

**SERVICE AGREEMENT FOR FIRM POINT TO POINT**

**TRANSMISSION SERVICE**

**BETWEEN**

**SIERRA PACIFIC POWER COMPANY**

**d/b/a**

**NV ENERGY**

**(Transmission Provider)**

**AND**

**PATUA PROJECT LLC**

**(Transmission Customer)**

**DATED: August 5, 2009**

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

- 1.0 This Service Agreement, dated as of August 5, 2009, is entered into, by and between Sierra Pacific Power Company d/b/a NV Energy ("Transmission Provider"), and Patua Project LLC care of Vulcan Power Company ("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 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 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:

Director, Transmission Policy & Contracts  
Sierra Pacific/Nevada Power Company d/b/a NV Energy  
6100 Neil Road M/S S3B40  
Reno, Nevada 89511  
Phone: (775) 834-5876 Fax: (775) 834-3047  
Email: [TransmissionPolicy@nvenergy.com](mailto:TransmissionPolicy@nvenergy.com)

With a copy to:

Director, Electric System Control Operations  
Sierra Pacific/Nevada Power Company d/b/a NV Energy  
6100 Neil Road M/S S3B40  
Reno, Nevada 89511  
Phone: (775) 834-5874 Fax: (775) 834-3047  
Email: [ESCCOperations@nvenergy.com](mailto:ESCCOperations@nvenergy.com)

Point to Point Customer:

Mark Albert, Vice President, Development  
Patua Project LLC  
c/o Vulcan Power Company  
345 SW Cyber Drive, Suite 103  
Bend, Oregon 97702  
Phone: (541) 371-1984 Fax: (521) 749-4318  
Email: [malbert@vulcanpower.com](mailto:malbert@vulcanpower.com)

7.0 The Transmission Provider prepared a System Impact Study and the Transmission Customer was advised by the Transmission Provider that based on the study's results rollover rights pursuant to Section 2.2 of the Tariff would be contingent on the construction of facilities identified in a future Facilities Study.

The System Impact Study has determined that no upgrades are required during the original term requested by the Transmission Customer. However, for service to continue beyond 2026 there are required additional transmission facilities that will need to be constructed. The required facilities for rollover rights under this Transmission Service Agreement will be determined in the future when the Facilities Study is completed by the Transmission Provider at the Transmission Customer's expense. The System Impact Study preliminarily identified possible facilities needed to provide the rollover to include, but are not limited to, a new 46 mile 345 kV line from East Tracy Substation to Ft. Sage Substation. The System Impact Study identified these facilities would cost about \$57,400,000 (in 2009 dollars) for continued service after March 31, 2026. In advance of any requested rollover that would extend beyond March 31, 2026, Transmission Provider will conduct a System Impact Study that identifies the contingencies that need to be addressed and a Facilities Study that will identify the facilities needed to address those contingencies as well as the costs of those facilities.

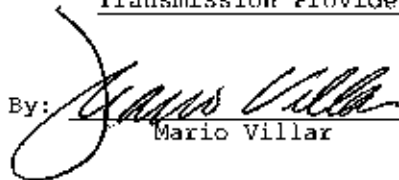
In order to effect the rollover of this Transmission Service Agreement into 2027, the Transmission Customer needs to provide the Transmission Provider sufficient notice in order for the Transmission Provider to complete the required study work, and design, permit and construct the required facilities. At this time, it is estimated that the Transmission Customer must provide the Transmission Provider notice of rollover five years in advance of when the required upgrades would be needed or by April 1, 2022 for continuous transmission service into 2027. Therefore, although the Transmission Customer's notice of intent to rollover this Transmission Service Agreement may not be provided any later than April 1, 2026, if the Transmission Customer does not provide notice of its intent to rollover this Transmission Service Agreement by April 1, 2022, then the Transmission Provider may not be able to provide the Transmission Customer transmission service under this Transmission Service Agreement until the required facilities are placed into service. If, notwithstanding the Transmission Customer's provision of notice by April 1, 2022, Transmission Provider is unable to complete the required facilities by April 1, 2027, despite the Transmission Provider's use of due diligence, the procedures in Section 20 of the Transmission Provider's Tariff shall apply.

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:

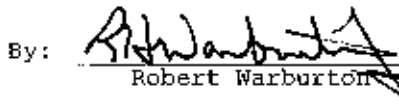
  
Mario Villar

Executive, Transmission  
Title

8/5/09  
Date

Transmission Customer:

By:

  
Robert Warburton

Acting CEO  
Title

7/17/09  
Date

Specifications For Long-Term Firm Point-To-Point  
Transmission Service

1.0 Term of Transaction: Five (5) Years

Start Date: April 1, 2012

Termination Date: March 31, 2017

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

60 MW from Hawkeye 120 kV Switching Station (Point-of-Receipt) to Hilltop 345kV Substation (Point-of-Delivery).

3.0 Point of Receipt

Delivering Party

Hawkeye 120 kV Switching Station

Patua Project LLC  
c/o Vulcan Power Company

4.0 Point of Delivery

Receiving Party

Hilltop 345kV Substation

Patua Project LLC  
c/o Vulcan Power Company

5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity): 60 MW

6.0 Designation of party(ies) subject to reciprocal service obligation: Vulcan Power Company 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.)

{1} Transmission Charge: Zone A per Schedule 7 of the Tariff

- (2) System Impact and/or Facilities Study Charge: A System Impact Study was completed and a \$30,000 deposit was provided to conduct this study. A System Impact Study and a Facilities Study will need to be completed in the future to identify the facilities and costs in order for Transmission Service Agreement to rollover beyond March 31, 2026.
- (3) Direct Assignment Facilities Charge: None for the initial term of this transmission service agreement.
- (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) Loss Compensation Service: Transmission Customer's default election is Physical Delivery under Zone A Schedule 10 of the Tariff. 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) Power Factor Requirements: None under this transmission service agreement.