CALIFORNIA INDEPENDENT SYSTEM OPERATOR

AND

NEVADA POWER COMPANY

INTERCONNECTED CONTROL AREA OPERATING AGREEMENT

INTERCONNECTED CONTROL AREA

OPERATING AGREEMENT

ICAA 1 STANDARD OPERATING AGREEMENT

Interconnected Control Area Operating Agreement

THIS INTERCONNECTED CONTROL AREA OPERATING AGREEMENT (OPERATING AGREEMENT) is entered into this ____ day of _____, _____ and is accepted by and between:

Nevada Power Company (NEVP), having its registered and principal executive office at 6226 West Sahara Ave, Las Vegas, NV 891~~02~~46,

and

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.

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

Whereas:

1. The Parties operate interconnected control areas (connected by the "Interconnection").
2. The Parties wish to coordinate operation and maintenance of the Interconnection to satisfy North American Electric Reliability Council (NERC) criteria, Western Systems Coordinating Council (WSCC) Minimum Operating Reliability Criteria (MORC), and Good Utility Practice.
3. The ISO has certain statutory obligations under California law to maintain power system reliability.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, **THE PARTIES AGREE** as follows:

ICAA 1.2 Purpose and Intent

ICAA 1.2.1 Purpose

The purpose of this Operating Agreement is to establish the rights and obligations of the ISO and NEVP with respect to the operation, maintenance, and control of the Interconnection. This Operating Agreement is based upon the ISO Tariff, WSCC MORC, existing contracts between NEVP and Participating Transmission Owners comprising the ISO, and established operating procedures. This Operating Agreement acknowledges that other Transmission Owners may have concurrent rights and responsibilities.

ICAA 1.2.2 Intent

The intent of this Operating Agreement is to acknowledge requirements, establish procedures, and designate responsibilities for the operation and management of the Interconnection. It is not the intent of this Operating Agreement to abrogate or alter the rights and obligations under existing contracts pertaining to the subject of Interconnection. Further, the Parties intend that the principles embodied in this Operating Agreement shall not be deemed to establish a precedent for purposes of any proceeding or litigation. Each Party reserves the right to advocate in future proceedings principles, positions, and methodologies that may be different from those underlying this Operating Agreement.

ICAA 1.3 Term and Termination

ICAA 1.3.1 Effective Date

This Operating Agreement shall be effective as of the later of the date of execution of this Operating Agreement, or the date this Operating Agreement is accepted for filing and made effective by the Federal Energy Regulatory Commission (FERC), and shall continue in effect until terminated.

ICAA 1.3.2 Termination

This Operating Agreement may be terminated by either Party upon two years written notice to the other Party or upon mutual consent of both Parties. For entities subject to FERC jurisdiction, termination will be effective upon acceptance by FERC of notice of termination. The ISO shall timely file any notice of termination with FERC. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within 30 days of receipt of such request.

ICAA 2 DEFINITIONS

ICAA 2.1 WSCC Definitions

Except as defined below, terms and expressions used in this Operating Agreement shall have the same meanings as those contained in the WSCC MORC Definitions.

ICAA 2.2 Specific Definitions

ICAA 2.2.1 **Forced Outage:** An Outage for which sufficient notice cannot be given to allow the Outage to be factored into the preschedule processes and the established Outage coordination principles of the control areas.

ICAA 2.2.2 **Good Utility Practice:** Any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry in the WSCC region during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be any one of a number of the optimum practices, methods, or acts to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

ICAA 2.2.3 **Interconnection:** Transmission facilities that connect one control area to another control area. The Interconnection for this Operating Agreement is described in Service Schedule 1.

ICAA 2.2.4 **ISO (The California Independent System Operator):** The California Independent System Operator Corporation, a state-chartered, nonprofit corporation that controls the transmission facilities of all Participating Transmission Owners and dispatches certain generating units and loads.

ICAA 2.2.5 **ISO Control Area:** The ISO electric power system (initially comprising the electric power systems previously operated as Control Areas by Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E), including, but not limited to, the facilities and entitlements which represent the ISO Controlled Grid), for which the ISO has reliability responsibility pursuant to NERC and WSCC requirements.

ICAA 2.2.6 **ISO Controlled Grid:** The system of transmission lines and associated facilities of the Participating Transmission Owners that have been placed under the ISO's operational control.

ICAA 2.2.7 **ISO Operations Date:** The date on which the ISO first assumes operational control of the ISO Control Area.

ICAA 2.2.8 **ISO Tariff:** ISO Operating Agreement, Protocols, and Tariff as amended from time to time, together with any appendices or attachments thereto.

ICAA 2.2.9 **Nomogram:** A set of operating or scheduling rules which are used to ensure that simultaneous operating limits are respected, in order to meet NERC and WSCC operating criteria.

