

**SERVICE AGREEMENT FOR CONDITIONAL  
FIRM POINT TO POINT  
TRANSMISSION SERVICE**

**BETWEEN**

**SIERRA PACIFIC POWER COMPANY  
(Transmission Provider)**

**AND**

**MT. WHEELER POWER  
(Transmission Customer)**

**DATED: \_\_\_\_\_, 2008**

**Service Agreement For Conditional  
Firm Point-to-Point Transmission Service**

- 1.0 This Service Agreement, dated as of \_\_\_\_\_, 2008, is entered into, by and between Sierra Pacific Power Company ("Transmission Provider"), and Mt Wheeler Power ("Transmission Customer").
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-to-Point Transmission Service under the Tariff.
- 3.0 The Transmission Customer has provided to the Transmission Provider an Application deposit in the amount of \$98,840.00 in accordance with the provisions of Section 17.3 of the Tariff.
- 4.0 Service under this Service Agreement shall commence on the later of (1) the requested service commencement date, (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
- 5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Conditional Firm Point-to-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Chris Tomchuk, Manager, Transmission Business Development & Contracts  
Sierra Pacific/Nevada Power Company  
6100 Neil Road M/S S3B40  
Reno, Nevada 89511  
Phone: (775) 834-5678 Fax: (775) 834-3047  
Email: [ctomchuk@sppc.com](mailto:ctomchuk@sppc.com)

With a copy to:

Rich Salgo, Director, Electric System Control Operations  
Sierra Pacific Power Company  
6100 Neil Road M/S S3B40  
Reno, Nevada 89511  
Phone: (775) 834-5674 Fax: (775) 834-3047  
Email: [rsalgo@sppc.com](mailto:rsalgo@sppc.com)

Point to Point Customer:

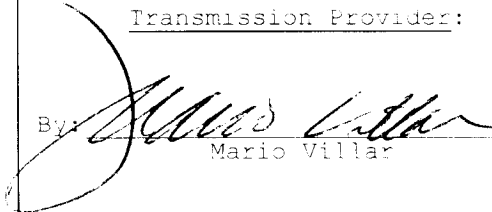
Randy Ewell  
General Manager  
Mt Wheeler Power  
P.O. Box 151000  
Ely, Nevada 89315-1000  
Phone: (775) 289-8981 Fax: (775) 289-8997  
Email: mwprandy@mwpower.net

7.0 This Transmission Service Agreement is Conditional Firm Service and will be reassessed every two years to reassess the conditions under which conditional firm service is provided.

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

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


Transmission Provider:

By:   
Mario Villar

Executive, Transmission  
Title

8/6/08  
Date

Transmission Customer:

By:   
Randy Ewell

General Manager  
Title

8-1-08  
Date

Specifications For Conditional Firm Point-To-Point  
Transmission Service

1.0 Term of Transaction: Five (5) Years

Start Date: The later of September 1, 2010 or when the 541 MW Combined Cycle unit at Sierra's Tracy Generating Station achieves sustained commercial operation.

Termination Date: August 31, 2015

2.0 Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates.

33 MW from the Gonder.IPP 230kV Substation Point-of-Receipt to the Machacek 230 kV Substation Point-of-Delivery in Sierra Pacific Power Company's Control Area. Service is conditional firm as described in Section 5.0 below.

3.0 Point of Receipt Delivering Party

Gonder.IPP 230 kV Substation Deseret Power

4.0 Point of Delivery Receiving Party

Machacek 230 kV Substation Mt Wheeler Power

5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity): 33 MW

Transmission Customer has elected Conditional Firm Service in the months below and selected the "System Conditions" Option. The Transmission Provider has insufficient import capacity at Gonder.IPP during the months of April and May each year due to de-rating during these months caused by the annual hydro run-off. The requested capacity of 33 MW is therefore available for ten months of each of the requested years but is otherwise limited during the months of April and May to 15 MW. This Conditional Firm TSA provides Mt Wheeler 15 MW of firm capacity in April and May. If Firm capacity from other Transmission Customers is not used that capacity which is not used during April and May, Mt Wheeler will have first priority to 18 MW of this capacity. The capacity available due to de-rating in April and May as follows:

