

MODIFICATION NO. 1
to
**Network Integration Transmission
Service Agreement**

- 1.0 On March 7, 2000, Sierra Pacific Power Company ("Transmission Provider") and the City of Fallon ("Network Customer") entered into a Service Agreement for Network Integration Transmission Service ("Agreement").
- 2.0 This Modification No. 1 modifies Section 2.0 of the Agreement's Specifications for Network Integration Transmission Service by replacing it in its entirety with the following new Section 2.0:
- 2.0 Description of capacity and/or energy to be transmitted by Transmission Provider across the Transmission Provider's Transmission System (including electric control area from which transmission service hereunder originates):
- (a) As described in Section 3.0 below, effective September 1, 2001, transmission service for the Network Customer's requirements (Network Load plus losses) will originate at the Midpoint Point of Receipt from Idaho Power Company's ("IPC") control area from the following designated Network Resource(s): System purchases of firm resources from Utah Associated Municipal Power Systems ("UAMPS") Energy will be transmitted from alternative Points of Receipt (including without limitation the North Valmy Substation) on as available non-firm basis when requested by the Network Customer. Network Customer's resource(s) will be transmitted across the Transmission Provider's Transmission System from the Points of Receipt to the Network Customer's Points of Delivery.
- (b) As described in Section 3.0 below, effective June 1, 2002 (or March 1, 2003, as provided in Subsection 2.0 (c) below), Network Customer's Network Resource(s) shall be made available to the Transmission Provider by the delivering party at the following Points of Receipt in the following estimated amounts and shall be transmitted by Transmission Provider across the Transmission Provider's Transmission System to the Network Customer's Points of Delivery:

Point of Receipt Load	MW estimate	Percent of Network Load
Gonder/Pavant (PacifiCorp ControlArea)	13	75% of Network Load
IPP/ Gonder (Los Angeles Department of Water Power ("LADWP") Control Area	3	25% (remainder) of Network Load

The foregoing MW estimates are expressly intended to be estimates only and shall not constitute a limitation on Network Customer's ability to serve its Network Load.

- (c) As of the date of this Modification No. 1, the Transmission Provider's Native Load serving entity holds the rights from Gonder/Pavant and IPP /Gonder to serve its Native Load. Network Customer, however, shall assume firm transmission rights to deliver its Network Resource from such Points of Receipts, as provided in Subsection (b) above, on June 1, 2002. Notwithstanding the foregoing, upon written notification to the Transmission Provider on or before March 1, 2002, Network Customer may elect to delay the change of Points of Receipt as stated in Subsection (b) until March 1, 2003, and, in such event, Transmission Provider's Native Load serving entity shall retain its existing rights at said Points of Receipt until such time.
- (d) The designated Points of Receipt set forth in this Section 2 are intended to provide Network Customer with Network Integration Transmission Service sufficient to serve its entire Network Load (including losses). As provided in Section 4 of the Specifications for Network Integration Transmission Service, this Agreement fully covers network service within the Transmission Provider's system for Network Customer's entire Network Load, including all load growth. Notwithstanding anything else in the Tariff or this Agreement, the import capacity provided for in this Agreement may be used only to supply load currently served by Network Customer and Network Customer's load growth, including loads in the general vicinity of Network Customer's load as of the date of this Agreement but which are not currently being served by Network Customer. To the extent that Network Customer commences serving new loads that are not in the general vicinity of Network Customer's load as of the date of this Agreement, Network Customer must satisfy the new load either with resources located inside the Transmission Provider's control area or by satisfying any requirements for obtaining additional import rights outside this Agreement.

