

**MODIFICATION NO. 3
To Service Agreement for
Network Integration Transmission Service**

- 1.0** On September 13, 1999, Sierra Pacific Power Company (“Transmission Provider”) and Truckee Donner Public Utility District (“Network Customer”) entered into a Service Agreement for Network Integration Transmission Service (“Agreement”).
- 2.0** On September 25, 2001, the Transmission Provider and the Network Customer entered into Modification No. 1 to the Agreement. On May 16, 2003, the Transmission Provider and the Network Customer entered into Modification No. 2 to the Agreement which superseded and replaced Modification No. 1 in its entirety. This Modification No. 3 supersedes and replaces Modification No. 2 in its entirety and modifies the Agreement’s Specifications for Network Integration Transmission Service Section 2.0 by replacing it in its entirety with the following 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 in which the transaction originates):

- (a) Effective April 1, 2003, the Network Customer’s requirements (Network Load plus losses) are being met through a firm purchase from Constellation Power Source (“Network Resource”) that will remain in effect through December 31, 2007.
- (b) Effective September 1, 2003 to and through December 31, 2004, Network Customer will utilize the IPP transmission line for Network Customer’s Network Load through the Gonder POR, with the remainder of its Network Load being served as described below.
- (c) Effective June 1, 2003, Network Customer shall have the right to schedule Network Customer’s Network Resource through the Midpoint POR and the Gonder POR, utilizing the Pavant transmission line, in accordance with the following provisions:
 - i) Network Customer may schedule deliveries of its Network Resource on a firm basis through the Gonder POR up to the following amounts during the specified periods:

June 1, 2003 through 2 nd Quarter 2003	18 MW
3 rd Quarter 2003	18 MW
4 th Quarter 2003 and thereafter (through term of NITSA)	Full Network Load (plus losses)

- ii) Effective June 1, 2003 and through the 3rd Quarter of 2003, Network Customer shall have the right to schedule, on a firm basis, deliveries of Network Customer’s Network Resource through the Midpoint POR in an

amount equal to the difference between its Network Load (plus losses) and the deliveries scheduled on a firm basis through the Gonder POR in accordance with (i) above. Beginning 4th Quarter 2003, Network Customer shall have the right to schedule on a firm basis the full load amount of its Network Load (plus losses) on the Gonder POR only and will not have any firm rights on the Midpoint POR.

- iii) The provisions in (i) – (ii) above are not intended to restrict in any way Network Customer’s right to request and receive future changes to its POR in accordance with applicable Tariff provisions or to restrict Network Customer’s ability to request alternative PORs on a non-firm, as-available basis.
- (d) 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 the Network Customer and the Network Customer’s load growth, including loads in the general vicinity of the Network Customer’s load as of the date of this Agreement but which are not currently being served by the Network Customer. To the extent that the Network Customer commences serving new loads that are not in the general vicinity of the Network Customer’s load as of the date of this Agreement, the 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.
- (e) Non-firm energy will be transmitted on a non-firm basis across the Transmission Provider’s Transmission System (including through alternative PORs) as available when requested by the Network Customer.
- (f) The designation of PORs set forth in this Section 2 provides Network Customer the right to utilize import capacity to serve its entire Network Load, including losses and load growth except as specified in Paragraph (e) above. As provided in Section 4.0 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 losses and all load growth.

3.0 Section 3.0 of the Specifications for Network Integration Transmission Service is replaced in its entirety as follows:

3.0 Network Resources

(1) Network Customer Generation Owned: None

(2) Network Customer Generation Purchased:

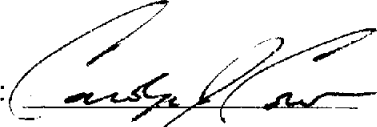
Source	Total Capacity
The source hereunder shall be: Constellation resources (system sale from firm resources) originating in the IPC control area, the LADWP control area, the PacifiCorp control area and the Transmission Provider's control area.	Network Load

Other non-firm resources See Section 2.0 above

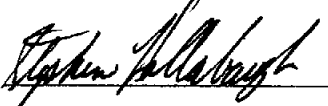
(3) Total Network Resources: (1) + (2) = Network Load plus Losses.

IN WITNESS WHEREOF, the Parties have caused this Modification No. 3 to be executed by their respective authorized officials.

Transmission Provider – Sierra Pacific Power Company:

By:  Executive Director,
Transmission Policy & Operations 9-12-03
Carolyn J. Cowan Title Date

Network Customer – Truckee Donner P.U.D.:

By:  Assistant General Manager 9-17-2003
Stephen Hollabaugh Title Date