ICAA 2.2.10 **Outage:** Disconnection or separation, planned or forced, of one or more elements of an electric system.

ICAA 2.2.11 **Participating Transmission Owner (PTO):** An owner of transmission that has placed its transmission assets and entitlements under the ISO's operational control.

ICAA 2.2.12 **Planned Outage:** An Outage for which sufficient notice has been given to allow the Outage to be factored into the processes and the established Outage coordination principles of the control areas.

ICAA 2.2.13 **Point of Contact:** A person or entity having the authority to receive and act upon scheduling or dispatch communications from the other control area operator and available through a communications device mutually agreed upon on a 24-hour, 7-day basis.

ICAA 2.2.14 **Real Time Operating Limits:** The rated transfer capability less reductions during any hour caused by, but not limited to, physical limitations beyond the control of the control area operators, and operational limitations resulting from transmission line Outages, equipment Outages, stability limits and loop flow.

ICAA 2.2.15 **Scheduling Coordinator:** An entity certified by the ISO for the purposes of undertaking the functions of: submitting schedules for energy, generation, transmission losses, and ancillary services; coordinating generation; tracking, billing, and settling trades with other Scheduling Coordinators; submitting forecast information; paying the ISO's charges; and ensuring compliance with ISO protocols.

ICAA 2.2.16 **Transmission Owner:** An entity owning transmission facilities or having firm contractual rights to use transmission facilities at the Interconnection.

ICAA 2.2.17 **WSCC Security Coordinator:** One of the area control centers assigned by the WSCC to proactively anticipate and mitigate potential problems, facilitate notification, and coordinate restoration following a disturbance.

ICAA 3 OPERATIONAL RESPONSIBILITIES

ICAA 3.1 General Requirements

ICAA 3.1.1 Standards to Be Met

Both the ISO and NEVP shall plan and operate the Interconnection in conformance with NERC standards, WSCC MORC, and Good Utility Practice.

ICAA 3.1.2 Existing Contracts

The ISO will assume certain rights and responsibilities of Participating Transmission Owners in existing contracts, operating agreements, or procedures between NEVP and the Participating Transmission Owners regarding the Interconnection where those rights and responsibilities pertain to the coordinated operation of the interconnected control areas. The ISO and NEVP, after consulting with affected Transmission Owners, shall develop the procedures to be used regarding those rights and responsibilities mentioned herein. The specific provisions of the aforementioned agreements which are affected by this Operating Agreement and the procedures for implementing such existing agreements are identified by the ISO and NEVP in Service Schedule 2.

ICAA 3.1.3 Communication

The ISO and NEVP shall each operate and maintain a 24-hour, 7-day control center with real time scheduling and control functions. Appropriate control center staff will be provided by each Party who shall be responsible for operational communications and who shall have sufficient authority to commit and bind that Party.

The ISO and NEVP shall jointly develop communication procedures necessary to support scheduling and dispatch functions. The Points of Contact and the procedures for insuring reliable communication are identified in Service Schedule 3.

ICAA 3.2 Grid Operation

~~**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, except that the jurisdictional boundary for operational control of the Merchant 230 kV Intertie shall not become effective until the date that NEVP places in service necessary facilities to establish an interconnection between the ISO and NEVP Control Areas. NEVP and the ISO shall consult with each other and agree on the method of interconnection with as much advance notice as possible prior to the establishment of the Merchant 230 kV Intertie~~.

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.

ICAA 3.2.2 Switching Operations

The ISO and NEVP agree that the Transmission Owners retain possession of and will operate those interconnected facilities in accordance with the existing contracts and agreements in force between the Transmission Owners and NEVP. Operations on the Interconnection shall be coordinated through the ISO and NEVP except as otherwise indicated in Section ICAA 7.4. Specific switching responsibilities are identified in Service Schedule 5.

ICAA 3.2.3 Real Time Operating Limits

ICAA 3.2.3.1 Real Time Operating Limits Established Jointly

The ISO and NEVP, in consultation with the Transmission Owner(s), shall jointly agree upon the Real Time Operating Limits of the

Interconnection. Real Time Operating Limits shall be based on the given real time conditions, current operating criteria, and established Nomograms, graphs, and charts specific to the transfer paths within NEVP and the ISO. These established operating limits are specified in Service Schedule 6.

ICAA 3.2.3.2 Real Time Operating Limits Exceeded

If a Real Time Operating Limit is exceeded or the operation of either the NEVP Control Area or the ISO Control Area is jeopardized, the ISO and NEVP shall communicate and coordinate actions to return the Interconnection and the affected control area(s) to Real Time Operating Limits. In compliance with WSCC Mandatory Reliability Criteria for Stability Rated Paths, the ISO and NEVP will make immediate Control Area to Control Area schedule adjustments to return overloaded stability rated facilities to Real Time Operating Limits within 10 minutes.

