



**PROJECT SERVICES AGREEMENT NO. 3:
POWER SUPPLY MANAGEMENT SERVICES AGREEMENT**

**AMONG THE
SILVER STATE ENERGY ASSOCIATION
AND ITS SPECIFIED MEMBERS:
CITY OF BOULDER CITY
LINCOLN COUNTY POWER DISTRICT NO. 1
OVERTON POWER DISTRICT NO. 5 AND THE
SOUTHERN NEVADA WATER AUTHORITY**

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1. PARTIES

This PROJECT SERVICES AGREEMENT NO. 3: POWER SUPPLY MANAGEMENT SERVICES AGREEMENT (“Agreement”) is made and entered into by and between the SILVER STATE ENERGY ASSOCIATION (the “SSEA”), a political subdivision of the State of Nevada, created on August 1, 2007, by that certain Cooperative Agreement entered into pursuant to the provisions of the Interlocal Cooperation Act (NRS 277.080 to 277.180, inclusive) and the following Public Agencies that are members of SSEA:

- 1.1. CITY OF BOULDER CITY (“Boulder City”);
- 1.2. LINCOLN COUNTY POWER DISTRICT NO. 1 (“Lincoln”);
- 1.3. OVERTON POWER DISTRICT NO. 5 (“Overton”); and
- 1.4. SOUTHERN NEVADA WATER AUTHORITY (“SNWA” or “Authority”).

2. EXPLANATORY RECITALS

2.1. The SSEA is a joint exercise of powers agency created by certain Public Agencies, inclusive of those entities set out in section 1.1 to 1.4, for the purposes, among others, of jointly planning, developing, owning, and operating electrical generation and transmission facilities to serve their respective electrical resources needs.

2.2. The SSEA is authorized to undertake Projects (as such term is defined in subsection 3.15 of the Cooperative Agreement) consistent with the enumerated powers of the SSEA set out in paragraph 6.1 of the Cooperative Agreement.

2.3. The Members of the SSEA specified in section 1 above desire that the SSEA offer a Project encompassing various power supply management services for the benefit of each Members' respective electric resource needs, such that any Project Member executing an approved service schedule hereunder shall have the right to receive specified power supply management services from SSEA.

2.4. SSEA is willing to and desires to offer such services to its existing and future Project Members of the SSEA on the terms and conditions set forth herein.

2.5. Pursuant to subsection 15.2 of the Cooperative Agreement, the SSEA Manager has submitted a written request, and pursuant to paragraph 11.2.3 of the Cooperative Agreement, the Board has approved the development of this Agreement as a Project of the SSEA.

2.6. Pursuant to subsection 15.3 of the Cooperative Agreement, the SSEA Manager, together with the Project Members, has developed this Agreement, and pursuant to paragraph 11.2.4 of the Cooperative Agreement, the Board has approved this Agreement.

IN CONSIDERATION of these recitals and the mutual covenants and undertakings contained herein, the Parties agree as follows:

3. DEFINITIONS AND CONSTRUCTION

3.1. As used in this Agreement, except as expressly provided or unless the context otherwise requires, the words and terms defined in the Cooperative Agreement and in subsections 3.2 to 3.17 inclusive, of this Agreement, when initially capitalized and whether in singular or plural, have the meanings ascribed to them in the Cooperative Agreement and those subsections, as the case may be. Where a definition in this Agreement differs from the Cooperative Agreement, the definition in this Agreement shall govern.

3.2. **“Agreement”** has the meaning set forth in the Section 1 hereto, as may be amended from time to time and inclusive of all exhibits or attachments.

3.3. **“Defaulting Party”** means, for purposes of this Agreement, the SSEA, Project Member or Project Members in default, or the SSEA, Project Member or Project Members to

whom an Event of Default is attributable and who has received written notice of such Event of Default pursuant to paragraph 12.3.

3.4. “Effective Date” means the date set out in subsection 4.1.

3.5. “Electric Power” includes electrical capacity and energy.

3.6. “Event of Default” means those actions set out in subsection 12.1.

3.7. “External Resources” means engineering, scheduling, legal, accounting, financial advisement, trading or procurement or other services secured through contract with the SSEA by the SSEA Manager for the express purpose of completion of the Project.

3.8. “Good Utility Practice” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in the Western Electricity Coordinating Council 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 of the lowest reasonable cost consistent with good business practices, reliability, safety and expedition. “Good Utility Practice” is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

3.9. “Party” or “Parties” means one or more of the entities specified in section 1 of this Agreement.

3.10. “Point(s) of Delivery” means the point or points at which (i) Project Member’s system is interconnected to the system(s) of one or more transmission or distribution service providers, irrespective of voltage, and (ii) Project Member takes delivery of power from SSEA pursuant to a Service Schedule.

3.11. “Portfolio” means a separate record and accounting maintained by the SSEA Manager for each Project Member who engages in transactions pursuant to a Service Schedule(s). A Project Member’s Portfolio shall include such Project Member’s assigned or allocated share of Project Expenses, calculated in accordance with this Agreement and any

applicable Service Schedule(s). The sum of all Project Member Portfolios shall equal the sum of all Project Expenses.

3.12. “Project” means all work performed by or at the direction of the SSEA Manager in furtherance of the obligations set out in this Agreement.

3.13. “Project Expenses” means the total expenditures and indebtedness of the SSEA incurred in conjunction with this Project. Project Expenses encompass all SSEA expenditures and obligations, financial or otherwise, including but not limited to expenditures and obligations related to any of the following: purchased power; transmission, including without limitation transmission service, congestion avoidance or remediation; delivery of power; energy or capacity reserves; scheduling; load following; ancillary and other interconnected operations services; metering and monitoring deliveries of power; hedging and other financial risk management or mitigation products, including without limitation acquisition and disposition of securities; payments to a Project Member in lieu of third-party payments foregone by such Project Member in order to confer financial or operational benefits on SSEA; regulatory compliance, including compliance with any applicable reliability standards; environmental compliance and remediation; investments in associated companies; prepayments; inventory; fuel; principal payments; depreciation; amortization; interest; fees; taxes; replacements; insurance; operations; maintenance; leases of personal or real property; administrative and general overheads; rental charges; exploration; research; development; licensing; compliance with the terms of all contracts, mortgages, security agreements, pledges and other obligations undertaken by SSEA; financial reserves or margins; and, compliance with financial tests required by contract, SSEA policy or otherwise; provided, however, Project Expenses do not include any of the foregoing SSEA expenditures and obligations that are recovered directly through the Cooperative Agreement or any other Project Services Agreement thereunder, or through any other agreements of the Parties.

3.14. “Project Member(s)” means those Members in good standing of the SSEA set out in section 1, above, that are participants to and beneficiaries of this Project. Project

Members in addition to those set out in section 1.1 to 1.4, above, may be added or removed as specified in this Agreement. After a Project Member executes this Agreement, there is no requirement for that Project Member to execute a Service Schedule to this Agreement.

3.15. “Risk Control Committee” or “RCC” means the committee established in section 7.

3.16. “Service Schedule” means any Service Schedule as set forth in section 8.1.

3.17. “Uncontrollable Force” means those events set forth in section 11.

3.18. The term “include” and its derivations are not limiting.

3.19. Unless otherwise specified, references to sections, subsections, paragraphs and exhibits are references to sections, subsections, paragraphs and exhibits of this Agreement.

3.20. Section, subsection, paragraph or exhibit headings are inserted for reference purposes only and shall not be construed in interpreting the terms and provisions of any section, subsection, paragraph or exhibit of the Agreement as a whole.

4. EFFECTIVE DATE, TERM OF AGREEMENT; SPECIFIC LIMITATIONS

4.1. Effective Date. This Agreement is effective as of the date of execution by the SSEA and all original Project Members specified in subsections 1.1 through 1.4 (“Effective Date”).

4.2. Term. Subject to the provisions of subsection 4.3, the Term of this Agreement shall be from the Effective Date until the termination of the Cooperative Agreement (“Term”).

4.3. Early Termination. This Agreement may be terminated prior to the termination of the Cooperative Agreement upon unanimous agreement of the Board in existence at the time of such termination.

4.4. Payment of Project Expenses. At the expiration of the Term or upon early termination of this Agreement, any and all obligations incurred by each Project Member including, but not limited to Project Expenses attributable to such Project Member must be satisfied by the respective Project Members.

4.5. Laws Applicable. This Agreement is subject to all applicable federal, state and local laws, and nothing herein shall be construed to alter, amend, or affect existing laws or relieve any Project Member of any duties or liabilities set by those laws.

4.6. No Waiver, Termination or Release. Except as expressly provided herein, nothing in this Agreement waives, terminates, or otherwise releases a Project Member from performing its duties or satisfying its obligations under any other contract with any other Party.

4.7. Survivability of Certain Provisions. It is expressly contemplated that outstanding covenants, rights and obligations, including but not limited to any payment obligations, set out in this Agreement shall survive the Term of this Agreement and shall remain in force and effect as if the termination shall not have occurred.

