Imbalance Service under this Schedule 4 based on 110% or 125% of the Market Price Proxy, the Transmission Provider shall credit any such penalty revenues in excess of the Market Price Proxy to Qualified Transmission Customers that did not incur an imbalance penalty in such hour. For each such hour, the amount of such credit shall be allocated among Qualified Transmission Customers that did not incur an imbalance penalty in such hour in proportion to their respective Qualified Transmission Loads for such hour. The calculation will be done monthly, for all hours of the month, on a one-month lagging basis.

For purposes of this Schedule 4, the following definitions shall apply:

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- (ii) For each Network Customer, its load for such hour; or
- (iii) For the Transmission Provider on behalf of its Native Load Customers, the hourly load in such hour.

For purposes of Schedule 10, the terms “Transmission Provider’s Incremental Energy Cost” and “Transmission Provider’s Decremental Energy Cost” will be deemed to be the Market Price Proxy as defined in this Schedule 4.

Record Content Description, Tariff Record Title, Record Version Number, Option Code:
Schedule 09, Generation Imbalance, 0.3.0, A
Record Narrative Name:
Tariff Record ID: 52
Tariff Record Collation Value: 10059904 Tariff Record Parent Identifier: 1
Proposed Date: 2014-01-01
Priority Order: 1500000000
Record Change Type: CHANGE
Record Content Type: 1
Associated Filing Identifier:

Schedule 9

Generator Imbalance Service

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider's Control Area and a delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour. The Transmission Provider must offer this service, to the extent it is physically feasible to do so from its resources or from resources available to it, when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Generator Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area Operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly generator imbalances under this Schedule or a penalty for hourly energy imbalances under Schedule 4 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish charges for generator imbalance based on the deviation bands as follows: (i) the portion of deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of each month, at 100 percent of the Market Price Proxy, (ii) the portion of deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of the Market Price Proxy for underscheduling or 90 percent of the Market Price Proxy for overscheduling, and (iii) the portion of

deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled at 125 percent of the Market Price Proxy for underscheduling or 75 percent of the Market Price Proxy for overscheduling, except that an intermittent resource will be exempt from this deviation band and will pay the deviation band charges for all deviations greater than the larger of 1.5 percent or 2 MW.

An intermittent resource, for the limited purpose of this Schedule, is an electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand or respond to transmission security constraints.

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For purposes of this Schedule, the Market Price Proxy shall be the simple average of the Powerdex Hourly Mid-Columbia Index (Mid-C) and the Powerdex Hourly Mead Index for the applicable hour. If the Market Price Proxy hourly pricing data set out above is not available from Powerdex for a given hour, pricing data from another published source for the same hour and location shall be used or, if no such alternative published data is available, the applicable Powerdex indexes from one or more hours proximate to (either prior or subsequent to) the hour without available data and with the same hour characteristics shall be used in a commercially reasonable manner to estimate the missing pricing data.

Credit to Transmission Customers for Imbalance Penalty Charges

For any hour for which the Transmission Provider assesses any charge for Generator Imbalance Service under this Schedule 9 based on 110% or 125% of the Market Price Proxy, the Transmission Provider shall credit any such penalty revenues in

excess of the Market Price Proxy to Qualified Transmission Customers that did not incur an imbalance penalty in such hour. For each such hour, the amount of such credit shall be allocated among Qualified Transmission Customers that did not incur an imbalance penalty in such hour in proportion to their respective Qualified Transmission Loads for such hour. The calculation will be done monthly, for all hours of the month, on a one-month lagging basis.

For purposes of this Schedule 9, the following definitions shall apply:

- (a) “Qualified Transmission Customer” means each of the following:
 - (i) Long-Term Firm Point-to-Point Transmission Service Customer;
 - (ii) Network Customer; or
 - (iii) Transmission Provider on behalf of its Native Load Customers.
- (b) “Qualified Transmission Load” for any hour means the following with respect to each Qualified Transmission Customer:
 - (i) For each Long-Term Firm Point-to-Point Transmission Service Customer, its Reserved Capacity applicable to such hour;
 - (ii) For each Network Customer, its load for such hour; or
 - (iii) For the Transmission Provider on behalf of its Native Load Customers, the hourly load in such hour.

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Schedule 9 - Settlement clean.PDF.....	50-52
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