ICAA 3.2.4 Relay Action

The ISO and NEVP shall provide pertinent relay data and related equipment condition and operational information concerning the Interconnection to each other as soon as practicable after the occurrence of any relay action on Interconnection equipment, including, as it becomes available, additional information regarding cause, condition, effects, and estimated corrective action. Notwithstanding the foregoing, the ISO and NEVP shall agree upon corrective action and the procedure for returning to normal or adjusted operation.

ICAA 3.2.5 Voltage Control

The ISO and NEVP shall coordinate the use of voltage control equipment to maintain transmission voltages and reactive flows at mutually agreed upon levels to ensure system stability within the operating range of electrical equipment and in accordance with WSCC MORC. The ISO and NEVP shall operate the facilities at the Interconnection at reactive reserve margins that are adequate to maintain minimum acceptable voltage limits under facility Outage conditions. Agreed upon voltage schedule limits and reactive flows are specified in Service Schedule 7.

ICAA 3.2.6 Information Exchange

The ISO and NEVP shall coordinate directly the exchange of any information concerning the reliable operation of the Interconnection facilities and the status of the control areas. Such information shall be communicated through mutually acceptable methods. Procedures and

forms for the exchange of emergency information shall be jointly developed and are contained in Service Schedule 8.

ICAA 3.2.6.1 Information Required to be Provided

Details regarding the information necessary to the reliable operation of the Interconnection are included in Service Schedule 9.

ICAA 3.2.7 Joint Operating Procedures

Procedures for coordinating the reliable operation of the Interconnection will be jointly implemented by the ISO, NEVP, and the Transmission Owners. Such procedures are described in more detail in Service Schedule 10.

ICAA 4 SECURITY COORDINATION

The ISO has been designated WSCC Security Coordinator for the California Subregion.

ICAA 5 SCHEDULING AND DISPATCH

ICAA 5.1 Coordination and Exchange of Information

The ISO and NEVP shall coordinate and exchange information on schedules and control area checkouts at the Interconnection. All schedules at the Interconnection shall match. In accordance with WSCC MORC, the ISO and NEVP shall verify, at mutually acceptable times, the actual and scheduled interchange numbers for past hours as well as scheduled interchange numbers for current and future hours. The ISO and NEVP shall jointly develop methods and details for coordinating scheduling procedures, information exchange, and notifications in normal, emergency, and curtailment conditions. These methods and details are included in Service Schedule 11.

ICAA 5.2 Notifications

The ISO and NEVP shall jointly develop methods for coordinating the notification of all affected scheduling entities within their respective control areas regarding schedule changes in emergency or curtailment conditions.

ICAA 6 OUTAGE COORDINATION

ICAA 6.1 Maintenance Coordination

Outages of facilities affecting the Interconnection shall be jointly coordinated by the ISO, NEVP, and the Transmission Owner(s) to minimize a reduction and the duration of such reduction to the operating limits of the Interconnection. The ISO and NEVP shall provide each other reasonable notice of Planned Outages and scheduled maintenance affecting the Interconnection in advance.

The ISO and NEVP shall review Planned Outages and scheduled maintenance to determine the feasibility of initiating the switching process. If, given the current or anticipated system conditions at the time, the ISO and NEVP jointly determine that system reliability may be impaired, the Outage may be canceled.

Outage coordination procedures will be jointly developed by the ISO and NEVP and included in Service Schedule 12.

ICAA 6.2 Forced Outages

The ISO and NEVP shall coordinate and implement operational changes necessary to accommodate Forced Outages, emergencies, or curtailments. All notifications of Forced Outages, emergencies, or curtailments shall be communicated between the ISO and NEVP control centers as soon as possible. If notice prior to a Forced Outage, emergency, or curtailment cannot be given, the ISO or NEVP shall notify the other Party of the event immediately after it occurs.

All Forced Outage notifications shall be communicated by both control centers to other control area operators likely to be affected by the Forced Outage.

ICAA 7 EMERGENCY OPERATION

ICAA 7.1 Emergency Assistance Arrangements

Service Schedule 13 details emergency assistance arrangements.

ICAA 7.2 Unscheduled Flow Mitigation (Loop Flow)

The ISO shall be the administrator for Unscheduled Flow Mitigation Procedures for the California Subregion, consistent with WSCC procedures.