5. PURPOSE AND SCOPE OF THE PROJECT

Upon agreement with an individual Project Member and in accordance with this Agreement, SSEA shall buy or sell Electric Power, fuel for Projects, financial hedging instruments, Ancillary Services, transmission or other services in connection with the operation, scheduling, hedging or optimization of a Project Member's resources or in furtherance of meeting the power supply needs of a Project Member requesting that the SSEA provide services pursuant to this Agreement. It is specifically contemplated that Project Members desire or may require distinct power supply management products from the SSEA, which will be reflected in different Service Schedules attached hereto, with the common goal of jointly planning, developing, owning and operating power resources to meet their own needs and those of their customers. It is further specifically contemplated that the economies of scale produced by the SSEA offer improved project development opportunities and power purchasing capabilities, the sharing of resources and expertise, and the opportunity for jointly managed energy needs.

6. RESPONSIBILITIES AND AUTHORITY OF THE SSEA MANAGER

6.1. The SSEA Manager Shall Serve as the Project Manager. The SSEA Manager shall serve as the project manager, acting as principal on SSEA's behalf and as agent for each of the other Parties on this Project. The SSEA Manager shall perform and discharge his responsibilities and duties, or cause such responsibilities and duties to be performed and discharged, (i) in a manner consistent with his fiduciary obligations under this Agreement; (ii) in a manner consistent with the Cooperative Agreement; (iii) in good faith and in accordance with Good Utility Practice; (iv) without willful misconduct or gross negligence; and (v) in compliance with all laws, judicial, and administrative orders, rules, and regulations applicable to the Project.

6.2. Duties of SSEA Manager. The SSEA Manager shall be responsible for the overall structure, organization, and management of the Project in accordance with the terms and conditions of this Agreement.

6.3. Use of Additional Resources. In order to perform all duties and satisfy all obligations under this Agreement, it is specifically contemplated that the SSEA Manager may employ the expertise and resources of one or more Project Members or External Resources.

6.4. Use of Contractors. The Parties agree that the SSEA Manager shall have the right to perform and may perform some or all of his responsibilities and duties through a contractor or contractors, inclusive of External Resources. Any Project Member may serve as a contractor and provide services at the direction of the SSEA Manager. In all other events, the responsibilities, duties and compensation applicable to the contractor(s) shall be set forth in a separate agreement between the contractor and the SSEA which shall be subject to the approval of the Board. Appointment of a contractor does not relieve the SSEA of its obligations under this Agreement.

6.5. Authority. The SSEA Manager is delegated the authority to exercise all powers granted to the SSEA pursuant to subsection 6.1 of the Cooperative Agreement and to make any and all expenditures necessary to complete the Project as approved under this Agreement.

7. RISK MANAGEMENT AND THE RISK CONTROL COMMITTEE

7.1. Board Creation of an Energy Risk Management Policy. Prior to the provision of any services hereunder, the Board shall adopt an energy risk management policy. The Board may amend such policy from time to time at its sole discretion. The Board delegates to the RCC created herein the responsibility to develop and administer procedures to carry out the energy risk management policy.

7.2. Purpose of the RCC. The RCC shall oversee the activities of the SSEA under this Agreement to insure compliance with the energy risk management policy established pursuant to subsection 7.1 and any other policy approved by the Board specifically directed to the provision of service pursuant to this Agreement.

7.3. Composition. The RCC shall be comprised of a chairman, who shall be appointed pursuant to subsection 7.4, the SSEA Manager, and one representative from each Project Member in good standing. Each Project Member shall inform the SSEA, in writing, of its initial designated representative to the RCC within thirty (30) days of the date this Agreement is signed by all Parties. Each Project Member shall thereafter promptly notify the chairman of the RCC of any changes to its designated representative. If a Project Member in good standing fails to timely notify the SSEA of its designated representative to the RCC, such Project Member shall not be represented on the RCC until such time as the designation is made.

7.4. Appointment of Chairman. The Board shall appoint one Board member to serve as the RCC chairman.

7.5. Designated Alternates and Non-Voting Representatives. Any member of the RCC may temporarily designate an alternate representative by providing written advance notice to the RCC chairman. Any member of the RCC may also request by providing advance notice to the chairman that non-voting representatives attend meetings to assist the representative or designated alternative representative.

7.6. Voting. Actions of the RCC require a vote of at least sixty percent 60% of the members of the RCC eligible to vote on a particular matter.

7.7. Duties of RCC. The RCC shall, consistent with this Agreement and established Board policies, develop and administer procedures, including but not limited to:

7.7.1. Review and approve changes to the SSEA's Risk Control Procedures;

7.7.2. Review and approve new services to be provided under this Agreement;

7.7.3. Review and approve energy procurement strategies and products and ensure that such strategies and products are in compliance with federal prohibitions against manipulation of the energy markets;

7.7.4. Approve trading limits and hedge guidelines to insulate the SSEA from speculative or unlawful buying and selling of power, hedging products, and other products and services associated with energy transactions on behalf of a Project Member;

7.7.5. Define and maintain a list of energy products, pricing options, and Points of Delivery available under Service Schedule Power Purchase and Sale Service.

7.7.6. Define the content of management reports and the frequency of distribution;

7.7.7. Review and approve cost allocations among Project Members;

7.7.8. Assure that adequate staffing and resources are devoted to risk management activities;

7.7.9. Continuously monitor the risk management program for breakdowns in segregation of duties;

7.7.10. Approve counterparty credit evaluation procedures, counterparty credit standards, and other measures to reduce exposure to counterparty credit risk; and

7.7.11. Approve portfolio valuation techniques and models.

7.8. No Compensation. Unless specifically authorized by the Board, RCC members shall not be separately compensated.

8. POWER SUPPLY MANAGEMENT SERVICES

8.1. Service Schedules. Execution of an agreement to take service pursuant to a Service Schedule attached as an exhibit to this Agreement establishes specific rights and obligations with respect to the SSEA and the executing Project Member, including but not limited to the Project Member's right to take and pay for services. A Project Member that has not executed a Service Agreement shall not incur financial obligations or rights as set forth in this Agreement. Until amended or cancelled, SSEA shall offer to its Project Members the following power supply management services pursuant to this Agreement:

8.1.1. Load Requirements Service ("LRS"), as set forth in Exhibit A;

8.1.2. Power Purchase and Sale Service ("PPSS"), as set forth in Exhibit B.

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8.2. Modifications to and Cancellation of Existing Service Schedules and Creation of Additional Service Schedules. Upon request of the SSEA Manager or a Project Member, favorable recommendation of the RCC, and approval of the Board, existing Service Schedules may be modified or cancelled and additional Service Schedules may be offered pursuant to this Agreement. Modification, cancellation or new Service Schedules shall be reflected in Section 8.1 and the exhibits to this Agreement, as necessary.

8.3. Initiation of Service; Term of Service Pursuant to a Service Schedule. A Project Member shall initiate service by execution of a Service Schedule. The term of service shall be as specified in the Service Schedule; provided, however, no service pursuant to any Service Schedule may commence until all technical requirements and conditions precedent to the initiation of service are met in the determination of the SSEA Manager; provided, further, such term of service shall not extend beyond the term of this Agreement as set out in section 4 or any term specifically established in the applicable Service Schedule.

8.4. Performance. It is specifically contemplated that Service Schedules may be executed by more than one Project Member and performed contemporaneously by the SSEA. A Service Schedule may contain provisions unique to the particular service offering, and the presence of an obligation with respect to one type of service shall not create any obligation or rights to take service under any other Service Schedule.

8.5. Grant of Limited Agency. Each Project Member that executes a Service Schedule shall, appoint the SSEA as its agent to perform the responsibilities contemplated in the Service Schedule.

9. RECOVERY OF SSEA PROJECT EXPENSES

9.1. Recovery of All Project Expenses Through Service Schedules. SSEA shall maintain Service Schedules consistent with Good Utility Practice and consistent with this section 9 that shall be sufficient to produce revenues which shall recover all Project Expenses. All Services Schedules and changes thereto shall be approved by the Board.

9.2. Applicability to Project Members Requesting Service Pursuant to Service Schedules. SSEA may not recover any Project Expense under this Agreement from any Project Member unless and until such Project Member and the SSEA requests service pursuant to one or more Service Schedules pursuant to this Agreement and shall thereafter be subject to the terms and conditions of allocation and/or assignment of Project Expenses pursuant to the terms and conditions of such Service Schedule. A Project Member's obligation to pay any Project Expense shall terminate upon termination of all of its Service Schedules; provided, however, SSEA may continue to charge such Project Member under any Service Schedule based on an obligation incurred during the time period in which its Service Schedules were in effect, including a charge for a Bad Debt Loss pursuant to subsection 12.11.

