

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR
AND
NEVADA POWER COMPANY**

**AMENDMENT NO. 1
TO THE
INTERCONNECTED CONTROL AREA OPERATING AGREEMENT**

THIS AMENDMENT NO. 1 is effective as of January 17, 2001 and is entered into by and between:

(1) **Nevada Power Company (NEVP)** having its registered and principal executive office at 6226 West Sahara Ave, Las Vegas, NV 89146;

and

(2) **California Independent System Operator Corporation (ISO)**, a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the ISO Governing Board may from time to time designate, initially 151 Blue Ravine Road, Folsom, California 95630 (the "ISO").

NEVP and the ISO are hereinafter referred to as the "Parties."

Whereas:

- A.** The Parties are signatories to an Interconnected Control Area Operating Agreement dated March 21, 2000 (the "Agreement").
- B.** The Parties desire to amend the Agreement to implement the change in Control Area boundary related to the new Merchant Intertie.
- C.** In all other respects, the Parties intend that the Agreement remain in full force and effect in accordance with its terms.

NOW THEREFORE, **THE PARTIES AGREE** as follows:

- 1. Termination.** This Amendment No. 1 shall remain in full force and effect until the termination of the Agreement.

2. Amendment to the Agreement. The Agreement shall be amended as follows:

2.1 The zip code for Nevada Power Company in Section ICAA 1 is amended to read "89146."

2.2 Section ICAA 3.2.1 of the Agreement is deleted in its entirety and the following new Section ICAA 3.2.1 is substituted in its place:

"ICAA 3.2.1 Responsibility

The Parties shall coordinate efforts consistent with Good Utility Practice to mitigate adverse conditions that occur at the Interconnection. The ISO and NEVP are each responsible for exercising operational control over facilities in their respective control areas, and shall not exercise operational control over any part of the Interconnection facilities owned or operated by the other control area operator. The respective jurisdictions for operational control by the ISO and NEVP are identified in Service Schedule 4."

2.3 Service Schedules 1, 4, 5, 6 and 10 are deleted in their entirety and Service Schedules 1, 4, 5, 6 and 10, attached to this Amendment No. 1, are substituted in their place.

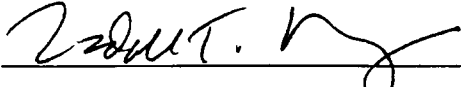
3. This Amendment No. 1 constitutes the complete and final agreement of the Parties with respect to the purpose of this Amendment No. 1 as described in the Recitals hereto and supersedes all prior understandings, whether written or oral, with respect to such subject matter.


4. Except as expressly modified in this Amendment No. 1, the Agreement shall remain in full force and effect in accordance with its terms, and the unmodified provisions of the Agreement shall apply to any new rights and/or obligations established by this Amendment No. 1.

5. This Amendment No. 1 may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 1 to be duly executed by and through their respective authorized representatives as of the date hereinabove written.

California Independent System Operator Corporation

By: 
Name: Randall T. Abernathy
Title: Vice President of Market Services
Date: March 13, 2001

Nevada Power Company
By: 
Name: Mark Shank
Title: Director, Regional Transmission
Date: March 6, 2001

SERVICE SCHEDULE 1
INTERCONNECTION

[Section 2.2.5]

The SCE - NEVP Laughlin-Mohave 500 kV Intertie is designed to supply the energy needs of NEVP's isolated load located in the general vicinity of Laughlin, Nevada. The Intertie consists of a very short 500 kV transmission line between the Mohave Generating Station 500 kV switchrack and the NEVP 500/69 kV Laughlin Substation, also located on Mohave Generating Station property.

The Laughlin – Mohave – Southpoint 69 kV line is intended as an alternative source for NEVP's load in the general vicinity of Laughlin, Nevada, and forms the Mohave – Laughlin 69 kV Intertie. The line is normally energized from the NEVP system and operates open at Mohave.

The Eldorado – Merchant 230 kV line connects SCE's Eldorado Substation with El Dorado Energy's (EDE) Merchant Generating Station and forms the Merchant 230 kV Intertie.