ICAA 7.3 Emergency Action

In the event of a system emergency, the ISO and NEVP shall take coordinated action, as they consider necessary, to preserve or restore stable operation of the interconnected grid and to preserve or restore reliable, safe, and efficient service as quickly as reasonably practicable. The ISO and NEVP shall, where practicable, keep operators in affected control areas and the appropriate Security Coordinators informed as to the nature and extent of the system emergency.

ICAA 7.4 Operations Exercised Independently

Emergency operation in response to unforeseen system occurrences that may jeopardize the safety of personnel and the general public and/or system stability may be performed independently by NEVP, the ISO, and the Transmission Owner. NEVP shall forward the outcomes to the ISO Control Center as soon as practicable after the occurrence. The ISO Control Center shall forward the outcomes of emergency operation to which it is a party to the NEVP Control Center as soon as it is practicable after the occurrence. The duties and responsibilities for the ISO Control Center, the NEVP Control Center, and the Transmission Owner(s) under the foregoing circumstances are described in more detail in Service Schedule 14.

ICAA 7.5 Restoration Coordination

The ISO and NEVP shall coordinate restoration of the facilities affecting the Interconnection, and shall take necessary restoration measures on facilities affecting the Interconnection in their respective control areas following an interruption, including coordinating the restarting of either or both systems from a black start, if requested. The ISO and NEVP shall develop Interconnection restoration procedures, which shall be included in Service Schedule 15.

ICAA 7.6 Voltage Collapse

The ISO and NEVP shall take measures in their respective control areas to arrest collapsing voltage that affects the Interconnection.

ICAA 8 LIABILITY

ICAA 8.1 Uncontrollable Forces

An Uncontrollable Force means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood,

earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond the reasonable control of a control area operator which could not be avoided through the exercise of Good Utility Practice.

Neither the ISO nor NEVP will be considered in default of any obligation under this Operating Agreement or liable to the other for direct, indirect, consequential, exemplary or punitive damages if prevented from fulfilling that obligation due to the occurrence of an Uncontrollable Force.

In the event of the occurrence of an Uncontrollable Force, which prevents either the ISO or NEVP from performing any obligations under this Operating Agreement, the affected entity shall not be entitled to suspend performance of its obligations in any greater scope or for any longer duration than is required by the Uncontrollable Force. The ISO and NEVP shall each use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligations hereunder.

ICAA 8.2 Liability To Third Parties

Except as otherwise expressly provided herein, nothing in this Operating Agreement shall be construed or deemed to confer any right or benefit on, or to create any duty to, or standard of care with reference to any third party, or any liability or obligation, contractual or otherwise, on the part of ISO or NEVP.

ICAA 8.3 Liability Between the Parties

The Parties' duties and standard of care with respect to each other, and the benefits and rights conferred on each other, shall be no greater than as explicitly stated herein. Neither Party, its directors, officers, employees, or agents, shall be liable to the other Party for any loss, damage, claim, cost, charge, or expense, whether direct, indirect, consequential, exemplary or punitive arising from the Party's performance or nonperformance under this Operating Agreement, except for a Party's gross negligence, or willful misconduct.

ICAA 8.4 Liability For Electric Disturbance and Interruptions

The ISO and NEVP shall plan, operate, and maintain their respective systems, consistent with Good Utility Practice, to minimize or avoid electric disturbances that may interfere with the system of the other Party. The limits of responsibility for the ISO and NEVP shall each be for protecting its respective system from possible damage by reason of

electric disturbance or faults caused by the operation, faulty operation, or non-operation of its facilities.

Neither Party shall be liable to the other Party for any claim, demand, liability, loss, or damage, whether direct, indirect, consequential, exemplary or punitive incurred by the Parties or their respective customers, which results from the separation of the systems in an emergency or interruption.

If a customer within the control area of a Party makes a claim or brings an action against the other Party for any death, injury, loss, or damage arising out of or in connection with electric service to such customer and caused by the operation or failure of operation of the other Party's control area or any portion thereof, the first Party shall indemnify and hold harmless the other Party, its directors, officers, and employees from and against any liability for such injury, loss, or damage.

ICAA 9 SERVICE SCHEDULES

The ISO and NEVP shall establish with each other and where appropriate with the Transmission Owner(s) specific procedures for the reliable operation and scheduling of the Interconnection facilities. The details of these particular operating procedures will be set forth in the applicable Service Schedules.

ICAA 10 MISCELLANEOUS

ICAA 10.1 Assignments

Either Party to this Operating Agreement may assign its obligations under this Operating Agreement, with the other Party's prior written consent. Such consent shall not be unreasonably withheld.

To accommodate the merger of NEVP with Sierra Pacific Resources (SPR) as well as the restructuring of the electric power industry in the state of Nevada, the Parties agree that NEVP may assign this Agreement to SPR, or a subsidiary, or to the Mountain West Independent System Administrator, if such entity becomes the relevant Control Area operator.