9.3. Maintenance of Common Records of Project Expenses and Separation of Service Schedules into Project Members' Portfolios. To achieve the objectives of this Agreement, SSEA shall account for and maintain a consolidated record or book of Project

Expenses, and then direct Project Expenses to each Project Member's service under this Agreement into separate Portfolios, consistent with the Project Expense recovery methodology set out in each Service Schedule. Unless specifically stated in a Service Schedule, Project Expenses shall be determined in each Portfolio based on assignment or allocation of the actual costs that SSEA incurred or will incur to provide such service, without margin or markup. Allocation of actual costs not specifically directed to a single Project Member shall be performed in accordance with the methodology(ies) established by the RCC.

10. BILLING AND RECOVERY OF PROJECT EXPENSES; AUDIT

10.1. Statement. On or before the 10th day of each month, the SSEA shall provide each Project Member a bill itemizing the previous month's Project Expenses and any adjustments (positive or negative) to prior monthly statements. In the event that actual amounts incurred on behalf of a Project Member are not available at the time of invoicing, the SSEA shall use estimates as necessary and supplement and/or true-up such invoice when actual amounts become available.

10.2. Payment Date. The Project Member must submit payment in full, inclusive of any disputed amount, to the SSEA of the amount reflected on the monthly statement on or before the 20th day of each month. Payment shall be considered received when payment is received at the location designated by the SSEA. If the due date falls on a non-business day of the SSEA, then the payment shall be due on the next following business day. Any delay in submission of the statement set out in subsection 10.1 shall result in a day-for-day extension of the payment date of the Project Member. Any dispute related to the payment of Project Expenses shall be initiated and handled in the manner set forth in section 21 of the Cooperative Agreement.

10.3. Late Payment. If the Project Member fails to remit payment when due, the SSEA shall serve the Project Member with written notice of its failure, and demand immediate payment. Interest on any unpaid portion will accrue from the date due until the date of payment at a rate equal to the lower of: (a) the then effective prime rate of interest for the U.S. published

under “Money Rates” by The Wall Street Journal, plus two percent per annum; or (b) the maximum applicable lawful interest rate.

10.4. Audit and Reconciliation. As specified in the Service Schedules attached hereto, certain amounts invoiced to Project Members and collections of each Project Member’s payment are subject to section 19 and section 20 of the Cooperative Agreement. In the event of an over-collection of Project Expenses, the Project Members who are not in Default and who have not otherwise caused a Bad Debt Loss under this Agreement will be refunded any amount that has been over-collected within thirty (30) days of identification of the over-collection. In the event of an under-collection of Project Expenses, the Project Members shall be invoiced for any under-collection in the next monthly statement rendered following identification of the under-collection.

10.5. Set-off. The SSEA may set off the amount of any specified credit or payment under this section 10, inclusive of interest, against any other amounts past due or which constitute an ongoing Event of Default or which resulted in the declaration of a Bad Debt Loss.

11. UNCONTROLLABLE FORCES

11.1. Uncontrollable Forces Not a Breach. No Party shall be considered to be in breach of this Agreement or any applicable transaction conducted hereunder to the extent that a failure to perform its obligations is due to an Uncontrollable Force. The term “Uncontrollable Force” means an event or circumstance which prevents one Party from performing its obligations under one or more transactions, which event or circumstance is not within the reasonable control of, or the result of the negligence of, the claiming Party, and which by the exercise of due diligence the claiming Party is unable to avoid, cause to be avoided, or overcome. So long as the requirements of the preceding sentence are met, an “Uncontrollable Force” may include and is not restricted to flood, drought, earthquake, storm, fire, lightning, epidemic, war, riot, act of terrorism, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, restraint by court order or public authority, and action or non-action by, or failure to obtain the

necessary authorizations or approvals from, any governmental agency or authority (other than an authorization or approval required by the Project Member itself if such Project Member is a governmental agency or authority). The following shall not be considered “Uncontrollable Forces”: (i) SSEA’s cost of obtaining capacity, energy, or other products in conjunction with performance under a Service Schedule; or (ii) a Project Member’s inability due to economic reasons to use capacity, energy, or other products in conjunction with performance under a Service Schedule. Notwithstanding the foregoing, no Party shall be relieved of liability for failure of performance to the extent that such failure is due to causes arising out of its own negligence or due to removable or remediable causes which it fails to remove or remedy within a reasonable time period. Nothing contained herein shall be construed to require a Party to settle any strike or labor dispute in which it may be involved.

11.1.1. Where the entity responsible for providing transmission services for transactions under this Agreement experiences an interruption in such transmission service, the interruption in transmission service shall be considered an Uncontrollable Force under this section 11.1 only in the following two sets of circumstances:

(i) An interruption in transmission service shall be considered an Uncontrollable Force if (a) the Parties agreed on a transmission path for the transactions pursuant to a Service Schedule, (b) firm transmission involving that transmission path was obtained pursuant to a transmission tariff or contract to effectuate the transaction, and (c) the entity providing transmission service curtailed or interrupted such firm transmission pursuant to the applicable transmission tariff or contract.

(ii) If the Parties did not agree on the transmission path for a transaction pursuant to a Service Schedule, an interruption in transmission service shall be considered an Uncontrollable Force only if (a) the Party contracting for transmission services shall have made arrangements with the entity providing transmission service for firm transmission to effectuate the transaction, (b) the entity providing transmission service curtailed or interrupted such transmission service, and (c) the Party which contracted for such firm

transmission services could not obtain alternate energy at the Point of Delivery, alternate transmission services, or alternate means of delivering energy after exercising due diligence.

11.2. Notice. Any Party rendered unable to fulfill any of its obligations by reason of an Uncontrollable Force shall provide written notice of such fact to the SSEA Board within ten (10) days of the occurrence of the Uncontrollable Force. Such Party shall also exercise due diligence, as provided above, to remove such inability within a reasonable time period.

11.3. Obligations Incurred Prior to Uncontrollable Force. No Party shall be relieved by operation of this section 11 of any liability to pay for services delivered to the Project Member or to make payments then due or which the Party is obligated to make with respect to performance which occurred prior to the Uncontrollable Force.

12. DEFAULT; BAD DEBT LOSS

12.1. Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default of this Agreement:

12.1.1. Any action determined to be an Event of Default pursuant to subsection 23.2 of the Cooperative Agreement. Any breach of any obligation, covenant, representation or warranty set out in this Agreement shall be deemed a material provision within the context of paragraph 23.2.4 of the Cooperative Agreement, inclusive of the thirty (30) day cure period, together with reasonable extensions (the total of such extensions shall not exceed ninety (90) days) of such cure period in the event the failure is incapable of being cured within such thirty (30) day period and upon exercise of reasonable diligence.

12.1.2. A Party becomes Bankrupt which, for the purposes of this Agreement shall mean it: (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any

bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation; (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets; (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) to (vii) (inclusive); or (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

12.1.3. A Party experiences three (3) Events of Default pursuant to this subsection 12.1 within a twelve (12) month period.

12.2. Waiver. With respect to any material payment default under this Agreement, each Party to this Agreement hereby agrees to waive a portion of the cure period specified in subsection 23.2 of the Cooperative Agreement, so as to limit such initial cure period for payment default under this Agreement to thirty (30) days. This waiver shall not affect any default, payment or otherwise, under any other Project Services Agreement or the Cooperative Agreement.

12.3. Notice of Event of Default. Upon the occurrence of an Event of Default, the SSEA shall immediately notify the other Parties, in writing, of the occurrence of the Event of Default.

12.4. Remedies in Event of Default by a Project Member. Subject to applicable laws, in addition to the remedies set out in subsections 23.5 to 23.8 of the Cooperative Agreement, where an Event of Default has occurred and is continuing beyond the specified period for cure, and as required by paragraph 15.4.2 of the Cooperative Agreement, the SSEA

shall enforce the following remedies and damages against a Project Member that is a Defaulting Party:

12.4.1. The Defaulting Party's right to receive service under its Service Schedule(s) and SSEA's obligation to provide service to the Defaulting Party under any Service Schedule shall be suspended with no less than 2 business days notice;

12.4.2. The Defaulting Party's right to vote on matters before the RCC shall be automatically suspended;

12.4.3. The SSEA shall immediately draw upon any working capital or other reserve account contributions made and attributable to the Defaulting Project Member;

12.4.4. The SSEA shall withhold payment of all monies owed to the Defaulting Project Member, including any amount owed as a result of (i) any revenues received by SSEA for optimization or sales of products and services from the Project Member's Portfolio, (ii) any amounts owed to the Project Member acting in a capacity as contractor pursuant to subsection 6.4, or (ii) any true up payment owed pursuant to subsection 10.4 of this Agreement;

12.4.5. The SSEA shall commence orderly liquidation of any products or services purchased for the Portfolio of the Defaulting Party;

12.4.6. The Defaulting Party's Service Schedules shall be terminated; and

12.4.7. The Defaulting Party must pay all of its outstanding financial obligations under this Agreement, plus interest calculated pursuant to subsection 10.3, within three (3) business days after receipt of a written demand of payment.