- **Mohave - Laughlin 500 kV Intertie**

ISO Terminal:	Mohave
PTO:	SCE
NEVP Terminal:	Laughlin
Point of Interconnection:	500 kV Dead-end structure at NEVP Laughlin

- **Mohave - Laughlin 69 kV Intertie (Normally Open)**

ISO Terminal:	Mohave
PTO:	SCE
NEVP Terminal:	Mohave
Point of Interconnection:	Mohave

- **Merchant 230 kV Intertie**

ISO Terminal:	Eldorado 230 kV Bus
PTO:	SCE
NEVP Terminal:	Merchant 230 kV Bus
Point of Interconnection:	The first transmission pole, Pole 4, of the Eldorado – Merchant 230 kV line outside Eldorado Substation

SERVICE SCHEDULE 4
RESPECTIVE JURISDICTION FOR OPERATIONAL CONTROL
[Section 3.2.1]

- **Mohave - Laughlin 500 kV Intertie**

Jurisdictional Boundary: the 500 kV dead-end structure at Laughlin Substation.

ISO/SCE Switching Responsibility:

SCE's Eldorado Switching Center, as approved by the ISO, will direct all switching on the Laughlin-Mohave 500 kV transmission line and the line terminal equipment at Mohave Generating Station.

NEVP Switching Responsibility:

NEVP Dispatcher will direct all switching at Laughlin 500/69 kV Substation, including the transformer 500 kV disconnects. Operation of the transformer 500 kV disconnects will be coordinated with SCE's Eldorado Switching Center.

Operational and Maintenance Responsibility:

Eldorado Switching Center has jurisdiction of the Laughlin-Mohave 500 kV transmission line to the 500 kV dead-end structure at Laughlin Substation. NEVP dispatcher has jurisdiction of the Laughlin 500/69 kV Substation, including the transformer 500 kV jack bus and disconnects.

- **Mohave - Laughlin 69 kV Intertie (Normally Open)**

SCE's Eldorado Switching Center has jurisdiction of the NEVP 13.8/69 kV substation at Mohave Generating Station. NEVP Dispatcher has jurisdiction of the Laughlin - Southpoint - Mohave 69 kV line.

- **Merchant 230 kV Intertie:**

The Eldorado – Merchant 230 kV line connects SCE's Eldorado Substation with EDE's Merchant Generating Station (Merchant).

Jurisdictional Boundary:

The first transmission pole (Pole 4) outside Eldorado Substation.

Operational and Maintenance Responsibility:

SCE's Eldorado Switching Center has jurisdiction of the Eldorado Substation 230 kV Bus, and of the Merchant 230 kV line between Eldorado Substation and Pole 4 (outside the Eldorado Substation fence).

NEVP will have operational jurisdiction of the line between Pole 4 and the Merchant 230 kV switchyard.

SERVICE SCHEDULE 5
SWITCHING OPERATIONS
[Section 3.2.2]

Switching and clearances that affect the status of the Interconnections will be coordinated between SCE, NEVP and the ISO, as required.

- **Mohave - Laughlin 500 kV Intertie**

After switching has been completed, an intercompany clearance will be issued to the party performing maintenance on the following:

- Laughlin-Mohave 500 kV transmission line
- Laughlin 500/69 kV Transformer 500 kV disconnects

Note: Parallel operation between NEVP Mohave Substation 69 kV and Laughlin Substation 69 kV will be allowed only for the time necessary to transfer load from one source to another and then only after the phase angle difference has been verified to be 10 degrees or less. Otherwise, load transfers will be made by drop and pick up only.

- **Mohave - Laughlin 69 kV Intertie (Normally Open)**

SCE Eldorado Switching Center, as approved by the ISO, will direct all switching at NEVP Mohave Substation 13.8/69 kV. The NEVP Dispatcher will direct all other 69 kV transmission line switching. When it is necessary to carry SCE's Mohave 13.8 kV load from the NEVP Laughlin 69 kV system, the transfer is to be by drop/pickup method only (no parallel).

Mohave Generating Station personnel will perform all necessary switching at NEVP Mohave Substation except NEVP personnel will perform the necessary switching to clear the Laughlin-Southpoint-Mohave 69 kV transmission line when such switching is required for 69 kV transmission line work.

After switching has been completed for clearance on the intertie, NEVP and SCE will exchange intercompany clearances as necessary.