Obligations and liabilities under this Operating Agreement shall be binding on the successors and assigns of the Parties. No assignment of this Operating Agreement shall relieve the assigning Party from any obligation or liability under this Operating Agreement arising or accruing prior to the date of assignment.

ICAA 10.2 Notices

Any notice, demand, or request which may be given to or made upon either Party regarding this Operating Agreement shall be made in writing and shall be deemed properly served, given, or made: (a) upon delivery if delivered in person, (b) five (5) days after deposit in the mail if sent by first class United States mail, postage prepaid, (c) upon receipt of confirmation by return facsimile if sent by facsimile, or (d) upon delivery if delivered by prepaid commercial courier service. A Party must update the information in Service Schedule 3 relating to its address as that information changes. Such changes shall not constitute an amendment to this Operating Agreement.

ICAA 10.3 Waivers

Any waiver at any time by either Party of its rights with respect to any default under this Operating Agreement, or with respect to any other matter arising in connection with this Operating Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or matter arising in connection with this Operating Agreement. Any delay short of the statutory period of limitations, in asserting or enforcing any right under this Operating Agreement, shall not constitute or be deemed a waiver of such right.

ICAA 10.4 Governing Law and Forum

Subject to ICAA 10.5, this Operating Agreement shall be deemed to be a contract made under and for all purposes shall be governed by and construed in accordance with the laws of the State of California, except that if a dispute concerns the operation of transmission lines or facilities, the law of the state where the transmission lines or facilities are located will control. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Operating Agreement shall be brought in any of the following forums, as appropriate: a court of the state whose law governs or controls the matter pursuant to this Section 10.4, including the State of California or State of Nevada or any federal court of the United States of America located in the State of California or State of Nevada, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission. No provision of this Operating Agreement shall be deemed to waive the right of any Party to protest, or challenge in any manner, whether this Operating Agreement, or any action or proceeding arising under or relating to this Operating Agreement, is subject to the jurisdiction of the Federal Energy Regulatory Commission.

ICAA 10.5 Consistency with Federal Laws and Regulations

(a) Nothing in this Operating Agreement shall compel any Party hereto or person or federal entity to: (1) violate federal statutes or regulations; or (2) in the case of a federal agency, to exceed its statutory authority, as defined by any applicable federal statutes, regulations, or orders lawfully promulgated thereunder. If any provision of this Operating Agreement is inconsistent with any obligation imposed on any Party hereto, person or federal entity by federal law or regulation to that extent, it shall be inapplicable to that Party, person or federal entity. No Party hereto, person or federal entity shall incur any liability by failing to comply with any provision of this Operating Agreement that is inapplicable to it by reason of being inconsistent with any federal statutes, regulations, or orders lawfully promulgated thereunder; provided, however, that such Party hereto, person or federal entity shall use its best efforts to comply with the ISO Tariff to the extent that applicable federal laws, regulations, and orders lawfully promulgated thereunder permit it to do so.

(b) If any provision of this Operating Agreement requiring any person or federal entity to give an indemnity or impose a sanction on any person is unenforceable against a federal entity, the ISO shall submit to the Secretary of Energy or other appropriate Departmental Secretary a report of any circumstances that would, but for this provision, have rendered a federal entity liable to indemnify any person or incur a sanction and may request the Secretary of Energy or other appropriate Departmental Secretary to take such steps as are necessary to give effect to any provisions of this Operating Agreement that are not enforceable against the federal entity.

ICAA 10.6 Severability

If any term, covenant, or condition of this Operating Agreement or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Operating Agreement and their application shall not be affected thereby, but shall remain in force and effect and the parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Operating Agreement.

ICAA 10.7 Section Headings

Section headings provided in this Operating Agreement are for ease of reading and are not meant to interpret the text in each Section.

ICAA 10.8 Amendments

This Operating Agreement and the Schedules and Attachments attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that are subject to FERC approval shall not take effect until FERC has accepted such amendments for filing and has made them effective. If the amendment does not require FERC approval, the amendment will be filed with FERC for information.

ICAA 10.9 Counterparts

This Operating Agreement 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 Operating Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Operating Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date written in Section ICAA 1.

California Independent System Operator Corporation

By: _____

Name:_____

Title: _____

Date: _____

Nevada Power Company

By: _____

Name:_____

Title: _____

Date: _____

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, except that, subject to ICAA 3.2.1, the Merchant 230 kV Intertie shall not become effective until the date that NEVP places in service necessary facilities to establish an interconnection between the ISO and NEVP Control Areas at that point.