12.5. Remedies in Event of Default by the SSEA. In the event of any default by the SSEA in the performance of any of its obligations under this Agreement, a Project Member may bring any suit, action, or proceeding in equity for mandamus, injunction, and action for specific performance as may be necessary or appropriate to enforce such obligation against the SSEA; provided, however, the same shall not give any Project Member the right to discontinue the performance of its obligations under this Agreement; and provided further that SSEA shall not be

liable, under any circumstances, for monetary damages, including direct or consequential damages.

12.6. Sole and Exclusive Remedies. The Parties agree that the amounts recoverable under this section 12 are a reasonable estimate of loss and not a penalty, and represent the sole and exclusive remedies for the Performing Party(ies). Such amounts are payable for the loss of bargain and the loss of protection against future risks.

12.7. Duty to Mitigate. Each Party agrees that it has a duty to mitigate damages in a commercially reasonable manner to minimize any damages it may incur as a result of the other Party's performance or non-performance of this Agreement.

12.8. Payment of Damages Pending Dispute. In the event the non-performing Party disputes the calculation of the damages under this section 12 the non-performing Party shall pay the full amount of the damages to the performing Party, subject to all rights to dispute such calculation.

12.9. Cure of an Event of Default. Cure of an Event of Default shall be determined in accordance with subsection 23.3 of the Cooperative Agreement.

12.10. Cross-Default. As specifically set out in paragraph 15.4.1 of the Cooperative Agreement, a default by a Project Member under the Cooperative Agreement shall be deemed a default under this Agreement and a default under this Agreement shall be deemed a default under the Cooperative Agreement.

12.11. Bad Debt Loss. In the event that the SSEA Manager concludes that the SSEA does not reasonably expect payment in full, together with any interest or carrying costs that may have been or are expected to be incurred as a result of a Default of this Agreement, the SSEA shall declare such unpaid obligation a Bad Debt Loss that requires separate Project Expense recovery from each other non-Defaulting Project Member that is taking services pursuant to a Service Schedule during the month in which such Default occurs. Upon such declaration and subject to any applicable laws:

12.11.1. The SSEA shall make claims and seek to recover the amount of the debt through any available loss protection or other form of insurance; provided, however, nothing contained in this paragraph obligates the SSEA to secure insurance;

12.11.2. The SSEA shall utilize its working capital and other monies available to maintain the liquidity of the SSEA for the account of all other non-Defaulting Parties;

12.11.3. If recovery from all other revenue sources have not fully satisfied the full amount of the Bad Debt Loss, inclusive of any interest incurred or expected to be incurred, the SSEA shall establish a schedule for recovery of the Bad Debt Loss from all other Project Members with executed and effective Service Schedules during the month(s) the Bad Debt Loss was incurred (*i.e.*, all month(s) in which service was provided to the Project Member for which payment was not received, and all months thereafter until the date that the Bad Debt Loss was declared by the SSEA pursuant to subsection 12.11), based on an allocation of such debt. The allocation to each Project Member shall be based on a ratio of the Project Member's total megawatt hours purchased, sold and hedged (whether physical or financial) for the Project Member during the month(s) in which the Bad Debt Loss was incurred, divided by the total megawatt hours purchased, sold and hedged (whether physical or financial) by the SSEA for all Project Members pursuant to this Agreement during the month(s) in which the Bad Debt Loss was incurred. Any allocation of Bad Debt Loss shall be subject to the audit and reconciliation process set out in subsection 10.4.

12.11.4. The SSEA shall notify all other Project Members in writing of the declaration of a Bad Debt Loss, including the name of the Defaulting Party, the dollar amount of the debt, the applicable month(s) of services to which the debt relates, the Project Expense recovery for Bad Debt Loss, the future billing months over which the Bad Debt Loss will be recovered, and the Project Members that will be responsible for a portion of the Bad Debt Loss; and

12.11.5. Any Bad Debt Loss that is later recovered through insurance proceeds or from the Project Member responsible for the incurrence of the loss shall be allocated to all Project Members previously charged for the loss, and which have paid such charges, according to the same allocation methodology originally used to collect the Bad Debt Loss.

12.12. While it is anticipated that the SSEA will pursue all claims against a Project Member responsible for the incurrence of a Bad Debt Loss, nothing in subsection 12.10 is intended to limit any other Project Member's right to separately bring any claim or cause of action it may have as a result of an allocation of costs to that Project Member.

13. WITHDRAWAL OF A PROJECT MEMBER

13.1. Withdrawal of a Project Member. A non-defaulting Project Member may withdraw from this Agreement with written notice and without the prior unanimous written consent of the other Project Members provided that the withdrawing Project Member does not have an active Service Schedule. Such withdrawal shall become effective on the last day of a month and no earlier than thirty (30) days from the date of written notice. A Project Member's withdrawal from this Agreement does not constitute a withdrawal from the Cooperative Agreement or any other Project Services Agreement of the SSEA.

13.2. Financial Obligations of Withdrawing Project Member. All financial obligations of the withdrawing Project Member due as of the effective date of withdrawal survive the termination of the withdrawing Party's participation in this Agreement until paid.

13.3. Financial Obligations of the SSEA to Withdrawing Project Member. After the SSEA is satisfied that all financial obligations under this Agreement are satisfied, all amounts held on behalf of the withdrawing Project Member shall be returned to the withdrawing Project Member; provided, however, for the purposes of this subsection, the SSEA may return an estimated amount to the withdrawing Project Member if the SSEA Manager believes that the withdrawing Project Member may incur additional financial obligations as a result of the audit and reconciliation performed in accordance with subsection 10.4. After such audit and

reconciliation is performed, any overpayment or underpayment of funds shall be addressed and rectified as set forth in Section 10.4.

13.4. Effect of Withdrawal. The withdrawal of a Project Member from this Agreement prior to the termination of this Agreement:

13.4.1. Does not terminate this Agreement or the obligations of any remaining Project Member hereunder;

13.4.2. Shall not have the effect of diminishing the rights of the remaining Project Members or enlarging their obligations under this Agreement, except as may be necessary to reevaluate particular components of Project Expense recovery pursuant to Service Schedules in accordance with section 9.

14. ADDITION OF A NEW PROJECT MEMBER

14.1. Addition. An interested Member in good standing of the SSEA may become a Project Member under this Agreement by request to the SSEA Manager and approval by the Board. If the interested Member's request to become a Project Member is approved by the Board, such addition shall become effective on the date established by the Board. The additional Project Member must execute this Agreement, including making all representations, warranties and covenants set out in this Agreement, prior to the effective date established as set forth by the Board.

14.2. Financial Obligations of Additional Project Member. Any additional Project Member shall accrue financial obligations consistent with this Agreement and shall not, in accordance with subsection 9.2, be responsible for any Project Expense incurred prior to its execution of a Service Schedule(s); provided, however, as a condition to the provision of service pursuant to any Service Schedule, the Board may require an additional Project Member make an equity contribution to the SSEA.

15. DISPUTE RESOLUTION

All disputes under this Agreement shall be governed by section 21 of the Cooperative Agreement.

16. COVENANTS OF THE PARTIES

16.1. Covenants of Project Member. Any Project Member executing a Service Schedule agrees:

16.1.1. It will charge against users or against purchasers of services or commodities pertaining to the Project Member's system for the delivery of power and energy, water, wastewater and other services (as applicable) such fees, rates and other charges as shall be sufficient to produce gross revenues which, together with any other available funds, will be sufficient to at least equal the sum of:

- (a) all amounts due from the Project Member under this Agreement, the Cooperative Agreement and all other Project Services Agreements to which such Project Member is a party, including, without limitation, any adjustment in the recovery of Project Expenses under this Agreement;
- (b) an amount equal to the Project Member's annual operation and maintenance expenses; and
- (c) an amount equal to the sum of the debt service due on any outstanding securities or bonds, operation and maintenance reserves, additional capital reserves and prior deficiencies pertaining to any account relating to gross revenues of such Project Member.

The foregoing rate covenant is subject to compliance by the Project Member with any legislation of the United States of America, the State or other governmental body, or any regulation or other action taken by the United States, the State or any agency or political subdivision of the State pursuant to such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation or action limits or otherwise inhibits the amounts of fees, rates and other charges collectible by the Project Member for the use of or otherwise pertaining to, and all services rendered by, its system;

16.1.2. It shall provide and maintain the sites, equipment and facilities necessary to receive Electric Power and other products secured by the SSEA pursuant to the Project Member's Service Schedule(s);

16.2. Covenants of the SSEA. The SSEA agrees:

16.2.1. It shall use its best efforts to provide a constant and uninterrupted supply of Electric Power and other power supply management services for the benefit of each Project Members' respective electric resource needs hereunder; and

16.2.2. It shall endeavor to market and dispose of, under such terms and conditions as SSEA, in its sole discretion, deems appropriate, any and all surplus Electric Power and energy which it is obligated by contract to purchase.

