

Silver State Energy Association Frequently Asked Questions

1. What type of entity is the Silver State Energy Association (“SSEA”)?

The SSEA is a joint powers agency comprised of public agencies that are authorized by law to engage in certain activities associated with the acquisition and disposition of electric power to meet their own needs and those of their customers. The SSEA was created under NRS Chapter 277, Cooperative Agreements between local governments, and is a political subdivision of the State of Nevada.

2. Who are the members of the SSEA?

The members of the SSEA include:

- The Southern Nevada Water Authority, a political subdivision of the state of Nevada charged with managing the region's water resources
- The City of Boulder City, NV
- Overton Power District No. 5, a not-for-profit general improvement district created in 1935 by the State of Nevada. The District's service area encompasses the Northeast quadrant of Clark County, Nevada, which includes the City of Mesquite and the unincorporated towns of Bunkerville, Glendale, Logandale, Moapa, and Overton.
- Lincoln County Power District No. 1, a not-for-profit general improvement district created in 1935 by the State of Nevada. The District's service area encompasses most of Lincoln County, NV and a portion of Clark County, Nevada known as the Coyote Springs LLC.
- The Colorado River Commission of Nevada, an executive agency of the State of Nevada responsible for acquiring and managing Nevada's share of water and hydropower resources from the Colorado River.

3. What physical energy products does the SSEA purchase and sell?

The SSEA primarily purchases physical power at Mead Substation in Southern Nevada. Energy may also be purchased at Palo Verde or other locations in the Southwest region. The term of these transactions is generally one month or longer.

4. Does the SSEA transact on a real-time basis?

No. The SSEA's day-ahead, real-time, and scheduling functions are outsourced to Western Area Power Administration, Desert Southwest Region.

5. Does the SSEA use a default standardized power sales contract for its power transactions?

Yes. The SSEA is a WSPP member. The SSEA has a strong preference to transact under the WSPP Agreement with few or no modifications to its terms and conditions.

6. Does the SSEA transact under the EEI agreement?

No. The SSEA does not currently transact under the EEI Agreement.

7. Has the SSEA signed the WSPP Netting Agreement?

Yes.

8. Does the SSEA take title, in its own name, for all physical power that it procures?

Yes.

9. How are the SSEA's power transactions financially supported?

The members of the SSEA who are purchasing energy from the SSEA have entered into an agreement called Project Services Agreement No. 3: Power Supply Management Services Agreement. Pursuant to Section 16 of PSA No. 3, the members agree that they will, to the extent authorized by law, maintain rates and charges to their customers that are sufficient to pay for their debts and obligations to the SSEA. Further, Section 12.11 of PSA No. 3 contains "step-up" provisions which allow the SSEA to collect "Bad Debt Loss" from non-defaulting parties under the agreement in order to pay for the debts and obligations of the SSEA. These provisions protect the SSEA from defaulting on its obligations to its power suppliers.

10. What is the SSEA's electrical load?

The electrical load of the SSEA members who have entered into Project Services Agreement No. 3 is approximately 1.8 million MWh annually.

11. What documents are available to assist the SSEA's counter parties in evaluating the SSEA's creditworthiness?

A number of documents are available on the SSEA website to assist counter parties in evaluating the SSEA's creditworthiness. These documents include:

- The SSEA's audited financials
- The audited financials of the SSEA members
- Cooperative Agreement Among the City of Boulder City, Colorado River Commission of Nevada, Lincoln County Power District No. 1, Overton Power District No. 5, and the Southern Nevada Water Authority dated August 1, 2007.
- 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
dated November 10, 2009

- Preferred Parental Guarantee Form
- NRS Chapter 277, Cooperative Agreements between local governments

12. Does the SSEA have any collateral requirements?

The SSEA will typically ask a counter party to post collateral in the event that the counter party does not have a rating that is reported by either Standard & Poor's or Moody's. The SSEA looks to these documents to evaluate the creditworthiness of its counter parties. If such a counter party is a subsidiary of a parent company that does have an S&P or Moody's rating, the SSEA may request a guarantee from the parent. Absent a parental guarantee, the SSEA may request some other form of collateral such as a letter or credit. If a counter party offers a parental guarantee, the SSEA has a preferred form (See "Available Documents").

13. Who should I contact for further information about the SSEA's power purchase and sale activities?

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Or;

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