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/Merchant Terminal:	Eldorado 230 kV Bus
Point of Interconnection:	Eldorado 230 kV Bus

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 2

EXISTING CONTRACT PROVISIONS AND PROCEDURES

[Section 3.1.2]

SCE, as the Participating Transmission Owner, is responsible for providing the ISO with this Service Schedule, outlining the instructions for NEVP's existing contract(s). SCE has provided instructions concerning the following agreements:

AGREEMENT FOR ADDITIONAL NEVADA POWER COMPANY CONNECTION TO MOHAVE PROJECT

ELDORADO SYSTEM CONVEYANCE AND CO-TENANCY AGREEMENT

ELDORADO SYSTEM CONVEYANCE 2 AND CO-TENANCY AGREEMENT

ELDORADO SYSTEM OPERATING AGREEMENT

SERVICE SCHEDULE 3

POINTS OF CONTACT

[Section 3.1.3]

OPERATIONAL CONTACT

ISO:

Transmission Dispatcher: (Folsom-Primary):	(916) 351-2492 or 2497
Transmission Dispatcher: (Alhambra-Backup)	(626) 537-2590
Real Time Scheduler:	(916) 351-2495 or 2493
Shift Supervisor:	(916) 351-2490
Dispatch Fax:	(916) 351-2268
Outage Coordination:	(916) 351-2300
Fax:	(916) 351-2367
Manager of Dispatch and Security Coordination:	(916) 351-4463
Address:	California ISO 151 Blue Ravine Road P.O. Box 639014 Folsom, CA 95763-9014

OPERATIONAL CONTACT

NEVP

Transmission Dispatcher: (Primary):	(702) 451-8346
Transmission Dispatcher: (Backup)	(702) 862-7112
Real Time Scheduler:	(702) 367-5954
Generation Dispatcher: Primary:	(702) 451-2026
Generation Dispatcher: Backup:	(702) 862-7111
Outage Coordination:	(702) 862-7161
Fax:	(702) 862-7113
Chief Dispatcher:	(702) 862-7160
Address:	Nevada Power Company PO Box 230 Las Vegas, Nevada 89151 Mail Stop 59

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 Merchant Generating Station switchyard.~~

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, ISO, and the Merchant Generating Station operator, 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 Transformer 500kV 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.

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 ISO, the NEVP Dispatcher, and SCE Grid Control Center 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 230kV Substation. All switching on this line will be coordinated with NEVP.~~

~~NEVP and the Merchant operator will coordinate any additional 230 kV line switching.~~

~~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 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 230kV 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 598 MW. The final path rating is subject to further studies.~~

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 7

VOLTAGE CONTROL

[Section 3.2.5]

- **Mohave - Laughlin 500 kV Intertie**

  NEVP shall be responsible for supplying the VAR requirements of Laughlin Substation 69 kV load and the 500/69 kV transformers. At the Point of Interconnection, NEVP is committed to help maintain acceptable voltage. It is recognized that the Mohave 500 kV voltage is affected by several factors and cannot be solely controlled by NEVP. Under normal conditions, Mohave 500 kV voltage should be kept within the following limits:

Voltage range:	525 – 535 kV
Target Voltage	530 – 535 kV

  Associated with these voltages, the following targets apply to MVAR flow at the Interconnection:

MVAR Schedule:	0 MVAR
MVAR Limit:	+20 to –20 MVAR

- **Merchant 230 kV Intertie**

  At the Point of Interconnection, NEVP is committed to help maintain acceptable voltage. It is recognized that the Eldorado 230 kV voltage is affected by several factors and cannot be solely controlled by NEVP. Under normal conditions, Eldorado 230 kV voltage should be kept within the following limits:

Voltage range:	230 – 242 kV
Target Voltage	236 – 238 kV

  Associated with these voltages, the following targets apply to MVAR flow at the Interconnection:

MVAR Schedule:	0 MVAR
MVAR Limit:	+80 to –80 MVAR

SERVICE SCHEDULE 8

INFORMATION EXCHANGE PROCEDURES FOR

GRID OPERATIONS

[Section 3.2.6]

Information Exchange

The ISO and NEVP shall coordinate the exchange of any information specified in Section 3.2.6 concerning the Interconnection facilities and the status of the control areas that may affect the operation of the Interconnection or either of the interconnected control areas. Real time information shall be communicated in the most efficient method possible through any shared electronic, voice, or facsimile. Service Schedule 9 lists information necessary for the reliable operation of the ISO, NEVP, and the WSCC.