17. REPRESENTATIONS AND WARRANTIES

Each Party represents and warrants to the other Parties that:

17.1. Valid Entity. It is a valid legal entity duly organized and validly existing in good standing under the laws under which it was created and is, to the extent required, qualified to do business in Nevada;

17.2. Execution. It has all the necessary corporate and legal power and authority and has been duly authorized by all necessary action to enable it to lawfully execute, deliver and perform under this Agreement.

17.3. Binding Obligation. This Agreement is the valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws affecting enforcement generally, and by equitable principles regardless of whether such principles are considered in a proceeding at law or in equity.

17.4. No Conflicts. The execution and delivery of this Agreement and the fulfillment of and compliance with the provisions of this Agreement does not and will not (i) conflict with any of the terms, conditions or provisions of its organizational documents, (ii) any law applicable

to it, and (iii) result in a breach or default under any evidence of its indebtedness or any other agreement or instrument to which it is a party or by which it or any of its property is bound, any of which has a reasonable likelihood of materially and adversely affecting the performance by the Project Member of any of its obligations under this Agreement.

17.5. Actions and Proceedings. To the knowledge of such Party, (i) there is no pending or threatened action or proceeding affecting such Project Member before any governmental agency that has a reasonable likelihood of materially adversely affecting or reasonably threatening the ability of such Project Member to perform its obligations under this Agreement or the validity or enforceability of this Agreement against it, and (ii) that there are no bankruptcy proceedings pending or being contemplated by it or threatened against it.

17.6. Absence of Certain Events. No Event of Default attributable to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement.

17.7. Other Agreements. There is nothing contained in any other agreement to which it is a party prohibiting it from performing its obligations under this Agreement.

17.8. Solvency. That it is solvent and that on each delivery this representation shall be deemed renewed unless notice to the contrary is given in writing by the Project Member to the SSEA before delivery.

17.9. Good Title. That, in conjunction with any Electric Power that SSEA disposes of on its behalf, Project Member has delivered such Electric Power with good title.

18. LIABILITY; INDEMNIFICATION

All provisions with respect to liability, limitations on liability and indemnification contained in section 22 of the Cooperative Agreement shall apply to this Agreement.

19. GENERAL PROVISIONS

19.1. Time of Essence. Time is of the essence with respect to the performance of all terms, covenants, conditions, and provisions of this Agreement.

19.2. Waiver. A Party is entitled to excuse or waive performance by any other Party of any obligation under this Agreement by a written notice signed by the Party so excusing or waiving. No delay in exercising any right or remedy shall constitute a waiver thereof, and any waiver at any time by any Party of its rights with respect to a default under this Agreement, or any other matter under this Agreement, shall not be deemed a waiver with respect to any preceding or subsequent default of the same or any other matter.

19.3. Assignment. Except as otherwise provided in this Agreement or the Cooperative Agreement, the rights and duties of the SSEA and the Project Members may not be assigned or delegated without the written consent of all Project Members, which shall not be unreasonably withheld. Any attempt to assign or delegate such rights or duties in contravention of this Agreement shall be null and void. Any approved assignment or delegation must be consistent with the terms of any contracts, resolutions, indemnities, and other obligations of the SSEA and Project Members then in effect.

19.4. Inurement. Subject to the provisions of subsection 19.3, this Agreement shall bind and inure to the benefit of the Project Members and their successors and assigns.

19.5. Exhibits. All exhibits attached to this Agreement are by this reference incorporated herein and made a part hereof.

19.6. Entire Agreement. This Agreement constitutes the entire agreement and understanding of the Project Members with respect to its subject matter and supersedes all oral communications and prior writings with respect thereto.

19.7. Amendment. Unless specifically authorized herein, no change, addition, or deletion may be made to this Agreement except by a written amendment executed by the Project Members.

19.8. Governing Law; Venue. This Agreement and the rights of the Project Members hereto shall be interpreted, governed, and construed in accordance with the laws of the State of Nevada. The appropriate venue for any action brought to interpret or enforce this Agreement shall be in the state courts of Nevada in Clark County.

19.9. Severability. Wherever possible, each provision of this Agreement must be interpreted in such manner as to be valid under applicable law, but if any provision of this Agreement is invalid or prohibited hereunder, such provision shall be ineffective to the extent of such invalidity or prohibition but shall not invalidate the remainder of such provision or the remaining provisions. Should any provision of this Agreement be declared invalid or prohibited, the Project Members shall in good faith negotiate a new provision to replace the invalid or prohibited provision, and amend this Agreement to include the new provision.


19.10. Computation of Time. In computing any period of time prescribed or allowed by this Agreement, the day of the act, event or default from which the designated period of time begins to run shall not be included. The last day of this period so computed shall be included unless it is a Saturday, Sunday or holiday recognized by the State of Nevada, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday or holiday recognized by the State of Nevada.

19.11. Multiple Counterparts. This Agreement may be executed in multiple counterparts (by original or facsimile signature), each of which shall constitute one and the same agreement.


19.12. Ambiguities. This Agreement has been drafted, negotiated, and revised by each of the Project Members hereto, each of which is sophisticated in the matters to which this Agreement pertains, and no one Project Member shall be considered to have drafted this Agreement. Each of the Project Members and its counsel has reviewed this Agreement and the usual rule of construction that any ambiguities are resolved against the drafter shall not apply in the construction and interpretation of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of Nov. 10, 2009.

SILVER STATE ENERGY ASSOCIATION



Brian Chally
Acting as Counsel to SSEA

By: 

James D. Salo
Chairperson

Attest:

CITY OF BOULDER CITY

Lorene Krumm
Acting City Clerk

By: _____
Vicki G. Mayes
City Manager

Attest:

LINCOLN COUNTY POWER DISTRICT NO. 1

Mick Lloyd
General Manager

By: _____
Patrick M. Kelley
Chairperson

Attest:

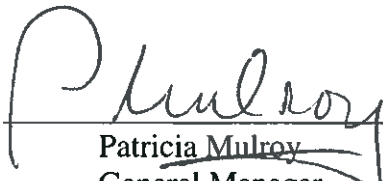
OVERTON POWER DISTRICT NO. 5

Delmar Leatham
General Manager

By: _____
Larry Moses
Chairperson

Attest:

SOUTHERN NEVADA WATER AUTHORITY



Patricia Mulroy
General Manager

By: 

Shari Buck
Chair

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of _____, 20____.

SILVER STATE ENERGY ASSOCIATION

Brian Chally
Acting as Counsel to SSEA

By: _____
James D. Salo
Chairperson

Attest:

CITY OF BOULDER CITY

Lorene Krumm
Acting City Clerk


By: _____
Vicki G. Mayes
City Manager

Attest:

LINCOLN COUNTY POWER DISTRICT NO. 1



Mick Lloyd
General Manager

By: 

Patrick M. Kelley
Chairperson

Attest:

OVERTON POWER DISTRICT NO. 5

Delmar Leatham
General Manager

By: _____
Larry Moses
Chairperson

Attest:

SOUTHERN NEVADA WATER AUTHORITY

Patricia Mulroy
General Manager

By: _____
Shari Buck
Chair

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of _____, 20____.

SILVER STATE ENERGY ASSOCIATION

Brian Chally
Acting as Counsel to SSEA

By: _____
James D. Salo
Chairperson

Attest:

CITY OF BOULDER CITY

Lorene Krumm
Acting City Clerk

By: _____
Vicki G. Mayes
City Manager

Attest:


LINCOLN COUNTY POWER DISTRICT NO. 1

Mick Lloyd
General Manager

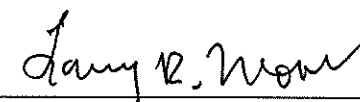
By: _____
Patrick M. Kelley
Chairperson

Attest:

OVERTON POWER DISTRICT NO. 5



Delmar Leatham
General Manager

By: 

Larry Moses
Chairperson

Attest:

SOUTHERN NEVADA WATER AUTHORITY

Patricia Mulroy
General Manager

By: _____
Shari Buck
Chair

Additional Signatories

IN WITNESS WHEREOF, the Party joining pursuant to section 14 has caused this Agreement to be executed as of February 8, 2011.

Attest:

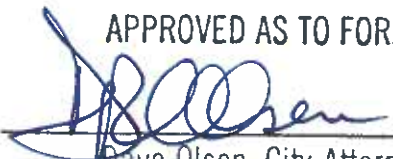
CITY OF BOULDER CITY



Lorene Krumm
City Clerk

By: 

Vicki G. Mayes
City Manager

APPROVED AS TO FORM:


Dave Olsen, City Attorney


Additional Signatories

IN WITNESS WHEREOF, the Party joining pursuant to section ____ has caused this Agreement to be executed as of _____, 20__.

Attest: [Entity Name]

[Witness]
[Title]

By: _____
[Authorized Representative]
[Title]

	<p>EXHIBIT A</p> <p>SERVICE SCHEDULE LRS</p> <p>LOAD REQUIREMENTS SERVICE</p>	<p>Effective _____</p> <p>Expires _____</p> <p>Version 1.0</p>
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1. APPLICABILITY

1.1. Subject to subsection 1.2, this Service Schedule is applicable to any Project Member in good standing that desires that the SSEA supply all or some of Project Member’s Electric Power and ancillary services requirements and optimize member-owned assets, purchased power contracts, and related agreements necessary to supply Project Member’s load requirements.