<u>Month</u>	<u>MW</u>	<u>Hours</u>	<u>Service</u>
April 2011	15	All	Conditional Firm
May 2011	15	All	Conditional Firm
April 2012	15	All	Conditional Firm

May 2012	15	All	Conditional Firm
April 2013	15	All	Conditional Firm
May 2013	15	All	Conditional Firm
April 2014	15	All	Conditional Firm
May 2014	15	All	Conditional Firm
April 2015	15	All	Conditional Firm
May 2015	15	All	Conditional Firm

6.0 Designation of party(ies) subject to reciprocal service obligation: Mt Wheeler Power and affiliates

7.0 Name(s) of any Intervening Systems providing transmission service: None

8.0 Service under this Service Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.) During the conditional firm period, Transmission Customer shall continue to pay for Schedule 7 Zone A Long-Term Firm Point-to-Point Transmission Service; Schedule 1 Scheduling, System Control and Dispatch Service; and Schedule 2 Reactive Supply and Voltage Control from Generation or Other Sources Service on the full amount of its Reserved Capacity.

(1) Monthly Demand Charge: Zone A per Schedule 7 of the Tariff.

(2) Facilities Study Charge: Facilities Study was not necessary.

(3) Direct Assignment Facilities Charge: Including, but not limited to, real time metering and communications costs and other costs yet to be determined, if any, necessary to fulfill obligations for service under this agreement and as permitted under this Tariff.

(4) Ancillary Services: (other than Scheduling, System Control and Dispatch Service; and Reactive Supply and Voltage Control from Generation or Other Sources Service) may be self-provided as provided in the Tariff.

(a) Scheduling System, Control and Dispatch Service: Zone A per Schedule 1 of the Tariff.

(b) Reactive Supply and Voltage Control from Generation or Other Service: Zone A per Schedule 2 of the Tariff.

(c) Regulation and Frequency Response Service:  
If the transmission service is used to serve load within Transmission Provider's Control Area, Transmission Customer must either purchase from the Transmission Provider pursuant to Zone A Schedule 3 of the Tariff or make alternative comparable arrangements.

- (d) Energy Imbalance Service:  
Transmission Customer must either purchase from the Transmission Provider pursuant to Zone A Schedule 4 of the Tariff or make alternative comparable arrangements.
- (e) Operating Reserve - Spinning Reserve Service:  
If the transmission service is used to serve load within Transmission Provider's Control Area, Transmission Customer must either purchase from the Transmission Provider pursuant to Zone A Schedule 5 of the Tariff or make alternative comparable arrangements.
- (f) Operating Reserve - Supplemental Reserve Service:  
If the transmission service is used to serve load within Transmission Provider's Control Area, Transmission Customer must either purchase from the Transmission Provider pursuant to Zone A Schedule 6 of the Tariff or make alternative comparable arrangements.
- (g) Loss Compensation Service:  
Transmission Customer has elected Financial Settlement under Zone A per Schedule 10 of the Tariff. Transmission Customer has the right to change its election by providing written notice to the Transmission Provider per the terms and conditions of the Tariff and the Transmission Provider's business practices.

(5) Redispatch Charges: Pursuant to the Tariff.

(6) Power Factor Requirements: The Transmission Customer is required to maintain the power factor level at the interface between the Transmission Provider and the Transmission Customer at  $\pm$  ninety percent ( $\pm 90\%$ ) power factor (PF) level. If the Transmission Customer fails to maintain this level, the Transmission Provider will require the Transmission Customer to take corrective action to maintain its power factor level within the  $\pm 90\%$  PF level.

The corrective action can include the Transmission Customer installing equipment to correct its power factor or requesting that the Transmission Provider install equipment and charge the Transmission Customer for the cost of installation and equipment. Failure by the Transmission Customer to correct its power factor level to  $\pm 90\%$  level can lead to the Transmission Provider disconnecting the Transmission Customer until corrective action is taken from the transmission system or terminating this Agreement.

Kvarh equivalent to a  $90\%$  power factor level shall be estimated as 0.484 times total metered kwh during the calendar month. This value will be compared to the actual total metered kvarh during the calendar month.