SERVICE SCHEDULE 9

INTERCONNECTION INFORMATION

[Section 3.2.6.1]

Information necessary for the reliable operation of the ISO, NEVP, and the WSCC shall include, but not be limited to, the following operational data:

1) Major transmission Outages, planned or unplanned, as they occur or are effected;
2) Restoration of major transmission facilities after planned or unplanned Outages;
3) Loss or impairment of certain reactive equipment;
4) Loss of load or resources resulting in detectable frequency variation;
5) Detectable significant weather data and/or atmospheric conditions;
6) Significant conditions such as fires, floods, and earthquakes;
7) Activation or deactivation of RAS equipment;
8) Any planned or unplanned operation that can or will impair the availability or transfer capability of resources; and
9) Activation of Emergency Command Centers.

~~**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 ISO, NEVP Dispatcher, and SCE Grid Control Center will establish a telephone communication link prior to switching on the Laughlin-Mohave 500 kV transmission line or Laughlin 500/69 kV transformers.~~

~~The ISO, NEVP Dispatcher, and SCE Grid Control Center will establish a telephone communication link prior to switching on the Eldorado– Merchant 230 kV line.~~

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.

SERVICE SCHEDULE 11

INFORMATION EXCHANGE AND COORDINATION

FOR SCHEDULING AND DISPATCH

[Section 5.1]

A. PRESCHEDULE CHECKOUT PROCEDURES

Day-Ahead Process: The ISO will confirm net interchange schedules with adjacent control areas based on schedules submitted by Scheduling Coordinators within the parameters of the ISO's Day-Ahead Market after the ISO issues Final Day Ahead schedules.

Hour-Ahead Process: The ISO will confirm hourly net interchange schedules with adjacent control areas based on schedules submitted by Scheduling Coordinators within the parameters of the ISO's Hour-Ahead Market. Interchange schedules submitted by Scheduling Coordinators for existing contract rights-holders that retain rights to submit schedules after the close of the ISO's Hour-Ahead Market parameters will be accepted and the ISO will confirm net interchange schedules with the adjacent control area when the schedule is submitted.

B. REAL TIME CHECKOUT PROCEDURES

The ISO will confirm net interchange schedules with adjacent control areas on a real time basis as required to meet NERC and WSCC criteria.

C. AFTER THE FACT CHECKOUT PROCEDURES

The ISO will confirm actual interchange values with adjacent control areas after the close of each settlement period (the scheduling hour, "Hour Ending") as required to meet the obligations of inadvertent interchange energy accounting of prevailing NERC or WSCC policy.

SERVICE SCHEDULE 12

MAINTENANCE COORDINATION PROCEDURES

[Section 6.1]

For informational purposes, the ISO has included the following Outage coordination procedures which the Participating Transmission Owners are required to meet which may impact NEVP.

ISO OUTAGE COORDINATION PRINCIPLES

The ISO Outage Coordination Office (OCO) will coordinate Outage scheduling with the Participating Transmission Owners and the interconnected control area operators on the following types of equipment:

1. interconnected transmission lines;
2. interconnected transmission equipment including circuit breakers, transformers, disconnects, reactive devices, wave traps;
3. protection and control schemes, including RAS, SCADA, EMS, or AGC; and
4. facilities within either control area that affect the transfer capability of the Interconnection.

In some cases it may be necessary for the Party requesting an Outage to submit procedures and diagrams to facilitate the switching for the Outage.

The preferred Outage coordination schedule for the ISO is developed in accordance with the following general schedule:

1. October Outage coordination conference:
   Each year by October 1 the ISO will gather annual Outage schedules from the Participating Transmission Owners. The ISO will confer with other WSCC entities to begin the annual Outage coordination process.

2. Quarterly Confirmation:
   Each quarter (on the 15th of January, April, and July) the Participating Transmission Owners will update and confirm their Outage schedules with the ISO and interconnected control areas. At that time the ISO OCO will look ahead at the following quarter and at the three following quarters and will confirm Outage schedules for the coming year.

3. Outage Schedule Revisions:
   Requests for changes, additions, and cancellations to the annual/quarterly Outage schedule can be made at any time. However, the minimum notification for Outage request is governed by the Three-Day and One-Day Confirmation process listed in 4 and 5 below.

4. Three Day Prior Confirmation/Notification:
   Any request to confirm or change the schedule of an Outage that may affect transfer capability must be submitted no later that 11:30 a.m. at least three

working days prior to the starting date of the scheduled Outage. (Acknowledgement of requests to the ISO OCO will be made within two working hours and approval will be made by 3:30 p.m. the following day.) This applies to the following:

a. all 500 kV facilities;
b. any transmission line Outage;
c. any load transformer Outage;
d. any bus Outage;
e. relay protection Outages that reduce the transfer capability of a transmission line or path;
f. any Outage that requires coordination by two or more connected entities;
g. communication system Outages, including SCADA facilities; and
h. any other Outage that will affect the transfer capability of any transmission line or path.