1.2. A Project Member may not take service under Service Schedule Load Requirements Service (“LRS”) and Power Purchase and Sales Service (“PPSS”) contemporaneously. If a Project Member is taking service pursuant to Service Schedule PPSS, all resources secured by SSEA for the Project Member shall become Member Resources, as defined in section 6, below, upon initiation of LRS service.

2. INITIATION OF SERVICE

2.1. An eligible Project Member may request service under this Service Schedule LRS by execution and submission by the Project Member of an application in the form appended as Attachment LRS-A hereto.

2.2. Within ten (10) days of receipt of an application or such other period as agreed by the requesting Project Member and the SSEA, SSEA and the Project Member shall meet to discuss the service request, whether additional information is required to process service, whether service can be provided in its entirety on the proposed service start date, or whether service cannot be provided or can be provided only in part on the proposed service start date. SSEA and the Project Member shall also jointly develop a service agreement based on the form

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appended as Attachment LRS-B hereto. Board approval of any service agreement hereunder is not required.


3. TERM AND TERMINATION OF SERVICE

Subject to the subsection 8.1 below, the term of the service agreement shall commence upon execution by the SSEA Manager and an authorized representative of the Project Member of the service agreement developed pursuant to subsection 2.2, above. In the absence of any Event of Default specified in the Agreement, the service agreement and service pursuant to Service Schedule LRS shall continue in force and effect until SSEA or the Project Member, as applicable, provides written notice of termination effective the last day of a month no less than ninety (90) days from the date of the notice. Upon request by the Project Member to terminate and to the extent practicable, the SSEA shall liquidate the Project Member’s Portfolio within sixty (60) days, or such mutually agreed time frame, such that the withdrawing Project Member will have no obligations outstanding as of the date of the termination.

4. CHARACTER OF SERVICE

4.1. Electric Power furnished by the SSEA hereunder shall be in accordance with all technical requirements established by the balancing authority(ies) in which the Project Member’s load requirements are located, and the Western Electricity Coordinating Council.

4.2. The SSEA will provide all Electric Power, transmission service, and ancillary services that are required to serve the Project Member’s loads at the specified Point(s) of Delivery that are above and beyond the Member Resources, each being specified in the Project Member’s service agreement. To the extent that the Members Resources specified in the service

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agreement exceed the Project Member’s aggregate load at the Point(s) of Delivery specified in the service agreement, or cannot be used to serve Project Member’s load or to optimize SSEA’s overall portfolio, the SSEA will transfer or sell those excess resources.


4.3. Load requirements shall be met by transacting in the forward power market and optimization of Member Resources (as defined herein) on a five year rolling basis, or other such term as determined by the RCC. It is expressly recognized that, consistent with the procedures and guidelines established by the RCC, the SSEA will reduce the Project Member’s exposure to market prices by hedging the amount of the Project Member’s forecasted loads for the hedging horizon.

4.4. Except as expressly set forth in a service agreement, nothing in this Agreement shall obligate SSEA to construct, install or modify any facilities in order to supply the service furnished pursuant to this Service Schedule LRS.

4.5. Any undertaking by one party to the other party under any provision of this Service Schedule LRS shall not constitute the dedication of an electric system, or any portion thereof, of any party to the public or to the other party, and it is understood and agreed that any such undertaking by any party shall cease upon termination of service pursuant to this Service Schedule LRS.

5. METERING REQUIREMENTS

5.1. By the 5th day of each month, Project Member shall provide the SSEA with hourly revenue quality meter data for the preceding month from meters that are owned or controlled by the Project Member. Meter data must be sufficient for the SSEA to determine the Project Member’s total load for which service under this schedule is being provided. The meter

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data that is furnished by the Project Member must meet the standards established by the American National Standard Institute.

5.2. Once per year, the SSEA may request that the Project Member inspect and test its meters or cause its meters to be inspected and tested. Any metering equipment found to be damaged, defective, or inaccurate must be promptly repaired and readjusted or replaced by the Project Member. Until such an adjustment or replacement is made, the SSEA will use an estimate of the Project Member’s meter data based on the best information available at the time.

5.3. If inspections and tests of a Project Member’s meter disclose an error exceeding 2 percent, then the SSEA will adjust any Project Member billings during the period when the inaccuracy existed. Any correction in billing resulting from a correction in the records of a Project Member’s meter will be made in the next monthly bill rendered by the SSEA to the Project Member. Payment of the bill constitutes full adjustment of any claim arising out of an inaccuracy of metering equipment.

6. MEMBER RESOURCES

6.1. Subject to the limitations set out in subsection 6.2, a Project Member taking service under this Service Schedule may specify its own generating resources, contracts for the purchase or sale of Electric Power, transmission or transmission-related agreements, or financial energy resources as Member Resources (“Member Resources”). Member Resources will be initially identified in the Project Member’s request for service, and shall thereafter change only by execution of a revised list of Member Resources as set out in the service agreement. A Project Member may request in writing that its Member Resources be modified, including the addition, modification or removal of a resource, at any time.

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6.2. A Project Member shall not designate Member Resources in excess of 120% of the Project Member’s forecasted annual load expressed in megawatt hours; provided, however, the RCC may upon request of the SSEA Manager or a Project Member consider and approve Member Resources that exceed 120% of the Project Member’s forecasted annual load if such Member Resources shall not be detrimental to the SSEA’s Portfolio.

6.3. Project Member shall make all commercially reasonable efforts to maximize the Electric Power available by or through a designated Member Resource.


6.4. To qualify as a Member Resource, the Project Member must give the SSEA sufficient control to utilize the Member Resource in a manner consistent with the objectives and obligations of this Service Schedule LRS.

6.5. Project Member’s list of Member Resources in its service agreement shall state, if applicable, the details of each Member Resource, including the name, location, specifications, expected capacity and energy output of such resource, contract term or the proposed in-service or commencement date.

6.6. Project Member agrees that for any Member Resource and to the extent practicable:

6.6.1. Project Member will provide SSEA as much advance notice as possible of any planned outage or the unavailability of a Member Resource, its expected date and time for return to service, and the actual date and time the Member Resource returned to service or otherwise is made available for optimization; and

6.6.2. Project Member will notify SSEA immediately of the occurrence of any unplanned outage or unavailability of a Member Resource, its expected date and time for return

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to service, and the actual date and time the Member Resource returned to service or otherwise is made available for optimization.

6.7. Project Member will ensure that each generation-based Member Resource is separately metered, and that the SSEA has access to metering data.

6.8. To the extent practicable, SSEA will optimize the use of Member Resources. Optimization may include the transfer of or sale of energy or other benefits from the Member Resource to the SSEA or a third party. Any transfer of energy or other benefits from a Member Resource out of the Project Member’s Portfolio, whether to the SSEA or to a third party, shall be at the prevailing market price at the time of the transfer.


7. INFORMATION REQUIREMENTS

7.1. Project Member agrees to supply the SSEA with the information SSEA deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.

7.2. Project Member agrees to supply the SSEA with load and resource forecasts, in a format and as frequently as specified in the SSEA Risk Control Procedures, so as to permit the SSEA to perform its load service, resource optimization, hedging, and other responsibilities contemplated hereunder.

8. APPLICABLE RECOVERY OF PROJECT EXPENSES UNDER SERVICE SCHEDULE LRS

8.1. Portfolio Costs: Each Service Schedule LRS Project Member will be assessed its share of assigned or allocated costs attributable to its service provided hereunder. Such costs

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shall include a credit for all revenues received from the sale or transfer of its Member Resources. It is expressly recognized that prior to providing any service to a requesting Project Member, the SSEA may incur start up Project Expenses associated with the provision of service to any Project Member requesting service hereunder and that SSEA may, prior to the term and notwithstanding the termination date (each as set out in section 3, above) recover from the Project Member as a pass-through cost any and all such start up Project Expenses in accordance with section 10 of the Agreement.

8.2. Budgeting: Each year, SSEA shall (i) prepare a common budget of all Project Expenses for the applicable hedging horizon, and (ii) prepare and supply to each Service Schedule LRS Project Member a budget that is specific to its own service under this Service Schedule LRS.


8.3. SSEA Administrative Fee: The SSEA Administrative Fee assessed for Service Schedule LRS each month shall be determined by assessing one-twelfth of the product of the calculation

$$(S^E * C^E / M^E)$$

where:

S^E = The sum of SSEA's estimated annual administrative and general expenses attributable to this Agreement during the SSEA budget year (less any estimated administrative and general expenses recovered under other Service Schedules);

C^E = The Service Schedule LRS Project Member's estimated load (expressed in kWh) under this Service Schedule during the SSEA budget year; and

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M^E = The sum of *all* Service Schedule LRS Project Members’ estimated load (expressed in kWh) under this Service Schedule during the SSEA budget year.