The SCE Eldorado Switching Center Transmission System Operator (TSO) will establish a telephone communication link with the SCE Grid Control Center Transmission Dispatcher and the ISO Transmission Dispatcher prior to transferring load to or from NEVP Mohave Substation. After the aforementioned has been accomplished, the SCE Eldorado Switching Center TSO and the NEVP

Transmission Dispatcher will establish a telephone communication link prior to transferring load to or from NEVP Mohave Substation.

- **Merchant 230 kV Intertie**

SCE Eldorado Switching Center, as approved by the ISO, will direct switching at Eldorado 230 kV Substation.

NEVP will direct switching at Merchant 230 kV Substation.

The SCE Eldorado Switching Center TSO will establish a telephone communication link with the SCE Grid Control Center Transmission Dispatcher and the ISO Transmission Dispatcher prior to the start of any switching on the Eldorado-Merchant 230 kV line. The NEVP Transmission Dispatcher will establish a telephone communication link with the Merchant Generating Station operator prior to the start of any switching on the Eldorado-Merchant 230 kV line. After the aforementioned has been accomplished, the SCE Eldorado Switching Center TSO and the NEVP Transmission Dispatcher will establish a telephone communication link prior to energizing or de-energizing the Eldorado-Merchant 230 kV line or operating any equipment associated with such line.

After switching has been completed for clearances on the intertie, NEVP and SCE will exchange intercompany clearances as necessary. SCE and NEVP will confer on any additional switching orders, such as Hot Line Orders.

SERVICE SCHEDULE 6
REAL TIME OPERATING LIMITS
[Section 3.2.3.1]

- **Mohave - Laughlin 500 kV Intertie**

The SCE-NEVP Laughlin 500 kV intertie is rated at 222 MW with both 500/69 kV transformers in service and 133 MW with one transformer in service.

In all cases, the maximum load at Laughlin substation will be limited, as necessary, to protect the Mohave Project electrical system.

Laughlin Substation is considered part of the NEVP control area. As such, NEVP regulates for load changes at Laughlin.

- **Mohave - Laughlin 69 kV Intertie (Normally Open)**

The NEVP Dispatcher will take the necessary action to maintain the transformer load at or below 50 MW.

- **Merchant 230 kV Intertie**

Initially, the Merchant 230 kV Intertie is rated at 645 MW. The final path rating is subject to further studies.

SERVICE SCHEDULE 10
JOINT OPERATING PROCEDURES
[Section 3.2.7]

Parallel operation between Laughlin Substation 69 kV and NEVP Mohave Substation 69 kV will be allowed only for the time necessary to transfer load from one source to another and then only after the phase angle difference has been verified to be 10 degrees or less.

Except as noted above, parallel operation between Laughlin Substation and any other 69 kV source in the area will not be allowed. Load transfers will only be made by drop and pick up.

The SCE Eldorado Switching Center TSO will establish a telephone communication link with the SCE Grid Control Center Transmission Dispatcher and the ISO Transmission Dispatcher prior to the start of any switching on the Laughlin-Mohave 500 kV line. After the aforementioned has been accomplished, the SCE Eldorado Switching Center TSO and the NEVP Transmission Dispatcher will establish a telephone communication link prior to energizing or de-energizing the Laughlin-Mohave 500 kV line or operating any equipment associated with such line.

The SCE Eldorado Switching Center TSO will establish a telephone communication link with the SCE Grid Control Center Transmission Dispatcher and the ISO Transmission Dispatcher prior to the start of any switching on the Eldorado-Merchant 230 kV line. The NEVP Transmission Dispatcher will establish a telephone communication link with the Merchant Generating Station operator prior to the start of any switching on the Eldorado-Merchant 230 kV line. After the aforementioned has been accomplished, the SCE Eldorado Switching Center TSO and the NEVP Transmission Dispatcher will establish a telephone communication link prior to energizing or de-energizing the Eldorado-Merchant 230 kV line or operating any equipment associated with such line.

NEVP shall provide the ISO with instructions concerning the Parties' participation and cooperation in mitigation of excessive fault duty of certain 500 kV circuit breakers at McCullough Substation. Said instructions are to be based on an operating procedure, which operating procedure will not be binding on the ISO until approved, in writing, by operations departments of both Parties hereto and SCE's grid operations department. The ISO, NEVP Dispatcher, and SCE Grid Control Center will cooperate in mitigation of excessive fault duty at McCullough Substation pursuant to the above operating procedure.