5. One Day Prior Confirmation/Notification:
Any request to confirm or change the schedule of an Outage not covered in 4 above must be submitted no later than 11:30 a.m. at least one day prior to the starting date of the Outage.

6. Final Approval:
On the day of the scheduled Outage the ISO Control Center will consult with the interconnected control area operator and determine whether to approve the scheduled Outage.

Forced Outages will be handled as follows:

1. Immediate Forced Outages;
Situations likely to result in a Forced Outage within the next twenty-four hours unless immediate corrective action is taken should be communicated directly to the ISO Control Center. The ISO Control Center operators will work with the Participating Transmission Owner and/or the interconnected control area operator to take actions as necessary.

2. Imminent Forced Outages;
Situations not requiring a removal from service of transmission facilities until some time more than twenty-four hours in the future should be communicated to the ISO OCO and will be scheduled for Outage. Time limits for notification will be waived and the request will be expedited by the ISO OCO provided notice is given as soon as possible.

Switching for scheduled Outages will be coordinated by the ISO Control Center, the interconnected control area operator, the Participating Transmission Owner and the Transmission Owner(s). The ISO Control Center will work with the Participating

Transmission Owner and the interconnected control area operator to create a phone bridge linking the ISO, the Participating Transmission Owner, the interconnected control area operator and switchmen, as necessary, to monitor the opening of circuit breakers. The ISO Control Center will direct the Transmission Owner(s) to perform the remainder of the necessary switching in coordination with the interconnected control area operator and then to report to the ISO Control Center the condition of the affected facilities.

Likewise, when returning facilities to service, the ISO Control Center will direct the Participating Transmission Owner to work with the interconnected control area operator to perform necessary switching in preparation for closing circuit breakers and then will monitor via linked phone lines the actual closing of the circuit breakers.

Clearances will be exchanged between the Transmission Owners and the interconnected control area operators. The ISO Control Center will also keep records of the Outages and clearances.

The ISO OCO will maintain a record of each Outage as it is implemented. Such records will be available for inspection.

A suggested Outage Request form follows:

CALIFORNIA ISO OUTAGE COORDINATION OFFICE

TRANSMISSION OUTAGE REQUEST

Transmission Owner / Operator:_____

New Request:_____ Change to Existing Approved Request:_____
Original Start Date_____Time:_____Hours

Facility:_____

_____

Outage Start Date:___/___/_____Start Time:_____Hours

Outage End Date:___/___/_____End Time:_____Hours

NOTE: All start and end times include switching.

Work to be Performed:_____
_____
_____
_____
_____
_____

Special Conditions:_____
_____
_____
_____
_____

Emergency Return to Service Time:_____Hours

Requestor:_____

Primary Telephone No._____ Alternate Telephone No._____

ISO Approval:_____

Other Notifications of Approval:_____
_____
_____

SERVICE SCHEDULE 13

EMERGENCY ASSISTANCE ARRANGEMENTS

[Section 7.1]

To the extent possible, the Parties will assist each other in an emergency by scheduling energy and/or capacity. Such emergency assistance will be available at the sole discretion of the Party supplying it and will be recallable without advance notice as required to meet reliability requirements. ISO and NEVP operators will agree upon and log MW values, start and end times, ramp rates and times, and integrated MWH values for any emergency assistance provided.

The price paid for ISO emergency assistance will be at the ISO market price for energy and/or capacity, plus all applicable charges, as specified in the ISO Tariff and Protocols. Such price may be estimated prior to delivery and finalized in the settlement process. The ISO will establish a Scheduling Coordinator account for NEVP for the sole purpose of facilitating the settlement of such emergency assistance. Payment to the ISO for such emergency assistance will be made in accordance with the settlement process, billing cycle, and payment timeline set forth in the ISO Tariff and Protocols.

The price paid for NEVP emergency assistance will be at a price agreed upon by the Parties or a price established by NEVP for such emergency assistance in advance, as may be applicable. Payment by the ISO for such emergency assistance will be made in accordance with the settlement process, billing cycle, and payment timeline set forth in the ISO Tariff and Protocols.

SERVICE SCHEDULE 14

INDEPENDENT OPERATION DUTIES AND RESPONSIBILITIES

[Section 7.4]

Beyond that included in the body of the agreement, no additional independent operation duties and responsibilities currently exist.

SERVICE SCHEDULE 15

RESTORATION COORDINATION

[Section 7.5]

NEVP and the ISO will work in close cooperation to maximize the reliability of interconnected operations. The WSCC MORC and off-nominal frequency procedures will be utilized as applicable. As appropriate, priority will be placed by both Parties on restoration of the Interconnection. The Interconnection will be closed only on orders from the ISO and NEVP.