As part of the audit and reconciliation pursuant to subsection 10.4 of the Agreement, the SSEA Administrative Fee assessed for Service Schedule LRS will be subject to a true up using the following calculation

$$(S^A * C^A / M^A)$$


where:

S^A = The sum of SSEA’s actual annual administrative and general expenses attributable to this Agreement during the SSEA budget year (less any actual administrative and general expenses recovered under other Service Schedules);

C^A = The Service Schedule LRS Project Member’s actual load (expressed in kWh) under this Service Schedule during the SSEA budget year; and

M^A = The sum of *all* Service Schedule LRS Project Members’ actual load (expressed in kWh) under this Service Schedule during the SSEA budget year.

8.4. Reserve and Working Capital Requirements: Project Members shall be assessed Project Expenses for reserve and working capital requirements sufficient to assure compliance with all contracts, security agreements, pledges or other obligations undertaken by SSEA in order to provide the services contemplated in Service Schedule LRS. The reserve and working capital requirements for Service Schedule LRS shall be determined pursuant to formulas established by the RCC.

	<p>EXHIBIT A</p> <p>SERVICE SCHEDULE LRS</p> <p>LOAD REQUIREMENTS SERVICE</p>	<p>Effective _____</p> <p>Expires _____</p> <p>Version 1.0</p>
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8.5. Audit and Reconciliation. All Project Expenses assigned or allocated to a Project Member’s Portfolio under Service Schedule LRS are subject to the audit and reconciliation provisions set out in Article 10 of the Agreement.

8.6. Project Member Contribution. It is expressly recognized that, in the course of providing service, the SSEA may incur significant Project Expenses that initially will be paid in whole by the original Project Members taking service under Service Schedule LRS. As a condition to service hereunder, the Board may approve and establish specific requirements for a one-time contribution by new Project Members to this Service Schedule LRS, and criteria for allocation of such contribution to each other Project Member that is taking service pursuant to this Service Schedule LRS at the time the new Project Member commences service to reflect such existing Member’s prior contribution to SSEA’s administrative and general costs; provided, however, any allocation of such contribution to existing Members shall be limited to those Members that (i) are in good standing under this Agreement and (ii) have not terminated service pursuant to Service Schedule LRS. Any such allocation shall be based on each Project Member’s payment of SSEA Administrative Fees.

	EXHIBIT A	Effective _____
	SERVICE SCHEDULE LRS	Expires _____
	LOAD REQUIREMENTS SERVICE	Version 1.0

ATTACHMENT LRS-A
APPLICATION FOR NEW SERVICE
UNDER SERVICE SCHEDULE LRS

Name of Project Member:

Date of Request:

Proposed Service Start Date:


A Five Year Annual Load Forecast of Energy Requirements to be Served under Service Schedule LRS is Attached? ___ Yes ___ No.

Identify all Points of Delivery (inclusive of voltage levels) Project Member will Require for Service to Loads under Service Schedule LRS:

Does the Project Member have Member Resources? ___ Yes ___ No. If yes, please identify such Member Resources along with the associated capacity:

Provide Any Other Specifications of Service:

By submitting this request, Project Member acknowledges that it is responsible for start up Project Expenses attributable to service hereunder in accordance with subsection 8.1 of Service Schedule LRS.

	<p>EXHIBIT A</p> <p>SERVICE SCHEDULE LRS</p> <p>LOAD REQUIREMENTS SERVICE</p>	<p>Effective _____</p> <p>Expires _____</p> <p>Version 1.0</p>
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ATTACHMENT LRS-B

FORM OF SERVICE AGREEMENT


UNDER SERVICE SCHEDULE LRS

This Service Agreement, dated as of _____, is entered into, by and between the Silver State Energy Association (“SSEA”) and _____ (“Project Member”).

- 1.0 Service Provided. All service provided hereunder shall be pursuant to Project Services Agreement No. 3 – Power Supply Management Services Agreement and Service Schedule LRS attached thereto, as each may be amended or modified. Project Services Agreement No. 3 – Power Supply Management Services Agreement and Service Schedule LRS, as each may be amended or modified, are hereby incorporated by this reference and made part of this Service Agreement.
- 2.0 Commencement of Service. Service by SSEA to Project Member pursuant to this Service Schedule LRS shall commence on _____. Project Member acknowledges that it is responsible for start up Project Expenses attributable to service hereunder in accordance with subsection 8.1 of Service Schedule LRS.
- 3.0 Loads to be Served. All loads to be served pursuant to Service Schedule LRS shall be identified on an exhibit to this Service Agreement.
- 4.0 Points of Delivery. All Points of Delivery to be served pursuant to Service Schedule LRS shall be identified on an exhibit to this Service Agreement

	<p>EXHIBIT A</p> <p>SERVICE SCHEDULE LRS</p> <p>LOAD REQUIREMENTS SERVICE</p>	<p>Effective _____</p> <p>Expires _____</p> <p>Version 1.0</p>
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- 5.0 Member Resources. All Member Resources to be utilized by Project Member for service pursuant to Service Schedule LRS shall be identified on an exhibit to this Service Agreement.
- 6.0 Notices and Communications. Notices and communications information for each party shall be identified on an exhibit to this Service Agreement.
- 7.0 Special Provisions: [if applicable, to be inserted]
- 8.0 Further Assurances. From time to time after the execution of this Service Agreement, SSEA and the Project Member may execute such instruments, upon the request of the other, as may be necessary or appropriate, to carry out the intent of this Service Agreement.
- 9.0 Conflict. In the event that an irreconcilable difference exists between this Service Agreement and Project Services Agreement No. 3 – Power Supply Management Services Agreement, the latter shall govern.
- 10.0 Entire Agreement. This Service Agreement, Project Services Agreement No. 3 – Power Supply Management Services Agreement and Service Schedule LRS constitute the entire agreement between the parties with respect to the subject matter hereof, and there are no other understandings or agreements between the parties with respect thereof.

	<p>EXHIBIT A</p> <p>SERVICE SCHEDULE LRS</p> <p>LOAD REQUIREMENTS SERVICE</p>	<p>Effective _____</p> <p>Expires _____</p> <p>Version 1.0</p>
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IN WITNESS WHEREOF, SSEA and the Project Member have caused this Service Agreement to be executed as of _____, 20____.

By: _____
 [Authorized Representative]
 SSEA Manager


By: _____
 [Authorized Representative]
 [Title]

	<p>EXHIBIT A</p> <p>SERVICE SCHEDULE LRS</p> <p>LOAD REQUIREMENTS SERVICE</p>	<p>Effective _____</p> <p>Expires _____</p> <p>Version 1.0</p>
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LOADS SERVED PURSUANT TO SERVICE SCHEDULE LRS

	<p>EXHIBIT A</p> <p>SERVICE SCHEDULE LRS</p> <p>LOAD REQUIREMENTS SERVICE</p>	<p>Effective _____</p> <p>Expires _____</p> <p>Version 1.0</p>
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POINTS OF DELIVERY

	<p>EXHIBIT A</p> <p>SERVICE SCHEDULE LRS</p> <p>LOAD REQUIREMENTS SERVICE</p>	<p>Effective _____</p> <p>Expires _____</p> <p>Version 1.0</p>
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MEMBER RESOURCES


	EXHIBIT A SERVICE SCHEDULE LRS LOAD REQUIREMENTS SERVICE	Effective _____ Expires _____ Version 1.0
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NOTICES AND COMMUNICATIONS

	<p>EXHIBIT A</p> <p>SERVICE SCHEDULE LRS</p> <p>LOAD REQUIREMENTS SERVICE</p>	<p>Effective _____</p> <p>Expires _____</p> <p>Version 1.0</p>
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Service Schedule LRS Revision History:

Version	Date	Change Summary
1.0 Original		

	<p>EXHIBIT B</p> <p>SERVICE SCHEDULE PPSS</p> <p>POWER PURCHASE AND SALE SERVICE</p>	<p>Effective _____</p> <p>Expires _____</p> <p>Version 1.0</p>
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1. APPLICABILITY


1.1. Subject to subsection 1.2, this Service Schedule is applicable to any Project Member in good standing that desires that the SSEA purchase or sell standard energy projects and schedule energy for delivery in order to serve Project Member’s power supply needs.

1.2. A Project Member may not take service under Service Schedule Load Requirements Service (“LRS”) and Power Purchase and Sales Service (“PPSS”) contemporaneously. If a Project Member is currently taking service pursuant to Service Schedule LRS, it may not convert such service to Service Schedule PPSS.

2. INITIATION OF SERVICE

2.1. An eligible Project Member may request service under this Service Schedule PPSS by execution and submission by the Project Member of an application in the form appended as Attachment PPSS-A hereto.

2.2. Within ten (10) days of receipt of an application or such other period as agreed by the requesting Project Member and the SSEA, SSEA and the Project Member shall meet to discuss the service request, whether additional information is required to process service, whether service can be provided in its entirety on the proposed service start date, or whether service cannot be provided or can be provided only in part on the proposed service start date. SSEA and the Project Member shall also jointly develop a service agreement based on the form appended as Attachment PPSS-B hereto. Board approval of any service agreement hereunder is not required.

	<p>EXHIBIT B</p> <p>SERVICE SCHEDULE PPSS</p> <p>POWER PURCHASE AND SALE SERVICE</p>	<p>Effective _____</p> <p>Expires _____</p> <p>Version 1.0</p>
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3. TERM AND TERMINATION

The term of the service agreement shall commence upon execution by the SSEA Manager and an authorized representative of the Project Member of the service agreement developed pursuant to subsection 2.2, above. In the absence of any Event of Default specified in the Agreement, the service agreement and service pursuant to Service Schedule PPSS shall continue in force and effect until SSEA or the Project Member, as applicable, provides written notice of termination effective the last day of a month no less than sixty (60) days from the date of the notice; provided, however, the service agreement may not terminate until all outstanding executed transactions and obligations are fulfilled. Upon request by the Project Member to the SSEA to accommodate termination, the SSEA shall liquidate the Project Member’s outstanding executed transaction and obligations within sixty (60) days such that the withdrawing Project Member will have no obligations outstanding as of the date of the termination.

4. CHARACTER OF SERVICE

4.1. Electric Power furnished by SSEA hereunder shall be as specified in the transaction form, and in accordance with all technical requirements established by the balancing authority(ies) in which the Project Member’s transactions occur, and the Western Electricity Coordinating Council.

4.2. Except as expressly set forth in a service agreement, nothing in this Agreement shall obligate SSEA to construct, install or modify any facilities in order to supply the service furnished pursuant to this Service Schedule PPSS.

	<p>EXHIBIT B</p> <p>SERVICE SCHEDULE PPSS</p> <p>POWER PURCHASE AND SALE SERVICE</p>	<p>Effective _____</p> <p>Expires _____</p> <p>Version 1.0</p>
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4.3. Any undertaking by one party to the other party under any provision of this Service Schedule PPSS shall not constitute the dedication of an electric system, or any portion thereof, of any party to the public or to the other party, and it is understood and agreed that any such undertaking by any party shall cease upon termination of service pursuant to this Service Schedule PPSS.

5. TRANSACTIONS PURSUANT TO SERVICE SCHEDULE PPSS

5.1. To transact pursuant to this Service Schedule, the Project Member must complete and transmit to SSEA the transaction form established by the SSEA. The transaction form will contain all details of the service requested by the Project Member, including any limitations on price established by the Project Member for any particular transaction, and whether the Project Member desires the SSEA perform scheduling and tagging services associated with the transaction.

5.2. The SSEA will, consistent with Good Utility Practice and restrictions or procedures established by the RCC, attempt to fill a transaction order based on the specifications set out in the transaction form. Upon execution of a transaction consistent with the specifications set out in the transaction form, the SSEA shall provide a written confirmation to the Project Member including all terms of the executed transaction. If the SSEA is unable to execute a transaction with the specifications set out in the transaction form within thirty (30) days of the date of the transaction form, the SSEA shall so notify the Project Member in writing of its inability to execute such transaction.

6. TRANSMISSION RELATED REQUIREMENTS

	<p>EXHIBIT B</p> <p>SERVICE SCHEDULE PPSS</p> <p>POWER PURCHASE AND SALE SERVICE</p>	<p>Effective _____</p> <p>Expires _____</p> <p>Version 1.0</p>
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Project Member is responsible for all necessary arrangements for the delivery of Electric Power from the points of delivery as set forth in the service agreement to facilitate transactions pursuant to this Service Schedule. SSEA will, upon request, provide scheduling and tagging services.

7. INFORMATION REQUIREMENTS


Project Member agrees to supply the SSEA with the information SSEA deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.

8. APPLICABLE RECOVERY OF PROJECT EXPENSES FOR SERVICE SCHEDULE PPSS

8.1. Portfolio Costs: Each Service Schedule PPSS Project Member will be assessed its share of assigned or allocated costs attributable to its service provided hereunder. Such costs shall include a credit for all revenues received from any executed sale transaction on behalf of the Project Member.


8.2. SSEA Administrative Fee: The SSEA Administrative Fee assessed for Service Schedule PPSS each month shall be:

For Transactions that do not involve Scheduling & Tagging Service:	\$0.00025/kWh
For Transactions involving Scheduling & Tagging Service:	\$0.00035/kWh

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It is expressly recognized that the SSEA Administrative Fee under Service Schedule PPSS is not subject to modification as a result of the reconciliation performed pursuant to subsection 10.4 of the Agreement.

8.3. Reserve and Working Capital Requirements: Project Members shall be assessed Project Expenses for reserve and working capital requirements sufficient to assure compliance with all contracts, security agreements, pledges or other obligations undertaken by SSEA in order to provide the services contemplated in Service Schedule PPSS. The reserve and working capital requirements for Service Schedule PPSS shall be determined pursuant to formulas established by the RCC.

	<p>EXHIBIT B</p> <p>SERVICE SCHEDULE PPSS</p> <p>POWER PURCHASE AND SALE SERVICE</p>	<p>Effective _____</p> <p>Expires _____</p> <p>Version 1.0</p>
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ATTACHMENT PPSS-A
APPLICATION FOR NEW SERVICE
UNDER SERVICE SCHEDULE PPSS

Name of Project Member:

Date of Request:

Proposed Service Start Date:

Anticipated Product(s) and Point(s) of Delivery:

	<p>EXHIBIT B</p> <p>SERVICE SCHEDULE PPSS</p> <p>POWER PURCHASE AND SALE SERVICE</p>	<p>Effective _____</p> <p>Expires _____</p> <p>Version 1.0</p>
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ATTACHMENT PPSS-B

FORM OF SERVICE AGREEMENT

UNDER SERVICE SCHEDULE PPSS

This Service Agreement, dated as of _____, is entered into, by and between the Silver State Energy Association (“SSEA”) and _____ (“Project Member”).


- 1.0 Service Provided. All service provided hereunder shall be pursuant to Project Services Agreement No. 3 – Power Supply Management Services Agreement and Service Schedule PPSS attached thereto, as each may be amended or modified. Project Services Agreement No. 3 – Power Supply Management Services Agreement and Service Schedule PPSS, as each may be amended or modified, are hereby incorporated by this reference and made part of this Service Agreement.
- 2.0 Transactions. All Transactions under this Service Schedule PPSS shall be conducted in accordance with section 5 of Service Schedule PPSS. Project Member expressly acknowledges that the RCC reserves the right to modify energy products, pricing options, and Points of Delivery available under this Service Schedule PPSS.
- 3.0 Notices and Communications. Notices and communications information for each party shall be identified on an exhibit to this Service Agreement.
- 4.0 Special Provisions: [if applicable, to be inserted]
- 5.0 Further Assurances. From time to time after the execution of this Service Agreement, SSEA and the Project Member may execute such instruments, upon the request of the

	<p>EXHIBIT B</p> <p>SERVICE SCHEDULE PPSS</p> <p>POWER PURCHASE AND SALE SERVICE</p>	<p>Effective _____</p> <p>Expires _____</p> <p>Version 1.0</p>
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other, as may be necessary or appropriate, to carry out the intent of this Service Agreement.

6.0 Conflict. In the event that an irreconcilable difference exists between this Service Agreement (or any Transaction conducted thereunder) and Project Services Agreement No. 3 – Power Supply Management Services Agreement, the latter shall govern.


7.0 Entire Agreement. This Service Agreement, any executed transaction form, Project Services Agreement No. 3 – Power Supply Management Services Agreement and Service Schedule PPSS constitute the entire agreement between the parties with respect to the subject matter hereof, and there are no other understandings or agreements between the parties with respect thereof.

	<p>EXHIBIT B</p> <p>SERVICE SCHEDULE PPSS</p> <p>POWER PURCHASE AND SALE SERVICE</p>	<p>Effective _____</p> <p>Expires _____</p> <p>Version 1.0</p>
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IN WITNESS WHEREOF, SSEA and the Project Member have caused this Service Agreement to be executed as of _____, 20_____.

By: _____
 [Authorized Representative]
 SSEA Manager

By: _____
 [Authorized Representative]
 [Title]

	<p>EXHIBIT B</p> <p>SERVICE SCHEDULE PPSS</p> <p>POWER PURCHASE AND SALE SERVICE</p>	<p>Effective _____</p> <p>Expires _____</p> <p>Version 1.0</p>
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NOTICES AND COMMUNICATIONS

	<p>EXHIBIT B</p> <p>SERVICE SCHEDULE PPSS</p> <p>POWER PURCHASE AND SALE</p> <p>SERVICE</p>	<p>Effective _____</p> <p>Expires _____</p> <p>Version 1.0</p>
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Service Schedule PPSS Revision History:

Version	Date	Change Summary
1.0 Original		